



## **Green paper of the European Commission on future EU development policy**

### **“EU development policy in support of inclusive growth and sustainable development – increasing the impact of EU development policy”**

#### **Response by the International Labour Office**

##### **I. Introduction**

1. The International Labour Office (ILO)<sup>1</sup> welcomes this consultation and the opportunity to input to this reflexion. The ILO fully supports the consolidated response to the green paper provided by the UN team in Brussels. In coordination with UN Brussels, the ILO response is concentrating on a number of issues that are more directly related to the ILO mandate, to the ILO unique tripartite structure and notably to the ILO’s cooperation with the UN, WTO, IMF and WB and to the ILO contribution to and participation in the G20 Summits.

The ILO in particular welcomes the strategic orientation of the proposed EU development policy: “human development and security as preconditions for any country's development, growth and social inclusiveness for any long lasting engagement” (pg 6). The ILO also welcomes the reference to the Decent Work Agenda and to “how to support active labour market policies (...) and the development of effective national social protection systems (pg 7). The positioning of the EU’s development policy as “as a catalyst, to support partner countries growth and in particular to help create an environment that is friendly to sustainable and inclusive growth, enabling these countries to pull themselves out of poverty” (pg 11) is also a solid foundation for the constructive partnerships with developing countries needed to ensure effectiveness. This fits very well with the approach of the ILO and its strategic focus on the generation of decent work as key to inclusive, poverty-reducing and sustainable growth.

The green paper and its outcome thus have a considerable potential for increasing the effectiveness of EU development policy. This reply includes a number of suggestions as well as more practical examples. However, it is quite impossible to provide a full overview of all relevant ILO conventions, recommendations, frameworks, guidelines, tools and programmes

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<sup>1</sup> The International Labour Office is the secretariat of the International Labour Organisation

while keeping this input concise. The ILO will be happy to provide additional and more detailed information if needed. Cooperation between the ILO and the EU at all levels has a large potential for both institutions.

2. The ILO is the specialized UN agency bringing together the actors of the real economy - governments, employers and workers - of 183 countries in joint action towards promoting decent work for all including in the informal economy and the rural sectors. The ILO covers the world of work in a practical and integrated way, combining economic efficiency with social justice. It is also dealing with the social and employment dimension of the transition to a greener economy (green jobs). The involvement of the actors of the real economy is essential for promoting inclusive growth and sustainable development, in particular in times of crisis. ILO instruments, frameworks, tools and programmes reflect the views and interests of low income, middle income and high income countries and are therefore very relevant for development policy.

3. The ILO contributed to and participated in the G20 Summits of Pittsburgh, Toronto and Seoul. In this context, the ILO has provided to the G20 Summits an assessment of the national measures taken on employment and social protection for responding to the financial and economic crisis in 53 developed and developing countries.

In cooperation with other organizations the ILO was requested to prepare for the G20 Toronto Summit proposals for the G20 training strategy and it presented to the Seoul G20 Summit a report on trade and employment. The ILO contributes to the G20 framework for strong, sustained and balanced growth. The ILO and IMF have agreed to strengthen their cooperation in the context of this framework and in particular on job rich recovery and on the social protection floor.

4. The EU has been very actively involved in the preparation, adoption and follow-up of both the Global Jobs Pact and the Decent Work Agenda, through the EU coordination within the ILC and the ILO Governing Body and through EU internal and EU external policy.

The ILO has also noted with interest that the EU institutions and the EU Member states have strongly and explicitly **supported the integrated approach of the decent work agenda, combining economic efficiency and social justice**, and the use of decent work country programmes or equivalent national and regional roadmaps as the main delivery mechanisms for decent work at national level. The EU has consistently highlighted that **social, economic, trade and financial policies should go hand in hand**.

However recent studies, commissioned by the EC and the EP, have revealed that employment and decent work are not yet part of mainstream EU development programming although many developing countries have strongly increased their activities on employment and decent work (see further).

## **II. Decent work: a factor of social justice, economic performance and governance**

5. Many developing countries have benefited before the economic crisis from strong economic but **jobless growth**. In addition the world of work was confronted with increasing

**inequalities** and with **poor quality jobs**, often concentrated in the informal economy. Youth unemployment has grown significantly as well as the number of working poor, with limited upwards social mobility opportunities, in particular in the expanding informal economy. Wage developments have not followed productivity growth and economic possibilities. Social protection coverage remains limited. The benefits and costs of international trade are spread unevenly.

All these evolutions are well documented by the 2004 final report of the World Commission on the Social Dimension of Globalisation, established by the ILO, and by other reports and studies<sup>2</sup>. More growth as such will not be sufficient to tackle this structural mismatch. Inclusive growth will have **to tackle inequalities, promote job rich growth with decent work and economic opportunities**. It will have to contribute to **the greening of the economy and to green jobs**.

6. The EU has already recognized in 2006 that decent work is not only about core labour standards but that it constitutes also a factor of governance and economic performance.

The need for a comprehensive approach and for a link between decent work and governance was also echoed in the key note address of former EU development Commissioner L. Michel at the ILO Governing Body in 2006. Since 2001, the EU trade policies have strongly supported the promotion of core labour standards, of social governance and in general of a strengthened cooperation with ILO as part of a more integrated approach to the social dimension of globalisation and as an alternative to the negative social clauses and trade sanctions.

### **III. An opportunity to expand the role of employment and decent work in mainstream EU development policy and programming**

7. As indicated above decent work and its 4 pillars<sup>3</sup> are not yet part of EU mainstream development programming although it is recognized as one of the nine themes in the European Consensus on Development and it is quoted many times in the principles covering both the EC and the EU Member states development policy.

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<sup>2</sup> The ILO contributions to the G20 Summits, the 2009 and 2010 World of Work Report, the 2010 Employment Trends, the 2010 Global Wage Report, the ILO World Social Security Report and the ILO contributions to the UN MDG 2010 progress report.

<sup>3</sup> The Decent Work Agenda consists of four strategic objectives: (1) employment (including sustainable enterprises, skills development, employability and employment policy); (2) social protection (social security, health and safety at work, working conditions, wages and income, HIV/AIDS and the world of work, protection of migrant workers), (3) social dialogue and tripartite consultations and (4) fundamental principles and rights at work. These four strategic objectives are inseparable, interrelated and mutually supportive. Gender equality and non discrimination in employment are also crosscutting issues.

This contrasts very much with the strong knowledge and interest of the EU on these issues since the EU Amsterdam Treaty (and even more explicitly since the EU Lisbon Treaty), the EU Lisbon strategy, the new EU 2020 strategy, the EU trade policies and the EU political outreach to the world.

8. This green paper offers **a unique momentum** to ensure a better integration of the very explicit political support expressed by the EC, the Council, the EP and the EESC for promoting decent work into operational programming, implementation and priorities of EC and wider EU development cooperation and external assistance.

The promotion of employment through economic sectors and governance, as suggested by the EU itself through the staff working document of April 2007 and subsequent Council Conclusions, could also be used more broadly. Social and economic sectors could be more interconnected.

#### **IV. Replies to questions**

##### **Questions 1, 2 and 3 on high impact cooperation into practice**

The EU and the EU Member states have strongly and repeatedly endorsed at the 2007 and 2008 International Labour Conference, at the ILO GB and in the UN that the main system for implementing the Decent Work Agenda should be the Decent Work Country Programmes (DWCPs). This is also covered by the 2006 EC Communication, the EP resolutions, the 2008 EC report and the 2006 and 2007 Council conclusions on decent work and on supporting employment and decent work through development cooperation. DWCPs are tripartite, nationally agreed, employment and social policy agenda's reflecting national needs and priorities with concrete outcomes. DWCPs are part of national development strategies and frameworks and of UNDAFs. Over 80 DCWPs have been adopted in developing countries and they are reviewed in a very participative way on a regular basis.

Successive EC communications, EP positions and Council conclusions have also highlighted that EU and EU Member states should take into account the findings of the ILO supervisory system on the application of international labour conventions in external policy and in external assistance.

##### **Suggestions**

i). EU and EU Member states can support the **effective implementation of DWCPs**, or at least substantive parts of it, depending on national priorities (e.g. social protection, jobs creation and youth employment initiatives, rural employment, entrepreneur culture, green jobs, social dialogue, labour migration, labour administration and labour inspection). EU and EU Member states should coordinate in order to improve the coverage in terms of the number of developing countries. Both low income and middle income countries have adopted and are implementing DWCPs. The Explicit references to the DWCP can be made in the **EU's Country Strategy Papers**, with a view to foster close collaboration in the support to the elaboration of national social policies at country level.

ii). The EU can combine its different social, economic, trade, human rights and non state actors budget lines in order to ensure **a more integrated approach to the world of work**. For instance support for decent job creation can be taken up in the economic, trade, infrastructure, agriculture and governance budget lines as suggested in the EC 2007 staff working document on promoting employment through development cooperation and the 2007 Council conclusions.

iii). A number of EU Member states (e.g. NL, BE, UK, DK, ES) are already allocating **non earmarked or light earmarked funding** to their partnership with the ILO. This can be taken up by the EU for its 2004 strategic partnership with the ILO and by other EU Member states as it enables the ILO to better respond to its constituents needs and this considerably strengthens aid effectiveness.

The ILO's experience with EU supported programmes has revealed that improvements in the efficiency of project design, approval and administration are needed and achievable without weakening accountability. The ILO is very much willing to explore possible options.

iv). The EU (and the EU Member states) can apply the programming on governance and on human rights and democracy to **address shortcoming in the application of international labour standards** as identified by the ILO supervisory system. This would be in line with the proposals included in the EC communications on core labour standards and on decent and the council conclusions.

v). **Private public partnerships** can be very powerful in addressing the decent work deficits, for example in the fight against child labour or the global supply chain. Good examples are for instance the ILO's Better Work Programme, the Score Programme and the new approach in the cacao sector in West Africa as these are involving employers, workers, the governments and donors and are addressing decent work deficits in a broader context (communities, country and sector(s)). The ILO is working closely with companies and foundations around the world to tackle important issues linked to the global labour market, to create and promote sustainable enterprise, to promote social protection, and solve labour market specific problems.

vi). ILO is very much willing to help EU and EU Member states with **guidance notes** on how to deal with decent work and with specific decent work issues in development cooperation (e.g. social dialogue) as agreed at the 2010 EC-ILO Annual High Level meeting. The EU can also benefit from the ongoing ILO work on measuring decent work (that is also partly supported by the EC through investing in people).

#### **Questions 4 and 5 on human development (education, health, skills, labour markets, labour migration)**

The introduction to questions 4 and 5 (chapter 2.2) reflects a broad and integrated approach to human development. However question 4 tends to reduce again human development to education and health only. This has to be avoided.

## Suggestions

i). Education has to be **linked** with skills, employability, social protection, income, labour market policy and actors, including in the informal economy and the rural sectors. It has to be part of the wider social and economic development. This has been consistently highlighted by ILO instruments, by ILO frameworks and by ILO policy documents adopted by the International Labour Conference, bringing together delegates and experts from governments, employers and workers of 183 countries.

The most recent policy recommendations on skills and development have been adopted in June 2008 by the ILC and builds further on previous ILO Conventions and Recommendations (such as N°195), ILC conclusions and ILO programmes. The 2008 ILC conclusions include guidance on promoting skills including in SMEs, in the informal economy and in the rural sector, for vulnerable groups such as persons with disabilities, on improving the identification of skills needs, on improving the link with labour market information systems, employment services and on promoting partnerships and social dialogue. They also take fully into account the gender dimension.

The ILO is very much willing to assist the EU on this. The ILO is implementing with EC two large skills development programmes: one in Bangladesh and one in Vietnam. It has also implemented a number of smaller programmes in Africa (Niger). All this can be very useful for replication and wider cooperation in other countries.

ii) ILO and EU (DG EMPL) also cooperate on **new skills for new jobs** in the context of greening the economy, green jobs and EU 2020. It concentrates on identification of skills needs. This methodology can also usefully be implemented elsewhere.

iii). Access to health systems is also related to social health protection that is part of the social protection floor. A good example of an integrated approach is the **Bolsa Familia** combining income support and social protection with health and education (see also reply to question 15). This has also influenced other initiatives in a number of developing countries and it has feed into the social protection floor. Further, it is interesting to explore the links between social protection and employment, as is being done of a project jointly implemented by the ILO and the EU in the framework of the Investing in People thematic programme,.

iv). Managing labour migration should also be based on a rights based approach. The ILO 2006 framework for a rights based approach to labour migration has already benefited from EU-ILO political cooperation and of good practices building further on EC-ILO cooperation in Africa and Asia. Future cooperation can build on this. The EU-Africa partnership on migration, mobility and employment can also benefit from the ILO framework as well as the wider decent work agenda. Other programmes implemented in the framework of the Migration & Asylum programme also look at the links between skills and migration.

## **Question 6 on governance reforms**

Support to governance reforms could also include social and economic governance, strengthening of the capacity of employers and workers organizations and of the social dialogue processes (see also reply to question 15).

### **Suggestions**

i). The ILO, its constituents and the ILO international training centre (active also in the field) have developed a lot of tools and programmes on a very wide range of issues but EU support can be very important in order to address the implementation gaps such as on labour administration, labour inspection, collective bargaining and wage fixing machinery, design and management of social security systems. Indeed the ILO's international labour standards system is in effect a set of internationally agreed rules providing guidance for international cooperation on good governance of the labour market and for employment and social policies. More effective national labour market administration and actors are indispensable for promoting both economic efficiency and for sharing more broadly the benefits of economic growth.

ii) EU support to non state actors could benefit very much from an **“actors” based approach**. EC and ECA analysis have revealed that the current success rate for non state actors in replying to open call for proposals is 5% and that non state actors are perceived as service providers. Such an approach is very problematic for employers and workers organizations when applying for capacity building initiatives in developing countries. Therefore an actor based approach should be pursued with as specific access for social partners in relation to social dialogue. This is in line with the internal EU approach on social dialogue as enshrined in the EU Lisbon treaty.

Support to governance could include socio-economic governance

## **Question and elements on question 14, 16 and 18 on partnerships for inclusive growth**

### **Preliminary observation**

Question 15 is part of the questions 14-18 on partnership for inclusive growth.

The ILO welcomes coherence and partnerships to the world of work in order to avoid a fragmented and piecemeal approach. Partnerships are built on **dialogue** and this is the main driver of the ILO's special tripartite contribution to development policy.

The introduction to question 15 at page 12-14 very much focuses on the economic and business dimension. The ILO suggests to better link the interrelated economic, employment, social and environmental dimensions as this is key for promoting inclusive growth and sustainable development. Therefore the five partnerships for inclusive growth and the 5 questions (14-18) should be more interconnected with each other and with the other chapters such as sustainable development and human development.

Employment and decent work is covered by MDG 1 B since 2008. As illustrated and tested successfully in many countries, decent work is not only essential for promoting the eradication of extreme poverty. It is also crucial in achieving universal primary education thus freeing children from child labour, enabling women participate on an equal footing to economic life as men, reducing child mortality by improving the status of women, improving maternal health by improving the conditions of work of women, promoting HIV/AIDS prevention policies thus helping to keep the most productive workers in the workforce, promoting environmental sustainability given the link between decent work and environmental stability and forging dialogue and solidarity among partners thus guaranteeing that all actors in society engage in promoting better living and working conditions.

### **Suggestions**

i). The **ILO welcomes the attention for social and economic rights**. Economic and social development should go hand in hand. Promoting the ratification and effective application of social and economic rights is indispensable for fostering inclusive growth and should be taken in up in all the 5 partnerships as indicated at page 14 and in other parts of EU action. The EU, through its 27 MS, has ratified all the 8 ILO core labour standards conventions. Most of the 27 EU member states have ratified the main ILO governance conventions (employment policy, labour inspection, labour inspection in agriculture, tripartite consultations) as well as the other conventions (such as social security, skills development) underpinning the ILO strategic objectives. The EU is therefore well placed to contribute to the promotion of international labour standards.

ii). The promotion of the effective application of international labour standards, can benefit very much from a **better interplay between the findings of the ILO supervisory systems, EU human rights dialogue and EU external assistance**. EU support for addressing the shortcomings through capacity building (of public authorities, organisations of employers and workers) as part of efforts to promote decent work could significantly improve the aid efficiency. This interplay is already highlighted by the EC communications of 2004 and 2006, by council conclusions on decent work (2006), the social dimension of globalization (2005) and on core labour standards (2003), by many EP positions and EESC Opinions. However this has not yet been fully implemented by the EU.

The same goes for the interaction between EU trade policies such as GSP and GSP plus and ILO conventions. Shortcomings reported by the ILO supervisory have not been addressed yet by EU external assistance although this was explicitly announced in several EC communications since 2001 and council conclusions since 2003.

iii). EU development cooperation could benefit very much in terms of aid effectiveness, country ownership and promoting organised civil society, from supporting **national decent work country programmes or DWCPs** (national employment and social agenda's) adopted by the government, employers and workers and reflecting national priorities and needs. As indicated in the reply to questions 1-3, DWCPs are part of development strategies and UNDAFs (One UN). More than 80 DWCPs have already been adopted and more are under in preparation in developing countries in all regions in the world. DWCPs include outcomes and

a limited number of priorities. DWCPs are reviewed on a regular basis to changing circumstances and achieved outcomes. Some EU Member states are supporting the implementation of decent work country programmes and the ILO welcomes this as a very good practice and in line with the very explicit support for DWCPs expressed by the EU at the ILC and ILO Governing Body. This could be promoted further and taken up more widely by both EC and other EU Member states.

In the framework of the MDG Acceleration framework currently implemented in 10 pilot countries the EU can consider targeting its support towards countries where the decent work goal was identified as particularly lagging behind. Such an option would not only favour inter-agency collaboration among the members of the UNCTs but also ensure an inclusive approach in addressing the MDGs.

iv). The current **division of labour** between EC and EU Member states has not yet resulted in a broader coverage by EU MS and or EC programming of employment, youth employment, sustainable enterprises, skills development, social protection, social dialogue, rights at work or other elements of decent work. This could be reviewed as it contrasts with the growing attention for these issues by developing countries and by all regions (including Africa) and sub regions (e.g. Cariforum, EAC, West Africa, Asean).

v). **South -South cooperation** has also strongly contributed to innovative initiatives, such as the social protection floor, that is supported by the ILO and WHO in cooperation with other UN agencies, IMF and WB. The Bolsa Familia (Brazil) is a good example and very relevant for EU as it combines income support with education and health and it has been promoted elsewhere through South-South cooperation. The use of South South approaches can be instrumental in achieving the internationally agreed development goals, including the MDGs. This means that the EU can e.g. better integrate its traditional initiatives on human development with social protection, employment and governance.

vi). **IMF and ILO** have agreed to cooperate on policies to promote employment- creating growth and on the social protection floor within the context of a medium- to long-term framework of sustainable macroeconomic policies and strategies for development.

This is directly related to national fiscal space. IMF and ILO have both recognized the importance of effective social dialogue in responding to the economic crisis. It would be in line with aid effectiveness that EU development cooperation contribute to these efforts that are directly relevant for inclusive growth and sustainable development

vii). EU support to **social partners** can benefit very much from an “actors” based approach (see also reply to question 6). EC and ECA analysis have revealed that the success rate for non state actors in replying to open call for proposals is 5% and that non state actors are perceived as service providers. Such an approach strongly discourages employers and workers organizations. It negatively affects the efforts needed on capacity building initiatives in developing countries. Therefore an actor based approach should be pursued with as specific access for social partners in relation to social dialogue. This is in line with the internal EU approach on social dialogue as enshrined in the EU Lisbon treaty.

The unique ILO international training centre, specialised in capacity building training including at field level, could be used more frequently by EC and EU in operations aiming at proving capacity building of social partners and labour administrations.

viii). The ILO welcomes also the attention to **CSR**. CSR initiatives have to complement respect for legislation and enforcement and should be based on internationally agreed CSR instruments (ILO Tripartite declaration on multinational enterprises and social policy, OECD Guidelines on Multinational Enterprises). This is already reflected in previous EU positions.

CSR approaches can also be linked through private and public partnerships with the promotion of decent work at sector, community, national level and regional level (e.g. the Better Work programme, Score programme, child labour in cacao in West Africa). The WB-IFC and EBRD have also recently updated their social and environmental guidelines and this can also be very useful for the EC development cooperation and for the EIB.

The ILO notes that the text on page 14 is not properly reflecting the correct relationship between international conventions and CSR as already highlighted by EU policy papers on CSR, core labour standards and decent work and by ILO documents agreed by all EU Member states. CSR initiatives have to complement legislation and enforcement and should be based on internationally agreed CSR instruments.

ix). The ILO is also supporting business through its **sustainable enterprises framework** adopted by the 2007 International Labour Conference and through the Global Jobs Pact. These frameworks suggest measures and policies that should be taken at national level in order to promote an enabling environment for business with a particular attention to SMEs (e.g. legal framework guaranteeing legal and fiscal certainty, skills and competences development, effective labour market institutions, capacity building for employers' organizations). Access to credit for the real economy and, in particular SMEs, is essential for crisis recovery and inclusive growth. EU and global efforts to reform the financial sector are indispensable for sustained and job rich recovery.

The ILO instruments, frameworks or initiatives on cooperatives (such as Recommendation 193), local economic development, micro-finance, rural employment (Resolution on promoting rural employment for poverty reduction, ILC, June 2008), labour intensive infrastructure, recovery and reconstruction and on social economy in Africa can be very useful.

The ILO refers to the recent strong support by the EESC for the social economy in Africa. The adoption in Johannesburg of the 2009 ILO action programme to mobilise social economy for Africa can be of use here.

x). The ILO suggests to build further on the **ILO-EC joint seminars aimed at training EU Delegations on decent work**, involving also social partners. ILO is willing to expand this initiative to both EU and EU Member States Delegations at regional and sub regional level. The ILO International training centre (also active in the field) could also be very beneficial as demonstrated by the programme on gender mainstreaming for EU Delegations. The EU could

also benefit very much from including **labour attachés in EU Delegations** or at least improving the knowledge on labour issues in the EU Delegations.

xi). The EU is an important bulwark of support for the multilateral development policy process. In addition to partnerships with developing countries, the EU may wish to address its strategic approach to **stronger partnerships** with agencies such as the ILO – policy dialogue as well as shared technical cooperation activities.

### **Question 20 and 21: trade and development and aid and trade**

ILO and WTO have intensified cooperation on the **interplay between trade, employment and decent work**.

The WTO Director General has explicitly stated at the G20 Seoul follow-up meeting at the ILO Governing Body in November 2010 that **trade and social protection are complementary**. Trade liberalization is not sustainable without social protection. Social protection is a very cost effective non trade distorting protection system in an open trade regime.

### **Suggestions**

i). Aid for trade covers also social adjustment including assessing and addressing the interplay between trade and employment. EU (EC and EU MS) have not yet taken this up in a substantive way (only ongoing pilot programs under Investing in People) although this has been announced in EC communications, council conclusions and EP resolutions on decent work. A better interplay between trade, employment and social protection has an important development potential.

ii). EU development cooperation can also support the sustainable development provisions of FTAs with developing countries and (sub) regions, including capacity building of social partners and ensuring a better interplay between trade, employment and social protection.

### **Question 22 and 23 on energy and development:**

The ILO -UNEP-IOE (employers) and ITUC (workers) report on green jobs has underlined the jobs potential of climate change and greening the economy. The joint report has also highlighted the need for addressing the employment and social dimension of the transition towards a low carbon economy.

### **Suggestions**

There is considerable potential for decent work generation from environmental actions. This focus helps to ensure that priorities for poverty reduction and development go hand in hand with the protection of the environment.

The ILO has established the green jobs programme that is covering both low income and middle income countries. Support for the ILO-UN cooperation on the employment and social dimension of greening the economy could also be very beneficial for the EU. Green jobs are

also part of the measures taken by developing countries to respond to the financial and economic crisis and therefore also covered by a number of DWCPs. The decent job potential of labour intensive initiatives such as reforestation, of labour intensive environmental friendly infrastructure works and of waste management can be very substantial.

The ILO refers to the UN Brussels reply for the other elements and other questions.