
TUC submission to DFID
Review of the balance of competences
February 2013

TUC evidence to DFID on EU-UK competences in development cooperation and humanitarian assistance

Introduction

1. The Trades Union Congress (TUC) has 53 affiliated unions, representing almost six million members, who work in a wide variety of sectors and occupations. The TUC welcomes the opportunity to respond to the BIS call for evidence on the internal market as part of the wider Review of the Balance of Competences between the EU and the UK.

2. The TUC appreciates the UK contribution to international development, welcomes this opportunity to take part in the current consultation on EU-UK competences in development cooperation and humanitarian assistance, expresses its support for current EU policies and practices and hopes that our views will be taken into serious consideration and adequately reflected in any outcomes emanating from the current exercise.

3. In general, our view is that the UK gains enormously from involvement in EU development cooperation and humanitarian assistance, as the EU provides the UK with the opportunity to synergise and scale up its activities. We believe that if these powers were repatriated to the UK, the UK would achieve less with its expenditure than it does now, and the activities of EU countries put together would also achieve less. The EU's powers are complementary to the UK's, so if there are things that the EU is not doing, the UK can do them with its own resources, and where the EU's activity can be improved, the UK is in a strong position to secure support for those improvements – as it has done in the past.

What are the comparative advantages or disadvantages in these areas of the UK working through the EU, rather than working independently or through other international organisations?

4. The UK as a member of the EU is in a strong position to reap a wide range of benefits when working through EU in development cooperation due to a number of comparative advantages. The UK will enhance the effectiveness of its aid, avoid

wasteful duplication of effort and minimise unnecessary dispersal of valuable resources through:

- Participation in global action against poverty, with EU having a global presence¹;
- EU commitment to ensure coherence² in a number of policy areas³;
- Promotion of best practice in development cooperation through alignment, coordination and harmonisation of aid policies, procedures and practices⁴;
- Economies of scale in the delivery of aid^{5 6} ;
- Promotion of democracy, human rights, good governance and the rule of law⁷ – an approach that coincides with UK's priorities. The Cotonou Agreement has provisions to suspend aid in case of violation of the principles involved;
- Partnership with a wide range of civil society actors⁸, especially with trade unions and employers; and
- Heightened development awareness within the EU.

5. The TUC is aware of the shortcomings identified by DFID's oversight of EU aid programmes in some countries, notably Mozambique, Tajikistan and Uganda, highlighted in the ICAI assessment⁹ and hopes that the DFID will take effective steps to implement its recommendations¹⁰ with a view to enhancing the impact.

What is the impact of the current system of parallel competences on policy making and implementation in these areas, especially in terms of:

¹ EU has 141 delegations and offices around the world (Jan 2013)

² We recognize that this has been a controversial policy area.

³ In 2010, the Commission presented Policy Coherence for Development Work Programme 2010-13, focusing on trade and finance, climate change, food security, migration and security.

⁴ European Commission, member countries and European Investment Bank were participants in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

⁵ EU sources claim that administration costs are lower than in bilateral aid.

http://ec.europa.eu/europeaid/how/finance/myths-eu-budget_en.htm

⁶ See also IDC conclusion in this regard, EU Development Assistance, 16th Report, April 2012

⁷ EU Development Cooperation Instrument (DCI) is particularly concerned with these objectives.

⁸ See new proposals for Europe's engagement with civil society, COM(2012) 492 final

⁹ DFID's Oversight of EU's aid to low-income countries, ICAI, Report 17, December 2012

¹⁰ See conclusions and recommendations, 3.1 to 3.15, ICAI, Report 17, December 2012

a) Efficiency, effectiveness and value for money;

**b) Transparency (including checks against fraud and corruption);
and**

c) Working with other international partner organisations (e.g. UN, World Bank etc.)?

6. In our view, there is no adverse impact on policy-making and implementation in the current system of parallel competences for the following reasons.

7. EU development cooperation policies are developed in close consultation and with input from all member states. In fact, the Lisbon Treaty which provides the legal basis¹¹ for EU competence in development cooperation was negotiated with and adopted by all member states. The UK and other members are in a position to exercise influence on the direction and the contents of policies as well as the processes through institutional arrangements within the EU, for instance, the Council of the European Union and the European Parliament.

8. Moreover, there is no significant difference between the goals and objectives¹² of EU development cooperation policies and those of the UK Government. In fact, there is broad agreement and congruence in the policies and practices pursued by the EU and the UK. In addition, the UK and other member states are in a position to develop and implement their own policies and priorities in any area of choice, as the EU does not enjoy exclusive competence in this field, its role being complementary to that of its member states.

9. The TUC is conscious of the criticism levelled at EU aid programmes on efficiency, effectiveness and value for money in the past, but this makes the case for improvement rather than repatriation. The OECD review of EU Development Policies and Programmes noted that there had been progress in terms of organisational restructuring, streamlining of financial processes and improving coordination and working with civil society¹³. The review of EU aid policies and programmes by the International Development Committee, while being critical of the geographical distribution of aid, notably, of aid granted to Middle-Income countries, recognized that “the European Commission has improved its performance over the last decade and has recently proposed further improvements to development policy”¹⁴. Moreover, the IDC, despite its reservations on some EU

¹¹ See Article 2C (4)

¹² “Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty”, Article 208

¹³ EU Development Cooperation, OECD Peer Review, April 2012

¹⁴ IDC, 16th Report, April 2012

programmes and the slow EU bureaucracy, concluded that “on balance we are not convinced it is any worse than the other multilaterals DFID funds, for example the World Bank which we have previously reported our concerns on”¹⁵. The Independent Commission for Aid Impact (ICAI) in its review of the DFID Oversight of EU’s Aid to Low-Income countries has made a number of recommendations focusing on the need for securing input from intended beneficiaries and providing better guidance to DFID country offices on enhancing combined impact of EU and UK development assistance. In sum, while there is scope for improvement, the UK stands to gain considerably in channelling part of its ODA through EU development cooperation mechanisms.

10. The UK may be in a better position to ensure transparency of its own policies and practices and take effective measures against fraud and corruption when working independently. However, the UK could play a leading role in ensuring transparency and accountability of EU aid programmes and elimination of fraud and corruption by working through EU institutions.

11. Institutions like the World Bank and regional development banks have valuable expertise¹⁶ in many areas built over a long time which the UK will be able to benefit from when working through them. The UK has a good opportunity to help achieve its objectives in working through organisations like the International Development Association (IDA) which has a specific mandate to “promote economic development, increase productivity and thus raise standards of living in the less developed areas of the world”. The UK which already makes an important contribution¹⁷ to the replenishment of IDA funds should take the opportunity to increase its contribution to the IDA¹⁷. The Multilateral Aid Review¹⁸ commissioned by the UK Government concluded that the WB Group was one of the most effective multilateral institutions that the DFID funds¹⁹.

¹⁵ Conclusions and Recommendations, paragraph 46, op cit

¹⁶ Multilateral institutions share some of the comparative advantages attributed to the EU (economies of scale, global presence, ability to coordinate, access to technical expertise etc)

¹⁷ The UK commitment to IDA16 was £2.66bn in 2012-15.

¹⁸ The UK Government, following the MAR, decided to limit the number of multilateral institutions through which it channels ODA and concentrate it on fewer of them.

¹⁹ Overall, fifteen of the forty-three multilateral organisations were judged to be strong in performing a role which is critical to meeting UK development and humanitarian objectives, and twenty-one were deemed to be satisfactory. This is a very strong endorsement of the central importance of the multilateral system for meeting UK development and humanitarian objectives, MAR, Para 15, Chapter 3

12. As part of its initiative to promote transparency, the WBG²⁰ has joined the International Aid Transparency Initiative becoming the first multi-lateral institution to do so and agreeing to make available its data. Moreover, many UN agencies have made similar commitments to the IATI. In addition, the reforms adopted by the WB Governors at the 2010 Spring Meetings, when implemented, will go a long way in addressing DFID concerns on efficiency in the delivery of results. Therefore, the UK Government will be able to fulfil its commitment to transparency and accountability in the delivery of official development assistance (ODA) in working through the multilateral system.

Relationships between development cooperation/humanitarian aid and other policy areas

How far do EU development policies complement and reinforce policies in areas such as trade, security, stability, human rights, environment, climate change etc, and vice versa?

13. The TUC agrees that there is considerable scope for the EU to do more to ensure policy coherence in a wide range of areas and bring its development cooperation and humanitarian aid policies into line with other policies. The Lisbon Treaty is quite explicit on this and stresses the need for the EU to take into account the objectives of development cooperation in all its policies likely to affect developing countries. The adverse impact of the Common Agricultural Policy (CAP) on developing countries has been the subject of debate for decades. Following significant reforms to the CAP and the establishment of the World Trade Organisation (WTO), the controversy seems to have subsided, to some extent, in recent years. Nevertheless, the TUC has concerns over export subsidies, tariff barriers and domestic support and their impact on developing nations' ability to compete on international markets including on those in the EU. In addition, EU non-tariff barriers (NTBs) and its efforts at internal price stability add to the difficulties facing developing country exports.

14. There is growing concern over EU renewable energy policies which have led to vast amounts of soya, sugarcane, sunflower, maize etc being used for producing biofuels causing rises in food prices. Moreover, the clearing of forests to increase the land used for cultivation of the crops concerned has caused damage to the environment. The recently reformed EU Common Fisheries Policy, too, has attracted criticism from many quarters including developing countries who point out that EU subsidies aimed at modernising fleets encourage fishing in their waters, thereby depriving their fishermen of livelihoods.

15. The Cotonou Agreement (2000) and its second revision (2010) which provide the basis for development cooperation between the EU and 79 countries in Africa,

²⁰ WB and DFID were party to the Accra Statement on IATI in 2008.

the Caribbean and the Pacific have provisions aimed at complementing and reinforcing policies in a number of key areas including human rights and good governance. On trade, developing countries receive either unilateral EU trade preferences through the EU's Generalised System of Preferences or through bilateral or regional agreements, especially through the ongoing negotiations of the Economic Partnership Agreements (EPAs) with ACP countries. The International Trade Union Confederation (ITUC), which includes ACP country trade unions and the TUC, is critical of EPAs on the grounds that they require premature and inflexible liberalisation for developing nations which may restrict their industrial development, have adverse impact on food security and reduce tariff revenue. EPAs are also not conducive to trade within regional groupings. Moreover, developing nations are required to open their markets to EU exports under EPAs often prematurely, which has caused considerable difficulties for them²¹.

16. The ITUC, ETUC and TUC are also concerned about concluding trade agreements with developing countries that have poor human rights records. This includes recent trade agreements with Colombia and Guatemala²² which have appalling levels of violence²³, especially against trade unionists.

17. The EU is well placed to address such concerns with trade liberalisation through better aligning development cooperation and foreign policy objectives such as respect for human rights with its trade and investment policy, where, unlike the UK, it holds an exclusive competence. This should include binding labour standards commitments based on ILO conventions and recommendations, with accompanying development assistance to help developing countries effectively implement those commitments, along with binding requirements on EU business investing in or sourcing from developing countries to carry out human rights and environmental due diligence in line with the UN Guiding Principles on Business and Human Rights.

18. For the first time, a political dimension was added to economic cooperation with the possibility of suspension of aid in the event of serious violations of human rights, the rule of the law and good governance by partners to the agreement. The Commission is working on the integration of climate change concerns into the EU Multi-annual Financial Framework (MFF) 2014-2020 and expects to devote 20% of the MFF on climate change relevant activities. In addition, moves are underway to

²¹ The Commission has proposed to remove duty-free access from ACP countries which have not completed their EPA negotiations by January 1, 2014 while the European Parliament is calling for this deadline to be extended to 2016.

²² EU-Central America Association Agreement includes other countries in Central America.

²³ Part II – Political Dialogue includes core labour standards without commitment to respect them.

remove or phase out environmentally harmful subsidies (EHS) at EU level under the Resources Efficiency Roadmap²⁴.

19. A number of commitments to remove or phase out environmentally harmful subsidies (EHS) have been adopted over the years. At the EU level, commitments to subsidy reform are reiterated in the Resource Efficiency Roadmap with regular reporting foreseen under the European Semester process. At the global level, commitments have been adopted in the context of the Convention on Biological Diversity (CBD) and the G20, while some existing commitments were reiterated at the Rio+20 Conference. However, despite these numerous commitments progress has been slow.

Future options and challenges

Bearing in mind the UK's policy objectives and international commitments, how might the UK benefit from the EU taking more or less action in these areas, or from more action being taken at the regional, national or international (e.g. UN, OECD²⁵, G20) level – either in addition or as an alternative to action at EU level?

20. The UK Government has made three key international commitments²⁶ bearing upon official development assistance (ODA). The pledge to increase ODA towards the UN-recommended 0.7% of the country's GNI and reach the target in 2013 is of great importance and will be a significant milestone in UK aid disbursement. In view of the reduced GNI due to recession, the UK Government will now be able to reach the target at a lower level in absolute terms. Nevertheless, if the target is to be reached in 2013, ODA will need to rise by 27.5% and 2.5% in 2013 and 2014 respectively²⁷. In our view, in the case of bilateral aid, absorptive capacity constraints facing some developing countries could stand in the way of increased aid flows and call into question the appropriateness of sudden increases in aid flows. With UK ODA being increasingly targeted on a limited number of low-income countries²⁸, sudden influx of aid into some of the countries concerned could cause difficulties. In the short-term, it is advisable for the UK Government to channel part of the increased ODA through EU institutions, UN agencies like the ILO, WHO, UNDP etc in order to minimize the risk of absorptive capacity constraints in some target countries.

21. The TUC welcomes the UK commitment to the achievement of Millennium Development Goals (MDGs), appreciates the DFID contribution in this regard and

²⁴ Roadmap to a Resource Efficient Europe, COM(2011), 571 Final, 3.4

²⁵ We are not aware of any scope for meaningful action in this area through OECD or G20

²⁶ Business Plan 2012-2015, DFID, 2012

²⁷ The 0.7% Aid Target, Standard Note, SN/EP/3714, 17 Sept 2012

²⁸ Following the Bilateral Aid Review in 2011, the DFID decided to reduce the number of countries from 43 to 27 in the coming years.

suggests that UK contributions made to UN agencies, some of which have been singled out in the Multilateral Aid review for the effectiveness of their interventions in their specialised area of work, be substantially increased in the coming years. The TUC hopes that the UK Government will reconsider its decision to withdraw financial support for the ILO and make contributions to the implementation of ILO Decent Work programmes at country level, for instance. In our view, the withdrawal of funding was due to the lack of understanding of the role of the ILO in setting norms and standards for the world of work to ensure an enabling environment conducive to development²⁹ and the failure to assess the impact of DWCPs.

22. The UK should make use of the opportunity of its participation in the UN High Level Panel on the post-2015 international development agenda and play a leading role in supporting a multi-stakeholder approach to development and securing more resources through innovative strategies including the introduction of a tax on financial transactions.

Are there ways in which the EU could use its existing competence in these areas differently, or in which the competence could be divided differently, that would improve policy making and implementation, especially in terms of:

a) Efficiency, effectiveness and value for money;

b) Transparency (including checks against fraud and corruption); and

c) Working with other international partner organisations (eg UN, World Bank etc)?

23. It was only in October 2011 that the European Commission published its new international development policy – **Agenda for Change** and the Council of the European Union adopted conclusions on it in May 2012. We are pleased that there is explicit acknowledgement of the importance of social protection, labour rights, decent work and social responsibility³⁰ in private sector participation in development. In our view, there is hardly any valid reason for a radical review of EU Development Cooperation policies and practices at present. Moreover, there have been in-depth reviews of EU development policies and programmes by a number of competent and credible institutions in the recent past.

24. On the whole, it is necessary to take into account conclusions and recommendations made by recent reviews and implement them with a view to

²⁹ See the detailed TUC response to the DFID on the withdrawal of funding, <http://www.tuc.org.uk/international/tuc-19553-f0.cfm>

³⁰ Council Conclusions, Increasing the impact of EU development policy: Agenda for Change, May 2012, Paras 8 and 9

enhancing the efficiency and effectiveness of EU aid programmes to ensure better value for money. The TUC welcomes the new emphasis on governance and human rights and recognizes their importance in the formulation and implementation of aid policies and their relevance to fundamental values of EU institutions and does not advocate radical changes to current policies and practices other than greater transparency and accountability.

General

Are there any general points on competence you wish to make which are not captured above?

25. The TUC welcomes DFID's recognition of the role of civil society in international development and values its acknowledgement of the part played by trade unions³¹. However, it is regrettable that DFID, despite its explicit recognition of the specific niche occupied by trade unions as a development actor³², has taken no initiative to enhance the effectiveness and impact of its interventions through close collaboration with the trade union movement either in the UK or abroad. Many development agencies³³ and ministries of foreign affairs³⁴ in the EU are keen to exploit the potential, engage with trade unions in policy dialogue and support trade union development cooperation initiatives in a variety of ways.

26. The TUC hopes that DFID will take the opportunity to work closely with the international trade union movement in order to achieve its objectives in international development, notably, in its endeavours to "maintain momentum to achieve MDGs with a focus on services for poor people". Moreover, DFID will be in a strong position to contribute significantly to the MDGs as well as to the post-2015 international development agenda if it takes meaningful steps³⁵ to support the ILO Decent Work Agenda, especially at country level.

³¹ <http://webarchive.nationalarchives.gov.uk/+/http://www.dfid.gov.uk/About-DFID/Who-we-work-with1/Trade-Unions/>

³² The evaluation clearly defines your specific niche as a development actor and notes your potential to have a level of impact which is much greater than many other CSOs. The labour movement is often a key voice in countries, such as Zimbabwe and Iraq, where more traditional development actors have limited influence. A key challenge that this presents is how you can better translate your unique position into tangible programme and policy results, feedback from DFID on PPA Evaluation 2008-2010.

³³ Social Dialogue and Workers' rights, The Right to a Better Life, DANIDA, June 2012

³⁴ <http://www.fnmmondiaal.nl/media/pdf/352260/1194602>

³⁵ http://www.tuc.org.uk/tucfiles/394/A_Decent_Job.pdf