

Copenhagen, the 4th of January 2011

**Hearing Statement from the LO/FTF Council
On behalf of Danish LO and FTF**

for

GREEN PAPER

**"EU development policy in support of inclusive growth and sustainable development –
Increasing the impact of EU development policy"**

Overall, the Green Paper opens up for a reasonably open debate on a revision of the future joint development policy of the European Union – a revision that is necessary, for one thing, in light of the adoption of the Treaty of Lisbon. It is particularly encouraging that the Green Paper maintains that the main purpose of the Union's development policy is *to reduce and in the long term eradicate poverty* and that the future effort will continue to contribute to obtaining the MDG goals; that it is acknowledged in the Green Paper that there is a need for taking the EU's development policy into account in the programming of other policies such as trade, migration, climate and environment; and that the Green Paper underlines the necessity of increased effectiveness in development policy, among other things, through better coordination of the Union's and the Member States' efforts within the development area.

The LO/FTF Council believes that it is beyond doubt that poverty oriented and inclusive economic growth is a precondition for development. If, however, the profit is not to end up in the pockets of a small and wealthy minority group it is central that growth is based on decent jobs anchored in a sustainable labour market where social dialogue and respect for fundamental labour standards make up solid pillars.

It is therefore satisfactory that the Green Paper emphasises the need for a *larger and more inclusive growth in the developing countries* and at the same time opens up for a debate on the necessity of *developing joint strategies for inclusive growth* in partnership with private-sector stakeholders, among these the trade union movement and civil society organisations. Basically, the LO/FTF Council agrees when the Green Paper states that these strategies should *support productive and sustainable investments, give access to capital and affordable credit, ensure legal and regulatory frameworks, be innovative and not least ensure decent work and social protection.*

It is, however, alarming that the issues of decent work and social protection are barely mentioned further throughout the Green Paper and that the approach to these concepts is still somewhat indefinite.

The Decent Work agenda is today a central concept in development policy. The concept Decent Work which, was introduced by the International Labour Organisation in 1999, is now target 1b in the MDG-goals and the EU included the concept in its agenda for the first time in 2006. Also among the labour market parties (trade unions, employers and states) in the European Union Member States, there is consensus on the necessity of decent work. The European Economic and Social Committee (EESC) thus unanimously carried an opinion (REX/296), in July 2010, in which the EESC underlines the importance of the concept of decent work; recommends a better

incorporation of the term in the MDG-goals and urges consideration for the labour market parties and other civil society organisations such as important actors and dialogue partners for the EU with regards to development.

Decent Work therefore today stands as a firmly cemented concept and is seen as a significant precondition for combating poverty. The LO/FTF Council consequently believes that it is necessary that the European development policy contains concrete initiatives, supported by financial instruments, which will ensure that Decent Work becomes a central element in the future development policy of the European Union.

The LO/FTF Council thus in general recommends:

- *that the Decent Work agenda and the adherence to fundamental labour standards are concretely incorporated in the European development policy and form part of the bilateral agreements, that the EU enters with partner countries*

More specifically, the following is recommended (as response to the themes and questions of the Green Paper):

Section 2.2 Growth for human development (questions 4 & 5)

To create the foundation that can give all people the possibility for a decent life it is necessary to strengthen productivity and growth and to put employment in the centre of efforts. This requires a strategy that advances employment by creating a sustainable institutional and economic environment, by supporting small and medium enterprises (SME's), and by facilitating and easing access to outcome based education, counselling and credit.

To create added value both for the individual worker and within an economic sector, it is necessary to upgrade the qualifications of the workers. Therefore it is pivotal that the EU's development policy secures resources to organise and implement vocational education in the developing countries and that these are supported by reforms at the labour market.

Globalisation has created greater uncertainty and turbulence – especially among the growing number of workers in the informal economy who most often work without any form of social safety net. Social security schemes are a precondition for having the courage to invest the usually severely limited personal means in new workplaces or products.

Enabling human development of the individual worker requires that his or her fundamental labour standards are protected. Article 23 and 24 in the Universal Declaration of Human Rights of 1948 thoroughly describes human rights in the labour market but unfortunately violations of these rights are all too often overlooked.

On this background, the LO/FTF Council recommends that the EU's development policy advances:

- *that development and improvement of arrangements for social protection, social security and protection of wage-earners are incorporated*
- *that focus will be put on the development of vocational education and that these are supported by reforms in the South, which strengthen the cooperation between schools,*

companies and unions and which will ensure that young people obtain professional skills that are in demand in the labour market

- *that the receiving countries implement and enforce the main ILO-conventions on fundamental labour standards*
- *that support is provided for building up networks of local “technology service centres”, to which the local employers and unions are affiliated, and where education, credit and technical assistance can be provided to small and independent entrepreneurs*

Section 2.3 Promoting Governance (questions 6, 7 & 8)

In functioning democratic countries the parties of the labour market play a central role. Social dialogue and agreements entered between particularly the employers’ organisations and the unions have proven to be pivotal for ensuring better governance (see further under Section 3.1). In addition, the role of national civil society organisations as watchdogs is important in promoting governance, improving transparency, and fighting corruption and misuse of resources.

The LO/FTF Council thus recommends that development policy of the EU ensures:

- *that specific funds are earmarked for the social partner in the labour market in order to carry out social dialogue and hence promote good governance*
- *that the means for support of independent civil society organisations are detached from the direct bilateral support so that the support is independent of the priorities of the partner country*

Section 3.1 Partnerships for inclusive growth (question 15)

It is positive that the Green Paper highlights the need for developing joint strategies for inclusive growth in partnership with private-sector stakeholders; strategies that ensure the inclusion of decent work and social protection. It is the firm conviction of the LO/FTF Council that the private sector thrives the best in a healthy business environment based on social dialogue between the parties of the labour market. This requires, however, first of all that both the employers’ organisations and the unions have the adequate capacity to represent their members, and second, that the institutional structures and framework for social dialogue exist. If these basic terms are not present, the risk increases of conflicts and of a jobless growth not favouring the poor.

It is therefore essential that the EU’ development policy opens up for an independent support to long-term capacity building of both unions and employers’ organisations in the developing countries. Unfortunately, the present financial mechanisms (the Call for proposal system) do not allow for such a long-term capacity-building, and so there is a fundamental need for revising these to also encompass for example framework- or program agreements running through a longer period of years.

Furthermore, it is important that the parties of the labour market, to a greater extent than today, take part in playing an active role in the development and implementation of the Union’s development policy, e.g. through a greater institutional involvement of EECS in the discussions on the DCI-instruments.

The LO/FTF Council therefore recommends that the development policy of the EU ensures:

- *that the effort for long-term capacity-building of the social partners in the developing countries – both employers' organisations and unions – is strengthened among other things through the establishment of financing mechanisms (such as framework agreements and larger programs)*
- *that the parties of the labour market to a greater extent than today take part in playing an active role in the development and implementation of EU's development policy*

Section 3.2 Fostering regional integration; continuing to ensure trade for development (questions 20 and 21)

Development aid cannot stand on its own in the creation of long term improvements for the poorest people around the world. Trade policy is an essential element for creating growth and wealth. Free trade is in the interest of both the developing and the industrialized countries. The poorest countries must of course receive special attention when it comes to setting up agreements with a view to promoting their opportunities for competing in our markets. Free trade and agreements hereon must, of course, also be based on the requirement to observe the fundamental ILO conventions.

Section 4.1 Climate change, biodiversity and development (question 22)

According to the Copenhagen Accord from December 2009 the EU committed 7.2 billion Euros of fast-start finance for mitigation and adaptation measures in developing countries. It is important to emphasize that these funds should be new and additional to the 0.7 % of GNI that EU has made a collective target to devote for official development assistance by 2015. Climate change itself, adaptations to it and efforts to arrest it have far reaching implications for economic and social development and therefore for employment and poverty. In order to create a sustainable growth where the protection of the environment goes hand in hand with economic growth and social justice, it is necessary to consider the impact on employment brought about by climate change as well as by the projects and initiatives that will be launched to combat or adapt to new climate conditions. Investments in adaptation to climate change could offer significant employment and income opportunities.

The LO/FTF Council recommends that:

- *a special focus for the EU should be on initiatives that include the creation of green, decent jobs in developing countries. This requires investments in training, education as well as consultation with the inclusion of the social partners*

Section 4.2 Energy and development (question 23)

The LO/FTF Council agrees that measures to encourage technology development and transfer are of huge importance in order to boost the number of investments opportunities. The increased use of renewable energies will make the developing countries less dependent on the import of oil. Investments should also be made in technologies that enable coal to be used without or with less damaging impact on the environment. Energy efficiency gains have historically been one of the biggest contributors to reductions in emissions and have a significant potential to create new employment.

The LO/FTF Council finds that a well-trained workforce is necessary in order to meet the potential green jobs opportunities. As mentioned previously, this calls for investments in education, training and upgrading of existing skills.

The LO/FTF Council recommends that:

- *mechanisms are established to promote the export of energy technologies from European companies to developing countries*
- *the impact on employment in all projects and initiatives is assessed and that investments are made in education and training programmes with a specific emphasis on short term training programmes, available to the poorest population groups.*

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