



Summary Conclusions

Joint OECD-DAC and Trade Union forum

Promoting Inclusive and Sustainable Development:

The Potential for Donors and the Labour Movement to Support Responsible Business for Development Impact

TRADE UNIONS AND DONORS DISCUSS DEVELOPMENT AT THE OECD

On 30th October, in Paris, trade unionists from eighteen countries met with representatives of the OECD Development Assistance Committee (DAC) to discuss existing and potential avenues for a strengthened cooperation between donors, the labour movement and other stakeholders. Erik Solheim, DAC Chair, welcomed the dialogue, recognized the relevance of trade unions in development and underlined the importance of inclusive growth and the role of the private sector.

Marie-Louise Knuppert Vice President of [TUAC](#) (Trade Union Advisory Committee to the OECD), and Elected Confederal Secretary of the Danish Confederation of Trade Unions (LO-DK), stressed the central role of decent work for exiting from poverty and Social Dialogue as a governance instrument for development.

SUMMARY OF PRESENTATIONS

Several tangible examples of successful partnerships and policy initiatives were presented, offering a number of concrete ideas as to how the development community can support inclusive development.

INDONESIA SOCIAL SECURITY PACT: Professor Hasbullah Thabrany, University of Indonesia explained the “social security for all” scheme that was set up to address exclusion and inequality, in particular, of informal economy workers. A minimum wage was introduced, followed by laws aiming at universal health insurance. In July 2015 a “pension for all” scheme will begin. The innovative and challenging aspect is the extension of social security support to informal economy workers. Trade unions played a key role in the public discussions on these policies, generating broad based public support around the positive effect they would have in creating a more balanced and inclusive economic and social development path.

Point for reflection: It will be useful to further document the Indonesian case, and especially track implementation as the national policy is rolled out, to follow its impact and understand factors of relevance for possible application in different contexts.

BANGLADESH RANA PLAZA ACCORD: Joris Oldenziel, Head of Public Affairs and Stakeholder Engagement, Bangladesh Accord, presented the *Accord*: an independent voluntary but binding agreement between labour organizations and international brands in the textiles and garment sector. Through this agreement brands commit to financially support the factory owners in the remediation and improvement of textile/garment factories. Incentives are offered to factory owners

to undertake the changes, brand owners commit to remaining in Bangladesh for at least five years and with the companies concerned for at least two of the five. Occupational health and safety committees, created as part of the initiative, provide a continued monitoring role in the factories and a direct effort is made to empower and educate workers on their rights, including the right to refuse unsafe work.

Point for reflection: The *Accord* is a good example of the type of collaborative action that is possible given the right impetus. While this initiative emerged out of a tragedy there is nothing to prevent a more proactive role in promoting similar arrangements. In fact, the donor community has already supported similar efforts in the garment and textiles sector (e.g.: SIDA, H&M and IF Metall), providing both evidence and a practical basis to replicate similar initiatives.

BRASIL BOLSA FAMILIA: Marina Carvalho de Lorenzo, Advisor, Ministry of Social Development and Fight against Hunger, outlined the Bolsa Familia program, a cash transfer scheme with three dimensions: immediate poverty alleviation, a break from the cycle of intergenerational poverty reproduction and the development of “potentialities” of families. The scheme has shown encouraging outcomes like the reduction of abandon ratios in education, the reduction of child mortality and improvement of child health, the reduction in poverty levels and of inequality and the positive effects on economic opportunities.

Point for reflection: Conditional cash transfer schemes are well researched and the different positive experiences are often promoted in a variety of fora. Despite this, however, no common initiative exists to share and learn from these experiences. There is an opportunity here to try to mobilize different stakeholders around this issue and potentially create something akin to global platform as part of an existing partnership, such as the Global Partnership for Effective Development Cooperation (GPEDC).

THE DECENT WORK DEVELOPMENT AGENDA: Raymond Torres, Director of the International Institute for Labour Studies, International Labour Organization (ILO), outlined how the Decent Work agenda contributes to growth and development, both on the supply side (promoting employment policies, especially for underrepresented groups like women and youth, and tackling low productivity traps), and on the demand side (through social protection and the establishment of minimum wages). Realizing and implementing the Decent Work Agenda can facilitate the move from the informal to the formal economy through skills and wage increases and is an essential part of sustainable development strategies, as it ensures that economic growth more socially inclusive and therefore more sustainable. Recently, Tunisia provided an inspiring example, where the new social contract, elaborated with social partners, has been a driver of the democratic transition, showing how “**Social dialogue means better policies**”.

Point for reflection: Social dialogue, especially with the increasing focus on creating inclusive partnerships, is a key input for a sustainable development process. Many donors and developing countries have promoted social dialogue within their development strategies, offering a substantial practical evidence base to assess, how and when this can be done to the greatest effect.

OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES (MNE): Tihana Bule, Economist/Policy Analyst, Responsible Business Conduct, OECD, introduced the MNE Guidelines as a key tool for accountability. The guidelines encourage the positive contributions of MNEs while also serving to keep negative impacts in check. The guidelines call on MNEs to provide the best possible wages and conditions of work, based on the principles of equality and equal opportunity, non-discrimination; and to encourage human capital formation and local capacity building, and to respect human rights.

Point for reflection: With increasing interest in the private sector as a development actor, existing instrument for responsible business conduct, in particular, the OECD Guidelines for Multinational Enterprises, assume additional importance. A user's guide to the MNE guidelines for development practitioners could be a useful complement to the guidelines, to support awareness and enhance the scope for their application.

INNOVATIONS IN PRIVATE SECTOR DEVELOPMENT Marcel Vernooij, Sustainable Economic Development Department, introduced the priorities of the Dutch Government: eradicate poverty, create sustainable and inclusive growth, and guarantee the success of Dutch companies abroad. He highlighted the mutual benefit of development cooperation and the prerequisites for private sector development engagements: effective national policies, a conducive business climate and support for innovative business. Through (social) dialogue, facilitation and standards setting, the aim is for the public sector to stimulate and influence a private sector portfolio for responsible investments, inclusive markets and trade benefits.

Point for reflection: The Dutch strategy is explicit in its objective to promote development while also bringing advantages for Dutch companies and commercial interest. This is an inherent challenge that donors are bound to face if they aim to leverage and engage their private sector more directly. It would be interesting and important to learn how the Netherlands, as well as other donors, manage, in policy and practice, any tensions between development and commercial objectives.

LOOKING FORWARD

In the dialogue between the DAC delegates and the TU representatives there was a broad consensus on the need to address economic development in an inclusive and multistakeholder way. References were made to different policies by national agencies (and EU) which integrate a rights based approaches to development. The role of the donors in supporting innovative approaches was also highlighted and the importance of supporting exploration of new ideas and mutual learning. Questions were raised on the issues of policy coherence, tax evasion/avoidance and the return of "tied aid".

Creating a **partnership on social dialogue** as a relevant "how-to" instrument of economic and social development, especially with regard to private sector policies, was felt to be a proposal that could be explored further both in the TU-DAC dialogue, within the framework of the GPEDC and by individual donor efforts in cooperation with the relevant actors. Social Dialogue as a governance instrument for development, can give more ownership to people, can help to increase accountability, can help strengthen domestic policies and can contribute to better redistribution policy. It is a forceful instrument for reconciliation and reconstruction, and facilitates social peace.

Erik Solheim concluded that "investment" in the next years has to be channelled into "investment for the poor" and should be able to contribute to the future Sustainable Development Goals. If poverty alleviation has been, by and large, a by-product of growth in the past, the challenge of eradicating extreme poverty by 2030 will require a much more direct and immediate effect of growth on poverty alleviation. Trade unions have a role to maintain pressure on governments and companies, and speak to the hearts of people in the streets. The private sector is crucial and the time has come not only from naming and shaming harmful corporative behaviour but also to naming and praising companies who do well.

For more information, you can view the speakers' presentations [here](#).