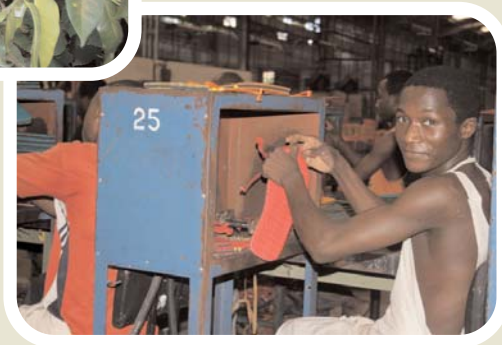




# LO's development policy strategy



## Workers' rights must be part of the development policy



When Denmark gives development aid, it is crucial that the aid also includes funds for improving workers' rights in developing countries.

Only by ensuring decent working conditions and a fair income distribution will the local populations in the developing countries experience that our assistance benefits them.

We, in the trade union movement, strive to ensure that workers' rights and a fair resource distribution become part of Danish development assistance.

In other words, we believe that the ILO's great efforts in the field of decent work should be an integral part of the Danish government's policy.

Far too often, we witness how the social partners - and the trade union movement in particular - are not given an opportunity to play an active role when various government strategies are to be implemented.

In order to promote the agenda for decent work and social dialogue, the trade union movement must be actively involved in the development efforts - both in Denmark and in the rest of the world.

The trade union movement has vast and valuable experience with development work and therefore ought to be a self-evident sparring partner to the government.

At the same time, we continue our work to strengthen the trade union movement in the developing coun-

tries under the auspices of the International Trade Union Movement (ITUC) and of The Danish Trade Union Council for International Development Cooperation.

In this strategy paper, we will summarize the LO-led trade union movement's priorities in development policy and we present specific proposals on how and what we will be working with in the coming years.

I sincerely hope that, in addition to serving as a set of benchmarks for our efforts, the strategy will also serve as a source of inspiration for others who strive to secure fairer development aid.

Enjoy your reading

Marie-Louise Knuppert,  
International Secretary  
The Danish Confederation of Trade Unions



LO's strategy for Danish development assistance efforts contains a general overview which takes, as its point of departure, the five following sub-items:

1. Growth and development
2. Trade union rights
3. Social dialogue
4. Social protection
5. The Danish anchorage

The aim of the strategy is to contribute to ensure that the Danish trade union movement obtains as much influence as possible on Danish development policy towards 2015.

## Introduction

The main aim of Danish development assistance is to fight poverty and to contribute to creating a sustainable development in order to reach the UN's 2015 goals.

To LO, there is no doubt that poverty-oriented economic growth is a precondition for development. In order to prevent that growth does not end up with a very small and affluent minority, it is necessary to ensure that it is based on decent jobs that are anchored in a sustainable labour market with social dialogue and respect for basic workers' rights.

Development aid cannot stand on its own when discussing our obligations to create long term improvements for the poorest people around the world. Trade policy is an essential element - both as a means and as an obstacle for creating growth and wealth. The LO-led trade union movement is convinced that free trade is an effective means for creating growth and prosperity. We have seen many examples of trade barriers that prevent developing countries from selling their products on our markets. Free trade is also in our own best interest. If we can sell our products on more markets at better prices, we will benefit from the growth this creates - growth which is generated by development aid and by giving other countries the possibility to sell their products on our markets.

Countries that can be characterized as developing countries - according

to Danish standards - must, of course, receive special attention when it comes to setting up agreements with a view to promote their opportunities for competing on our markets. Free trade and agreements hereon must, of course, also be based on the requirement to observe workers' rights.

The LO-led trade union movement therefore welcomes a much called-for conclusion of the current round of trade talks, the Doha round. The Doha development round must set the foundation for better and more balanced trade relations with the developing countries. However, since Doha does not deal with some of the most central issues such as workers' rights or investments, it is important that the WTO puts these issues on the trade policy agenda as soon as possible.

The developing countries must be given better opportunities for taking action and for ensuring that the big multinationals and international commercial syndicates that exploit labour and national resources in developing countries today also pay taxes and actively contribute to the development in the business sector in these countries.

LO believes that Danish development aid should be global and extend to Africa, which is the world's poorest continent, as well as Asia, which holds the world's largest population of poor people, and should also extend to Latin America

where great inequalities demonstrate that economic growth does not, in itself, relieve poverty.

LO will work to promote these development policy positions - in the international trade union movement, on DANIDA's (Danish International Development Agency) board, through political lobbying in Denmark and at the European level - including The Danish trade union council for international development co-operation (the LO/FTF Council) and by means of local solidarity activities.

The concept of decent work was introduced by the ILO in 1999 and covers four areas: employment, workers' rights, social dialogue and social protection.

In the ILO Declaration on Social Justice for a Fair Globalisation which was adopted at the International Labour Conference in 2008, the member countries are encouraged to promote the agenda for decent work at the national and international levels.

The ILO Declaration addresses four issues which have become increasingly evident during the developments of recent years. They are:

- a) Jobless growth (i.e. economic growth which does not create more actual jobs) - as opposed to which decent work focuses on employment and requires a strategy which promotes employment by creating a sustainable institutional and economic environment.



- b) Social dumping, child labour and falling incomes among workers (in countries where remuneration constitutes a falling share of the national gross added value) – to which the solution is decent work which centres on fundamental workers’ rights and focuses on the development and improvement of measures regarding social protection, social security and worker protection.
- c) A lack of democratic development, a lack of local ownership and poor government – as opposed to decent work which uncovers the need for social dialogue and tripartite agreements which have proved to be the best method for adapting implementation to fit the needs and conditions in the individual countries.
- d) Greater insecurity and turbulence as a consequence of globalisation and a subsequent increased need for a social safety net – Here, decent work is centred on increased social protection which incorporates the protection, promotion and implementation of fundamental principles and rights in connection with the performance of work.
- e) The point is that the four issues are inseparable. This means that if they are not all promoted, they will all suffer.

**LO will therefore make efforts to ensure;**

- That decent work becomes incorporated into both Danish and European-level development policy with a view to creating sustainable labour markets in developing countries that experience economic growth with a view to avoiding social dumping and to create opportunities for increased trade cooperation.
- That Denmark sets out a “national action plan for decent work” with specific instructions on the implementation of decent work which is to ensure coherence between Danish trade-, aid- and foreign policies.
- That decent work and the observation of fundamental workers’ rights are incorporated into the bilateral agreements with the EU.
- That the connection between workers’ rights and investments is put on the WTO’s trade policy agenda as soon as possible.
- That the distribution of Danish development aid continues to be global, i.e. that it includes Asia, Latin America and Africa.

**1 Growth and development**

The lack of jobs for the vast young generation in the developing countries is catastrophic and leads to social unrest, migration and entrapment of young people in poverty. There is no doubt that job creation must be a central priority in Danish development assistance. And there is also no doubt that not all jobs are of an equally high standard. On the country, far too often, jobs created in developing countries are so poor that they barely carry a living wage. There are no institutional frameworks to ensure proper working conditions and many jobs - for instance in free trade zones - are very precarious and only contribute to real growth to a limited extent. The trade union movement demands that the jobs that are created as a result of development aid are also decent jobs that observe core labour standards.

It is also a widespread problem that, far too often, training and education offers, including the ones that are financed by development aid, are not based on the needs of the labour market. There is a need for giving higher priority to vocational training and education as a precondition for creating productive jobs. Training must always be adapted to local conditions. However, it would be appropriate to incorporate Danish experiences from the social partners and vocational institutions in connection with the development of flexible vocational training programmes. It is also necessary to strengt-

When training and education in the public sector at the elementary and intermediate level in order to be able to provide public services for the citizens and the corporate sector.

In order to provide the foundation for giving everyone the opportunity to lead a decent life, it is necessary to strengthen productivity and added value in small- and medium sized enterprises (SME's). This requires easier access to targeted training, guidance and credit.

#### **LO will work for a development by which;**

- Local trade unions and employer organisations can join in applying for Danish development assistance funds and technical support for the upgrading and training of the workforce.
- Reforms that strengthen the cooperation between schools, business and trade unions in developing countries are carried out in the developing countries with a view to ensuring that the young population acquires the practical skills and trade union rights they need as part of the development of vocational training programmes.

## **2 Trade union rights**

Trade union rights are human rights. Items 23 and 24 of The Universal Declaration of Human Rights thoroughly describe human rights with regard to the labour market. Far too often, violations of trade union rights are overlooked in human rights' contexts. The Annual Surveys of The International Trade Union Confederation (ITUC) clearly document that many trade unionists in developing countries risk losing their lives because of their work to defend workers' interests. Nevertheless, observation of the ILO's core conventions is not included in the country strategies of the Danish government vis-à-vis the programme partner countries in spite of the fact that serious violations of trade union rights take place in a number of these countries.

In many developing countries, only a minority of the workers in the formal economy are protected by the right to unionise and conduct collective bargaining. Women are over-represented in the informal economy and are victim to discrimination in a long line of areas - also in the long line of countries that have ratified the ILO's conventions on equal pay and non-discrimination.

In spite of the fact that the international convention against child labour has been ratified by most countries, child labour continues to be widespread - especially in the informal economy. The trade union movement therefore has a specific interest in assisting other union

movements in the developing countries with matters related to the informal economy.

#### **LO will work for a development by which;**

- The Danish government contributes to an actual implementation and enforcement of the ILO's core conventions on fundamental workers' rights.
- The vast and important work of the ITUC to document violations of trade union human rights is disseminated and recognised around the world.



### 3 Social dialogue

LO has no objection to a stronger focus on private sector-driven growth. However, we firmly believe that the private sector thrives best in a healthy business environment based on social dialogue. The extent to which Danish development policy has, so far, focused on employment issues; this has generally been done without considering or including the labour market and the social partners. Weak institutional structures lacking in social dialogue increase the risk of jobless growth. The strong Danish tradition for social dialogue should, to a far greater extent, be incorporated into Danish development policy. This requires social partners that are actively involved in the implementation of Danish development policy. - Both in Denmark and at the global level

In Denmark, the LO-led trade union movement participates in the efforts to lead a critical dialogue with Danish businesses. The Danish Ethical Trading Initiative is example of such efforts. If corporate social responsibility (CSR) is to have any tangible effects, it requires the presence and involvement of local unions at workplace level in developing countries with a view to ensuring social dialogue.

#### LO will work for a development by which;

- Capacity building of the social partners is strengthened. This includes both employer- and employee organisations.
- A tripartite committee with the participation of representatives from the trade union movement, the employer-side and The Ministry of Foreign Affairs is set up with a view to ensuring social dialogue in a business climate which is increasingly focused on private sector growth.

### 4 Social protection

In the developing countries, the shortage of productive private sector jobs combined with a weak public sector has the effect that the majority of the population have no other choice than to work in the so-called informal economy. In many cases, these people are not covered by labour market legislation - and do not have any social security net at all. A common disease or a simple accident can, from one minute to the other, eradicate the basis for living of an entire family.

Another important point is that these issues are often worsened due to the weak standing of the state apparatus in the developing countries. Danish development aid must therefore, as many sides in the international community are now acknowledging, also aim to strengthen the state apparatus with a view to implementing and monitoring the observation of fundamental international and national agreements.



## 5 The Danish anchorage

### LO will work for a development by which;

- Access to social security schemes is ensured.
- Danish development aid does not, in its eagerness to strengthen the private sector, fail to support the capacity building of strong state entities that are to ensure and monitor the implementation of fundamental international and national rights and agreements.
- Trade union efforts in the area of the informal economy are strengthened with a view to making the trade union movement in developing countries a central player in the organisation and in the development of strong public frameworks.

Solidarity - both nationally and internationally - is part of the historical heritage of the trade union movement. LO would like Danish development aid to be increased to 1 pct. of GDP. The precondition for the continued support for Danish development aid among the LO-led trade union movement's members is that it makes a difference and that it reflects the Danish society - both when it comes to Danish companies, the trade union movement and the rest of the civil society. LO is therefore particularly committed to ensuring that the means for development aid contribute to more stable societies in developing countries, create new markets for Danish exports and counteract social dumping.

Denmark has committed itself to increasing its aid to adaptation for climate change in developing countries and means have been targeted specifically to the poorest among them. In addition to this, the transfer of energy technology for the developing countries will constitute an important share of the implementation of a future global climate agreement. This can be done in a way that accommodates both developing countries and provides opportunities for exporting Danish energy technology which, in turn, creates workplaces in Denmark and in the developing countries.

The Industrialisation Fund for Developing Countries (IFU) creates the opportunity for Danish companies to invest in the developing countries. The IFU has turned out to be good

for business, since the amounts that were originally transferred to the fund have been paid back and, today, the IFU has a considerable net worth. It would be an obvious choice to use the IFU to administer a fund which is to assist Danish companies that want to export energy technology to developing countries and growth economies. In order to avoid competition with projects aimed at the poorest countries, the fund must be independent such as is the case with the Industrialisation Fund for Eastern European countries.

### LO will work for;

- The establishment of a new business instrument that allows Danish companies to tailor the vocational training programmes in cooperation with Danish unions and institutions offering vocational training. Such training programmes could constitute a precondition for corporate investments and partnerships in the developing countries.
- An increase in Danish development aid so that it constitutes 1 per cent of GDP.
- The establishment of a fund to be administered under the auspices of the IFU with the aim to promote Danish company exports of energy technology to developing countries and growth economies.

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