

## **Eliminating World Poverty Assuring our Common Future TUC Submission**

The TUC appreciates this opportunity to contribute to the consultation on the forthcoming White Paper on *Eliminating World Poverty* and put forward our views informed not only by our 59 affiliated unions and their 6.5 million members, but also by the experiences of the international trade union family representing some 168 million trade unionists in 155 countries and territories across the globe.

The TUC welcomes the improvements in DFID's relations with trade unions and the TUC itself as partners in development since the previous White Paper, and the developments in DFID's policies on growth, decent work and climate change. We would like to see relationships grow stronger still – this submission stresses the need for that engagement to be at international level, in the UK, and in developing countries.

The TUC plays a major role in the development community in the UK, and helped lead the recent Put People First march for Jobs, Justice, Climate ahead of the London Summit. We see these issues as integrated rather than separate – and we believe DFID needs to take the same approach.

### **Preamble: Just Transformation – for jobs, justice, climate**

*This saying is well known. 'Give someone a fish, you keep them alive for a day. Teach that person to fish and you keep them alive for life.' But trade unionists are aware that fishing is a dangerous, back-breaking job and that there is more to life than subsistence. Trade unions recruit, organise and represent those fishing workers, and enable them, through their own self-organisation, to secure safety at work, weekends off, pensions at the end of their working lives, and the better wages that allow them to pay the taxes that provide education, health services and unemployment insurance.*

The TUC's vision is of a Department for International Development that is transformative: a development department, not merely an aid agency. That makes it vitally important to maintain a separate Department, and to ensure that DFID has sufficient resources to carry out its work rather than face continuing reductions in funding for staff.

Trade unions - domestically, in developing countries and globally - are committed to the same vision of transformation. But Governments cannot do that job on their own. They need to engage the people in the transformation and assist those adversely affected – especially through social protection and strong, quality public services.

We want DFID to develop truly transformative approaches to poverty, illness, climate change and inequality, and we want DFID to recognise the positive role that unions – as self-organisations of working men and women in every sector and every country - play in supporting and promoting those transformations and in ensuring that where people are disadvantaged by change, they are protected.

To create the sort of society we want – where people are equal and empowered, where economies are prosperous and sustainable – will require significant change, as well as higher volumes of aid. The economies of the global south need to be able to trade and grow, free from the corruption and dictatorship which as well as being morally wrong are disastrous economically and environmentally. The freedoms set out in the core labour standards of the International Labour Organisation (freedom from child and forced labour, freedom from discrimination, and freedom to join a union and bargain collectively) and the other pillars of the Decent Work strategy (more jobs, social protection and social dialogue) are vital to sustainable and democratic growth, and can have a transformative effect. But in addition to DFID's own policies, we want to see DFID engaging more effectively with those partners who are able to assist in transformation, such as trade unions.

**We want to see DFID engaged in transformative change based on social justice – just transformation.**

*The global and economic crisis: jobs and justice*

The TUC recognizes the gravity of the current economic downturn caused by the financial crisis. The steep decline in commodity prices and rapid fluctuations in oil prices which preceded it have added to the concerns of developing nations already in difficulty while the decline in world trade reflects the cumulative effect of a number of unfavourable trends in the major economies. The channels of transmission are evident with the impact on developing countries being felt mainly through trade, remittances, foreign direct investment and official development assistance. The financial constraints and the economic downturn will combine to impose serious restrictions on economic growth, vital public services and social protection measures. We welcome the DFID focus on health, education, water and sanitation in developing countries and would like it to extend further support to the governments maintain vital public services.

The global financial and economic crisis is creating poverty north and south, and many of the solutions are the same. DFID's objective should be to create and create the conditions for green and equitable growth, based on skilled, regular employment rather than subsistence or unskilled informal sector jobs, providing working people with security and governments with sustainable tax revenues.

First, there must be greater emphasis in the policies of bodies such as DFID and the international financial institutions on jobs. To be sustainable economically and environmentally, people need Decent Work, as set out by the ILO in its *Declaration on Social Justice for a Fair Globalisation* (2008). Growth strategies must be based on added value rather than subsistence and should aim to create sustainable, regular employment.

- **The TUC calls on DFID to set an objective of assisting every developing country to create a Decent Work Country Programme, in consultation with the social partners, by 2012, and support the ILO's decent work programmes as well as the jobs pact called for by the London Summit in March 2009.**

Second, international financial institutions need to support counter-cyclical economic recovery plans – that requires that damaging economic conditionality needs to be removed from the global and in-country policies of the IMF and the World Bank.

- **The TUC calls on DFID to make an explicit commitment to eradicating such conditionality so that developing countries can have more say in deciding their economic policies and can maintain and develop social protection strategies.**

Third, there must be a renewed impetus to promote world trade, but there needs to be a recognition that for trade to be free, it must also be fair and just. DFID must work with others to include more fairness and justice into the global trading system through a commitment not just to the completion of the current Doha Development Round, but to further trade reforms which include aid for trade; enforceable social and environmental clauses in future world and EU trade agreements; and the insertion of ethical and fair trade principles into global supply chains.

- **The TUC calls on DFID to develop a new trade strategy that is based on free trade and trade justice, but also fair and ethical trade.**

And fourth, reaching the UN target for overseas development assistance of 0.7% of GNI remains crucial to meeting the Millennium Development Goals, but it is also vital that DFID assist in the expansion of remittances from migrant workers and Diaspora communities, which can dwarf aid amounts, and have a more sustainable character.

- **The TUC calls on DFID to recommit to reaching the 0.7% of GNI target for ODA as part of a new strategy for funding overseas development, including the promotion of remittances, new sources of tax revenues for development, and imaginative use of IFI resources.**

### *Responding to climate change through just transition*

People in developing countries must not be put in the position of having to choose between their livelihoods and the planet. DFID needs to play its part in the fight against climate change which threatens to 'make poverty permanent'.

Other parts of Government are negotiating the changes through the UNFCCC to move the world towards a low-to-no-carbon future, and implementing the measures in the UK and the EU that will be our contribution at home. DFID needs to address both adaptation and mitigation strategies, working with developing country governments, businesses, unions and people to assist people to cope with a radically changing climate, and to adopt the strategies that will lead the global south away from the high-carbon path to economic development which industrial and emerging economies have followed.

The trade union movement has worked with employers, UNEP and the ILO to develop recommendations for action set out in *Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World*. We want to see social dialogue between employers and unions at the heart of green development strategies. And unions should be helped to forge alliances environmental NGOs such as the 'blue-green' movement in the USA.

**So the TUC calls on DFID to:**

- **ensure that all developing countries where DFID operates have a strategy for adapting and mitigating the effects of climate change, including the creation of green jobs;**
- **ensure that those strategies are based on just transition, making dirty jobs greener, and creating new, green jobs to replace the jobs that disappear**

### *Turning combatants into citizens*

Collapsing and failed states, and armed conflict are major causes of poverty, inequality, ill-health and human misery. But they are also the result of poverty and inequality – and will increasingly result from climate change due to high food prices, forced migration and economic restructuring. DFID needs to address the causes as well as the outcomes of conflict by creating jobs, and supporting institutions that can prevent or overcome division.

Trade unions teach people through experience that negotiation is preferable to conflict when allocating scarce resources (eg through wage bargaining), and we have a long track record of bringing communities together across racial or religious divides. For example in Kenya during decolonisation, the trade union movement was the only organisation that united every tribe, which gave them a key role; a similar role is played by trade unions in Iraq today – unions represent people at work regardless of religion, ethnicity or gender. In the Middle East, despite enormous difficulties, the Israeli and Palestinian trade union movements work together to promote peace and economic growth (the Israeli trade union movement remits half of the subscription income paid by Palestinians working in Israel to the PGFTU, for example).

A key element of our role in conflict prevention and post-conflict reconstruction is the promotion of Decent Work: good jobs for local people and adequate social protection safety nets and access to quality public services. As a cautionary tale, in Timor-Leste, barely 5% of the USD\$1.75 billion spent by UN mission rebuilding the country from December 1999 to June 2004 stayed in the local economy. Of this, only 1.3 percent, was spent on local wages. Job creation was highly concentrated in the capital city, where they were mostly filled by nationals returning from the Diaspora. The resulting resentment, unemployment, inequality and rural deprivation drove the country's return to conflict in 2006, undoing years of development work.

### **The TUC calls upon DFID to**

- **develop Decent Work strategies (including jobs pledges, access to quality public services and social protection) into reconstruction packages for post-conflict states;**
- **promote actively social dialogue and collective bargaining between employers and unions in failing and post-conflict states; and**
- **support the work of trade unions in divided countries to integrate diverse communities and combat discrimination.**

### *Global responses to global problems*

International institutions need to be reformed to tackle the challenge of just transformation. There needs to be a new global architecture of financial regulation (in particular addressing issues such as tax havens, vulture funds, and capital flows).

The international financial institutions must be reformed so that they are more open, more representative of the global south, and so that they do not apply damaging economic conditionalities or undermine trade union rights – but they also need to become more representative of people rather than Governments. The UN family needs to become more coherent, so that the policies of the WTO do not undermine the standards of the ILO, for example. But the UN also needs to retain and strengthen its engagement with civil society so that the One UN does not undermine the tripartite nature of the ILO, and develops new approaches such as the panel of experts proposed by the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System.

DFID too needs to adopt a more open and collaborative approach with international organisations such as the International Trade Union Confederation - which crucially brings together trade unions from industrialised, emerging and developing countries - and, at country level, with local trade unions. The DFID-TUC guide to working with trade unions needs to be better implemented at country level.

### **The TUC calls on DFID to**

- **develop partnerships with international civil society, such as the International Trade Union Confederation, to enhance the involvement of working people in the decisions and policies of global institutions, and ensure that shared commitments to transformative change based on social justice can be put into practice globally and in developing countries;**
- **ensure that country offices create partnerships with local trade unions to enable them to play a more active role in development and involve them in drafting Country Assistance Plans.**

## 2 Global economic growth:

### Questions

#### **2.1 What measures should the UK be taking to address the current global economic downturn, to protect the progress that has been made in reducing poverty over the last decade?**

The TUC, while appreciating the DFID commitment to the Decent Work<sup>1</sup> agenda in relation to the observance of core labour standards and their relevance to poverty reduction<sup>2</sup>, trade policy, and increasingly, climate change, regrettably notes that little tangible progress has been achieved in terms of significant shifts in policies and practices. The TUC and its affiliates consider this to be a serious lacuna not only in the UK economic strategy, but also in its policy input to the global debate on recovery, despite the near universal acceptance of Decent Work Agenda in many international fora.

The UK Government needs to anchor its employment and growth strategy on the Decent Work<sup>3</sup> Agenda in order to mitigate the impact of the current recession, stimulate economic activity and achieve speedy recovery. It should support a global jobs pact in line with the ILO Global Employment Agenda, accompanied by;

- A fiscal stimulus package aimed at boosting aggregate demand
- Restoration of credit to viable enterprises
- Effective regulation of financial sector
- Special measures to mitigate impact on women, migrant workers and youth
- Measures to ensure co-ordination of collective bargaining and protection of workers' rights and entitlements
- Initiatives to promote good governance, social dialogue and cohesion

The DFID will enhance its credibility vis-à-vis Decent Work Agenda by making an unequivocal policy commitment encapsulating and endorsing the concept and integrating it into its action programmes. The DFID needs to take into account the ILO Decent Work Country Programmes (DWCPs) when developing its Country Assistance Plans and similar instruments in consultation with trade unions and other

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<sup>1</sup> Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men. ILO

<sup>2</sup> Labour Standards and Poverty Reduction, DFID, 2004

<sup>3</sup> The Financial and Economic Crisis, Decent Work Response, ILO, March 2009

civil society organisations and governments of the countries concerned. The Programmes are aimed at

- Supporting national initiatives designed to reduce decent work deficits;
- Strengthening national capacity to integrate decent work into national policy;
- Demonstrating the utility of an integrated approach in different socio-economic contexts;
- Developing methods for effective country programmes and policies;

The DFID should offer financial support for trade unions in developing countries taking part in the Programmes. Moreover, the Department is in a position to make a valuable contribution by supporting trade union initiatives on the enactment of laws giving effect to the rights and entitlements of workers enshrined in the ILO Conventions. Furthermore, it should also support trade union efforts to lobby governments to ratify ILO Conventions designed to protect workers' rights. The protection and promotion of the rights and entitlements of workers in the formal and informal sectors assumes even greater importance in the current economic downturn with unemployment and underemployment in developed and developing projected to rise steeply.

The UK Government in consultation with other partners should ensure that the impact of the recession on developing countries is attenuated through the following measures on remittances, direct investment and official development assistance.

- Remittances

Remittances are a very important source of foreign exchange for a number of countries in Asia, Latin America and Europe. Given the current immigration policies in the UK and in the EU and the impact of the recession, employment opportunities for migrant workers will be further restricted, especially, in cyclically sensitive sectors, leaving little scope for any significant increase in remittances<sup>4</sup> from the UK. However, UK Government, in its contribution to the reforms of the international financial institutions and banking, should support appropriate mechanisms to facilitate affordable and reliable remittance flows and reduce transfer charges. At present, transfer charges vary considerably from "one country corridor to another" and often form a disproportionately high percentage of small transfers<sup>5</sup>. There is also scope for improving access to the banking system for migrant workers. Furthermore, the UK Government, having often highlighted the role of expatriates in the development of their countries of origin, should consider offering fiscal incentives for migrants to

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<sup>4</sup> The World Bank estimated the total of remittances at USD 397bn in 2008, USD 305bn of which went to developing countries. The ODA from DAC members for the same period was USD 119.8bn.

<sup>5</sup> The WB estimated that the cost of sending USD 200 from South Africa to Zambia to be about USD 49.81, whereas the same transaction from Saudi Arabia to Pakistan cost only USD 5. WB Website

encourage remittances<sup>6</sup>. This could go a long way in easing foreign exchange constraints on developing countries and in promoting development. Moreover, it would complement the fiscal incentives offered by recipient governments and confer more benefits to the recipient families.

- Direct investment

Growth in investment in developing countries is forecast to drop to 3.5% in 2009 due to the financial crisis and risk factors, according to the World Bank<sup>7</sup>. The UK Government, in collaboration with other partners, should encourage companies to invest in developing countries and discourage disinvestment there. Direct investment brings a number of benefits to the countries concerned. In the short-term, it helps to ease the constraints of foreign exchange. In the long-term, it provides employment, facilitates transfer of technology and exports, thereby spurring growth. It is necessary to prevent a drop in direct investment, especially in the light of the significant withdrawal of portfolio investment from developing countries.

- Official Development Assistance

The UK is committed to increase ODA<sup>8</sup> and reach the UN-recommended target of 0.7% of GNI by 2013 – pledge recently re-affirmed by the Prime Minister. The TUC hopes that the UK and other donors who have in the past advocated the predictability of aid flows will live up to their promises. The TUC will also welcome any acceleration in the progress towards the target, as the quantum of aid in absolute terms is likely to diminish due to the contraction of major economies in 2009.

- Sharing lessons from national experience

The Department should share some lessons from national experience with developing countries while paying careful attention to social, cultural and other sensitivities. The benefits of economic growth are easily negated by the rapid increases in demography in many developing countries, resulting in little or no real improvement in the living standards of the ordinary people. Poor communities in both rural and urban areas should be provided with appropriate advice on sexual and reproductive health and rights, which should enable them to make an informed choice about family size. Not only will it contribute to long-term development in general, but it will also buttress the efforts towards achieving the Millennium Development Goals in child mortality, maternal deaths and universal primary education. In addition, a drop in the demographic growth will facilitate solutions to problems caused by climate change and environmental degradation, as the

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<sup>6</sup> It should be possible to put in place a system similar to Gift Aid for migrant workers who send money to their families under some conditions.

<sup>7</sup> Global Economic Prospects Report, World Bank, 2009

<sup>8</sup> The ODA by DAC members amounted to USD 119.8bn in 2008, reflecting an increase of 10.2% in real terms.



pressure on existing human, physical and natural resources is considerably eased<sup>9</sup>. Moreover, heightened awareness of sexual and reproductive health and rights is conducive to the achievement of gender equality, as it empowers women. In this regard, the TUC supports the DFID approach which consists in integrating effective reproductive health services into national health systems and welcomes more financial support and technical expertise and resources for developing countries. It is also necessary to improve the living and working conditions of the workers in the health and education services. Budget support for the existing programmes rather than attempts to implement stand-alone programmes will ensure policy coherence and functional integrity of entire health systems.

The improvements in the standard of living in the UK over the years owe a great deal to the trade union movement which has campaigned for social and economic justice through the defence of trade union and human rights for over a century. The DFID should support initiatives by the British trade union movement to share its experience, expertise, knowledge and skills with their colleagues in developing countries.

- What measures should the World Bank and the IMF be taking?

Please, see answers to questions on international financial institutions and answer to 2.4.

## **2.2 Which are the new countries, organisations, businesses and people who could do more to support global poverty reduction?**

Countries like Brazil, India, South Africa and China are in a position to play a critical role in global poverty reduction.

- The countries concerned have a very significant part of their population below poverty line<sup>10</sup>. Their efforts to reduce poverty in their own countries will make a significant contribution to the global effort.
- They could play a crucial role in stimulating trade flows<sup>11</sup> between developing countries.
- They have made significant progress in technological innovations which they could share with other developing nations.
- They already play an increasingly important role in direct investment in the developing world which they should expand.
- India, Brazil, South Africa and China have limited social protection, widening income disparities<sup>12</sup> and growing informal sectors. Their solutions to these problems would be of interest to other developing nations.

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<sup>9</sup> For instance, Kenya's population is projected to grow by 2.7% in 2005-10, meaning a doubling of the population roughly in 26 years with very significant implications for economic, human and natural resources.

<sup>10</sup> 28% of the rural population and 26% of urban population live below the National Poverty Line in India.

<sup>11</sup> India's share in world trade increased from 1.1% in 2004 to 1.5% in 2006, Ministry of Commerce and Industry, India, Press Release, 22 May 2007

<sup>12</sup>The Gini Coefficient declined from 0.59 in 1997 to 0.53 to 2007 in Brazil whereas it rose from 0.64 in 1995 to 0.69 in 2005 in South Africa.

- India<sup>13</sup>, China<sup>14</sup> and Brazil have joined the “donor community” while still considering themselves to be part of the developing world. It is hoped that they will continue to provide development assistance.
- As economic activity in China, Brazil and India is likely to have a major impact on climate and environment, they should be involved in any important decisions on the issues.
- Organisations like the WTO could make an important contribution to global poverty reduction through increased trade.
- Appropriate and adequate regulation of the global financial system through the establishment of the proposed Financial Stability Board (replacing the current Financial Stability Forum) and in partnership with other relevant authorities like the Basel Committee on Banking Supervision (BCBS) should go a long way in averting future financial crises leading to economic downturns.

How could the UK encourage and team up with them to promote growth, incomes and jobs?

As pointed out in Answer to 2.1 the UK should support the ILO Decent Work Agenda in partnership with them to implement the ILO Decent Work Country Programmes where they exist and back initiatives to plan, design and implement them in other countries. In line with the commitment made in the previous White Paper to work closely with trade unions in developing countries, the DFID should encourage its country offices to engage with local trade unions and support their strategies to promote economic growth and social justice.

### **2.3 How can the UK best help developing countries take advantage of opportunities to promote low carbon, climate-resilient growth?**

The UK Government should encourage developing countries to prepare their own plans of action to translate the policy recommendations of *Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World* and assist them in their initiatives to implement them. See answer to 3.3. The DFID should take them into account when developing Country Assistance Plans or similar instruments.

### **2.4 What more could the UK do to promote sustainable growth, jobs and livelihoods for poor people, building in resilience to the global challenges? We would particularly welcome your thoughts on:**

- Improving the environment for business

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<sup>13</sup> India's Development Co-operation, Opportunities and Challenges for International Development Co-operation, German Development Institute, Bonn, 2009

<sup>14</sup> How China delivers development assistance to Africa, Centre for Chinese Studies, University of Stellenbosch, 2008

The observance of internationally recognised core labour standards and other instruments relating to workers' rights and entitlements is integral to the development of harmonious workplace relations. The recognition of trade union rights at workplace contributes significantly to industrial peace and economic prosperity. In this regard, the TUC supports DFID initiatives like the Ethical Trading Initiative and welcomes any DFID support for effective enforcement of existing labour laws and for the reform of inadequate legislation.

- Facilitating trade

While welcoming the outcomes of the G20 Summit, the TUC calls upon the UK Government to seek expeditious implementation of credible measures to “promote global trade and investment and reject protectionism”<sup>15</sup>. Although USD 250bn was pledged as additional trade finance, there is no indication yet as to how this measure is to be funded or when it will come into effect. The agreement to the addition of USD 250bn to international liquidity in the form of SDRs is appreciated<sup>16</sup> and will, when implemented, ease the balance of payments difficulties of developing nations and spur trade. It is therefore imperative that the necessary amendments to the Articles of Agreement of the IMF be adopted as early as possible. The G8 nations<sup>17</sup> who will receive the lion's share of the new allocation should consider “donating” them to developing nations if they do not wish to use them. The TUC hopes that the UK will take the lead in accelerating the progress towards the adoption of the Fourth Amendment<sup>18</sup> and any necessary subsequent amendments to the Articles of Agreement. The demand for exports – textiles, raw materials, minerals etc - from developing countries needs to be sustained through export credit. It is worth noting that a drop in the demand for developing countries' exports will inevitably translate into a slackening of demand for developed countries' exports with a time lag.

- Supporting agriculture and tackling food insecurity

The UK and other developed nations should provide relevant technical expertise on increasing yields, protection of crops and on prevention of post-harvest losses. The World Bank and other agencies should not force developing nations to cut subsidies on fertilizers and other essential inputs. The US and EU should phase out their subsidies which currently give them an unfair advantage on world markets. It is also important that the World Bank and developed countries support developing countries' initiatives at self-sufficiency in food. Moreover, the countries or regions should be encouraged to explore possibilities of establishing food banks<sup>19</sup>. A ban on speculative trading in essential food items could help reduce the amplitude in the fluctuations of their prices. The TUC backs

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<sup>15</sup> Global Plan for Recovery and Reform, G20 Final Communiqué, 2 April 2009.

<sup>16</sup> The TUC has long been in favour of a new allocation of SDRs.

<sup>17</sup> As SDRs are to be allocated in proportion to current quotas, G8 countries will receive some 48% of the total or approx USD 120bn.

<sup>18</sup> The Fourth Amendment has so far been approved by 131 countries with 77.68% of voting power. The USA with its 17% of voting power has so far prevented its adoption.

<sup>19</sup> An Agreement on the establishment of a SAARC Food Bank was signed by member countries in 2007.

the recommendations of the ITUC Report<sup>20</sup> *Recipe for Hunger* and demands more investments in agriculture and better social protection for the workers in this vital sector.

- Raising income opportunities for women

Women and other socially disadvantaged groups make up a significant proportion of the poor in low-income countries and are often among the first to suffer the consequences of an economic downturn. The DFID has yet to translate into concrete action its long-standing commitment to work with trade unions and other civil society groups that campaign for the advancement of their economic and social rights. It should provide support for trade union institutions, structures and networks campaigning for the enactment and enforcement of appropriate legislation in line with ILO conventions<sup>21</sup> ratified by low-income countries. It is equally important that the DFID support the initiatives to extend social protection to the growing number of informal sector workers. In the long-term it is the educational opportunities for girls<sup>22</sup> and training and education for women workers and vocational training for unemployed women that really help to raise their income. Better childcare facilities in middle income countries should also be helpful. The elimination of barriers to the advancement of women should be encouraged and supported by the DFID.

- Improving resilience to systemic shocks

As pointed out in relation to trade finance, augmenting the resource base of the IMF enables it to assist developing countries to enhance their ability to deal with systemic shocks in general. Proper and adequate regulation of the financial sector should minimise the recurrence of systemic shocks originating in financial markets and spreading to the real economy.

The co-ordination of economic and social policies at the highest possible level should be given priority. The preliminary steps taken at the G20 should be followed up and action taken for the decisions to be implemented as expeditiously as possible.

### 3. Climate change:

#### Questions

##### **3.1 What support is needed for developing countries to integrate climate resilience into their development plans?**

- How can we ensure that the most vulnerable are protected from the impacts of climate change?

The Governments in developing countries should be encouraged to develop their own strategic plans<sup>23</sup> to deal with the consequences of climate change on the most vulnerable sections in society. The UK Government should provide technical

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<sup>20</sup> Recipe for Hunger, How the World is failing on Food, ITUC, March 2009

<sup>21</sup> Especially, ILO Equal Remuneration Convention (C100), 1951

<sup>22</sup> Key Policy initiatives on financing for gender equality and empowerment of women, Jan Eastman, Deputy General Secretary, Education International, Address to the UN CSW Expert Panel, 26 Feb 2008

<sup>23</sup> The Maldives has a National Adaptation Plan of Action developed in collaboration with UNDP

expertise and other necessary assistance or help secure them through appropriate UN and other agencies in their preparation. Moreover, the DFID needs to take them into account in developing DFID Country Assistance Plans or similar instruments and integrate it into them and provide support for their implementation where appropriate in consultation with social partners including trade unions.

Governments should also be encouraged as a matter of routine to consult widely with civil society partners in developing national adaptation plans, adopting a *Just Transition model of low carbon development*.

Trade unions globally that have taken an active part in discussing the forthcoming Copenhagen agreement, from both North and South, have spent many hours in discussion on how to build the notions of fairness and social justice into the transition to a low carbon future. We agree with a forecast of the impact of climate change policies undertaken by the ETUC for the EU: "Climate change represents an unprecedented challenge for employment policies and for the social partners: the anticipated job gains and losses are sizeable, and no sector can afford to ignore the consequences of climate change". Jobs gained and displaced will vary between sectors, and over time and place. This analysis holds true for developed and developing nations.

Affiliates in the South, on the climate change frontline, know from experience that the balance sheet is currently negative and getting worse. The adaptation challenges are enormous. Unions unite behind a call for a fair and just transition.

The challenges of this transition were acknowledged by the chair of the UN Ad Hoc Working Group on Long-term Cooperative Action in Bonn (March 2009). His focus document expressed well the challenge of the "transformation" that lies ahead:

*The attainment of [the shared vision] requires deep cuts in global emissions and, consequently, sustained investment in a global transition to a low-emission future, particularly investment in technological innovation and deployment.*

*All countries should be part of this transition for it to be effective; among them, developing countries will need enabling support to enhance their respective capabilities.*

*Such profound transformations of production and consumption patterns are bound to have economic and social downsides in their initial phases, including on livelihoods and employment, and these will need to be addressed domestically and internationally.*

*At the same time, in the present circumstances of economic uncertainty, the view has gained ground in developed and developing countries that economic recovery can be boosted by investment in the low-emission transition.*

Trade unions in developing countries are urgently in need of support for capacity building to address the impacts of climate change and of climate change policies. This includes support for research into climate impacts and appropriate responses;

economic diversification and low carbon development options; membership education and awareness-raising initiatives; and the capacity to analyse and share good practice across the South.

### **3.2 How can we work most effectively with developing countries to support the development and use of new technologies for low carbon growth?**

- How can we ensure that innovation does not ignore the technologies most relevant to poor people?

There is a need to promote inventions and technological innovations that cater to the needs of the poor in developing countries through special incentive schemes such as Annual Awards for Technological Innovations for the Poor. Innovations leading to the improvements on the methods of providing clean water for the poor or cheap insect repellents or low-cost stoves or refrigerators could be promoted through such schemes. The DFID should organise an award scheme in a few selected countries as a pilot and assess the outcome. Although seed funds need to be found at the start, the proceeds from the social marketing of successful products based on innovations could generate the funds necessary for research and development in the subsequent years. While encouraging innovations for the poor, we should not, however, overlook the fact that the poor are likely to have access to all but a few innovations when they are mass-produced with prices coming down in the medium term. The mobile phone is a case in point.

It is essential that social and environmental quality criteria are linked to projects conferring entitlements under the Kyoto protocol flexibility mechanisms – both the Clean Development Mechanism (CDM) and Joint Implementation credits. CDM and JI projects should be subjected to a procedure of approval by the national public authorities. Project criteria should include not only their contribution to cutting CO<sub>2</sub> emissions, but: also the project promoter's pledge to respect the eight ILO basic conventions; social sustainability, including employment generation and skills support; and involvement of the appropriate trade union organisations in the projects approval procedure.

### **3.3 How can economic recovery plans be used as a stimulus towards low carbon and climate resilient development pathways?**

Low carbon development strategies for non-Annex 1 developing countries are emerging as a key strategic initiative to secure a shared vision for a new climate change agreement in Copenhagen<sup>24i</sup>. For economies to grow sustainably, this will require significant, long-term investment from both the public and private sectors, in low carbon/carbon free technologies. Revenues from carbon markets, plus foreign direct investments, are likely to be the main sources of external investments, with

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<sup>24</sup> *Towards a comprehensive climate change agreement in Copenhagen*, European Commission, 28.1.2009

Government encouraged to find ways to contribute to, if not match, these investments. .

The TUC supports the policy recommendations of *Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World*<sup>25</sup> and would like the UK Government to translate them into a plan of action and integrate it into an economic recovery plan. These recommendations are supported by the international trade union movement through the International Trade Union Confederation (ITUC) and by the International Organisation of Employers (IOE).

### **3.4 What sources of finance should be used to fund a response to climate change in developing countries?**

The TUC is of the view that the ODA should be used for the purpose. We are conscious that the current volume of ODA is inadequate for a significant part of it to be used for this purpose. The TUC is keen that all DAC members increase their contributions towards the UN-recommended target of 0.7% of GNI. In 2008, the total volume of ODA would have been nearly USD 280bn instead of USD 119bn had all DAC members contributed at the rate of 0.7% of GNI.

The TUC believes that massively scaled-up financial, technological and capacity resources are needed for developing countries, particularly the most vulnerable, to adapt to climate change, address their vulnerabilities and build resilience. Priority must be given to the least developed, climate frontline countries, especially in Africa, prone to droughts, desertification and flooding; and to the needs of communities and people most vulnerable to climate change, in particular women, children and indigenous peoples, protecting, respecting and fulfilling their fundamental rights.

For economies to grow sustainably, this will require significant, long-term investment from both the public and private sectors, in low carbon/carbon free technologies. Revenues from carbon markets, plus foreign direct investments, are likely to be the main sources of external investments, with Government encouraged to find ways to contribute to, if not match, these investments. .

### **3.5 What is the optimal international institutional architecture to ensure the needs of developing countries are not neglected as action is taken to tackle climate change and its impacts?**

There should be closer collaboration between UN Agencies dealing with environment – UNEP in particular and UNCTAD and World Bank. The UNCTAD has, under its current work programme, assessment of trade and development

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<sup>25</sup> See Part II, Employment Impact, *Green Jobs: Towards, Decent Work in a Sustainable, Low-Carbon World*, UNEP/ILO/IOE/ITUC, 2008.

impact of environmental requirements and relevant multilateral agreements. It already assists developing countries to build their capacity to participate in multilateral trade negotiations and derive benefits from them. It should be possible to expand the UNCTAD mandate to include the impact of action on climate change and environmental degradation on developing countries and provide more resources for the purpose.

- What role should DFID play?

The DFID could provide funds and technical expertise where appropriate.

## 4. Fragile and conflict-affected countries:

### **4.1 What are the priority actions to address the causes of violent conflict and build capable, accountable and responsive states?**

- How can we better support the development of sustainable and enduring peace processes and inclusive political institutions?

Most conflicts have their origin in the real or perceived injustices suffered by one section of society or other. The need for redressing injustice – in all its forms – should inform and guide policies on achieving durable peace and fostering inclusive political processes, institutions and structures capable of sustaining it. The Department needs to work, in close collaboration with all stakeholders, in the search for just and durable solutions to problems and avoid politically expedient outcomes. Partial solutions that do not address the root causes of the conflict will bring about only cosmetic improvements on status quo rarely lead to permanent peace, as is evident in the conflict in the Middle East. It is essential that any effort by outsiders like the UK Government at conflict resolution/prevention should bear the hallmark of neutrality, impartiality and integrity. Peace mediators invariably fail in their task when they are perceived to be partial to one party and/or be imposing a solution or pursuing a pre-determined agenda, as happened in the case of Norway in Sri Lanka. Moreover, countries which are perceived to have contributed to the creation of the conditions for a conflict are rarely in a position (Spain in the case of Western Sahara) to facilitate durable solutions unless and until they have proved themselves to be honest brokers.

- How can we harness the potential of the private sector and civil society?

Civil society organisations including trade unions in conflict-affected countries and regions are often under-resourced and lack capacity to participate in, and make an effective contribution to, conflict resolution. UK policies and programmes should take this into account and be geared to providing financial and technical support for trade unions and other civil society organisations engaged in conflict resolution. Trade unions could play a catalytic role, as shared interests of workers often transcend racial, ethnic or religious boundaries in their approaches to a conflict. COSATU's contribution to the ending of apartheid in South Africa is a good example in this



regard. Trade unions in Nepal played a leading role within a broad civil society coalition in bringing about the reinstatement of parliament in 2006. The Zimbabwe Congress of Trade Unions<sup>26</sup> (ZCTU) has been at the forefront of civil society initiatives to defend democracy, freedom of expression and the rule of law in Zimbabwe and provided an effective channel for the expression of popular discontent against repressive measures taken by President Mugabe's regime. In some protracted conflict situations, for instance, in Colombia and Zimbabwe, trade unionists have paid a disproportionately high price for their stance on trade union and human rights violations by parties to the conflict. The Department needs to support trade unionists and collaborate closely with them in its conflict resolution initiatives. Trade unions need to be actively involved, not only in monitoring and evaluation, but also in the initial stages of design and implementation of peace building programmes. It is also important to mention that the DFID support for rebuilding trade union structures and institutions in Sierra Leone<sup>27</sup> following the end of the conflict has made a significant contribution to the consolidation of peace and reconciliation through its impact on poverty reduction and the protection and promotion of workers' rights and entitlements

At international level, the Department should also collaborate closely with the International Trade Union Confederation<sup>28</sup> (ITUC), European Trade Union Confederation (ETUC) and regional organisations such as ITUC- Africa, ITUC – Asia Pacific and Trade Union Confederation of the Americas (TUCA)

#### **4.2 Do we need new ways of delivering assistance in fragile and conflict-affected countries?**

- How can we ensure that there is an unbroken and constructive chain of support from humanitarian crises through to post conflict recovery, and long term development?

In most humanitarian crises, it is the local institutions and structures – mostly locally based state agents and community-based organisations - that are able to respond quickly in the emergency phase, take the necessary first steps to assist victims, organise further support and help sustain activities in the rehabilitation process over the long-term. It is therefore essential to foster institutions and structures at local level. These institutions, though capable of coping with small-scale “crises”, do not have adequate resources at their disposal to deal with major humanitarian crises like the Tsunami, earthquakes or large influx of refugees due to armed conflict and need substantial external assistance.

The Department should be aware of obstacles in the way of long-term rehabilitation and development. Although affected communities often receive humanitarian

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<sup>26</sup> ZCTU plays a key role also within the Crisis in Zimbabwe Coalition.

<sup>27</sup> A three-year Project funded by DFID, See Annual Report submitted to the Dept in 2008

<sup>28</sup> ITUC was instrumental in facilitating the agreement between the Government of Guinea-Conakry and the national trade union centres in January 2007, bringing an end to a long-running dispute.

assistance during the emergency, the rehabilitative care and support essential for the recovery is not always forthcoming. The importance of continued support from emergency relief to rehabilitation through the transition phase cannot be overemphasized. Support is necessary not just to rebuild destroyed buildings or repair damaged structures but also to rebuild lives and livelihoods<sup>29</sup> and confidence and resilience. The proper identification, and informed and in-depth assessment, of longer-term needs is a priority ideally to be undertaken, not in the emergency phase, but in the transition phase, while the design, appraisal, implementation, monitoring and evaluation of programmes aimed at restoring normality to those affected by the disaster needs to be undertaken in consultation with beneficiaries and all other interested parties including the state. Affected people need to be made aware of their rights, entitlements as well as their responsibilities. In this regard, the TUC appreciates and supports the recommendations in the ILO Crisis Response and Reconstruction Programme and believes that the adoption of the five guiding principles<sup>30</sup> will go a long way in ensuring proper design and implementation of programmes and facilitating post-conflict recovery and sustainable peace.

- How can basic services, like health and education, be delivered when states are weak or violence is ongoing, while ‘doing no harm’?

Conflicts have a devastating impact on public services. Solutions will largely depend on the ground realities and the extent to which existing institutions and structures have been affected by violence or conflict. Schools, hospitals and clinics may be damaged or destroyed in a conflict zone and need urgent repairs or rebuilding. In all but extreme circumstances, it should be possible to provide at least rudimentary schooling, especially for young children, in make-shift shelters in collaboration with locally based state agents and community-based organisations. If teachers are not available in sufficient numbers, older children/young adults could be used as teachers, for instance, in primary classes, if they were given some basic training in teaching in consultation with teachers’ unions and other relevant professional bodies. In post-conflict situations where peace has been established, external financial assistance should be made available to the state agencies tasked with the reconstruction and/or renovation of infrastructure in the education sector. Schooling goes a long way in helping children to overcome the difficulties and disruptions caused to their lives, build resilience and get back to a normal life.

The provision of even the most basic medical facilities may prove difficult. Doctors and nurses may be unavailable or unwilling to serve in conflict zones while drugs and medical equipment are in short supply. Assistance should be provided through specialised INGOs like Médecins sans Frontières (MSF) and Médecins du Monde and the International Committee of Red Cross (ICRC). In post-conflict situations, it is

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<sup>29</sup> Vocational and Skills Training, ILO Guide to Responses to support Recovery and Reconstruction in crisis-affected areas in Indonesia, ILO, 2005

<sup>30</sup> UN Policy for Post-conflict Employment Creation, Income Generation and Reintegration, May 2008, Executive Summary

best that the UK supports government strategies, if any, to rebuild the disrupted health systems rather than provide funds for stand-alone programmes, work in close collaboration with trade unions and other professional bodies in the health sector and encourage government agencies and other interested parties to do so. It is essential that national ownership of reform and recovery strategies be encouraged with accountability and capacity building and accountability being given high priority.

Moreover, it is also necessary to work in partnership with government agencies, consult, and act in concert with, other donors contributing to the reconstruction programmes in the education and health sector. The TUC supports the OECD –DAC recommendations<sup>31</sup> for international engagement in fragile states and situations.

#### **4.3 How can we better provide for the security and access to justice of poor, vulnerable, or marginalised populations?**

- How can we ensure that our assistance equally protects the rights of women, men, children and particularly marginalised groups such as the disabled and elderly, and tackles discrimination?

We appreciate the DFID concern for marginalised groups, as it is often the most vulnerable sections of society that suffer most in conflict. The DFID should pay particular attention to the **needs as well as rights** of children, the elderly, the sick and the disabled, as they are often neglected in conflict situations. It is best that assistance is channelled as far as possible, through specialised agencies – UNICEF, ICRC, WFP, Handicap International etc– and their local counterparts already working in conflict zones, as they have the expertise and the experience to identify, assess and satisfy their most pressing needs, especially, in the emergency phase. In addition, special assistance should be provided to restore essential public services – schools, hospitals, water and sanitation and any special infrastructure catering for people with special needs, destroyed or disrupted during conflict. It is also necessary to ensure that some socially excluded groups (e.g. dalits in India) are not treated less favourably than others in the provision of emergency relief and rehabilitation<sup>32</sup>.

Social and economic empowerment of affected people and their communities is just as important as the satisfaction of their basic day-to-day needs. Employment is vital for speedy recovery and successful reintegration, meaningful participation in economic and social life and sustainable peace. The TUC and its affiliates, through TUC Aid – development arm of the British trade union movement - implemented a comprehensive programme of long-term rehabilitation for some people affected by the Tsunami in Indonesia, Sri Lanka and Thailand. In the Tsunami Relief

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<sup>31</sup> Practicalities, 8, Principles for Good International Engagement in Fragile states and situations, OECD –DAC, April 2007

<sup>32</sup> There were complaints about dalits not being able to have access to relief after the emergency phase following the Tsunami, Sandhya Venkateswaran, Humanitarian Practice Network, Issue 32

Programme, the support for rebuilding livelihoods<sup>33</sup> was provided through vocational training while advocacy work on the rights and entitlements of affected people including workers and their communities was carried out in partnership with local trade unions and the International Labour Organisation<sup>34</sup>.

The DFID should work in close collaboration with women's organisations, trade unions and other civil society organisations with the necessary expertise and capacity to protect women's rights and entitlements as well as those of other vulnerable groups in conflict zones. The TUC appreciates the need for access to justice for vulnerable sections of society and very much supports measures aimed at increasing the salaries of personnel in law enforcement agencies wherever appropriate.

#### **4.4 How can we improve coordination of diplomatic, defence and development efforts to ensure the right conditions for poverty reduction in fragile and conflict-affected states?**

There should be greater congruence and coherence between the DFID approach to conflict which consists essentially in the provision of humanitarian and development assistance and the UK foreign policy aimed at conflict prevention or resolution in order for UK Government's efforts in this area to have a positive impact on fragile and conflict-affected states<sup>35</sup>. There should be a holistic approach, consisting in involving all relevant government departments and institutions.

Conflicts have a debilitating and corrosive impact on institutions, especially, those in charge of law enforcement and the administration of justice, often leading to a breakdown in law and order. There is, therefore, an imperative need for institutional capacity building. The UK Government should be able to provide the necessary expertise and advice to rebuild and/or strengthen fragile institutions and reinvigorate their functions. The UK may also be in a position to secure the necessary expertise and advice through a third party – specialised UN agencies in this regard.

The UK Government needs to respect the sovereignty, independence and the territorial integrity of the countries involved in conflict in all circumstances if it is to win the trust of the parties in a conflict, support consolidation of peace and create an environment conducive to poverty reduction in fragile and conflict-affected states.

The countries in conflict or emerging from conflict may have legitimate concerns over internal and external security and may need assistance to develop their internal security arrangements and defence capabilities. The UK should take them into

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<sup>33</sup> Vocational Training Programme, TUC Aid, Tsunami Relief Programme, Sri Lanka and Thailand, 2007, pp10-14

<sup>34</sup> Indonesia Tsunami Response, Trade Union Rehabilitation through Education and Training, ILO Jakarta Office, March 2007

<sup>35</sup> DFID pledged a significant amount of aid for the reconstruction of Gaza following the Israeli offensive this year, although the FCO did not appear to have engaged with the Government of Israel sufficiently to minimise casualties and damage to infrastructure.

consideration and find appropriate responses in consultation with other partners in line with the UN Charter.

The TUC is not aware of any direct contribution from the UK to the initiatives of the Post-Conflict Fund and the Low Income Countries under Stress Trust Fund<sup>36</sup> established by the World Bank in 1997 and welcomes DFID support for them.

- How can UK efforts be strengthened?

The UK should

- Prioritise the needs of the most vulnerable in society when providing humanitarian assistance in conflict situations.
- Collaborate closely with trade unions and other civil society organisations in all interventions.
- Ensure policy coherence across all government departments and agencies in order to avoid pursuit of conflicting objectives
- Work with UN agencies and EU in conflict resolution and prevention
- Support the UN and regional institutions like the African Union (AU), Organisation of American States (OAS) engaged in conflict resolutions.

- How can the international institutions be reformed?

We believe that this is too general a question to be answered in a consultation of this nature.

## 5. International institutional reform:

### Questions

#### **5.1 How can we strengthen the World Bank's legitimacy, responsiveness to member governments, and ability to accelerate progress towards the MDGs and address new challenges as they arise?**

- How can developing countries have a stronger say in the Bank's work?

The TUC has long advocated reforms of international financial institutions, especially, International Bank for Reconstruction and Development. The WB, created in 1944, for post-war reconstruction of mainly Western Europe, is today tasked with the alleviation of poverty in the developing world. The shift in the geographical focus has not, however, been accompanied with any corresponding changes to governing structures of the institution in order for the interests of developing nations to be adequately represented in them. Although the Development Committee agreed to implement a package of modest reforms in October 2008, the progress<sup>37</sup> has been rather slow.

The TUC proposes structural reforms to ensure that;

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<sup>36</sup> See Annual Reports, Fiscal Years 2007, 2006, 2005

<sup>37</sup> Enhancing Voice and Participation of Developing and Transition Countries in the World Bank Group, April 2009.

- Representation on the governing structures of the World Bank is reflective of today's economic, political and demographic realities;

At present, five out of the 24 Executive Directors of the World Bank are appointed by the United States, France, Japan, Germany and the United Kingdom while 19 others are elected by 180 member countries. There are flagrant disparities in the current representation. Two Executive Directors<sup>38</sup> represent 47 countries in sub-Saharan Africa and 13 Executive Directors represent 30 countries in the OECD

- Developing nations - recipients of financial and technical assistance - are adequately represented in the decision-making process of the WB;

It has been proposed to increase the basic 5.55% of the total votes<sup>39</sup> – nearly doubling of the basic votes.

- The President<sup>40</sup> of the World Bank is elected/appointed on merit rather than “by tradition”;
- Reforms<sup>41</sup> of the WB can be effected with a reasonable qualified majority;
- Developing countries have access to financial and technical assistance from the WB without excessively onerous conditions restricting their ability to manage their economies being imposed on them;

In recent years, the WB, has, under pressure from many quarters, especially, from civil society including the international trade union movement, indicated its willingness to waive conditions on loans. However, there have been many instances of severely restrictive conditions being attached to financial assistance<sup>42</sup>. These include deregulation and privatisations, labour market reforms and reductions in expenditure on vital public services like education, health and infrastructure. The TUC welcomes the decision by the World Bank to suspend the use of Employing Workers Indicators (EWIs) in its *Doing Business* Report and hopes that the DFID will take into account its implications for its policies and practices in developing countries.

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<sup>38</sup> It was agreed to appoint another Executive Director for Sub-Saharan Africa in October 2008.

<sup>39</sup> This requires an amendment to the Articles of Agreement, which has not yet been approved.

<sup>40</sup> Since the inception in 1944, the President of the WB has been a US national. No reform has yet been undertaken although the importance of a merit-based process has been emphasized in the 2008 Reform package.

<sup>41</sup> At present, any amendment to the Articles of Agreements of the WB needs to be approved by three-fifths of the members having 85% of the total voting power. This is tantamount to the USA having a veto on any reforms, as it holds 16.38%.

<sup>42</sup> Is the Washington Consensus Dead? International Policy Centre for Inclusive Growth, April 2009

- International financial institutions including the IDA take into account the observance of Core Labour Standards and other components of the Decent Work Agenda in their assessment of eligibility for receipt of assistance;

The international trade union movement, while opposing debilitating economic conditions being imposed on fragile economies, does support the strict fulfilment of international obligations by all countries including developing nations. The TUC welcomes the explicit recognition of the contribution of social protection and labour policies to human development in IDA 15 and focus on advancing the internationally agreed workers' rights<sup>43</sup>.

- The WB consults trade unions and other civil society organisations on country strategies and other important issues.

Trade unions and other civil society organisations are willing and able to make a useful contribution to consultations by the World Bank Group if they are given the opportunity by making available relevant information in advance. World Bank missions often fail to consult trade unions and other civil society organisations during their visits to developing countries. Moreover, both the World Bank and IMF should put in place appropriate and adequate arrangements to implement and monitor the observation of labour standards in line with the pledges made to the international trade union movement.

- How can we ensure the World Bank has the resources and structure to respond effectively to crises while continuing to deliver longer-term poverty reduction?

In our view, the World Bank has, at its disposal, adequate resources to respond effectively to crises at least for the time being. The WB is not undercapitalised at present and has not been so in the past few years<sup>44</sup>. Net disbursements declined from USD 6,176m in 2007 to USD 2,120m in 2008<sup>45</sup>. Moreover, the Annual Report 2008 makes no mention of any difficulty in borrowing in high volumes on very favourable terms. The UK Government<sup>46</sup> should contribute more to IDA replenishments if it is in a position to do so. The UK and other G8 countries have not yet made known their contributions to the Vulnerability Financing Facility set up by the World Bank. It has been suggested that 0.7% of the fiscal stimulus packages should be made available to the VFF. The UK Government needs to clarify its position.

On structural reforms, please, refer to the answers in 5.1.

## **5.2 What can we do to improve the performance of the UN in supporting poverty reduction?**

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<sup>43</sup> IDA 15, Report from the Executive Director of IDA to the Board of Governors, p9

<sup>44</sup> The equity-to-loans ration has "improved" from 29% in 2004 to 39% in 2008, Operational Summary, Fiscal 2008

<sup>45</sup> Op cit.

<sup>46</sup> UK has become the largest single donor to the IDA 15, increasing its contribution from 13.2% to 16.7%.

- What can we do beyond our strong support for the ‘One-UN’ reforms to build greater consensus on the role and performance of the UN in development?

The TUC appreciates the Government stance on UN reforms and supports it. In our view, the pursuit of the achievement of the Millennium Development Goals (MDGs) agreed in 2000 should be integral to all UN initiatives on poverty reduction. MDGs should guide and inform all UN initiatives on poverty reduction and we would expect the UK Government’s support to continue.

#### **5.4 What further reforms are needed in other institutions, including the Regional Development Banks and the global funds to support poverty reduction?**

Regional development Banks should be encouraged to lend more, as they are not undercapitalised. Reforms of governing structures emphasized in relation to the World Bank are also applicable to regional banks. Voice and voting power based on capital contributions, lack of transparency, inefficacy of monitoring and evaluation of projects need to be addressed. Moreover, Regional Development Banks and global funds need to involve, and engage in policy dialogue with, trade unions in their poverty reduction programmes in developing countries. More specifically, they could do so in collaborating closely with trade unions, for instance, in ILO Decent Work Country Programmes.

#### **5.5 What can be done to further improve the effectiveness of the international aid system?**

The TUC provided input to the development of the Paris Declaration of Aid Effectiveness<sup>47</sup> through a trade union workshop. The TUC agrees with and supports its recommendations endorsed in 2005 by the donor community, with particular emphasis on ownership, alignment, harmonisation<sup>48</sup>, results and mutual accountability.

- How can we help to build real mutual accountability at the country level and internationally?

The TUC supports the recommendations under mutual accountability in the Paris Declaration. Donors and beneficiary countries need to put in place adequate and appropriate arrangements for review both at country and international level. They need to organise mutual assessment of progress in line with Indicator of progress 12 of the Declaration.

- How can we gain better information on the results of aid, particularly aid delivered through the multilateral organisations?

In our view, the UK and other developed countries are adequately represented on the governing structures of many multilateral organisations such as the WB, IDA, UNDP<sup>49</sup> to which they make significant contributions and should have easy access to the necessary information. Moreover, the organisations concerned produce annual reports and other publications which provide information on their work. It is not clear why the DFID finds it difficult to obtain relevant information. It is possible that the

<sup>47</sup> Paris Declaration on Aid Effectiveness, OECD, May 2005.

<sup>48</sup> The Paris Declaration incorporates the Rome Principles on Aid Harmonisation agreed in 2003.

<sup>49</sup> Western Europe and North America has 12 members out of 36 members on the Executive Board.



information is not readily available in disaggregated form detailing the results of the UK contribution to a particular project. If so, this is a matter to be considered under harmonisation of aid. We do not see much value in finding out what component and aspect of a particular project was funded by the UK. What is required is to know whether the overall objectives have been achieved and whether they fulfil agreed criteria on effectiveness, efficiency and economy etc.

- Can more be done to ensure a better allocation of all aid across countries to ensure that it reaches those who need it most?

On the whole, the TUC appreciates the UK Government policy of prioritizing the needs of low-income countries and supports it. However, the TUC is of the view that the DFID should provide some targeted assistance for the vulnerable sections in society in Lower Middle-Income countries.

- How can we make best use of the power of networks to collaborate more between donors, partner countries, civil society, private sector and others?

Perhaps, it is necessary to put in place arrangements like country co-ordinating mechanisms already in use for combating HIV/AIDS. They could be arranged on a sectoral basis. All stakeholders involved in the health or education sector could be grouped into a co-ordinating body, perhaps chaired by a senior civil servant of the country concerned.

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