

## **Workers and trade union**

Comments

05/05/2006

### Finance and Investment for Energy and Industrial Development

First, we support youth in their concerns over the wide range of employment issues and add that violation of labour rights hits hardest not only youth but also women. And youth unemployment is one of the most pressing problems facing many countries.

A couple of points :

JPOI and its rights-based approach must not be forgotten, it set some important landmarks and principles, including government responsibilities for finance.

The cost of capital is always higher to the private sector than to public.

Private sector must not only meet high return on capital needs, ride the stock market roller coaster, but also seeks to offload its risk and eliminate competition, wherever possible. We need to examine whether the private sector is stable and reliable enough to provide the core infrastructure on which our societies depend.

For building formal, capital-intensive energy utilities, almost all industrial countries have historically relied on public utilities to extend networks and to provide services to the poor or to rural areas, which were not being served by market actors. This is probably more true for developing countries, as a number of delegates have pointed out this morning.

Also, Norway spoke of public finance needs and we would support recent IMF decisions to review and increase their ceilings on government borrowing for capital-intensive public infrastructure.

But we caution against continued IFI loan conditionalities, including in PRSPs, to impose privatisation and market dynamics in public utilities when experience shows a very high failure rate of these conditionalities, especially in providing services to the poor.

We applaud the new IFI programmes on sub-sovereign loans to public utilities, as well as IFC's new social and environmental performance standards, including ILO core labour standards.

We suggest that using bilateral aid and Export Credit Agencies to increase market access for their corporations is not only misguided, but prejudicial to sustainable development, especially in the energy sector.

Chair, the market can offer powerful tools and incentives, but it doesn't provide all of the answers. Governments, both north and south must not abandon their responsibilities to market actors and dynamics.

We urgently need a new approach to address energy and climate change challenges, and urge a rights-based approach that will allow us to address the social and environmental pillars of SD.

We urge governments to take up the following challenges :

Respect UN target of 0.7% for ODA and ensure that it focuses on projects and recipients that respect social and environmental pillars.

OECD countries have some especially heavy responsibilities in the area of finance and investment and need to find more funds for public investments.

Much of the technology does in fact emanate from public research budgets and laboratories. Its transfer needs to be accelerated. But tech transfer also requires capacity building of the workers who will operate and maintain. I suggest that the money invested in the workforce provides a high rate of return. We need to move away from the low-wage, unstable and unsafe employment that appears to feed markets.