

## Trade union messages on EC Communication proposals: 'Agenda for Change' and 'Budget Support'

Trade unions welcome in general the two new Communications of EU Commission which are bringing about, for certain aspects, innovative and positive proposals. On the other hand, some contents of the two Communications might severely impact on the future approach of EU development cooperation. Therefore, we highlight below the strongest points, as well as, the challenges that in our opinion are still to be addressed.

### *Agenda for Change*

In general we appreciate the tone of the document, which reiterates the need to support equitable and inclusive growth in development cooperation policies, as well as, the need to support decent work.

Specific positive improvements:

- The EU should support the decent work agenda, social protection schemes and floors and encourage policies to facilitate regional labour mobility.
- The promotion of decent work covering job creation, guarantee of rights at work, social protection and social dialogue is vital.
- Building on the 'Structured Dialogue', the EU should strengthen its links with civil society organisations, social partners and local authorities, through regular dialogue and use of best practices.
- Orientation to support more 'non state actors' in case of loose commitments by national governments to human rights
- Promote responsible business conduct consistent with internationally recognised instruments
- Improved coherence of EU policies through thematic programmes envisaged as instruments to tackle global concerns.
- Reinforced EU joint work (with Member States)

Issues still at stake:

- **Emphasis on the need to focus aid where the EU can have a real impact:** this seems a too narrowly centred vision of development focused on efficiency criteria and results management of aid delivery, or again based on the concept of mutual interest concerning middle income

countries. The focus should be instead on supporting social and sustainable development processes, primarily aimed at fighting poverty, as enshrined in the Lisbon Treaty. This approach entails taking risks which are intrinsic to the nature of development cooperation initiatives;

- **EU activities should be concentrated in each beneficiary country on a maximum of 3 sectors:** the Communication does not provide enough details on how these sectors are to be determined a part from the fact that they will need to be negotiated with the partner country's governments. It does not specify either in which way this approach will relate to general and sector based budget support in EU bilateral cooperation.

It is fundamental to highlight the inclusion of the Decent Work Agenda pillars, which are contributing to inclusive and sustainable growth. Indeed, concentrating cooperation in 3 sectors might entail significant risks that donors will concentrate financial support on sectors that are more conducive to their own internal political agendas (energy, trade etc...).

We strongly demand the inclusion of social partners in the policy dialogue in partner countries, to strengthen the principle of democratic ownership of development policies, beyond the inclusion of governments and institutions.

Moreover, concentration presupposes a considerable division of labour within the Member states, which, although it could be beneficial and in line with the development effectiveness agenda, at the moment it seems not to be very strong.

- On **Differentiated partnerships:** Poverty has not disappeared from many African, Asian and Latin American countries now classed as middle income countries, especially in terms of the widening gap between rich and poor. Still 75 % of the poor are living in middle income countries (with bad distribution of wealth). This means that building up democratic and equitable societies, with strong social partners, should be still a relevant objective for the geographic programmes.

The policy choice to phase out the "wealthier developing countries" should be made on the basis of relevant indicators such as the UN human and social development.

- On **Simplification:** the communication aims at facilitating negotiation procedures with partner countries on one hand (alignment to National development programs), and to strengthen the coordination with EU MSs on the other hand (single agreement in bilateral cooperation). Both objectives are laudable, however they cannot be achieved at the detriment of participatory decision making processes and democratic ownership of development policies. Indeed, simplification seems to severely undermine the inclusion of Civil Society organisations as well as the right of scrutiny of the European Parliament.

- **Reiteration of conditionality** when referring to human rights, good governance and democracy. The reference to internationally agreed human rights standards should be more explicit. However, we positively consider the orientation to support more 'non state actors' – including trade unions - in case of loose commitments by national governments to human rights;

- The section on **business environment and regional integration is still deficient:** support to "local" private sector should be more prominent including local procurement support, as well as, support to social economy entities.

Moreover, social partners' are not mentioned at all in this section. Social partners (workers' and employers' organizations) and social dialogue should be recognized as fundamental in promoting sustainable development. Social dialogue is essential to ensure broad based democratic ownership of the economic and social development objectives, including the respect of core labor standards and the promotion of social equity. Through social dialogue employers and workers representatives contribute to shape effective social and economic development strategies and enhance conflict management and social peace, ultimately contributing to job creation;

It should be also specifically reiterated that private sector actors are bound to respect and apply the ILO principles and labour standards as adopted and monitored by the ILO supervisory system.

Private sector support can be beneficial for development but Official Development Assistance should not be used to guarantee private sector risk or to substitute public services. Private-Public Partnerships (PPPs) should be based on a thorough analysis of real needs, appropriateness on the longer term, fair risk sharing for the community, accessibility and affordability of the services and goods produced. They should genuinely respect a multi-stakeholder approach.

- **Coherence among EU policies:** the communication focuses exclusively on migration and its internal consequences in the EU. Surprisingly, it does not make any reference to the relation between trade and development in the context of policy coherence, although this should be a fundamental pillar for EU development cooperation.

On the other hand, the communication does mention the need for support the 'Aid For Trade' initiative to sustain economic growth.

While trade can significantly contribute to the inclusive economic and human development of a country, the issue of trade liberalization policies has been controversial. The controversies are based on the evidence of the possible long-term negative impact of these policies on economic and social condition of the country. Therefore, trade liberalization policies, linked to the support for the development of trade capacities within the Aid for Trade initiative should be carefully evaluated and revised for their impact on countries' social and economic development. There is an urgent need to assist civil society organisations, particularly trade unions, to improve monitoring and understanding the impact of trade liberalisation, and to influence decision-makers, particularly during trade negotiations. This means enhancing capacity-building programmes in development aid policies.

Aid for Trade assistance should follow the international commitments on development effectiveness, as elaborated in the Paris Declaration, Accra Agenda for Action and the Busan Partnership for Effective Development Cooperation as well as international standards on transparency and accountability. Finally, Aid for trade should also be used to address the social impacts of trade liberalization, in particular to provide social security in the aftermath of trade liberalization. Aid for trade should not be used as compensation for negative impacts of trade liberalization or to buy-off countries to accept high levels of liberalization that will affect development negatively.

## ***Budget Support***

**Poverty reduction should be the key objective of budget support.** The EC should delink the provision of BS from any economic conditionality. Instead it should refer to the mutually agreed international social and development standards and the genuine dialogue between the recipient government, donors and national stakeholders, including social partners. To this end, provisions must be in place to ensure such dialogue can take place.

We strongly call for an inclusive approach in budget support planning, monitoring and evaluation, according to the Court of Auditors report, stressing the need for more transparency and accountability. To this end, the EC and EU Member States should commit to support the capacity of civil society stakeholders. In particular we insist on the fundamental role of **social partners**, and their inclusion in policy dialogue at national and European level, when it comes to planning, implementing and monitoring social policies, sustainable employment policies and labour rights, social protection, socio-economic growth, and role of private sector.

In this sense it is fundamental to highlight the importance of the inclusion of the **decent work agenda** (see Agenda for change) also in the context of this Communication when referring to the need of concentrating EU support on a maximum of 3 sectors.

We call up to the maximum transparency from the EC and MS when implementing budget support: data and relevant information should be made public and accessible to enable citizens, parliaments and civil society organizations to hold their governments to account.

Finally, we underlie the importance of establishing a coherent approach with international development debate and processes, like the post-Busan Global Partnership for Development, which is also focusing on implementation mainly at country level. It is of pivotal importance that the EU plays a coordinating role with MSs in order to guarantee a coherent approach (policy and operational) at global level vis-a- vis other international donors.