

Key trade union messages on the EC Proposal for a Regulation establishing a financing instrument for development cooperation – DCI

These messages have been elaborated by the Working Group on EU Policy & Instruments in the Trade Union Development Cooperation Network, in cooperation with the ETUC and ITUC.

Following principles and references were considered fundamental in our approach to the new DCI proposal.

- **Decent Work Agenda**, contributing to inclusive and sustainable growth, must be included when it comes to *concentration* of sectors at country level. Social partners must be included from the start in policy dialogue to ensure democratic ownership of development policies which goes beyond government's involvement;
- **Thematic programmes** must be reinforced, as they represent the most accessible way of supporting organisations, such as trade unions, which could not operate otherwise because of antagonistic position of governments undermining their right of initiative (risk of Budget Support modalities);
- Support to **capacity building of trade unions** as social partners should be granted in the 'Thematic envelope for public goods and challenges', as well as, Decent Work Agenda should be prioritized and adequately resourced within the 'Human Development' sub-theme;
- An **actor-based approach** should be undertaken within the 'Envelope for CSOs and LAs', allowing more adaptable and effective partnership modalities with the variety of development actors having different structures, objectives and mandates. Recognition should be given to membership-based organisations, such as trade unions, making use of alternative funding mechanisms developed during the Structured Dialogue like the 'partnership agreements'.
- *Differentiation* between countries or group of countries must be based on relevant indicators such as **UN Human Development Index**, responding to the poverty reduction objectives and cannot be used as a tool to support (mutual) economic interest of the EU vis-à-vis the emerging economies;
- The **programming process** (drafting of Country Strategy Papers) must fully involve the European Parliament, guaranteeing democratic screening and accountability of EU development policies;

- **Private sector** can provide important contributions to development. However, it must operate in compliance with the international labour standards and in support of local development needs. Social dialogue should be promoted as the central strategy to ensure local democratic ownership.

DETAILED ANALYSIS

Trade union organisations remind the importance of the right of initiative of CSOs as development actors in their own right, as recognised by international processes on development effectiveness, as well as, their contribution to democratic ownership of development policies. The latter must be consistent with and should aim at implementing internationally agreed standards and commitments granting rights-based development processes.

Objectives and general principles:

Differentiation:

- We regret that the vision on development focuses mainly on efficiency criteria, results management of aid delivery and mutual interest, instead of being aimed at supporting social and sustainable development processes and poverty eradication (enshrined in the Lisbon Treaty);
- We recall that 75% of the poor live in middle-income countries (MICs) - with bad or no distribution of income. This means that building up democratic and equitable societies, with strong social partners, should be a relevant objective for the geographic programmes;
- All developing countries (including MICs) are eligible under the thematic programmes. The latter, very often the only way for CSOs to cooperate without interference or control of the state, will need to be consequently increased;
- Given the growing inequality in the “wealthier developing countries”, the policy choice to phase out these countries should be operationalized on the basis of relevant indicators such as the UN Human Development Index (reference to page 7 of the DCI document).

Concentration and Budget Support:

- It is fundamental to highlight the importance of the inclusion of the Decent Work Agenda pillars, contributing to inclusive and sustainable growth, when concentrating EU support on a maximum of 3 sectors in each partner country, as proposed in the *Agenda for Change*. There is a significant risk that donor governments will concentrate funds on the same priorities, such as energy, private sector etc. (more conducive to their internal political agendas) in different partner countries;
- We strongly demand the inclusion of social partners (workers’ and employers’ organizations) in bilateral cooperation policy dialogue to ensure democratic ownership of development policies which goes beyond governments and institutions, in line with ILO tripartite principles;

- Poverty reduction should be the key objective of budget support (BS). The EC should de-link the provision of BS from any economic conditionality. Instead it should refer to the mutually agreed international social and development standards and to the genuine dialogue between the recipient government, donors and national stakeholders, including social partners;
- We strongly call for an inclusive approach in budget support planning, monitoring and evaluation. To this end, the EC and EU Member States should commit to support to increase the capacity of civil society stakeholders. In particular we insist on capacity building for social partners, and their inclusion in policy dialogue at national level, when it comes to planning, implementing and monitoring of social policies, sustainable employment policies and economic growth, labour rights, social protection,

Cross-cutting issues

- Fighting inequalities should be mentioned also as a cross-cutting issue, in coherence with point 14 of DCI's *consideranda*.

Innovative cooperation modalities and private sector engagement:

- Private sector can contribute positively to development, but Official Development Assistance (ODA) should not be used to guarantee private sector risk or to substitute public services. Private-Public Partnerships (PPP) benefits for development remain largely inconclusive and therefore 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;
- Social partners and social dialogue should be recognized as fundamental in promoting private sector as a partner in sustainable development. Social dialogue is essential to ensure broad based democratic ownership and effectiveness of the economic and social development objectives, including the respect of core labour standards and the promotion of social equity. Through social dialogue employers and workers representatives contribute to shape effective social and economic development strategies, enhance democratic ownership and improve conflict management and social peace, conditions that ultimately contribute also to job creation.

GEOGRAPHIC AND THEMATIC PROGRAMS

- Following the current phasing out of MICs, non-allocated resources under bilateral geographic programmes should be partly redirected to support thematic programs, supporting partnership between local, regional and global CSOs. The support to CSOs should be made at the maximum extent independent from governmental control in order to make their action truly effective, according to the internationally recognised right of initiative of CSOs and freedom of association of social partners. This is why the thematic programmes should be reinforced;
- ‘Thematic envelope for global public goods and challenges’ (notably climate change, energy, human development, food security, migration), the way it currently stands, seems to

assemble together too many sectors; therefore, we call for a separation of the themes with relative budget benchmarks;

- Social dialogue and social partners should be promoted as a core element of social sustainability of development policies (see the European Social Model), and therefore must be prioritised in all the sub-themes of the program, which are in fact relating to labour and employment, social inclusion, green jobs and decent work;
- On 'Human Development', we call for allocating adequate and more sustainable financial resources to this important objective (presently only 20% of the thematic envelope), in accordance to the strategic pillars of the Agenda for Change. We call for prioritization of the Decent Work Agenda objectives, as well as, for primordial attention on the role of social partners when it comes to these crucial themes. Therefore support to capacity building to social partners, and to trade unions in particular, must be strategically and permanently included in this sub-theme;
- On 'Migration': the main goals will need to focus on: poverty reduction in partner countries by creation of local employment opportunities in countries of origin; safeguarding the rights of potential migrant workers; boosting institutional collaboration and harmonisation of governmental migration policies in origin and destination countries, through partnerships between social partners (i.e. international trade union cooperation networks for migrant workers), CSOs and public institutions at national and local level. Increasingly it will be important to address the links between migration and environmental problems (natural degradation and climate change). In this regard, the promotion of job creation in areas such as water infrastructure, sustainable agriculture and forestry, green buildings and the provision of clean energy are needed to deal with both challenges;
- On 'Climate change': the EU should commit to providing additional financial support for climate action in developing countries, in line with the commitments made at successive climate negotiations. In this respect, we welcome the EC proposal on the Financial Transaction Tax that opens new avenues for innovative financing of climate change mitigation and adaptation. There is a need to ensure that development projects on climate change are strongly related to other areas such as social protection, food security, migration and access to clean energy, to ensure that climate resilient societies are promoted. Social partners and trade unions should be supported in the promotion of a Just Transition towards an energy- and resource-efficient economy and the creation of green jobs;
- Concerning 'The envelope for CSOs and Local authorities' we welcome the new shape of this programme primarily aimed at empowering civil society organisations. However, we still highlight the need for differentiation between CSOs and LAs and we call for the setting of two different programmes relating to these two categories of actors;
- We stress the need to adopt an actor-based approach to support the diverse variety of actors within the CSOs, having different structures, objectives, mandates and contributions to make to development. In the case of membership based organisations, such as trade unions, special attention should be paid to the support through transnational initiatives (at global and regional level) in order to reinforce organisations in partner countries, where they would not be able to operate otherwise because of the antagonistic position of governments (lack of enabling environment);
- We also encourage the EC to translate the alternative funding mechanisms (tool box developed during the Structured Dialogue process) into legal provisions in the financial

instrument, in order to meet the specific needs of the different actors. We encourage the use of 'partnership agreements' to support CSOs networks, having members both in the North and in the South. These could involve also the EU Member States (MS), strengthening coordination and joint programming.

PROGRAMMING AND ALLOCATION OF FUNDS

Simplification

- We welcome the involvement of the CSOs in the programming of Country Strategy Papers (CSPs) of geographic programmes, in line with the principle of inclusive and democratic ownership. We also positively appreciate the will to strengthen the alignment of EU support to national development plans. However, we are deeply concerned of the proposed possibility of making CSPs not required "in countries having already a national development strategy" (article 11, 3, a) or "in countries or regions for which a joint multiannual programming document between the Union and MS has been agreed" (article 11, 3, b). This proposals could severely compromise the inclusive ownership approach (excluding involvement of CSOs, and right of scrutiny of the European Parliament), as well as, side-line poverty reduction (the main objective of development cooperation) by cooperation agreements on specific areas such as energy, trade etc.
- We welcome article 13 when referring to the involvement, at an early stage of the programming of thematic programmes, of the CSOs and MS. However, we would like to stress the importance to follow the results of the Structured Dialogue process, which goes towards the creation of a permanent Policy Dialogue with EU Institutions (including the European Parliament) and the CSOs.

FINAL PROVISIONS

Delegated Acts

- We are deeply concerned about the current proposal of the EC, which seems to completely exclude the role of the European Parliament in its right of scrutiny in the future programming processes and documents (drafting of Country Strategy Papers). We call that these programming documents have not a merely technical nature, but on the contrary, pertain to important political choices and processes. The latter need to see the EP fully involved guaranteeing democratic screening and accountability of EU development policies.