



Private sector in development

Trade union statement for the 4th High Level
Forum on Aid Effectiveness in Busan, November 2011

Trade unions recognize the actual and potential positive contribution of private sector actors in development cooperation. However, trade unions insist that private sector involvement should be framed within a wider development effectiveness agenda which is grounded on a multi-actor and a rights-based approach to development.

The understanding of the private sector should not only include the international and transnational business, but above all the domestic enterprises, as well as social economy entities. The role of all these actors in partner countries' development is extremely diverse, which should be well taken into consideration when discussing the issue.

Trade unions and the role of social partners (workers' and employers' organizations) in general should be clearly recognized as drivers of economic and social development policies through social dialogue.

Development effectiveness principles

- Private sector should adhere to the **development effectiveness principles and agenda**: the *Paris Declaration* and *Accra Agenda for Action* commitments as well as the internationally agreed standards on human rights, gender equality, labor rights and decent work, disability and environmental sustainability.
- **Policy coherence** is essential for equitable development: social, employment, economic, trade, financial and environmental policies have to go hand-in-hand in order to contribute to the achievement of the IADGs.
- **Country ownership** should be supported and promoted by respecting and using country systems by default (including local public procurement).
- **Democratic and inclusive ownership** of development should be supported by social integration and participation. The role of social partners and social dialogue are essential for ensuring ownership and effectiveness in elaborating and implementing the economic and social development strategies.
- The private sector must promote and adhere to international **transparency and accountability standards** in development cooperation.

Key messages

- We recognize the diversity of private sector actors and their potential for contribution to sustainable development, in terms of job creation, improved living wages and transfer of technologies. To maximize these positive contributions, priority should be given to the **local private sector and social economy** entities.
- **Social partners** (workers' and employers' organizations) and social dialogue should be recognized as fundamental in promoting private sector in a partner in 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. The Busan

Outcome Document should include social partners as development actors in their own right.

- Private sector actors should respect and apply the **ILO principles and labor standards** as elaborated in the ILO Conventions and monitored by the ILO supervisory system. The private sector, and more in particular the transnational companies should observe the *Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework*, the *ILO Tripartite Declaration on Multinational Enterprises and Social Policy*, the *OECD Guidelines for Multinational Enterprises*, the *UN Global Compact*, and follow the best practice of the IFC (WB)-ILO cooperation on promoting core labor standards throughout the production chain.
- **Transparency and accountability** should be at the heart of private sector engagement. We call for companies to report on their financial affairs, including tax and procurement procedures, on a country-by-country basis.
- An integrated approach for an **enabling environment for sustainable enterprises** should be developed at country level. As defined in the 2007 ILO resolution on the Promotion of Sustainable Enterprises, supporting the enabling environment for sustainable enterprises requires contributions from various stakeholders, including the engagement of social partners themselves, donor support and multilateral technical assistance where appropriate.
- **Private-Public Partnerships (PPP)** 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 economy** entities (including cooperatives) should be supported and their potential as key actors for sustainable development should be developed.
- The **private foundations** engaged in development cooperation are an important and complementary source of development finance. The foundations should adhere, as do other actors, to the international principles and commitments for development effectiveness. Like the CSOs with the *Istanbul Principles for CSO Effectiveness*, the private foundations should be encouraged to develop and follow standards for effectiveness and accountability that reflect their specificity.

Trade Union Development Cooperation Network

TUDCN is an initiative of the International Trade Union Confederation (ITUC) that brings together affiliated trade union organisations, the solidarity support organisations (SSO), the representatives of the ITUC regional organisations, the Global Union Federations (GUFs) and the Trade Union Advisory Committee to the OECD (TUAC). The network's objective is to bring the trade union perspective into the international development policy debates and improve the coordination and effectiveness of trade union development cooperation activities



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You can find out more in the *TUDCN Development Paper no. 2:*

Towards a comprehensive paradigm for decent work and development effectiveness.