



## **The DAC must increase ODA and effective responses to save lives and livelihoods**

**Trade Union Statement  
6 May 2020**

The severity of the global crisis prompted by the COVID-19 pandemic calls for a strong and urgent response by the OECD.

The TUAC and the ITUC Trade Union Development Cooperation Network welcome the DAC's Joint Statement of 9 April 2020 on the COVID-19 pandemic. We believe, however, that the DAC and its members should raise further the ambition to respond to the scale and urgency of the situation. In light of the development challenges that lie ahead, we regret to see that the DAC will only "strive to protect ODA budgets" at a time when ODA funds are more necessary than ever. We therefore insist on, and reiterate, past calls for ODA budgets to reach the 0.7% target and beyond. On substance, we believe that the DAC should take on the following:

- Support the implementation of universal social protection systems including free access to healthcare in developing countries - Global Fund for Social Protection.
- Ensure the protection of jobs and the real economy.
- Provide debt relief and investments for the SDGs.
- Work with social partners in the design and implementation of response programmes.

The COVID-19 pandemic has strongly hit countries around the world in an unprecedented manner. As the virus spreads across developing countries, we can see the catastrophic impact that it will have in terms of the loss of lives and the economic and social consequences on populations. Foresight analyses are already pointing to a worldwide recession worse than the one in 2008-2009, and the ILO emphasises that there could be 35 million more people in working poverty in 2020.<sup>1</sup> Lockdown measures have affected 81% of the world's workforce<sup>2</sup> with strong consequences for the income and livelihoods of the populations in developing countries. Decent work deficits and low levels of health and safety at work, together with high levels of informality and limited access to healthcare and social protection, are further aggravating the consequences in many of these countries.

Today the Sustainable Development Goals (SDGs) are more important than ever and are fundamental for recovery, reconstruction and resilience in this crisis. Targeted finance should be directed to specific SDGs that are central to the 2030 Agenda. SDG 8 on decent work and inclusive growth is one of the crucial SDGs in the immediate response to the COVID-19 crisis and will also be key to overcoming the upcoming recession. SDG 8 not only emphasises the strong need for occupational safety and health to avoid contagion in workplaces but also puts the Decent Work Agenda at the centre of the 2030 Agenda. Each of the four pillars of the Decent Work Agenda (job creation, rights at work, social protection and social dialogue) and its principles of equity and gender equality will be essential for a holistic approach that will result in a just and sustainable way out of this crisis.

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<sup>1</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms\\_738753.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_738753.pdf)

<sup>2</sup> [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_740877.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_740877.pdf)



### ***Expand ODA budgets to reach the 0.7% target and beyond***

Given the required levels of response to the pandemic and its aftermath, we call on DAC members to ensure that the ODA target of 0.7 percent of Gross National Income (GNI) is reached and extended. According to preliminary ODA data for 2019, only five out of the 30 DAC members are currently reaching or going beyond the 0.7 percent target, while overall ODA was at 0.3 percent of the combined GNI of DAC members.<sup>3</sup> The dimensions of the crisis require expanding ODA budgets to at least reach the 0.7 percent target and exceed it. ODA should preferably be made available in the form of grants in order to avoid increasing the already severe indebtedness of many developing countries.

Today we live in an interconnected world where no country has been spared from this pandemic. Coordinated action will be necessary to jointly respond to the challenges that lie ahead. Immediate humanitarian responses to the current emergency are required to save as many lives as possible, guaranteeing food supplies and medical equipment, and scaled-up support to developing countries will be needed in the upcoming months and years to respond to the social and economic consequences.

### ***Support the implementation of universal social protection systems including free access to healthcare in developing countries – Global Fund for Social Protection***

Multilateral coordination, such as a Global Fund for Social Protection, would be instrumental to accelerate the achievement of the SDGs by boosting and complementing domestic investments in social protection including access to health care. Around \$35 billion would secure five-year funding for the poorest 28 countries in the world to ensure emergency relief now and build resilience over time to enable capacity to weather the next crisis. And every dollar beyond that part-funding for lower to middle income countries in dire need. One hundred billion dollars is affordable in the context of the \$10 trillion or possibly more that will be spent on emergency measures<sup>4</sup>.

The pandemic has exposed enormous gaps in many countries, especially in the developing world, which is already characterised by high levels of informality. Around two billion people work informally. Most of them are women and live in emerging and developing countries<sup>5</sup> and are left almost unprotected. These countries lack substantial automatic stabilisers or the ability of developed countries to mount a rapid response.

Thirty-eight percent of the world's population lack public health care, and only 21% of the global population are covered with unemployment benefits. Paid sick and family leave, as well as medical care and unemployment benefits, are still a dream in the majority of developing countries. Income support and health coverage that leave no one behind are urgently needed to save lives and preserve the economic fabric. Non-payment of workers' wages due to the

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<sup>3</sup> <http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2019-detailed-summary.pdf>

<sup>4</sup> See ITUC and TUAC call for a Global Fund on Social Protection: <https://www.ituc-csi.org/g20-labour-ministers-step-back?lang=en>

<sup>5</sup> [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_740877.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_740877.pdf)



disruption of supply chains contracts, or due to lockdowns, could push millions of people into poverty in the absence of income support and social assistance.

Universal social protection systems and floors, combining both comprehensive contributory social security schemes and non-contributory social security guarantees in line with International Labour Organization (ILO) [Convention 102](#) and [Recommendation 202](#), are a fundamental pillar of response, recovery and resilience.

Investments in social protection are still insufficient, and this is why we call on DAC members to scale up resources allocation to support the establishment of social protection systems and floors in developing countries, helping close the financing gaps directly and through technical assistance in increasing fiscal space and domestic resource mobilisation.

In relation to social protection systems and floors, DAC members should support measures for the formalisation of the informal economy in line with ILO [Recommendation 204](#). This instrument is aimed at protecting the most vulnerable and allowing informal workers to contribute, upholding incomes in the aftermath of the crisis.

### ***Ensure the protection of jobs and the real economy***

In light of the current crisis, the DAC should further strengthen its criteria in assigning funds to the private sector to establish the most resilient supply chains by making funding conditional on safe employment and minimising lay-offs. Private sector actors receiving ODA funds should guarantee respect of collective bargaining and fundamental workers' rights; such funds should also uphold occupational safety and health and provide decent wages and sick leave benefits.

Furthermore, support should be directed to the productive rather than the financial sector and should be conditioned to the application of responsible business conduct principles. We recommend the endorsement of specific criteria and outcome measurement<sup>6</sup> on private-sector investments in development (especially on blended finance) to ensure that these investments contribute to the SDGs and are coherent with the development effectiveness principles.

Catalytic investments for quality jobs and resilience will need to be the centrepiece of recovery once the pandemic and economic shock is contained. We encourage DAC members to work with the social partners on a recovery plan to support transformation and diversification of the real economy, with enabling investments, including in low-carbon infrastructure and the care economy. Labour market policies are also crucial to development and recovery, including wage and employment intervention and promotion of access to labour markets for youth, in order to raise aggregate demand and reduce inequalities.

### ***Provide debt relief and investments for the SDGs***

The COVID-19 pandemic has caused unprecedented levels of capital outflows from developing countries, which, together with the expected fall in exports, will severely burden developing countries at a time when government will need to considerably increase spending to respond to the pandemic. As many developing countries assign high proportions of their budgets to debt servicing, debt relief will be of great importance to give countries the necessary fiscal

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<sup>6</sup> See Making private sector investments in development programs aligned with the SDGs, TUDCN: <https://www.ituc-csi.org/making-private-sector-investments>



space for recovery and future resilience. At the same time, it is important to support developing countries in building effective and transparent taxation systems.

We call on DAC members to implement debt relief mechanisms, including debt standstill, cancellation, restructuring, and reprofiling of debt, and to support a new relief process constructed around the SDGs.

Debt relief should be conditioned to SDG investments, preventing and avoiding destructive austerity measures that have increased unemployment and poverty in many countries. Debt-relief procedures and eligibility should enhance, not restrict, public spending on the SDGs and especially in health, education, low-carbon infrastructure and social protection. Addressing this issue also requires a binding sovereign debt workout mechanism. Debt sustainability analyses should incorporate the longer-term positive effects of these investments and be backed by measures to prevent capital flight, tax avoidance and profit shifting. Low-income countries facing a public health emergency and debt distress should be offered cancellation of payments. Initial steps on debt suspension for low-income countries should be complemented by measures to address burdens facing middle-income countries, especially lower-middle-income countries that are dependent on commodity exports.

### ***Work with social partners in the design and implementation of response programmes***

The United Nations Secretary General's report on the responses to the socio-economic impacts of COVID-19 acknowledges "the importance of social dialogue and social partners in the control of the virus at the workplace and beyond, but also to avoid massive job losses in the short and medium term."<sup>7</sup> Social dialogue is not only part of the Decent Work Agenda, and therefore a necessary tool for the achievement of SDG 8, but is also fundamental for the implementation of the whole 2030 Agenda.<sup>8</sup> Social dialogue is the way out in finding solutions for social security, improving occupational health and safety, protecting wages and working on rebuilding the economy in a more sustainable way. It is being used in many countries around the world to craft sustainable and inclusive responses to the crisis that will contribute to saving lives, jobs and income.<sup>9</sup> ILO [Recommendation 205](#) on Employment and Decent Work for Peace and Resilience (R205) is an effective instrument for governments, employers and workers' organisations to jointly address the COVID-19 pandemic recovery.<sup>10</sup>

We call on DAC members to work closely with the social partners in defining development cooperation priorities and in implementing targeted interventions that will deliver the right measures to support developing countries in their path towards recovery.

The decade of action for the achievement of the SDGs has stalled at the start line. DAC members will need to act quickly and step up ODA to help the world catch up and avoid a greater crisis.

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<sup>7</sup> [https://www.un.org/sites/un2.un.org/files/sg\\_report\\_socio-economic\\_impact\\_of\\_covid19.pdf](https://www.un.org/sites/un2.un.org/files/sg_report_socio-economic_impact_of_covid19.pdf)

<sup>8</sup> See Social dialogue as a driver and governance instrument for sustainable development: <https://www.ituc-csi.org/issue-paper-social-dialogue-development>

<sup>9</sup> See Putting people first 12 governments show the world how to protect lives, jobs and incomes: [https://www.ituc-csi.org/IMG/pdf/20200327\\_ituc\\_covid-19\\_countryresponses.pdf](https://www.ituc-csi.org/IMG/pdf/20200327_ituc_covid-19_countryresponses.pdf)

<sup>10</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_dialogue/---actrav/documents/publication/wcms\\_739546.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_739546.pdf)