

## TRADE UNION CONTRIBUTION TO THE EU CONSULTATION ON “WHAT FUNDING FOR EU EXTERNAL ACTION AFTER 2013?”

### General remarks

The ITUC/TUDCN welcomes the initiative of the EU to organise a public consultation on this important topic relating to the future of its external relations priorities and instruments. The ITUC also acknowledges the effort of the Commission, and of the new External Action Service (EAS), to involve all relevant stakeholders in this debate, including organisations from Civil Society. However, we fear that the multitude of recent consultations<sup>1</sup>, together with the implementation of parallel processes, such as the Structured Dialogue, concerning similar cross-cutting issues, might lead to overlapping and incoherent results.

**Therefore, we strongly request that the Commission set up a road-map for 2011-2012, including actors/institutions involved, decision-making procedures and timing, in order to ensure transparency to the whole consultation exercise.**

The present paper is supposed to accompany and complement the Questionnaire on “What funding for EU external action after 2013” which was sent on line, according to the consultation procedures.

### Priorities EU External assistance (Q 1,2)

The ITUC/TUDCN advocates that the main purpose of the EU development policy should be *to reduce poverty and to promote social cohesion abroad*; of course there is a need to grant policy coherence with other trade, migration, climate and environment policies and to increase the effectiveness in development policy through better coordination of the EU and the Member States and other donors within the development area and international development fora.

There is no doubt that poverty-oriented and inclusive economic growth is a precondition for development. However, it is key that growth be based on **decent jobs** anchored in a

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<sup>1</sup> Besides the current one, other consultations were undertaken, for example: on EU budget support; the EU green Paper on development policies etc..

sustainable labour market where social dialogue and respect for fundamental labour standards make up solid pillars. It is therefore necessary to support *more inclusive growth in the developing countries* and at the same time to *develop joint strategies for inclusive growth* in partnership with private-sector stakeholders, among these the trade unions and other relevant civil society organisations.

The **Decent Work agenda** is today a central concept in development policy. The concept of Decent Work, which was introduced by the International Labour Organisation in 1999, is now target 1b in the MDG-goals, and the EU supported the DW strategic objectives since 2006, COM (2006) 249 “Promoting decent work for all” – the EU contribution to the implementation of the Decent Work agenda in the world.

Also among the **social partners** (workers' and employers' organisations) in the European Union Member States, there is consensus on the necessity of promoting Decent Work. The European Economic and Social Committee (EESC)<sup>2</sup> unanimously carried an opinion (REX/296), in July 2010, in which the EESC underlines the importance of the concept of Decent Work. The EESC urges stronger support for the social partners, as important actors for development and demands they should be fully involved in the political dialogue with the EU on development policies.

Decent Work today stands as a firmly cemented concept and is seen as a significant precondition for combating poverty. *The trade union movement consequently believes that it is necessary that the European development policy contain concrete initiatives, supported by financial instruments, as suggested above, which will ensure that promoting Decent Work becomes a strategic element in the future external policy of the European Union.*

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<sup>2</sup> EESC opinion, rapporteur: Mr Iuliano: REX/296, 2010 Development Cooperation Instrument (DCI) of the European Union: the role of organised civil society and the social partners

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| <b>Coherence of the Instruments (Q 5,8)</b> |
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The trend for the EU to channel a considerable part of development cooperation resources into budget support is becoming consolidated. Although budget support is aimed at making the beneficiary countries more proactive and more responsible for their own development processes, it also runs the risk of restricting the space for civil society to contribute to the democratic ownership of the peoples and governments receiving aid. As the European Economic Committee (EESC) has also rightly pointed out “strengthening the independence of civil society is a guarantee of sustainable development and, as such, should be a priority objective of development cooperation policies.”<sup>3</sup>

We strongly draw attention to the need to boost the resources earmarked for supporting civil society in EU development policies, *strengthening in particular the thematic programmes*, which often represent the only accessible and effective way by CSOs to operate as actors in their own right (in respect of democratic ownership, right of initiative, and independence from governmental interference). CSOs should be more/better supported both at national level (target country), as well as, at *regional and global level*. The EU in particular should focus its support on the indispensable transnational operations of CSO networking in support of reinforcing in-country civil society action.

There is a need to recognise the ‘international dimension of civil society’ at both political and operational level. This is mostly expressed through membership-based organisations in the north and south (for example, trade unions, the cooperative movement, etc.) and its peer to peer operations. The institutional working culture/dynamics and strategies of global membership based organisations should be taken into account and respected by governments and donors, including the EU, which should provide more adequate support programmes (actor-based approach). Strengthening vertical alliances (encompassing national, regional and global level) would certainly enhance more appropriate strategies, as well as, coherent approaches in external assistance (namely within DCI “NSA” program and EIDHR).

Both in terms of cost-effectiveness and of the respect for CSO as actors in their own right, the EU and member-states should refrain from substituting CSOs as channels for development support, through decentralisation of funding/operations to the EU delegations. Whilst the latter is undoubtedly an important tool for direct access by country based organisations, the current division between decentralised funding and global and regional

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<sup>3</sup> EESC opinion, rapporteur: Mr Iuliano: REX/296, 2010 Development Cooperation Instrument (DCI) of the European Union: the role of organised civil society and the social partners

support seems to be out of proportion and based on a weak perception of what international and regional CSO networks represent in reality as channels for democratic and effective in-country development (peer to peer knowledge, coherence and cooperation practices).

Furthermore, within the DCI, we strongly advocate the prioritisation of the "employment, social cohesion and decent work" theme, which at present represents barely 21% of overall financial support for the 2007-2013 *Investing in People* programme. We also draw attention to the relationship between the IIP and the NSA programme. In order to avoid useless duplication of programmes and fragmentation of resources, it would be useful to enhance the complementary relationship between them (in terms of objectives, beneficiaries and geographical coverage).

Finally, regarding EIDHR, we call for economic, social and cultural rights-ESCR to be given greater importance within the instrument. As one of the ways of affirming ESCR, the ITUC/TUDCN stresses the importance of protecting every aspect of work – which is a crucial element of each individual's social identity. The ITUC points to the link between protecting work and all the associated rights set out by the International Labour Organisation (ILO) Core Labour Standards (Freedom of association and the right to organise, the right to collective bargaining, the elimination of child and forced labour) which should be given more importance in the EIDHR. Core Labour Standards are basic human rights, recognised by the ILO as fundamental rights, and equally endorsed by the EU.

The implementation of *social dialogue*, established as a model for reaching agreement between social partners in the EU, and recognised internationally by all states, employers and workers organisations in the ILO, should also be supported in third world countries, where it is precisely the dynamics of democracy that need to be exercised and strengthened. In this respect social dialogue is, by its very nature, an instrument of conflict-prevention as well as conflict-resolution among parties, being based on freedom of expression and association which are, as the EIDHR itself states, "the preconditions for political pluralism and democratic process".

On the basis of these arguments, we call for the *inclusion of social dialogue as a specific priority within the EIDHR*.

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| <b>Key issues for the main policy areas (Q 3,4,6,7)</b> |
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#### Stability

*Investing in long term stability, human rights and economic development* constitutes an effective tool to promote international security, including conflict prevention. Therefore, more funding should be mainstreamed by the EU for this purpose. In particular, supporting civil society to organise and take up its role as part of inclusive democratic governance should be a key element of the EU and its Member States' strategies. In this context, the social partners (through social dialogue) are primary actors in supporting stability, human rights and economic development, enabling convergence between different interests, developing mechanisms for democratic consultation, and consolidating representation. Trade Unions in particular, have an important role in the development of participation and work place democracy, which historically also have had important repercussions on the establishment of wider democratisation processes within societies, contributing to social conflict prevention.

Trade unions can also actively contribute to stability in post-conflict situations/rehabilitation phases, through capacity building and raising the awareness of their members during reconciliation programmes, or social reinsertion of vulnerable groups.

#### Differentiation

*Differentiation on the basis of the country concerned could be positive only if we take into account globally the social and economic conditions of the target country* (making reference to internationally agreed commitments on social and economic rights such as core labour standards and other ILO conventions; ESC-rights; Human Rights and gender rights). That is why it is necessary to take into account sufficiently advanced indexes, like the *UN Human Development Index*, which includes also the social dimension of development, besides the economic criteria. Growth should not be considered as an aim/indicator by itself but it should be seen as a tool and a key element for an inclusive development strategy. Effective social and economic growth should be inclusive and based on the respect for rights and decent working conditions, social protection, social security and fair redistribution of incomes.

The problem of social imbalances is still very strong, also in those beneficiary countries which are more advanced than in the past from an economic point of view. The weakness of social governance and human rights protection are still crucial factors leading to poverty for the wider population. This is the reason why the budget support or again facilitating

business investments programmes (alternatively to the ODA assistance) should be carefully examined and evaluated in order not to become a counterproductive factor to social development. At the same time, this business/investment oriented approach to development should not be to the detriment of the support to civil society organisations (loans v grants logic) that have a fundamental role in enhancing democratisation processes, delivering services, and monitoring public/private policies, on the basis of their own initiative and the democratic ownership principle<sup>4</sup>.

#### Conditionality

*The EU should explore the possibility of linking its cooperation more to the respect for human rights and good governance*, which indeed are core values of the Union itself. In doing so, the EU should grant improved coherence between its development cooperation and other external relations policies, like trade. The EU should use the Sustainability Impact Assessments (SIAs) as the basis for designing free trade agreements and association agreements that will be better and more beneficial for all. The trade agreements should also allow developing countries to develop value-adding industries and to diversify their production as well as building the general resilience of their economies.

The European Generalised System of Tariff Preferences for the Least Developed Countries (GSP+) should foresee measures for the application of the 27 specified international Conventions and not mere ratification. The EU should also provide technical assistance and finances in order to help developing countries apply the Conventions in practice in cooperation with the ILO and the other International UN Organisations. The European Union should also utilise its Generalised Systems of Preferences (EBA, GSP, GSP+) in order to promote respect for the ILO core labour standards and human rights and to promote sustainable development and good governance. The EU should also raise its capacity to conduct effective and rapid investigations and should exert pressure on developing countries' governments, including by suspending GSP rights, to correct potential abuses of human and labour rights.

In this sense, there is no complete dichotomy between for the EU to pose conditions to its external cooperation on one hand, and the principles of ownership and alignment with beneficiaries on the other hand. Conditionality should be re-framed in order to be beneficial to both parties involved, on a more balanced logic, and it must be consistent with/refer to the legal international framework and mechanisms. We also recall the role of the new External Action Service, which should support the full independence of development policies

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<sup>4</sup> Accra Agenda for Action art 20 (CSOs as development actors in their own right at the same level as Governments and private sector)

from influences relating to the foreign relations policy objectives of the EU and the Member States.

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| <b>Cooperation with other actors (Q 9-13)</b> |
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#### Role of financial institutions

From the Trade Union perspective we underline the importance of taking very seriously the role and the impact of the international financial institutions in development cooperation, in the light of the recent experience. Unfortunately, this has mostly ended up in unconsidered deregulations and privatisations of public goods and services and inadequate development support strategies. Governments have been reduced to less than the minimalist state and blind confidence in the invisible hand of the free market has not delivered but provoked rampant informalisation and precarisation of working populations, which has seriously darkened the prospects for the new generations. Having said that, financial institutions could facilitate local investments by providing technical knowledge and other input for business plans and consultancy for business options, along with micro-credit schemes and affordable loans, prioritizing the building up of human capital.

#### Business community

*Promoting business civil society partnership/alliances* could be beneficial in various sectors of development cooperation. In this regard, we refer to the concept of Decent Work and of Corporate Social Responsibility which, based on compliance with basic labour, gender and environmental protection standards, gives greater transparency to the social and environmental commitments of companies to ensure fairer development in the countries where they operate.

#### Member States

The principles and the commitments taken by donor governments following the Paris declaration represent a positive step towards the achievement of aid effectiveness. In this sense, we support possible *joint programming practices, supported also through a new Regulation*. However, joint programming should also involve Civil Society Organisations (development actors in their own rights). Structured (rights-based) and permanent multi-stakeholder dialogues are the best way of implementing gradually and effectively coordination and harmonisation. They should be pro-active and involve all stakeholders in

shared policy setting and decision-making. They should be an integral part of the bilateral cooperation procedures.

The EU and its member states should include EU civil society representation in its delegations-Civil society teams<sup>5</sup>. They should invite partner governments to do the same and provide incentives for multi-stakeholder dialogues to take place.

As already referred to above, the EU and its member-states should take care to detach the support for civil society from any government control, approval or interference in bilateral and/or multilateral agreements. In cooperation with civil society, appropriate channels and mechanisms should be established. Advantage should be taken of the international civil society networks and cooperation structures (like membership based organisations) as one of the major and most effective channels for supporting the in-country development of civil society organisations, insuring their autonomy and right of initiative.

Coordination and harmonisation/division of labour is also an important focus of the work of the OECD hosted WP on Effectiveness and of the UN DCF. The EU and its Member States should avoid duplication and the setting up yet another level of coordination but rather take an active role in simplifying and intensifying the international aid architecture for coordination and harmonisation. The EU should also promote coherence, coordination and harmonisation with the development initiatives set up recently by the G20 and others.

The EU should consider upholding the promises of the Paris Declaration and the AAA as well as within the UN framework, by proposing the adoption, by a legitimate international multi-stakeholder assembly, **of an international binding and accountable instrument for development effectiveness**, setting international standards and supervisory mechanisms in order to keep pace of engagements and commitments.

#### Co-financing

Country ownership and responsibility should prevail on aid-dependency and donor agenda's. Co-financing should be framed within international agreements (including China and emerging donors, see below)

#### Emerging donors

The potential reframing of the EU financial instruments should take into account the role and impact of emerging donors in development, which are currently operating outside the structures of the OECD-DAC aid effectiveness agenda.

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<sup>5</sup> Also supported by the EESC in the same opinion



## International Organisations

The support to IOs should be limited in specific cases/themes where a global approach is specifically needed.

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| <b>Performance evaluation &amp; Visibility Q 14-15</b> |
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### Performance Evaluation

Simplification of the rules governing external funding is certainly the most important priority for the EU. Too bureaucratic procedures and heavy administrative requirements are unbearable obstacles to the normal implementation of development initiatives. This goes to detriment of the real contents and activities of development projects. On the same note, monitoring and evaluation should be reinforced, in a spirit of real and genuine cooperation between CSOs and the donors, starting from the planning phase.

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