**TUC Submission to**

 **The IDC Inquiry into Jobs and Livelihoods**

Summary

* Inclusive and equitable economic growth is the most important determinant of jobs and livelihoods. A host of factors play a role in improving employment and livelihoods. Training, education and skills development, access to information as well as efficient communication systems improve employment prospects.
* Access to finance for small and medium businesses as well as for men and women to set up in business is conducive to creation of jobs and livelihoods. Appropriate and adequate social protection systems need to be in place to ensure the welfare of the vulnerable sections of society, enhance their resilience and sustain aggregate demand.
* Despite DFID concern over, and interest in, the need for economic growth and job creation in its development interventions, an assessment of published outcomes in its priority countries fails to provide sufficient evidence of unqualified success and points to the need for more clarity and rigour in reporting. The juxtaposition of piecemeal information on outcomes of disparate nature often lumped together under “economic development and/or wealth creation” hardly lends itself to a proper assessment of development impact.
* DFID, despite its declared intention of helping people to work their way out of poverty, has paid scant regard to the protection and promotion of their employment rights and overlooked the opportunity to enhance the impact of its interventions through collaboration with multilateral UN agencies like the ILO. DFID and the ILO stand to gain from close collaboration in Decent Work Country Programmes.
* DFID initiatives to foster the private sector as an effective way of spurring economic activity and promoting growth and creating employment are welcome. However, the use of Official Development Assistance (ODA) funds to set up alternatives to vital public services such as health and education in developing countries cannot be justified and could undermine the existing services.
* DFID has often overlooked the opportunity to enhance the impact of its aid programmes through engagement with trade unions in developing countries, despite its recognition of the role of labour in development. There is scope for DFID to help develop sustainable capacity in trade unions in developing countries to enable them to play a catalytic role in improving economic and social welfare of workers, their families and communities through collective bargaining and in promoting democracy, good governance, the rule of law etc.

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 **The IDC Inquiry into Jobs and Livelihoods**

1. The TUC welcomes the opportunity to participate in the inquiry, appreciates its relevance to long-term development and hopes that its views will be taken into consideration and reflected in the recommendations.

***What are the main factors in increasing jobs and improving livelihoods in a sustainable and inclusive way?***

1. Unemployment is forecast to remain high until, at least, 2016 in many of the less developed countries[[1]](#footnote-1) that UK ODA is currently concentrated on[[2]](#footnote-2). Moreover, pervasive underemployment and precarious employment[[3]](#footnote-3) characterise labour markets in the countries concerned. There are a number of contributory factors. The inadequacy of knowledge and skills due to poor training and education and/or the mismatch of skills play a significant part. The duration of unemployment also seems to have a bearing on job prospects. Degradation and/or obsolescence of skills[[4]](#footnote-4) often add to employers’ prejudice against the longer-term unemployed and discourage job search. There is scope for improving the employability through carefully targeted training, education and skills development programmes with a focus on youth[[5]](#footnote-5) and women, where appropriate. Access to information on employment opportunities through the media including the internet and mobile phones should also improve job prospects. It is also important to put in place special targeted programmes[[6]](#footnote-6) to help the disadvantaged sections of society.
2. Inclusive and equitable economic growth is the most important determinant of jobs and livelihoods. Access to finance for small and medium businesses as well as for men and women wishing to set themselves up in business is conducive to creation of jobs and livelihoods. Extensive social protection systems[[7]](#footnote-7) need to be in place to ensure the welfare of vulnerable sections of society, enhance their resilience and sustain aggregate demand. While recognizing the role of aid agencies like DFID in helping to create an enabling environment favourable to economic growth, we believe that it is primarily the responsibility of elected governments to spur economic growth with decent job opportunities for all. DFID can help achieve it by supporting decent work as a stand-alone goal in the post-2015 development agenda.

***Does DFID’s expenditure show sufficient understanding of these factors?***

1. The overall allocation[[8]](#footnote-8) reflects some understanding, as DFID assists priority countries to achieve Millennium Development Goals (MDGs), one of the indicators of which is full and productive employment[[9]](#footnote-9)and decent work for all. 13% of the expenditure in bilateral programmes in 2012-13 was devoted to “wealth creation” which, in DFID parlance, seems to include job creation, help for livelihood improvements, access to finance, infrastructure development such as road building[[10]](#footnote-10) etc. Although the Report claims that by 2012-13 DFID had helped 30.3m people to work their way out of poverty[[11]](#footnote-11), it is hard to ascertain facts[[12]](#footnote-12) about the impact[[13]](#footnote-13) on jobs and livelihoods. In 2012-13, the expenditure outturn in Ethiopia – largest bilateral allocation for the period – was £261.5m. There is little information on its impact on jobs and livelihoods[[14]](#footnote-14).
2. Access to finance is central to job creation and livelihood development. DFID appears to have made a contribution in this regard, at least, in 10[[15]](#footnote-15) of its 28 priority countries involving some 600,000 people in 2012-13, although it is difficult to quantify the real impact.
3. It would help if the DFID reported on outcomes with more clarity[[16]](#footnote-16). It is difficult to verify the claims[[17]](#footnote-17) of increases in the income of households or businesses attributed to DFID interventions in a number of countries[[18]](#footnote-18) without supporting evidence. In the Occupied Palestinian Territories, 347 enterprises are said to have improved annual sales or productivity[[19]](#footnote-19). DIFD identifies the promotion of private sector growth in the OPT as a top priority. However, only 0.7% of the allocation was spent on “wealth creation” in 2012-13.

***What has worked and what has failed in both DFID bilateral programmes (run by country offices and centrally-managed) and multilateral programmes it has funded?***

1. The TUC welcomes DFID focus[[20]](#footnote-20) on health, education, water and sanitation and appreciates their impact on development. It also acknowledges the success of its contributions to multilateral programmes carried out by UN agencies[[21]](#footnote-21). DFID, however, missed a valuable opportunity to contribute substantially to boosting economic development, job creation and protection of internationally recognised workers’ rights when it withdrew financial support to the International Labour Organisation. DIFD could enhance its impact on gender equality and empowerment of women[[22]](#footnote-22) in partnership with the ILO through the latter’s oversight of the application of relevant conventions[[23]](#footnote-23) and standards. Support for ILO work on HIV/AIDS at workplace[[24]](#footnote-24) and implementation of the ILO Recommendation on HIV/AIDS would help mitigate the adverse impact of the disease on development and accelerate progress towards achieving the MDG target on the pandemic[[25]](#footnote-25). The ILO Global Jobs Pact encapsulates the essence of a comprehensive, coherent and credible strategy consistent with environmental sustainability[[26]](#footnote-26). DFID and the ILO stand to gain from collaboration in Decent Work Country Programmes[[27]](#footnote-27).
2. In our view, DFID does not pay sufficient attention to learning lessons[[28]](#footnote-28) from its own successful interventions (and failures) despite its insistence on good practice and lesson learning.

***Does DFID have the right balance between programmes which directly address jobs and livelihoods and those which address the enabling environment?***

1. DFID devotes a substantial proportion of its resources to the improvement of physical and social infrastructure. Poverty reduction in poorer countries through MDGs[[29]](#footnote-29) being a key objective, it seems appropriate that DFID contributions[[30]](#footnote-30) to multilateral agencies are, in broad terms, destined for the development of an enabling environment rather than direct job creation. Multilateral aid can be effective in improving social and economic infrastructure and services due to economies of scale, availability of technical expertise, better coordination of policies and practices, and legitimacy due to global presence. It can also be effective in politically sensitive and fragile situations[[31]](#footnote-31), although its direct impact on jobs and livelihoods may not be visible. The TUC does not favour a major shift in the current allocation. However, it is ironic that DFID withdrew its support for the ILO – UN agency exclusively concerned with employment and the rights of employees, despite its declared intention to help people to work their way out of poverty.

***Does DFID have sufficient engagement with the private sector in developing countries and elsewhere to understand its priorities and its views on the role of development agencies in creating sustainable jobs and improving livelihoods?***

1. DFID set up its Private Sector Department in 2011 aiming to “end aid dependency through jobs and growth[[32]](#footnote-32)”. The TUC values the role of the private sector in achieving economic growth and creating employment. Nevertheless, DIFD does not seem to attach importance to protection of workers’ rights other than make a cursory reference[[33]](#footnote-33) to working conditions in the garment sector in Bangladesh. DFID recognises the role played by the International Finance Corporation (IFC) in developing the private sector, but it does not seem willing to learn from or emulate the IFC’s initiatives[[34]](#footnote-34) in this regard[[35]](#footnote-35).
2. The TUC believes that vital public services – health and education in particular, should be provided by the state and that ODA should not be used to set up alternatives to them. Private-Public Partnerships (PPP)should be based on a thorough analysis of needs, accessibility and affordability of the goods and services for the vulnerable sections of society. The ODA funds that DFID has committed to develop “non-state basic health services[[36]](#footnote-36)” could be better used to improve health care provided by the state for the poor people in priority countries where the people themselves have to bear most of their health expenses[[37]](#footnote-37). There is credible evidence that private sector health care providers in some developing countries including in some DFID priority countries charge patients for unnecessary operations[[38]](#footnote-38).

 **The role of the UK Government’s High Level Prosperity Partnerships in Africa initiative (the Committee will examine Tanzania as a case study**)

1. The TUC welcomes initiatives to foster economic cooperation and trade and hopes that the HLPP will usher in economic prosperity and social justice. Nevertheless, there is little information available on the real significance of the initiative[[39]](#footnote-39). The HLPP appears to be an attempt to mimic the African Growth and Opportunity Act in the USA on a much reduced scale in promoting trade and investment between the UK and Sub-Saharan Africa through a loosely constructed informal framework. It includes five of the 48 countries covered in the AGOA and spreads over eight sectors[[40]](#footnote-40). One of its objectives being the reduction of aid dependence, the reason for the inclusion of Angola[[41]](#footnote-41) is not clear.
2. Despite the blaze of publicity and ministerial assertions about a “paradigm shift”, at the launch[[42]](#footnote-42), it is hard to see how the HLPP can confer benefits in trade and investment to either party in addition to those achievable under the existing arrangements[[43]](#footnote-43).

***The role of DFID in facilitating the work of NGOs, charitable organisations and organisations of professionals (eg Engineers for Development)***

1. The TUC notes the role played by DFID through a range of funding mechanisms[[44]](#footnote-44) in supporting NGOs working to improve the lives and livelihoods. DFID commitments under Programme Partnership Arrangements (PPAs) alone totalled £364.4m, with 15 NGOs and INGOs claiming nearly £238.7m (66%) for the period 2011-14[[45]](#footnote-45). Although DFID has generously supported NGOs and INGOs defending human rights, it has often been lukewarm towards trade unions in their efforts to protect internationally recognised workers’ rights. It has often overlooked the opportunity to enhance the impact of its aid programmes through engagement with trade unions, despite its past recognition of labour’s role in development[[46]](#footnote-46). Apart from a few sporadic examples, DFID has shown little interest in supporting UK trade unions in their development initiatives. DFID can help develop capacity in trade unions to enable them to play a catalytic role in improving economic and social welfare of their members, families and communities through collective bargaining and in promoting democracy, good governance, the rule of law etc. In general, as the DAC Peer Review points out[[47]](#footnote-47), DFID has often construed capacity in the context of state capacity and accountability and missed the opportunity to develop capacity in civil society, especially, non-state actors like trade unions capable of holding the State to account. DFID should learn from the experience of its DAC partners – Denmark, Finland, Germany, the Netherlands, Norway, Spain and Sweden, in particular – who have consistently provided substantial support for trade unions[[48]](#footnote-48) to effectively fulfil their role as partners in development.

***The role of CDC and of ensuring appropriate financial mechanisms are available.***

1. The TUC believes it premature to comment on CDC policies and performance, as it adopted a set of new investment policies only recently[[49]](#footnote-49). In our view, CDC can significantly improve its performance by:
* ensuring that its Investment Code[[50]](#footnote-50) is fully consistent with internationally recognised labour, social and environmental standards and that it is effectively enforced[[51]](#footnote-51);
* establishing meaningful indicators and targets on labour, social and environmental standards to enable monitoring, evaluation and continuous improvement;
* carrying out programmes based on best practice in priority countries to raise labour standards and productivity; and,
* establishing formal consultative mechanisms with trade unions and other civil society organisations and putting in place complaints mechanisms[[52]](#footnote-52) to deal with problems and recommend remedial action.
1. Unemployment is around 7.6% in Sub-Saharan Africa in 2014 and forecast to drop to 7.5% in 2016, Global Employment Trends 2014, ILO, p19 [↑](#footnote-ref-1)
2. DFID has identified 28 priority countries in Africa, Asia, Middle-east and North Africa. [↑](#footnote-ref-2)
3. The vulnerable employment rate in Sub-Saharan Africa was estimated at 77.4 per cent in 2013, which is the highest rate of all regions, ILO GET 2014, p68 [↑](#footnote-ref-3)
4. Time not on side of the Jobless, Wall Street Journal, 26 March 2012 [↑](#footnote-ref-4)
5. Data from school-to-work transition surveys in Malawi and Togo show that 82 and 55 per cent, respectively, of employed youth were underqualified in 2012, ILO, GET, 2013 [↑](#footnote-ref-5)
6. The TUC, in partnership with Disability Aid Abroad – a Northern Ireland charity – carried out targeted schemes in Tanzania, Uganda and Rwanda.) [↑](#footnote-ref-6)
7. Jobs and Livelihoods at the heart of the post-2015 development agenda, ILO Concept Note [↑](#footnote-ref-7)
8. Figure 3.1, Annual Report 2014, p50. [↑](#footnote-ref-8)
9. DFID is committed to provide 50m people with the means to work their way out of poverty, Table 2.1, p31, AR 2014 [↑](#footnote-ref-9)
10. 67km road rehabilitated and/or constructed in Liberia, p61, Annual Report and Accounts 2012-2013, DFID, 2014. [↑](#footnote-ref-10)
11. See Headline results, p5, ob cit [↑](#footnote-ref-11)
12. The overall figure based on the data relating to bilateral programmes in 2012-2013, for instance, amounts to some 173,000 only. [↑](#footnote-ref-12)
13. Both bilateral and multilateral programmes [↑](#footnote-ref-13)
14. The same is true, for instance, of DFID expenditure in Pakistan for the same period. [↑](#footnote-ref-14)
15. Burma, Malawi, Pakistan, South Africa, Sudan, Tajikistan, Tanzania, Uganda, Yemen and Zambia [↑](#footnote-ref-15)
16. In Burma, 120,000 people are said to have had choice and control over their own development, p54, ARA, 2014 [↑](#footnote-ref-16)
17. “….the level of scrutiny in reporting impact is weak”, Written Evidence from Oxfam GB, to the IDC on development finance, 3.15 [↑](#footnote-ref-17)
18. Bangladesh, Nigeria and Tanzania [↑](#footnote-ref-18)
19. In Zambia, 1000 persons are said to have had access to regulated financial services due to DFID support in 2012. [↑](#footnote-ref-19)
20. Education 13% health 21% and water and sanitation 3% in 2012-2013 [↑](#footnote-ref-20)
21. See headline results, ARA, p5. [↑](#footnote-ref-21)
22. MDG 3 – improve maternal health [↑](#footnote-ref-22)
23. ILO Conventions 100 and 111 deal with the elimination of discrimination in respect of employment and occupation. [↑](#footnote-ref-23)
24. In Sierra Leone, ILO supported a PPP initiative in collaboration with the Mine Workers’ Union and National HIV/AIDS Secretariat. [↑](#footnote-ref-24)
25. Combat HIV/AIDS, Malaria and other diseases, MDG 6. [↑](#footnote-ref-25)
26. MDG 7 and 8 [↑](#footnote-ref-26)
27. ILO Decent Work Country Programmes, A Guide Book, ILO, 2008, p15 [↑](#footnote-ref-27)
28. Point stressed by ICAI also, see How DFID Learns, ICAI Recommendations, Report 34, April 2014 [↑](#footnote-ref-28)
29. DFID’s overall aim is to reduce poverty in poorer countries, in particular through achieving the Millennium Development Goals (MDGs), 1.6, DFID Annual Report 2012, see also International Development Act 2002. [↑](#footnote-ref-29)
30. DFID contributions to the World Bank Group and EU development funds amounted to 64% of its total contributions to multilateral agencies in 2012-13. Figure 4.1, AR, P84. [↑](#footnote-ref-30)
31. The DAC Report on Multilateral Aid in 2008 enumerated the advantages of the multilateral system. [↑](#footnote-ref-31)
32. DFID Operational Plan 2011-15, Private Sector Department, p4 [↑](#footnote-ref-32)
33. We will look at joint work with businesses to tackle specific challenges, for example, the recent tragedy in Bangladesh demonstrates the need to improve working conditions and safety in factories supplying UK retailers and brands with ready-made garments. [↑](#footnote-ref-33)
34. Guide to Human Rights Assessment Impact Assessment and Management, IFC [↑](#footnote-ref-34)
35. Performance Standard 2, Labour and Working Conditions, Jan 2012 [↑](#footnote-ref-35)
36. DFID Private Sector Operation Plan, 2011-2015, Delivery and Resources, p8 [↑](#footnote-ref-36)
37. According to HDR (UNDP) 2014, out of pocket health expenses amount to some 80% of total expenditure on health in Myanmar. [↑](#footnote-ref-37)
38. Prescribing unnecessary medical tests, procedures, hospitalizations and surgeries has become an epidemic worldwide. The rates of caesarean sections, for instance, vary widely. While globally the C section rate in public hospitals is 10 percent, it reaches an alarming 98 percent in Brazil’s private hospitals, and 40 percent in private hospitals worldwide. World Bank, <http://www.worldbank.org/en/news/feature/2014/07/30/is-that-surgery-really-necessary> [↑](#footnote-ref-38)
39. See Policy Paper, High Level Prosperity Partnerships in Africa, Nov 2013 [↑](#footnote-ref-39)
40. Eight sectors – business environment, extractives, agriculture, financial services, education, energy, infrastructure and environment [↑](#footnote-ref-40)
41. ODA was only 0.2% of Angola’s GNI in 2012, WB, 6.11 World Development Indicators, 2014. [↑](#footnote-ref-41)
42. The initiative was launched in Nov 2013. [↑](#footnote-ref-42)
43. Côte d’Ivoire and Ghana are members of the ECOWAS. The Western Africa-European Union EPA was endorsed for signature by the heads of state in July 2014. Angola, Mozambique and Tanzania are beneficiaries of EU GSP and they are also eligible to additional benefits under EBA provisions. [↑](#footnote-ref-43)
44. The DFID currently operates 12 funding schemes including Programme Partnership Agreements (PPAs) that NGOs are eligible to apply for funds under different criteria. [↑](#footnote-ref-44)
45. TUC estimates based on statistics published by DFID in 2014 [↑](#footnote-ref-45)
46. *“I strongly believe that trade unions – and other labour organisations which represent workers in the informal economy – have a major role to play in helping to achieve the vision of the Millennium Declaration…… We therefore need particularly to improve our links with organisations that represent workers – whether small, local and informal associations or big, national and international organisations “*

Hilary Benn, Secretary of State in the foreword to “ Labour Standards and Poverty Reduction” May 2004 [↑](#footnote-ref-46)
47. “The UK’s development policies are relatively strategic in their approach to capacity development; however, neither the UK government nor DFID has articulated a clear or explicit vision for capacity development in the context of UK development co-operation.”, DAC Peer Review of the United Kingdom 2010, p20 [↑](#footnote-ref-47)
48. In 2012, a comprehensive study of 25 trade union recipients of financial support from development agencies in 18 countries concluded that “*TUs should be seen as development actors in their own specific right, and should not be limited by the same uniform requirements for short-term impact indicators, geographical concentration and thematic focuses as for other CSOs*.”, Trade unions’ views on working with donor governments in the development sector - A review of 18 donor governments’ support mechanisms, TUDCN Development Papers, 2012/4, p45 [↑](#footnote-ref-48)
49. CDC adopted its new investment policy in October 2013 [↑](#footnote-ref-49)
50. CDC Code of Responsible Investing [↑](#footnote-ref-50)
51. See IDC recommendations (paragraph 47) and Government’s response, The Future of CDC: Government Response to the Committee's Fifth Report of Session 2010–11 Fifth Special Report of Session 2010–12 [↑](#footnote-ref-51)
52. CDC says that it has developed a complaints handling process but recognises that not all matters of concern to the public may arise from a breach of our Code of Responsible Investing – it therefore welcomes whistleblower reports drawing to its attention failures in its own, a fund manager’s or a portfolio company's systems or procedures or examples of misconduct. <http://www.cdcgroup.com/Get-in-touch/Make-a-complaint/Whistle-blowers/> [↑](#footnote-ref-52)