



**FINANCING FOR
DEVELOPMENT**
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TIME FOR GLOBAL ACTION

Trade Union priorities for the **Addis Ababa Action Agenda** of the **Third International Conference on Financing for Development (FFD3)**

The draft Addis Ababa Action Agenda falls short of ambition in setting concrete commitments for development finance or on implementing the Sustainable Development Goals (SDGs) agenda:

- Trade Unions regret that the key goals of **full employment, decent work and social protection have little on how to deliver**, with neither timelines nor indicators on how each point will be implemented;
- On the role of the private sector in development, the emphasis is on private investment and on the need to “incentivise” private sector participation in the sustainable development agenda. Trade Unions demand **accountability of business** to be based on international human rights, labour and environmental standards and the obligations of the State to fulfil its developmental role;
- Trade Unions call for the **full recognition of social dialogue** (between workers and employer organizations) as development actors on an equal stand. The right of social partners to freely negotiate and conclude collective agreements is essential to address economic and social inequality, to strengthen sustainable development, as well as to enhance transparency of business operations;
- Trade Unions consider **the human rights-based approach** a precondition for an Addis Action Agenda that is fit for purpose and in line with the right to development.

Domestic public resources

We note with deep concern the lack of ambition in undertaking commitments to foster sustainable industrialisation paths based on decent work and job creation. **Decent work** is key to provide a stable tax base and capacity for redistribution. Efforts to increase tax revenue must be linked to increasing progressivity.

Trade Unions note that no commitments are made to integrating social protection systems in domestic resources mobilisation strategies. These are fundamental to establish universal access to public services and to support redistribution. Trade Unions strongly reaffirm the need for **implementation of national social protection systems, including floors**, as enshrined in the provisions of the ILO Convention 102 and Recommendation 202, and through the establishment of a **global fund on social protection**.

Trade Unions call for commitments to spending targets for **education, health, social protection and housing** estates, in line with State’s obligation to respect, protect and fulfil human rights, and their progressive realisation.

Trade Unions firmly support public **disclosure of country-by-country tax reporting by Multinational Enterprises (MNEs)** as an essential condition for people to regain trust in the international tax system and in the role of the private sector in contributing to development. Trade Unions recognise the need for strengthened international cooperation on tax matters, acknowledging the work of the OECD/G20, and insist that a **more inclusive approach is needed to broaden and deepen the participation of developing countries**.

Domestic and international private business and finance

Trade Unions ask for **recognition of workers and employers organizations as key partners** in both domestic and international private development finance.

Businesses need to respect the **ILO labour standards as elaborated in ILO Conventions**. They should apply the UN Principles on Business and Human Rights, the ILO Tripartite Declaration on MNEs and Social Policy, and the OECD Guidelines for MNEs. The Action Agenda should specify the essential elements of business behaviour set out in the **UN Guiding Principles and OECD Guidelines on due diligence, the importance of remedy, and the recognition of the responsibility** for adverse impacts caused by other enterprises with which it has a relationship.

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Trade Unions are concerned with the uncritical promotion of Public-Private Partnership (PPPs) in the current draft. Any decision to engage in blended finance and PPPs should demonstratively aim at **"sustainable development", "affordable infrastructure services", full transparency over financial risks, prevent "unsustainable debt burdens" and be conditional on feasibility and auditing criteria.**

Traditional public procurement that meets administrative efficiency and public accountability criteria should remain the preferred route for involving the private sector in infrastructure financing. **Essential public services** including water and sanitation, health and education, should be excluded from the promotion of PPPs in the Action Agenda.

International development cooperation

Trade Unions support international solidarity taxes for channelling international public finance, and in particular the **Financial Transactions Tax (FTT)**, that enjoys diverse support from Member States and civil society.

Businesses are increasingly benefiting from development cooperation funds. Trade Unions call for clear commitments in aligning enterprises to the same **development effectiveness principles** and standards as for public finance. We call for firm commitments on **untied aid** by bilateral and multilateral donors.

Multilateral Development Banks (MDBs) must adopt and implement **lending safeguards that include requirements to respect core labour standards**, provide safe working conditions and verify the absence of child labour, forced labour and life-threatening working conditions in suppliers to MDB-financed projects. We also call for **transparency** in how funds are allocated.

International trade as an engine for development

The Addis Ababa Action Agenda misses an opportunity to strengthen the implementation of international instruments including labour chapters in trade agreements, the ILO Declaration on MNEs and the OECD Guidelines for Multinational Enterprises so as to ensure that **global supply chains contribute to job creation, growth and decent work.**

The Action Agenda does not initiate an effort to create economic modelling that can credibly assess the impact of opening trade, harmonising regulation and the new types of trade agreements. The Action Agenda should urge countries to denounce and deny renewing all bilateral investment treaties that establish clauses which include investor to state dispute settlement (ISDS) mechanisms.

Debt and debt sustainability

While emphasising the importance of maintaining sustainable debt levels as a prerequisite for countries' economic and social progress, the Action Agenda does not include the **key proposal of a UNGA Resolution adopted in September 2014** in support a multilateral framework for sovereign debt restructuring processes. The establishment of such a framework is one of the principal recommendations of UNCTAD's recent guide on Sovereign Debt Workouts.

Trade Unions call for the establishment of an **international forum for negotiating binding agreements** to restructure unsustainable debts.

Follow up and Review

We welcome a follow up processes to review progress made on this agenda. Trade Unions insist that the **Financing for Development process maintain a distinct but complementary identity to the Post-2015 Sustainable Development Framework.**

Permalink: <http://www.ituc-csi.org/FFD3>

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