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Decent Work at the Heart of Development Cooperation for Poverty Eradication

ITUC Statement to the first Biennial Development Cooperation Forum

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INTRODUCTION: POLICY COHERENCE IS KEY TO SUSTAINABLE DEVELOPMENT

1. The first biennial meeting of the Development Cooperation Forum (DCF) comes at a critical juncture for the international community, with the global economy beset by a series of crises – the food and energy crises, and the financial market slowdown that threaten to put the clock back on hard-won gains in poverty alleviation, and plunge 100million people back below the \$1 a day poverty threshold. The International Trade Union Confederation, representing 168 million workers, organized in national trade union centres in 155 countries world wide, is concerned about the impacts of these crises on the lives and livelihoods of working women and men and their families. Nor were the crises inevitable. They result from wrong policy choices, and inappropriate governance arrangements at global level, that have put the liberalization of markets and the quest for profits above human well-being. By the same token, these policies and institutional arrangements can and must be changed, if we are to achieve policy coherence between economic, finance, and trade policies in the interest of sustainable development.

THE PARIS DECLARATION AND DEFICITS IN AID EFFECTIVENESS

2. While countries of the global South must seek their own democratic path-ways to self-sustaining growth and development, many of them will require development assistance for some time to come. The Secretary General's Report to the DCF asserts that the launch of the Paris Declaration on Aid Effectiveness in 2005 represented an important step in the establishment of a framework for development cooperation, with guidelines and benchmarks to promote aid effectiveness. Yet, results are at best uneven in terms of aid flows and real transfers to populations in need, and persistent poverty is still evident in many countries. The Civil Society Conclusions from the preparatory DCF Stakeholder Forum (Rome, 12-13 June, 2008), highlight some of the inappropriate policy choices at the level of development cooperation which need to be changed, moving forward to the Accra High Level process of Review of the Paris Declaration and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus in November 2008 in Doha. These include:

- A prevalence of economic policy conditionality and tied aid which undermine democratic country ownership and policy space;
- Lack of mutual accountability and genuine partnerships between donor and recipient countries, since accountability requirements apply largely to recipients, whereas donors are not accountable to their country partners for the aid arrangements and modalities they apply;
- Lack of a representative and democratic policy forum, in that the OECD-DAC is donor-oriented and needs to be complemented by an institution where recipient views and priorities can be fully reflected.

THE ROLE OF THE DEVELOPMENT COOPERATION FORUM

3. The DCF has a critical role to play in overcoming the gaps identified in the aid effectiveness agenda by trade unions and other CSOs. Given its inclusive character as a UN multi-stakeholder Forum and its convening authority, the DCF should bring all relevant development actors together, including the new development assistance providers, in genuine partnerships to harmonize policies for development effectiveness, while ensuring a supportive policy environment at international level, and adequate policy space at national level for design and ownership of national development strategies. To achieve policy coherence, the DCF must link the policy dialogues on development cooperation to the existing UN framework of international agreements, including on human rights, environmental sustainability and international labour standards. The DCF should prioritize ensuring that women's rights and perspectives are fully integrated into the aid effectiveness agenda and related processes.

4. The DCF must oversee the necessary coordination that needs to take place between development institutions and actors in the delivery of development assistance, so that it supports the creation of productive economic sectors that generate employment and decent work.

DECENT WORK AND DEVELOPMENT COOPERATION

5. Undoubtedly, decent work must be at the heart of the development paradigm. Indeed, the policy mandate for the integration of decent work into national development strategies and external development assistance is quite clear. In the 2005 World Summit Outcome Document, Heads of State committed to "creating an environment at the national and international levels that is conducive to the attainment of full and productive employment and decent work for all as a foundation for sustainable development." This commitment was reaffirmed in the 2006 ECOSOC Ministerial Declaration, and the 2008 Resolution of the 46th Session of the Commission on Social Development.

6. The 2006 Declaration and the 2008 Resolution further called for "multilateral and bilateral donor and inter-agency cooperation and coordination, in the pursuit of the goals of full and productive employment and decent work for all." The 2008 Resolution specifically "Calls for increased national investment and international development funding and investment flows in and to developing countries and countries with economies in transition that are targeted to sectors of the economy with greater potential... to generate productive employment and decent work for all." In keeping with

these mandates, the UN has adopted a new target 1B on full and productive employment and decent work within MDG1 on poverty eradication, and work is in progress to integrate decent work indicators into the MDG framework, to measure progress in meeting this target. (Secretary General's Report to the 46th Session of the Commission on Social Development).

THE ILO DECLARATION ON SOCIAL JUSTICE FOR A FAIR GLOBALIZATION

7. Governments must therefore promote policy coherence based on ratification and respect of ILO standards and develop Decent Work Country Programmes (DWCPs) in full consultation with trade unions and employers' organizations, coordinating them with their National Development Strategies (NDSs). Decent Work must then become an important dimension of development cooperation, with aid modalities fully respecting the principles of national policy space, democratic ownership, removal of tied aid, and economic policy conditionalities. *The ILO Declaration on Social Justice for a Fair Globalization*, adopted at the recently concluded 97th International Labour Conference in June 2008, represents a further significant step in galvanizing efforts and initiatives of Member States, and the other ILO constituents (employers and workers organizations) and development actors, around decent work as a central objective of sustainable development.

8. The Declaration commits Member States to the establishment of effective policies and programmes in order to attain decent work, based on the four strategic objectives of promoting employment, developing and enhancing measures for social protection, promoting social dialogue and tripartism, and respecting, promoting and realizing the fundamental principles and rights at work. According to the Declaration, "gender equality and non-discrimination must be considered [as] cross-cutting [dimensions of policies aimed at achieving] the abovementioned strategic objectives." In terms of follow-up mechanisms to the Declaration, the ILO is committed, inter alia, to:

- "the promotion of effective partnerships within the United Nations and the multilateral system to strengthen ILO operational programmes and activities;
- the "strengthening and streamlining [of] its technical cooperation activities within the framework of [its] country programmes for decent work and [those] of the United Nations system; and
- the further development of its knowledge base and decent work indicators to measure progress at country level in the attainment of decent work objectives."

9. To give effect to the Declaration and in cooperation with development partners, the ILO could support national-level efforts such as:

- Design of employment components of sectoral development schemes;
- Support to training schemes for those SMEs that fully respect workers' rights including freedom of association, and those engaged in global supply chains and targeting women in particular;
- Employment and training to assist women, low-income groups, the unemployed and underemployed in rural and urban areas;

- Design of employment components of social sector development schemes (cooperatives as well as publicly-controlled parts of the “social economy”);
- Design of social protection schemes, including for unprotected and informal workers, creating a global social floor for all;
- Improvement of governance and labour inspection with the purpose of extending the coverage of rights to all workers;
- Promoting better wages and working conditions, through collective bargaining agreements;
- Institutional capacity-building, for example, strengthening of labour inspectorates to ensure workplace compliance with labour standards, and to facilitate tripartism and social dialogue.

DECENT WORK POLICY INTERVENTIONS – A KEY TO DEVELOPMENT EFFECTIVENESS

10. In the context of the DWCPs, employment-intensive approaches to job creation have the merit of adopting targeted interventions which deliver jobs and services. Such schemes will result in income transfers, especially important to the poor, through job creation, increased market opportunities for local production through investments in infrastructure, and improved social services - interventions which themselves have job-creating, capacity, thereby contributing to securing decent livelihoods as well as demand-led growth in the local economy.

11. Moreover, instead of having aid tied to foreign procurement, ODA-supported infrastructure and other development projects should use appropriate procurement procedures to ensure the targeting of socially responsible local entrepreneurship, based on the full respect of labour standards and good industrial relations, for the supply of inputs and the contracting of attendant services within the community. This will both maximise local job creation harmonized with decent work principles, and create positive linkages between small and medium enterprises (SMEs) and larger firms, in particular MNEs as well as domestic public and private companies. Such projects should be coupled with longer-term strategies, assisted by donor project support as well as general budget support, aimed at stimulating the productive base of local economies, and overcoming supply-side constraints: lack of skills development and limited access to credit for small-scale enterprises.

12. Special measures need to be taken to address decent work deficits that have been identified (ITUC Statement to the 46th Session of the Commission for Social Development, February, 2008), such as:

- Women’s concentration in precarious, unprotected low-paid work in the rural and urban economy;
- Women’s lack of access to income-generating resources such as land, credit and skills development;
- Pay inequity;
- Youth unemployment and underemployment.

13. The decent work policy interventions as outlined above lie at the heart of development effectiveness, because of their capacity to produce self-sustaining growth. In terms of the measurement of development effectiveness of DWCPs, the ILO Toolkit for Mainstreaming Employment and Decent Work should be used systemically to provide checklists for evaluating progress. However, ratification and full implementation of ILO standards remain the best means of concretely committing to ILO principles and values in practice. In addition, paralleling the recently adopted target 1B on full and productive employment and decent work in Millennium Development Goal 1 on poverty eradication, and the ILO mandate in the Declaration on Social Justice for a Fair Globalization, ILO technical cooperation should be used for the application of its decent work indicators to facilitate ex ante and post impact assessments of implementing decent work strategies.

CONCLUSION

14. In keeping with the policy mandates given by ECOSOC and the ILO, multilateral institutions as well as bilateral and multilateral development actors should harmonize their policies with sustainable development objectives, including decent work objectives, and ensure that policies support rather than undermine these objectives. With due attention paid to national ownership and preservation of national policy space, multilateral and bilateral donors should prioritize support for national decent work strategies as part of development cooperation, and maintain adequate and predictable levels of ODA budgetary allocations for this purpose. It would be important to provide funding for the realization of the newly adopted target 1B in MDG 1 on full and productive employment and decent work. Consultation with trade unions in both donor and recipient countries constitutes an important aspect of governance for aid effectiveness, in keeping with the spirit of MDG 8: promoting global partnerships for sustainable development.

15. As regards the role of the DCF in development cooperation, trade unions assert that the DCF should become the key forum at multilateral level for the discussion of development cooperation, using the recognized competencies of the specialized UN agencies, and in particular the ILO as regards the decent work agenda. The DCF should:

- a. Aim to set the agenda on development and aid effectiveness.
- b. Complement the existing policy dialogues of other relevant fora such as OECD-DAC and the Financing for Development (FfD) process, with development cooperation and development effectiveness as its core mandate and with a remit to resolve issues of policy coherence with respect to development cooperation.
- c. Operate as a multi-stakeholder Forum involving bilateral and multilateral donors and institutions, UN specialized agencies, civil society organizations including trade unions.
- d. Aim in the future to generate a DCF Outcome Document which should be a Political Declaration, endorsed by Member States at the highest level.