



# Trade unions and world poverty

TUC response to DFID's consultation 'Eliminating world poverty'

## Summary

The TUC welcomes the opportunity to take part in the current consultation process on the new international development White Paper. We have drawn upon the experiences of our affiliated trade unions, international trade union confederations and the sectoral global union federations, and most importantly our sisters and brothers in trade unions from the global south to develop this response. As well as the 6.4 million trade unionists in the TUC's 66 affiliated trade unions therefore, this submission reflects the views of the 155 million trade unionists worldwide (40% of them women) in 154 countries.

We believe that the next White Paper needs to stress a number of key points:

- **the positive role that trade unions play in development** by giving working men and women a voice, supporting the development of active civil societies, and promoting good governance, with a consequent emphasis on assisting trade unions in the global south to develop their capacity, and on ensuring that DFID engages with unions in the global south in developing Country Assistance Plans, as envisaged in the *How to Work with Trade Unions* guide issued in early 2006;
- **the part that ILO core labour standards play in poverty reduction** – as recognised in the DFID policy statement *Labour standards and poverty reduction* issued in 2004 – building core labour standards into its policies for international financial institutions and global trade agreements (bilateral or multilateral), as well as providing core rather than project funding for the ILO. Those core labour standards are freedom from discrimination and from forced and child labour, and freedom to associate and to bargain collectively;
- **the need to shift DFID's approach from a concentration on the poorest countries to the poorest people**, with a consequent increase in emphasis on promoting equality of income distribution in countries where inequality leaves many people poor while an elite are well enough off to raise the average income of the country above least developed country status – this will also enable DFID to tackle discrimination (especially against women);
- **the important role that the public sector can play in meeting the Millennium Development Goals**, in particular in education, health and the supply of utilities such as water, and the need to abandon failed approaches such as 'the Washington consensus' which have led to disastrous policies of privatisation and liberalisation;
- **the role that transnational corporations can play in promoting development** if they engage in ethical trading and adherence to core labour standards. We believe that DFID can influence this through the CDC – the UK government's instrument for investing in the private sector in developing economies - and support for the Ethical Trading Initiative. This could introduce ILO core labour standards and other key ILO conventions into global supply chains and improve working conditions for millions of people in developing countries.

## Introduction: why unions matter to international development

The TUC believes that the next DFID White Paper needs to make a forthright commitment to the positive role that trade unionism plays in development. Unions played a major role in transforming those countries which are now the developed world into rich societies with productive economies, and we can play the same role in the current developing countries through campaigns for social justice, democracy and equality.

The TUC welcomes the recognition by DFID of the role of trade unionists in development, especially in the context of the elimination of poverty and attainment of the Millennium Development Goals and appreciates the publication of the How to Work with Trade Unions staff guide as an important step forward towards building a constructive and strategic partnership with trade unions. We very much hope that the institutional relevance and practical significance of trade unions as key partners in development, acknowledged by DFID in the Guide as well as in DFID's Labour Standards and Poverty Reduction paper, will be adequately reflected in, and appropriate policy guidance integrated into, the new White Paper.

Through their direct involvement in production and distribution, trade union members contribute to the creation of wealth and, through democratically accountable institutions, help shape economic and social policies guiding a nation's welfare. Trade unionists have an abiding interest in development in that they strive to bring about sustainable improvements in the working and living conditions of members and their communities. They promote a rights-based approach to sustainable development and are able to play a catalytic role in the fight against poverty and injustice through the promotion of human and employment rights, in particular, through the campaign for internationally recognised core labour standards and on corporate social responsibility. Moreover, they are in a unique position to foster participatory democracy and strengthen good governance, as well as being able to intervene through Global Union Federations at a global level in the activities of trans-national enterprises.

Trade unions can play a critical role in ensuring public empowerment and participation, accountability and transparency in poverty reduction strategies leading to sustainable and equitable development. They are in a position to offer useful advice on the social and labour market implications of development interventions. In addition, they facilitate the dissemination of information on development initiatives through their institutions, structures and networks at grass root level as well as at national and regional level. Through effective participation in national policy development and implementation processes and careful scrutiny of outcomes, they can exercise considerable influence over many aspects of public life and enhance public welfare.

In particular, unions are a powerful mechanism for the empowerment of women, both in terms of increasing the voice of working women in unions and in civil society generally, and also in terms of ensuring that the poverty that holds women back is addressed. Unions in developing countries have campaigned for minimum wages; equality laws; access to education, health and childcare; regularisation of

informal work; and against violence against women – all positive steps forward which free women from discrimination and poverty as well as giving them a voice.

Trade unions attach great importance to education, which they consider to be a basic human right and strongly believe that education is key to sustainable development and that it is the prime responsibility of the state to provide basic education free of charge for all. Teachers' unions in the UK and other developed countries – professional bodies in the education sector – possess a wealth of knowledge, expertise and experience which they are able and willing to share with their counterparts in developing countries in their efforts to attain the Millennium Development Goals in education. Teaching unions in the UK have been at the forefront of the Global Campaign for Education as well as the Commonwealth Protocol on Teacher Recruitment.

Nutrition and health contribute significantly to human resources development and long-term welfare. Trade unionists hold that health is a basic human right as set out in the UN Declaration of Human Rights and that provision of affordable health care for citizens is essentially the responsibility of the state. Trade unionists are instrumental in ensuring adequate health and safety measures in the workplace, thereby contributing to the prevention of accidents and hazards. In addition, they protect and promote the rights and the interests of the workforce in the health sector and facilitate delivery of health care. Trade unions also make a useful contribution to the improvement of health care through dissemination of information and advice and delivery of health care through their institutions and structures in the workplace, as exemplified in the campaign against the spread of HIV/AIDS in many countries. They also fulfil a vital function in defending the employment and human rights of people living with HIV/AIDS and other diseases.

Solidarity with working people throughout the world has always been a basic tenet of trade unions. The international trade union movement is making a contribution to the long-term rehabilitation of the victims of the Tsunami in Asia in 2005. TUC Aid is supporting the working people of Indonesia, Sri Lanka and Thailand in their efforts to come to terms with the consequences of the disaster.

## Why DFID should put poor people first, not poor countries

The TUC believes that DFID should abandon its insistence on prioritising work with the least developed countries, and, instead, make assistance to poor people its main priority. This may not affect a substantial amount of work that DFID does as there is a great degree of overlap between these categories – the poorest people tend to live in the poorest countries.

But it would have a major impact in allowing DFID to intervene (or intervene more effectively – DFID has found ways to do some work in countries which do not have least developed status) in some countries where some of the world's poorest are excluded from assistance merely because they happen to live surrounded by richer people.

For example, there are more people living below the UN poverty line of \$1 a day in India than in the whole of sub-Saharan Africa: most of the world's poor live in Asia rather than Africa, and yet DFID has been more active in Africa than in Asia. The TUC shares DFID's concern about the extent of poverty in sub-Saharan Africa, of course, and it is difficult to make choices about who to help and who not to, but the TUC welcomed the shift which was represented by the Asia 2015 Conference in March, and we established our own virtual trade union conference to match it (<http://www.tuc.org.uk/theme/index.cfm?theme=asia>).

DFID's existing policy also prevents it from intervening in countries where gross inequality leads to extreme poverty existing next door to fabulous wealth, such as in Colombia. There, trade unionists are struggling against unique levels of violence and the effective absence of collective bargaining rights to combat social exclusion, social injustice and lack of access to education and health: similar problems to those which exist in many least developed countries. They could benefit from DFID help to develop, but because there are so many wealthy people in the Colombian elite which monopolises control of the economy, media and in many cases government, they are unable to access it. As a result, the Ministry of Defence puts more money into Colombia than DFID!

And finally, a concentration on the poorest countries means that DFID is less able to assist in the development of sustainable regional economies which would in many ways have more to offer to the poor than for instance access to far away developed regions. The TUC believes that promoting south-south trade probably has more to offer the poorest countries (who almost by definition are likely to have the least developed infrastructures and the least productive economies) than access to the EU or the US markets. Similarly, the TUC believes that we would often do better to assist a trade union movement in a country like Brazil or South Africa to develop the capacity to assist their poorer neighbours than target the poorest trade union movements directly. DFID should be more concerned than it is (which is not to say that nothing is being done) to promote south-south solutions to issues like trade, migration, governance and civil society.

## **Q1 What determines economic success and promotes economic growth in poor countries?**

The TUC believes that economic success and decent work result from a combination of pro-growth policies such as investment in human resources (eg health and education); social justice – such as adherence to core labour standards - to ensure that the benefits of growth are equitably distributed (including between men and women); and partnership between employers, unions and governments to create a positive economic climate.

Economic growth is a necessary but not a sufficient condition for economic success and poverty reduction. We support the Government's objective of increasing world trade, but believe that trade justice is equally important. Economic success for poor countries requires that they move up the trade value chain from subsistence agriculture towards the production of finished goods. As pointed out by the Ghana TUC, Ghana not only needs to produce raw materials such as cocoa that Europe imports at preferential rates, but it also needs to export finished products such as chocolate at reduced tariffs.

To move up the value chain and provide decent work, as proposed by the ILO and endorsed by businesses and unions (for example, in the Ougadougou Declaration), poorer countries need to invest in people through education and training, improve health services and infrastructure (such as the electricity system which, according to Nigeria Labour Congress, is holding up the economy) or the transport systems. Poor countries need to accord greater protection to working people through the development of modern systems of industrial relations based on consultation and dialogue between trade unions, employers and governments. In particular, they need to draw on the recommendations of the World Commission on the Social Dimension of Globalisation, notably the ratification, implementation and effective enforcement of the core ILO Conventions.

Another key issue is the extent to which benefits of economic growth accrue to poor people – all too often, wealth is generated only to be exported to developed countries for example through the repatriation of profits made by trans-national enterprises, or held by elites either through corruption (as in Nigeria where the trade union movement has supported Government's efforts to root it out) or through iniquitous economic policies pursued by the state, as in Colombia, where the Government has systematically attacked collective bargaining to the detriment of the poor.

A more egalitarian approach to income distribution will increase domestic demand for basic goods and stimulate the local economy. Redistributing income towards women will also assist in reducing the need for state expenditure on supporting families, and has historically promoted higher levels of growth and a more sustainable economy.

## **How do factors such as a government's macroeconomic policy, investment, trade, environment, or regional markets and institutions affect the private sector's ability to raise levels of growth?**

Trade liberalisation should not take place at the expense of resources available for the public sector and taxes on international trade are a vital source of revenue in a typical developing country. Any drop in government income which leads to reduced expenditure is bound to have adverse effects on public services, whereas increases in taxation will discourage savings and reduce the scope for private investment. The global trade union movement has therefore supported proposals that developing countries should have access to developed country markets without reciprocity.

The extent to which the local private sector is able to grow due to foreign investment depends on whether the materials and labour used to build, for example, a shopping centre, are bought locally and on whether the labour employed receive adequate remuneration, so that they might invest any profits or savings back into their local business. Trans-national enterprises can 'buy local' and they can also ensure that skills and innovation (including patents and intellectual property) are retained in developing countries. More people will benefit from job creation and increased business opportunities if it is ensured that a sizeable amount of 'local content' is used. The TUC has ensured that locally available resources are used, wherever possible, in its Tsunami Relief Programme.

### **What are the obstacles to growth and how can they be removed?**

Structural adjustment programmes have resulted in a growth in numbers of informal economy workers. These workers are often poor, unable to benefit from collective bargaining and unprotected by social security: they are also disproportionately women. Labour legislation needs to be amended so that informal economy workers are given protection. Unions play a role by campaigning with informal economy workers to regularise their status (as the Zimbabwean Council of Trade Unions was doing successfully for thousands before the Government intervention, and as trade unions in Ghana, India and elsewhere have shown). Regularising the informal economy will tend to impact particularly positively on women's wealth and rights, including participation in governance and civil society.

### **How should social and economic inequality be tackled?**

One of the most efficient ways of tackling social and economic inequality is through the world of work. The implementation of a tripartite industrial relations system is very important. Trade unions should be supported so that they can carry out labour market and other relevant economic research and provide credible evidence to support their policy demands. Similarly, governments should be encouraged to divert resources to their labour ministries to enable them to make informed and effective decisions and provide an efficient labour inspectorate.

DFID should support the protection and promotion of trade union and human rights, so that civil society has the freedom to influence and shape economic and social policies and hold their governments to account for their actions. The Ghana TUC's participation in a number of policy-making structures including the Public Utilities Regulatory Commission, the National Institutional Renewal

Programme, and Export Processing Zone Board has enabled trade unions to make a significant contribution to institutional development.

Appropriate minimum wages or living wages would go a long way in combating poverty. The Ghana TUC is calling for a minimum wage that will support a family of four. And trade unions should be supported so that they can disseminate appropriate information, as well as negotiate with employers in order to reduce social inequality at the workplace (although not exclusively) level, particularly in the areas of discrimination, including HIV/AIDS.

Promoting legal rights and entitlements at work will assist women in particular, as they are often not in a position to secure entitlements by exploiting their position in the labour market.



## **Q2 How can we best ensure that donors deliver on the commitments they made in 2005?**

The only people to whom donor governments are accountable are their electorates, and it is therefore vital that civil society is given a clear role in keeping their governments honest about development. Unions, business and NGOs should have a voice in the multilateral institutions such as the UN, World Bank and OECD, and a defined role at national level.

At an institutional level the UK government has a clear role to play in ensuring that commitments made by governments and bodies during our EU presidency and chairing of the G8 are honoured. In this respect the creation of the African Partnership Forum is welcome although the issue of how civil society both in the UK and Africa can be involved in this process is currently less clear. DFID must fully engage itself in this process and ensure that civil society is also enabled to take part.

2005 showed the vital importance of popular campaigning to secure increased commitments to spending on development, and public scrutiny over the coming years regarding the implementation of these commitments is equally important. DFID priorities need to reflect this including support for capacity building initiatives in developing countries e.g. via support for trade union development in the south and being a strong voice in favour of civil society inclusion in monitoring mechanisms in the UK and other developed countries. The Strategic Grant Agreements that DFID has funded with trade unions and other organisations have played a large part in building the level of support for increased government funding for development.

Hand in hand with this raised awareness about the need for such spending is an increasing awareness of the need to hold governments to account in regard to delivering what they have said they will deliver. The TUC will work to do this in the UK and will continue to engage sister trade union national centres, in particular in other G8 countries to ensure that they are doing the same, but to do this we need accurate information about both what has been promised and what is being delivered.

### **How can donors work together better to make their collective aid more effective?**

A standard complaint from trade unions in developing countries is that the way in which donors coordinate assistance is inadequate, leading to duplication, fragmentation, lack of ability to plan over sensible timescales, and over-reliance on outside consultants. Greater coordination must not only be between governments. By listening to the voice of civil society and from our perspective in particular to trade unions on the ground and asking how assistance can be more sensibly coordinated and targeted DFID will be able to secure greatly increased impact for money spent. The TUC recommends that DFID should commission a study based on the How to Work with Trade Unions staff guide to examine how trade unions and other civil society organisations are consulted by various donors and examine the potential for better coordination.

**Q3. What can donors do to help build more effective states? How can poor men and women be empowered to demand action from their governments and hold them to account? How can donors best help when working in fragile states?**

The TUC believes that effective states are produced by active and independent civil societies, and that the rule of law and the existence of free, independent and democratic institutions (such as trade unions) are necessary. In particular, we want to see working people protected and empowered.

There are two principal ways in which working people can be protected and empowered.

The first is through the rule of good law (law which conforms to the minimum requirements laid down in internationally agreed standards, including, in particular the fundamental human rights instruments of the United Nations system, including those of the ILO) and the enforcement of that law through effective public authorities including well-functioning labour inspectorates. Almost all the members of the United Nations are also members of the International Labour Organisation. As such they all, regardless of ratification of the Conventions concerned, have a constitutional obligation to promote, uphold and respect the principles of the eight ILO standards which proclaim those fundamental rights.

The second is through the self-organisation of working women and men in their own representative, democratic and independent organisations. Such organisation is essential everywhere in the economy; not just so that workers can have a collective voice in their dealings with employers but also so that they can demand that the law also protects their rights as citizens. In too many countries the relationship between poverty, discrimination and social exclusion is such that, while good law may exist on paper, significant proportions of the population are exploited and oppressed, with impunity, by local or national elites.

Even in states which permit freedom of association in principle, fundamental human freedom is denied most commonly in the informal economy - in domestic service, in agriculture and in Export Processing Zones. Trans-national enterprises can also have a similar impact, although they can also be some of the best employers in a local economy, providing rights and wages which have been imported from more developed economies. These sectors of the economy have another element in common: they are disproportionately feminised. Thus, despite our understanding of the central role of women's empowerment in sustaining equitable development, it is women who are disproportionately denied their fundamental rights at work.

Support for basic social infrastructure – especially for universal basic education (primary plus two or three years), health care and basic social security safety nets - are proper and exponentially beneficial targets for donor support, not least in fragile states. Fragile states require and are strengthened by vibrant democracy. Donors should ensure that their policies consistently support the effective realisation of fundamental rights at work.

We welcome agreement in the UN to establish a global Democracy Fund, but stress that the Fund should be managed by the UN with the clear intent of assisting countries with institutional capacity building to strengthen their democracies. It should not be used on a bi-lateral basis to impose conditionality or usurp a country's sovereign policy space. The denial of the proper exercise of legitimate sovereignty is a significant factor in fuelling conflict.

**Q4. How best can donors and developing countries increase access to basic services such as health and education in poor countries? How can this be done in countries where government is unwilling or unable to do so?**

The TUC believes that the best way to provide access to health and education is to make them free at the point of use, which will usually require them to be provided by the state, and we support government to government grants as the best way to ensure this (including remitting debt to allow developing countries to increase direct public expenditure on health and education). In countries where governments are unwilling or unable, assistance should be channelled through civil society to effect the same provision. Unions in the west had a long track record in the provision of education and health before states took on those responsibilities.

Primary education and essential health services should be provided free in all developing countries. Health and education are so vital to the development of human capital that a well-planned, well-funded national strategy, backed by political will, is essential in any meaningful effort to increase access for the poor. Improvements in education and health go hand in hand and are mutually reinforcing. High literacy rates are of great help in promoting health care, especially in primary health care while nutrition and health enhance the ability to learn.

Disparities persist in educational opportunities for boys and girls, and women also have greater unmet needs from health services. In both cases, free access to education and health will disproportionately benefit women, sometimes synergistically – the General Secretary of the Ugandan teachers' union told the TUC that the more education women have received, the more likely they are to be immunised and to practice safe sex.

National strategies need to be developed with active participation of trade unions. Trade unions made a significant contribution to the implementation of health reforms in post-apartheid South Africa and should be consulted across the developing world in all areas of reform. Governments should be committed to maintaining efficient public services as a national priority, as they are essential for the overall functioning of the economy and for the well-being of a nation.

There is tremendous opportunity and potential for collaboration between the DFID and teachers' unions in the UK and in developing countries as well as Education International. Teacher exchange programmes, twinning arrangements with schools, training workshops or refresher courses, teaching of English or other international languages can be arranged through teachers' unions in collaboration with the DFID. Channelling international assistance through appropriate multilateral agencies like UNESCO, UNICEF, WHO is an effective way of ensuring that countries most in need are given priority.

There is considerable emphasis on enrolment. However, enrolment alone is not sufficient. Teachers' unions in developing countries (Kenya National Teachers' Union, for example) complain that little provision is made to support schools and their staff to cope with extra pupils. The lack of resources and extra pressure on

underpaid and under-supported teachers and other staff leads to deterioration in the quality of teaching. Education unions are in a position to support their members to deal with the situation if consulted prior to decision-making. Trade unions in South Africa, in particular, the South Africa Democratic Teachers' Union (SADTU) have initiated the Curriculum Development Capacity Building Project to address the shortcomings in curricula reforms.

There is also a widening gap in educational opportunities in urban areas and rural areas. Many schools in rural areas are not well equipped to teach science and technology, either due to the shortage of qualified teachers or lack of equipment, or both. Recruitment of teachers by developed countries has added to the problem. The DFID should facilitate the implementation of the Commonwealth Teacher Recruitment Protocol, which the National Union of Teachers (NUT), in collaboration with other unions, brokered to address key issues.

Reducing the incidence of preventable diseases through primary health care should be a major plank of a national strategy. However, in recent years, immunisation programmes have suffered due to the lack of adequate funding. In this regard, the International Finance Facility for Immunisation is a commendable initiative that deserves support from the international community. The TUC and its affiliates have mobilised support for the Chancellor's initiative within the international trade union family.

Finally, there is a role for trans-national enterprises where the state is unable or unwilling to provide health care (in particular where certain treatments are too expensive for the government to provide). British and South African unions have worked together to ensure that trans-national enterprises provide HIV/AIDS treatment to employees, their families and in some cases the wider community, and this sort of activity could be encouraged (including for domestic enterprises in developing countries).

### **Q5 How can the UK Government make sure that development is led by developing countries themselves?**

To ensure that developing countries can take the lead, DFID needs to support the democratisation of international institutions, and the creation within developing countries of a free, independent and democratic civil society.

The concept of country ownership of national development strategies needs to be translated into reality, as available evidence suggests that developing countries have little leeway in terms of design, content and implementation of their economic and social policies. Moreover, many developing countries, especially, Least Developed Countries (LDCs), do not have necessary expertise for developing and implementing national development strategies. UK Government should assist them to develop their own human resources base, as countries need to be in a position to do an independent, objective and reliable analysis of social, economic and environmental impact of policies without recourse to expensive consultants. In addition, UK Government can use its influence with international financial institutions to ensure that they use Poverty and Social Impact Analysis (PSIA) to attenuate adverse effects of major structural reforms.

### **Should the UK Government ever attach conditions to aid – if so, which ones?**

The TUC is not opposed to conditions and takes the view that they should be relevant, transparent and mutually agreed rather than unilaterally imposed. They should include adherence to democratic, trade union and other human rights. Equality is particularly important for women. In addition, in the case of project-oriented assistance, conditions need to relate to proper appraisal of viable projects, adequate and appropriate arrangements for proper implementation, monitoring and evaluation, accountability and long-term sustainability. The Government needs to monitor the implementation of aid agreements closely and react in case of serious breaches.

The TUC understands the reasons for the suspension of assistance to the Government of Ethiopia following serious breaches of conditions agreed in the Memorandum of Understanding between the two governments. Where DFID has withdrawn support to a government due to human rights abuses as in Ethiopia, DFID should consider increasing the resources offered to civil society organisations in order that they have a chance of holding their governments to account and thereby driving internal peaceful change.

### **What should be done when a country has an illegitimate government but a lot of poor people?**

The UK Government should strengthen independent trade unions and other civil society organisations, through which, it is possible to reach out to the people, as was done during apartheid in South Africa. In Zimbabwe, Action for Southern Africa (ACTSA) with the support of British trade unions, has developed an innovative project to distribute sanitary products to women, in co-operation with

the Zimbabwe Congress of Trade Unions. During years of military dictatorships in Nigeria, trade unions and other civil society organisations were assisted through international solidarity and have been able to play a constructive role as social justice advocates since the restoration of democracy. The TUC would like to see the expansion of the Civil Society Challenge Fund to provide extra resources for UK-based organisations to work with partners in developing countries with illegitimate governments.

The UK Government should work in close collaboration with regional institutions like the AU, EU or other institutions such as the Commonwealth to bring pressure to bear on the governments concerned. Aid can also be channelled through multilateral agencies like the World Food Programme, International Labour Organisation and World Health Organisation.

### **What is the ideal balance between working with governments, civil society and the private sector?**

The TUC favours a partnership approach and supports the development and implementation of policies through institutional mechanisms involving all stakeholders – trade unions, employers, other civil society partners and governments. There is evidence of greater industrial harmony and social cohesion in societies in which trade unions and other social partners are able to reach consensus through dialogue. The National Economic Development and Labour Council (NEDLAC) in South Africa is a good example. The National Tripartite Committee in Ghana plays a crucial role in building consensus on economic and social issues and has contributed significantly to industrial peace in recent years.

The private sector can make an enormous contribution to the promotion of development if companies engage in ethical trading and adherence to core labour standards. The TUC believes that DFID can influence this through the CDC – the UK government’s instrument for investing in the private sector in developing economies – and support for the Ethical Trading Initiative. The introduction of ILO core labour standards and other key ILO conventions into global supply chains could improve the working conditions of millions of poor people in developing countries.

Trans-national enterprises have a particular role to play in ensuring that their supply chains are based on core labour standards and that their employment policies are based on the same respect for working people all around the world.

### **How can new mechanisms like the International Finance Facility best help deliver predictable development assistance?**

The TUC supports the IFF and hopes that the UK Government will succeed in persuading other developed nations including the USA to take part in it. It is also necessary to ensure that funds are properly used for viable projects benefiting the poor and that vital public services – education, health and water in particular – receive adequate funds. In addition, the Government needs to address concerns over the availability of funds for development after the expiry of the initial period of disbursements.

**Q6. What impact does wider UK Government policy have on developing countries? What could be done at a national, regional or international level to help ensure consistency between development and other policies?**

Working directly with recipients and through the ILO and other agencies, all Government departments should ensure that attention is paid to supporting the growth and strength of free, democratic and representative workers' organisations and to the development of effective tripartite structures to inform national economic and social policy. This applies to ILO Decent Work Country Programmes and DFID Country Strategy Papers.

At the global level, trade unions maintain their support for the key proposals of the World Commission on the Social Dimensions of Globalisation for commitment to sustained progress in developing global coherence in the policies and activities of the UN agencies, the international financial institutions and the WTO. We urge the UK government to support the development of Global Policy Initiatives to enable the agencies to explore how they can best promote complimentary approaches from their given mandates – in particular in the promotion of decent work and fundamental rights.

Policy incoherence sometimes arises as a result of policy approaches proposed by the secretariats of different UN agencies. Such incoherence arises because different ministries of UN member states represent their governments in those agencies. So for example, a labour ministry would take one view in the ILO (where the government has constitutional and treaty obligations regarding ILO standards), a finance ministry would take a different view in the IMF, the foreign affairs ministry yet another in the UN General Assembly and all of them may be in conflict with the policy of the development ministry. Global coherence requires joined-up government at national level.

DFID (and for that matter other government departments buying from overseas sources) can reinforce its acknowledgement of the contribution that the observation of Core Labour Standards can make to the elimination of poverty by ensuring that its procurement policies take account of relevant social issues. For example, when £45 million was pledged in 2005 to provide insecticide treated mosquito nets for children and pregnant women, there was the potential to look at labour standards in the supply chain and positively influence the working conditions of the labour force involved in net manufacture. The TUC would like the White Paper to reflect this by giving a commitment to ensuring that DFID procurement staff are aware of the Department's policies on CLS when preparing invitations to tender and selecting suppliers.

TUC views on other aspects of government policy like trade are dealt with under the appropriate questions.



**Q7 What further international action against corruption –such as bribery, money laundering, tax havens, trafficking and organised crime – should be taken?**

Trade unions are firmly and publicly opposed to corruption, which impoverishes working people in three key ways. First, it reduces directly the amount of aid which reaches working people, and second it undermines public support in developing countries for overseas aid. But it also, thirdly, undermines good governance and the rule of law in developing countries and therefore makes it more difficult for trade unions to operate. Nigeria Labour Congress President Adams Oshiomhole made this his main point when he took part in a global unions meeting with the UK Prime Minister Tony Blair ahead of the 2005 G8 summit.

Some welcome moves have occurred recently in regard to some of the areas covered in this question, not least the UK's ratification of the UN Convention Against Corruption in February 2006. The agreement on asset-recovery is a major break-through and of great significance to developing countries. We would urge DFID to ensure that the UK effectively implements its commitments under these provisions.

As regards the OECD Anti-bribery Convention, the UK authorities have yet to prosecute a company or an individual for bribing a foreign public official, despite the fact that the UK is a major exporter to regions that are corruption prone, and despite the high number of bribery allegations concerning UK companies that have been reported in the Press and in the final report of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme. A significant barrier to enforcement is the inadequate level of resources available to the enforcement authorities to undertake complex and expensive overseas investigations.

A further barrier is the lack of reporting, which stems partly from a lack of awareness of the OECD Convention. This underlines the need for greater promotion of the Convention, not only in the UK and within the business community, but also in developing countries and targeting trade unions and civil society organisations.

So far promotion efforts have focused on the business community and have failed to take account of the vital role to be played by trade unions and civil society organisations in developing countries in holding multinational companies to account. At a global level the international trade union movement created UNICORN, The Global Unions Anti-Corruption Network, specifically to support the OECD Anti-bribery Convention and remains committed to further work in this area. DFID could also make efforts to promote the OECD Anti-bribery Convention in the Extractive Industries Transparency Initiative.

One way of stimulating flows of information on bribery and corruption in developing countries is to put in place national laws to protect employees who disclose information in the public interest from retaliation. DFID should advocate whistleblower protection in-country.

Public procurement provides the main interface between the public and private sectors and is recognised as a major source of corruption. The new EU Public Procurement Directive requires member states to debar companies that have been convicted for corruption. However, unless an EU-wide information system on companies with corruption convictions is put in place it is unlikely that this legislation is going to be effective in deterring bribery and corruption.

The UK now faces significant and urgent international commitments under different instruments including the OECD Anti-bribery Convention, the United Nations Convention Against Corruption and the Council of Europe's Criminal Law Convention on Corruption. There is clear value in jointly reporting on progress and we would urge DFID to champion annual reporting to Parliament on progress towards meeting these commitments.

We would like to see the White Paper include commitments specifically to:

- Activities to promote the OECD Anti-bribery Convention, including reporting mechanisms, in developing countries including direct support to trade unions
- Strengthen the ability of trade unions and wider civil society to monitor what is happening in their own countries.
- Consider how support could be given to international trade union bodies such as Unicorn in providing support to trade unions in developing countries.
- Provide assistance in building effective national and international institutional safeguards.

**Q8 How can international migration be managed better – so that migrants can safely pursue opportunities in a way which benefits both their own countries and those to which they move? How can the ‘brain drain’ from developing countries be addressed?**

The TUC believes in the free movement of workers – we believe that people should be free to pursue their careers in ways which will benefit them and their families. We also believe that migrant workers should be treated the same as the workers in the country they have moved to, with full equality under the law, and especially the right to join trade unions. We welcomed the recommendations of the Global Commission on International Migration which reported in October 2005, and have urged the UK government to accept those recommendations – and it is especially important to ensure that migration policies take account of the needs of families.

The flow of high skilled workers from developing economies to more developed economies can have negative as well as positive effects. The movement of high skilled labour can cause skills shortages and loss of revenue. However, it is possible to create win-win situations for both the sending and receiving countries. The potential difficulties should not be used as an argument to justify blanket exclusions.

The movement of high skilled workers from developing countries is not simply a loss to the countries concerned. Skills transfers do occur and benefit both communities when migrant workers either return home or maintain effective contact with their fellow professionals in their country of origin. In addition, remittances from high skilled migrant workers can be of great importance to their home countries.

There is considerable evidence that the possibility of skilled emigration motivates a greater take-up of education in many developing countries than would otherwise have been - a process which can both promote personal development and benefit the wider society. There is a need to look at both individual countries and different sectors of their economies.

The percentage of higher skilled workers in sending countries or within sectors of their economies varies considerably and so does the potentially negative impact. In certain extreme cases such as health, the restrictions placed on the NHS on recruitment from a number of developing countries is, the TUC believes, fully justified. The TUC would also welcome restrictions on agencies continuing to recruit health workers from such countries. In education, British teacher unions have played a leading role in the development of the Commonwealth Protocol on Teacher Recruitment, and would like to see this spread to other countries.

The UK has been slow in promoting networks, which would help support the transference of knowledge back to sending countries. Such networking amongst Indian IT workers in the US has had a very positive effect on the Indian IT sector. The UK and Indian economies could mutually benefit if such networking was similarly stimulated amongst the UK’s large Indian IT community.

A key ‘push’ factor in the brain drain from developing countries is the low wages offered to professionals, particularly in the public sector. Teachers and nurses struggling to survive on their wages feel extremely undervalued and moral can be low. They should be paid a ‘living wage’ as defined by the trade union movement in each country and more support should be offered in terms of training as well as fora for them to voice their concerns and input to policy/curriculum development – which can be done through their respective trade unions. DFID should encourage governments to pay public sector workers a ‘living wage’ and offer resource support, similar to that being piloted in Malawi and Zambia, to assist the governments in achieving this. The TUC emphasises, however, that it is important to recognise that public sector unions are stakeholders in this process and need to be fully consulted.

### **Q9 How can the UK Government make sure that international trade negotiations deliver the benefits needed for developing countries?**

The TUC believes in the benefits that can flow from increased trade, and we have a long track record going back over a century of supporting free, fair and just trade. We believe that to be fair, trade needs to be organised in the service of people rather than the other way around, and that means that trade agreements must support rather than undermine core labour standards (especially freedom of association and freedom from discrimination).

We would like to see DFID recognise that increased trade does not in itself automatically lead to poverty reduction and that the issue of fairer distribution of the gains from growth in trade must be addressed, not least by ensuring that the global trading system re-enforces respect for core labour standards, rather than, as is presently the case, undermining them. In addition, DFID needs to acknowledge that multinational businesses can make a huge contribution to global growth and poverty reduction, but must be effectively regulated and monitored to ensure that their actions do not lead to more long term harm than good. The White Paper should reflect the need for better regulation and reporting requirements on MNE's.

We would want DFID to commit to fund impact assessments in developing countries on the possible ramifications of trade agreements on employment and women. DFID should also encourage governments to consult fully with civil society, and in particular trade unions, before taking a particular position on trade.

In policy terms, we would like to see the White Paper reiterate DFID's view that other government departments should support a pro-development trade agenda (and by extension should seek support from the rest of the EU for that to feature strongly in the EU negotiating process). Specifically DFID must seek to ensure that the language and progressive policies espoused by the department are actually followed up and implemented by the DTI and other departments. In addition, we would want DFID to commit to attempt to reverse the EU position that movement on agricultural market access and further reform of the CAP is completely contingent on developing countries opening up their service and industrial sectors at the same time.

### **How can trade barriers be broken down so that developing countries get better access to regional and international markets?**

The UK must continue to advocate a non-mercantilist, non zero-sum approach to reducing trade barriers. It is clear that better market access for agricultural products into the developed world including the EU will be one of the central ways of boosting export earnings for developing countries. It remains unfair and unjust to demand that all developing countries open up to developed world service and industrial exports in order to gain better agricultural access. In the long term interests of global economic growth and stability, it is necessary for us to allow greater market access for agricultural goods now, at the same time as working for a sequenced opening up of other markets at a later stage. DFID

should also continue to support work aimed at trade facilitation and dismantling of restrictions on ‘south-south’ trade.

**Q10 What can the UK and other governments do to help developing countries to grow their economies while also managing environmental dangers?**

The UK government needs to encourage trade unions in the UK and in developing countries to engage in the challenge of climate change, as international cooperation is fundamental to tackling environmental issues.

The TUC takes part in the Trade Union Sustainable Development Advisory Committee (TUSDAC), a joint TUC/DEFRA body. TUSDAC unions published an environmental agenda, *Greening the Workplace* in 2005, a joint trade union work programme aimed at strengthening workplace engagement in sustainable development, domestically and internationally. A key TUSDAC aim is to “develop support for international efforts to tackle climate change”.

The TUC works closely also with the ICFTU and other union bodies in support of global efforts to develop trade union and worker engagement in sustainable development and supports the ICFTU resolution that emerged from the joint UNEP/ICFTU Assembly on Labour and the Environment held in Nairobi in January 2006. The conference was initiated jointly by UNEP and SustainLabour, founded in 2004, the first international organisation to promote sustainable development objectives from a trade union perspective.

The resolution supports a range of objectives consistent with TUSDAC’s aims, including:

- Enhancing dialogue between labour and management.
- Developing policies for a “just transition” towards a low carbon future.
- Integrating environmental and social dimensions of sustainable development with a rights-based approach.

The TUC is also working with the ICFTU to ensure trade union and worker engagement in the Clean Development Mechanism projects under the Kyoto Protocol and supports trade union consultation in CDM projects, as advocated by Belgium.

The TUC would like to see inclusion of trade unionists in the UK Government delegations to important events on environment, as did the Belgian Government at Montreal. The central ICFTU message to COPII in Montreal was the need to boost the engagement of the world of work and workplaces in the Kyoto process, recognising the fundamental challenge to industry and transport of the shift to a low carbon economy.

**Q11. How can the international system work better to deliver humanitarian assistance and security in developing countries, and prevent conflict and state fragility? How should the UN and other agencies be reformed and better resourced for different types of crises? Does the world need an international early warning mechanism for conflict or state fragility? Should such a mechanism be located inside or outside of the UN system?**

Trade unions have a long history in humanitarian assistance and in combating state fragility, and we believe that DFID needs to acknowledge the role that civil society (including trade unions) can play in both areas, acting in particular as a channel for humanitarian assistance and ensuring that it meets the needs of working people and is not mis-directed, and especially in acting as an early warning system for crises: it is often the rounding up of trade unionists (eg in the past in Colombia, Germany, Iran, Iraq, Zimbabwe) which heralds or demonstrates the collapse of a democracy into dictatorship. DFID should in particular put more effort into liaison with local trade unionists over matters to do with democratic governance.

Coherence is required among the UN agencies and International Financial Institutions – both to respond to crisis, and to respond in a manner which promotes fundamental rights and recognises the importance of quality public services and public infrastructure for decent societies. The agreement on the Responsibility to Protect provides one policy avenue, but there remains a need for greater agility of response to natural disasters as well as to humanitarian crisis caused by conflict. Care needs to be taken to avoid short-term relief laying the foundation for long-term developments inimical to fundamental rights and decent work.

While governments of some non-aligned countries have been highly critical of the UN, accusing it of being manipulated by one super-power at the expense of their sovereignty, the response must be to strengthen the authority of the UN. All member states should be encouraged to respect the authority of the UN by upholding in full their treaty obligations and by ensuring it has sufficient resources and competence to fulfil its mandate. The UK should lead by example in that respect by complying fully with all its obligations.

It would be a grave mistake, in response to criticism of the UN, to locate any early warning system outside it, where it would have limited legitimacy – and no legitimacy as an instrument of the international community – not least in light of the intelligence failures in the lead up to the second invasion of Iraq. Those failures contributed directly to the abrogation of the role of UN inspectors and to a war in breach of international law.

**Q12 What comparative advantages do the international, regional and bilateral agencies have in delivering broader development advice and assistance? Which agencies are most effective and how should we judge this? How should the UK Government work with the EU over the next five to ten years to pursue development objectives?**

International agencies like the World Bank, OECD (through the DAC) and the EU can be effective mechanisms for development. They can have a particularly important impact if they engage constructively with the trade union movement (globally and in specific countries) and if they respect core labour standards. The OECD's guidelines for multinational enterprises afford trade unions in less developed countries with the opportunity to redress unacceptable activity by multinational corporations, although the enforcement mechanisms (through DTI in the UK) could have more teeth and work more swiftly.

A very good example is the adoption in February 2006 by the International Finance Corporation (the private sector lending arm of the World Bank) of a new loan performance standard on labour rights and working conditions. After the new standard is implemented, all companies that borrow from the IFC will be required to abide by the ILO core labour standards. The new standard also obliges IFC clients to observe some other basic conditions, including health and safety standards, protection for contract workers, and a policy for managing reductions in employment.

At the suggestion of the ICFTU the IFC accepted two years ago, on a pilot basis, to include a core labour standards condition in a loan to a clothing manufacturer, Grupo M, which opened new production facilities in Haiti. The firm initially dismissed hundreds of workers when they attempted to create a union, and it took several months of pressure by the Haitian union, along with international support from trade unions and other organisations, before the workers were rehired and the company recognised the union. In December 2005 Grupo M and the Haitian union signed the first collective agreement aimed at improving wages and working conditions.

The Haitian example demonstrates both the challenges and opportunities created by the new IFC standard, especially the need for an effective implementation mechanism. An effective mechanism, coupled with core labour standards, can have a tremendous positive impact on workers' living standards and working conditions. This is particularly significant in a country such as Haiti, where workers' rights have been ignored and the poor disenfranchised for so long.

The TUC believes that the role of international trade union confederations have a considerable and positive independent role to play. Continental and regional trade union structures (eg ICFTU-AFRO and ICATU), bodies like the Commonwealth Trade Union Group (and similar bodies for the francophone and Portuguese communities) and especially the sectoral Global Union Federations can bring together union bodies in the global south and the developed economies (and promote south-south partnerships) as partners. They are able to draw on the experiences of the largest democratic civil society organisations around the world,



and apply their experience of the world of work and specialist knowledge of issues such as health care, education, agriculture and so on. And they impact on millions of workers (the numbers reached and the numbers engaged in development activity are key indicators).

We believe that the EU has considerable potential to deliver very effective development assistance and advice. In particular, the EU is well placed to encourage the development of socially just economic growth because of its social model, and its tripartite institutions. However, these would need to become more prominent in the work of the EU on development, which is too government-focused at present. The EU also has the capacity to co-ordinate some of the world's richest nations, which is important in ensuring coherence in international development. In particular, the EU has a role in bilateral trade arrangements, where the ICFTU, the European Trade Union Confederation (ETUC) and the World Confederation of Labour (WCL) have expressed support for the Generalised System of Preferences (GSP), under which developing countries are granted preferential tariff access to the EU market. The GSP-plus grants additional preferences to vulnerable countries that pursue good governance and sustainable development policies. The ratification and effective implementation of the core ILO conventions is one of the pre-conditions applicant countries have to meet to benefit from the GSP-Plus.

Where international, regional and bilateral organisations fail to fully consult with trade unions – such has been the case with DFID in the past - then their effectiveness is reduced. DFID having recognised that trade unions can be key partners in development should now attempt to lead the way in ensuring that trade unions are seen as partners by all donors.

**Q13 What mechanisms could be used to better balance the international distribution of aid to ensure that under-aided countries receive more money?**

The TUC believes that international co-ordination of aid through bodies like the G8, EU and international financial institutions would be a useful method of ensuring that aid is fairly and efficaciously applied. However, this would require those bodies developing more coherence themselves, for example with bodies in the UN like the ILO and the WHO, to ensure that aid is going to the right places in each country.

#### **Q14 How can developing countries have a stronger say in global institutions such as the World Bank and the IMF?**

It is necessary for developing countries to have greater autonomy and control over formulation and implementation of macroeconomic policies at country level. We note that there has been some progress with the acceptance of the concept of country ownership and the review of conditionality. Global institutions need to take into account not only the views of governments of developing countries, but also those of trade unions and other social partners. In this regard, we hope that both the World Bank and IMF will establish the need for discussions with trade unions as a principle, especially in IMF Article IV consultations.

Reform of the governing structures of the IMF and World Bank is long overdue. The current structures of the IFIs, established in 1944, are far removed from current standards of democracy, accountability and transparency, including those standards, which the IFIs encourage client countries to adopt domestically. The principle of one dollar-one vote which underlies current governing structures is indefensible, and results in anomalies such as the situation where only two representatives from sub-Saharan Africa are included in the boards of the IMF and World Bank, as compared to 13 from OECD countries. Only three amendments to the Articles of Agreement of the IMF have come into effect since 1945. The fourth Amendment approved by the Board of Governors in 1997 approved by 131 countries has not yet come into effect because of the effective veto held by the USA which has 17.1% of voting rights.

Developing countries must be allowed greater representation in the decision-making structures of the IMF and World Bank and granted sufficient resources to make their representation effective. Additionally, the archaic and undemocratic practice of reserving the top post in the World Bank to the nominee of the US president, and the top post in the IMF to a West European, must end.

The policy priorities of the IMF and World Bank must be changed to reflect the needs of developing countries rather than the powerful interests that stand to gain from the policies of privatisation, deregulation, and trade liberalisation that the IFIs have imposed through loan conditionality. Because of the unpopularity of its austerity and structural adjustment conditions, many countries in Asia and Latin America are reimbursing their loans to the IMF so as to get out of the conditions which, they feel, do not further their development. Asian countries are even exploring the possibility of creating an Asian Monetary Fund that would be more responsive to their needs.

Both the IMF and World Bank have been reluctant to give priority to employment creation needed to achieve sustained poverty reduction, even though the G24 group of developing countries at the IFIs have, in their statements, urged the IFIs to pay greater attention to employment creation in their programmes. By largely ignoring this question, the IMF and World Bank frequently promote policies that run counter to those of the ILO and other UN bodies. It is urgent that the IMF and World Bank commit themselves to taking part in Policy Coherence Initiatives jointly with the UN bodies and the WTO, as was recommended in 2004 by the World Commission on the Social Dimension of Globalisation.

**Q15 What should the UK Government be doing differently within the international system to make it more effective at delivering development?**

The TUC, through the Trade Union Advisory Committee to the OECD, took part in the work carried out by the DAC Working Party on Aid Effectiveness. We believe that the UK Government, other developed countries, developing countries and multilateral aid agencies should abide by the guidelines agreed in the Paris Declaration on Aid Effectiveness.