



## Tackling the Covid-19 crisis through SDG-driven development cooperation

Trade union statement to the DAC HLM  
9-10 November 2020

The 2020 High-Level Meeting (HLM) of the Development Assistance Committee (DAC) comes at a crucial time in which development cooperation is more necessary than ever. Trade unions welcome the focus on *Financing for Sustainable Development, Building Back Better and Greener* and *Delivering Development Better*, and look forward to engaging with the DAC on such important topics to build recovery and resilience from the Covid-19 crisis.

Trade unions have been at the forefront of Covid-19 responses around the world.<sup>1</sup> Through social dialogue, they have been key in shaping government and workplace policies that have contributed to saving lives and reducing the economic and social impact of the crisis. **A just and sustainable recovery from the crisis should be undertaken in partnership with workers' and employers' organisations (social partners) to define development cooperation priorities and implement targeted interventions** that will deliver the right measures to support developing countries in their path towards recovery.

Trade unions demand an SDG-driven **response to the Covid-19 crisis with SDG 8 at its core**, promoting inclusive and environmentally sustainable growth and decent work for all<sup>2</sup>. The United Nations Secretary-General's call for a New Social Contract which "must integrate employment, sustainable development and social protection, based on equal rights and opportunities for all"<sup>3</sup> reflects the main trade union demand, putting jobs, social protection and Just Transition at the heart of recovery and resilience strategies.

### ***Financing for Sustainable Development in the age of Covid-19***

The scale of the current crisis needs to be matched with unprecedented ambition in terms of finance mobilised by development partners. OECD governments have a responsibility to support developing countries and avoid increasing poverty. As stated by the OECD Secretary-General, "International co-operation will be key to develop and distribute vaccines at large; to support poorer countries and regions (more ODA, debt relief, export credits, cost of remittances; ensure net positive flows of resources)[...]"<sup>4</sup>. Trade unions therefore call on DAC members to **uphold international commitments to reach 0.7% of their GNI** in development cooperation budgets, and welcome that the 2020 Ministerial Council Statement recognises the importance of international cooperation with developing countries, including through official development assistance and further actions mitigating the impact of the pandemic.

<sup>1</sup> See <https://www.ituc-csi.org/covid-19-responses> and

<https://tuac.org/news/covid19-crisis-mapping-out-trade-union-and-social-partners-responses/>

<sup>2</sup> ILO Decent Work Agenda pillars: job creation, rights at work, social protection and social dialogue

<sup>3</sup> <https://www.un.org/en/coronavirus/tackling-inequality-new-social-contract-new-era>

<sup>4</sup> <http://www.oecd.org/coronavirus/en/#MCM-speech>



The DAC should further **prioritise Official Development Assistance (ODA) in the form of grants over loans** to avoid increasing the indebtedness of partner countries. An **extension of debt relief should be granted for the poorest and most vulnerable countries, and debt cancellation should be applied** in cases of urgent need with the only conditionality being investment in the Sustainable Development Goals (SDGs). This should include plans to build recovery with decent jobs through investment in enabling green infrastructure, in the care economy, industry policy, skills training and technology for added value employment, ensuring resilience.

**Private sector investments in development should be in line with the Sustainable Development Goals and SDG 8. New sources of finance mobilised through ODA should be strategically oriented towards decent work and quality employment creation<sup>5</sup>, and should be conditional upon the application of responsible business conduct principles and due diligence.** We acknowledge the work of the DAC in the elaboration of the Blended Finance Principles Guidance Notes and the OECD Impact Standards for Financing Sustainable Development. At the same time, trade unions call for a permanent assessment of the impact of private finance to ensure that these investments contribute to the SDGs and are coherent with the development effectiveness principles. Such assessment should be based on specific criteria and outcome measurement<sup>6</sup>, including the recognition of decent jobs creation as an overarching objective of financing sustainable development, the need for partners to explicitly adhere to ILO standards and the OECD Guidelines for Multinational Enterprises, and the effective involvement of social partners throughout the project cycle.

**Public development banks have been a key part of the counter-cyclical response, and can lead a sustainable recovery with patient, long-term investing.** The DAC and its members should help replenish and reform multilateral, bilateral and national development finance institutions for this task.<sup>7</sup> This includes making the SDGs including decent work a part of mandates and operations, adoption and full implementation of binding labour safeguards, accountability, shared governance, and enhanced partnership between donor-supported development banks and national entities.

**DAC members should support developing country governments' efforts in the area of domestic resource mobilisation** by supporting capacity-building initiatives based on progressive taxation systems that can guarantee universal social protection and public services to tackle inequality.

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<sup>5</sup> The development impact is strictly linked to the creation of decent jobs. The OECD "FDI Qualities Indicators Report" (<https://www.oecd.org/fr/investissement/fdi-qualities-indicators.htm>) highlights the progress needed in developing new metrics related to SDG 8, adding for the first time indicators on the quality of jobs created, particularly regarding freedom of association and collective bargaining, fair wages, occupational health and safety and skills.

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

<sup>7</sup> See: "Achieving a transformative recovery: A trade union briefing on Public Development Banks and the "Finance in Common" Summit", ITUC: <https://www.ituc-csi.org/briefing-public-development-banks>; "Financing a just and sustainable recovery in developing countries", ITUC: <https://www.ituc-csi.org/financing-recovery-developing-countries>



Developing country governments must have a secure right to protect themselves against tax havens and harmful tax practices. The reform of international taxation rules currently discussed by the OECD-hosted Inclusive Framework must ensure that developing countries are able to increase their corporate tax revenues, taking into account the places of genuine economic activities. An effective rate of at least 20-25% must be set at global level with a view to limiting corporate tax competition. Furthermore, the current transfer pricing rules must be thoroughly revised so as to ensure that profitable multinationals, and digital business models in particular, pay a fairer amount of tax.

### ***Building Forward Better and Greener***

In order to build forward better and greener, trade unions see the need for **a targeted approach that prioritises specific areas in line with SDG 8 and the call for a New Social Contract**. We call on DAC members to prioritise interventions that can lead to less vulnerable societies:

- **Uphold response measures to the pandemic**

DAC members' immediate responses to the pandemic have strongly contributed to saving lives and protecting the health of the poorest and most vulnerable populations. Trade unions believe that it will be fundamental to uphold initiatives to strengthen health systems, ensure occupational health and safety, and promote access to tests, treatments and vaccines in developing countries throughout the pandemic.

- **Support the implementation of universal social protection systems, including free access to healthcare in developing countries – a Global Fund for Social Protection<sup>8</sup>**

Supporting social protection programmes to increase their coverage and comprehensiveness, in line with International Labour Organization (ILO) [Convention 102](#) and [Recommendation 202](#), will contribute to reducing inequalities and help the most vulnerable populations through the crisis. Investments in social protection schemes will help to close the financing gaps and allow for an increase in fiscal space and domestic resource mobilisation. In 2018 DAC donors were assigning 0.69% of their ODA to developing countries to social protection<sup>9</sup>. We call on DAC members to increase their contributions to social protection and join the pledge for a Global Fund for Social Protection which could boost and complement domestic investments, ensuring emergency relief now and contributing to building resilience over time to enable capacity to weather the crisis.

- **Contribute to the formalisation of the informal economy**

The jobs and livelihoods of informal economy workers have been particularly hard hit by the crisis and need to be given special attention in recovery processes. DAC members should support measures for the formalisation of the informal economy in line with ILO [Recommendation 204](#). This includes strengthening social protection systems and floors to respond to the needs of informal workers.

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<sup>8</sup> <https://www.ituc-csi.org/global-social-protection-fund>

<sup>9</sup> According to the Creditor Reporting System (CRS) database of OECD Stat, in 2018 out of a total volume of ODA (commitments) by DAC donors to developing countries of USD 149,080.326 million, USD 1,033.059 million went to social protection programmes. <https://stats.oecd.org/Index.aspx?datasetcode=CRS1>



- **Ensure investments for jobs and the real economy**

Financial support should contribute to decent work creation and guarantee the respect of fundamental workers' rights, occupational safety and health, and the provision of decent wages and sick leave benefits. Catalytic investments for quality jobs and resilience will need to be the centrepiece of recovery, and directing support to productive activities in the real economy should be the priority. 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.**

- **Promote green jobs and a Just Transition towards environmentally sustainable economies and societies for all.**

Sustainable pathways out of this crisis must be green. This implies the creation of green jobs and the transformation of carbon-emitting jobs into environmentally sustainable and decent jobs through a Just Transition, that will guarantee that workers are not left behind. A Just Transition implies employment policies that are backed up with vocational training and reskilling and supported through social protection, to ensure the labour force can adapt to this transition.

### ***Delivering Development Better***

The recovery from the Covid-19 crisis calls for doing more and doing it better. We welcome the DAC's commitment to a strong, coordinated, inclusive and coherent global response. Trade unions have been extensively engaged in discussions on improving development effectiveness, in the framework of the Global Partnership for Effective Development Cooperation (GPEDC). The GPEDC's 2019 Global Progress Report<sup>10</sup> highlighted some areas in which development partners need to excel for more effective development cooperation. It showed that challenges remain in the areas of an enabling environment for civil society, the alignment to country systems, the predictability of aid and the untying of all aid. These are core elements of the development effectiveness agenda and are part of the **"unfinished business"** that needs to be addressed to move forward in effective development cooperation for the SDGs. The DAC can play an important role in tackling these issues through **a formal Working Group on Development Effectiveness** and by adopting **a Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance.**

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<sup>10</sup> <https://www.effectivecooperation.org/landing-page/2018-monitoring-results>