

**Memorandum of Understanding**

**between**

**the Swiss Confederation**

**and**

**the International Labour Organization**

**concerning international development cooperation**

*Considering* the Federal Act of 19 March 1976 on International Development Cooperation and Humanitarian Aid (RS 974.0), the Federal Act of 30 September 2016 on Cooperation with the States of Eastern Europe (RS 974.1) and the applicable Federal Council Dispatches concerning the international cooperation of Switzerland.

*Recalling* the 2030 Agenda adopted in 2015, and that

- the 2030 Agenda is an important reference framework for the national and international engagement of Switzerland in the area of sustainable development,
- the primary goal is to strengthen the economic framework and to cooperate to achieve sustainable and inclusive growth in developing countries and increase their resilience within a globalized economy.

*Recalling* the ILO Declaration on Social Justice for a Fair Globalization adopted by the International Labour Conference on 10 June 2008 (*hereinafter “the Declaration”*) and the Decent Work Agenda, and that

- the Declaration aims, among other things, to optimize national and international policy measures placing full and productive employment and decent work at the centre of social and economic policies,
- the Declaration must be implemented effectively so that the International Labour Organization (*hereinafter “the ILO”*) and its Members have at their disposal the means necessary to achieve full and productive employment, decent work and the social dimension of globalization,
- the ILO’s Global Employment Agenda is the reference framework for promoting and implementing cooperation projects aimed at increasing the opportunities of countries in transition and developing countries by supporting their productivity and ability to compete in globalized production chains,
- the ILO’s Fair Migration Agenda renews the ILO’s commitment in the area of labour migration and represents a reference framework for the establishment of projects aimed at protecting migrant workers, improving labour migration governance and increasing the contribution of migration to sustainable development,
- cooperation must aim to effectively improve respect for the fundamental principles and rights at work and to promote social dialogue for establishing good practices in labour relations,
- good collaboration between the Swiss Confederation and the ILO, both from an institutional point of view and in terms of development cooperation.

*Recalling* the ILO Centenary Declaration for the Future of Work, adopted by the International Labour Conference on 21 June 2019 (*hereinafter “the Centenary Declaration”*), and that

- the objective is to develop a human-centred approach to the future of work,
- efforts must be directed to:
  - harnessing the fullest potential of technological progress and productivity growth to achieve decent work,

- achieving gender equality at work,
- supporting the role of the private sector as a principal source of economic growth and job creation and promoting an enabling environment for entrepreneurship and sustainable enterprises, in particular micro, small and medium-sized enterprises,
- promoting the transition from the informal to the formal economy,
- deepening work on international labour migration,
- intensifying engagement and cooperation within the multilateral system with a view to strengthening policy coherence, and
- strengthening the resilience of societies, including in responding to crises.

*Noting with satisfaction that*

- the Swiss Confederation, through the State Secretariat for Economic Affairs of the Federal Department of Economic Affairs, Education and Research (*hereinafter "SECO"*) and the Swiss Agency for Development and Cooperation of the Federal Department of Foreign Affairs (*hereinafter "the SDC"*), undertakes, in partnership with the ILO, represented by the International Labour Office, by means of cooperation activities focused on decent work for all and full and productive employment (Sustainable Development Goal 8), to promote working conditions at the global level and to assist partner countries in implementing the Decent Work Agenda, including creating conditions that guarantee people quality jobs that stimulate the economy without any detrimental effects on the environment,
- SECO's strategic objectives are designed to support an integration of partner countries into the global economy that promotes their development and to strengthen sustainable growth in order to limit the risks of globalization in developing countries and permanently reduce poverty, which constitutes the basis for the economic, social and cultural development of populations. SECO's projects focus on strengthening the framework conditions that are favourable to the economy and private sector development. They systematically consider gender equality, the climate and the effective use of resources. They also contribute to reducing the causes of irregular and forced migration. SECO's operational objectives are designed to support innovative approaches promoting a close link between work, the environment, improved production conditions and strengthened enterprise competitiveness,
- the SDC's strategic objectives are designed to reduce poverty in all its forms and exposure to global risks. Among other objectives, it intends to improve the living conditions of populations in developing countries and undertakes systemic, long-term action to enable those countries to be the agents of their own development. It focuses on sustainability to ensure development that respects planetary boundaries. The SDC's operational objectives for migration and development are to contribute to creating the framework conditions to enable migration to be a choice and to be safe, orderly and regular, while valuing the migrant's role as a potential agent of development in all stages of the migration cycle.

With that in mind, it is essential to establish respectful living, working and recruitment conditions for migrant workers and to protect their rights, including within economic migration corridors.

The Swiss Confederation and the ILO (*hereinafter “the Parties”*) hereby decide to formalize and implement a framework for strengthened joint collaboration and rules of procedure for the implementation of projects or activities, and agree the following:

#### **Article 1: Point of contact**

The International Labour Affairs Unit of SECO shall represent the Swiss Confederation within the ILO. It is the point of contact and the coordinating body within the Federal Administration for all strategic, institutional and operational matters concerning the ILO, including in the area of development cooperation. It has an overview of the institutional, normative and cooperation policy of the ILO and ensures coherence in the areas of cooperation with the ILO. The Partnerships and Field Support Department (PARDEV) of the International Labour Office shall be SECO's point of contact for all matters relating to the present Memorandum of Understanding, including its implementation in accordance with Article 4.

#### **Article 2: Areas of collaboration**

2.1 The Swiss Confederation, through SECO and the SDC, undertakes, to the extent possible and within the available financial means, to support ILO activities in the area of technical assistance for sustainable enterprises that create decent and productive jobs and in the area of labour migration, and the ILO undertakes to provide the appropriate services and to collaborate in an exchange on topics of common interest.

2.2 The Swiss Confederation, through SECO and the SDC, undertakes, in partnership with the ILO, jointly to promote the ILO Centenary Declaration and decent work, including in the context of United Nations reform and in the ILO's collaboration with the United Nations system and international financial institutions.

2.3 To the extent possible, within the available financial means and according to its competences, SECO shall support the accomplishment of projects or activities in areas including the following:

- entrepreneurship capacity-building with a view to improving enterprises' international competitiveness,
- effective promotion of existing national and international labour, employment and environmental standards,
- promotion of the effective implementation of sustainable entrepreneurial practices that respect international labour standards and prioritize the inclusion of small and medium-sized enterprises (SMEs) in globalized production chains, such as improved access to capital for SMEs,
- promotion of enterprises' corporate social responsibility activities, in accordance with the Multinational Enterprises Declaration,

- promotion of research on employment, the labour market and trade,
- exchange of good practices and expertise in relation to employment and economic development,
- development of technical and social skills in the workplace,
- capacity-building for the social partners, institutional capacity-building for partner countries and promotion of social dialogue,
- entrepreneurial capacity-building for labour migrants' re-entry into the labour market after returning to their country of origin,
- promotion of labour market policies and measures,
- promotion of sustainable economic growth and full and productive employment through incentives for the creation and development of sustainable enterprises, innovation and the transition from the informal to the formal economy,
- strengthening of the link between the cooperation of the Swiss Confederation with its partner countries on labour and employment matters and the ILO's development cooperation projects and activities in the areas of work, employment and social partnership,
- the future of work and technological change, including digitalization, and the search for innovative, sustainable solutions that benefit both employees and employers.

2.4 To the extent possible, within the available financial means and according to its competences, the SDC shall support the implementation of projects or activities in areas including the following:

- promotion of the ILO's Fair Migration Agenda, in particular improved protection for migrant workers and improved labour migration governance with a view to making labour migration more beneficial to migrant workers and their families, so that migration flows contribute to the development of countries of origin as well as of destination,
- promotion of fair recruitment practices and of a reduction of the costs of migration,
- promotion of the corridor approach combining systematic work at all stages of the migration process between the countries concerned where the SDC supports projects or activities (including pre-departure, post-arrival, integration in the destination country, return to the country of origin, and economic and social reintegration in the country of origin),
- better management of vocational skills (skills matching schemes and skills partnerships) and of skills recognition for migrant workers,
- promotion of access to justice and to basic services for migrant workers and their families,
- capacity-building for civil society, in particular the social partners in their activities for migrant workers,

- strengthening of dialogue and strategic cooperation on labour migration matters, including within policy processes at the global and regional levels,
- promotion of research, data collection and the creation of networks of stakeholders at different levels to strengthen the evidence base on labour migration.

### **Article 3: Consultations**

3.1 The Parties shall jointly establish:

- an annual consultation on the strategic direction of the development cooperation partnership between the Swiss Confederation and the ILO and on the progress and the outcomes of all development cooperation projects financed by the Swiss Confederation,
- communication and exchanges of information between the International Labour Affairs Unit of SECO, the Global Programme Migration and Development Division of the SDC and the International Labour Office,
- regular monitoring and reporting on the implementation of projects or activities financed by SECO and the SDC according to the schedule of individual contributions and the contractual arrangements of the projects,
- the participation of SECO or the SDC (with information to SECO) in the advisory committees and strategic management committees of the projects or activities financed by SECO or the SDC.

3.2 At the annual consultations, the International Labour Affairs Unit of SECO will be informed of the proportion of Swiss nationals hired by the International Labour Office and of the list of vacant posts, this being information that is available to all Member States of the ILO.

3.3 At the annual consultations, the International Labour Office will inform the International Labour Affairs Unit of SECO of all existing and planned development cooperation projects and activities with the Swiss Confederation. The International Labour Office will provide an annual fact sheet presenting the financial contributions of the Swiss Confederation to the ILO, the main projects and their objectives, and the strategic priorities for development cooperation.

### **Article 4: Agreements**

4.1 This Memorandum of Understanding shall be implemented by means of subsequent project agreements to be concluded between the Parties.

4.2 Such subsequent agreements shall include the following minimum wording concerning the principles governing the implementation of projects or activities financed by the Swiss Confederation:

- Contribution: The International Labour Office shall keep separate accounts in US dollars for the contribution, showing all income and expenditure. Contributions

and expenditure in currencies other than US dollars shall be converted to US dollars using the United Nations operational rate of exchange in effect on the date of the transaction. The International Labour Office shall inform SECO or the SDC, as the case may be, in writing if the contribution proves to be insufficient to cover the costs of the project-related activities as foreseen in the project document.

In such a case, the International Labour Office shall consult SECO or the SDC with a view to increasing the contribution to cover the project activities or modifying the activities such that they will be covered by the contribution.

- Support costs: The contribution shall cover the project-related expenses and the support costs calculated at a rate of thirteen (13) per cent of the direct costs of the project. The support costs shall be used in accordance with the rules, regulations, directives and procedures of the ILO, among others, for the governance and oversight, management and other administrative support, planning and implementation of projects and global policies, monitoring and evaluation, and partnerships and development cooperation.
- Personnel: The principles under Article 5 of this Memorandum of Understanding shall apply.
- Procurement: The procurement of goods or services carried out by the International Labour Office for the project or activity financed by the Swiss Confederation shall be conducted in accordance with the rules, regulations, directives and procedures of the ILO.
- Anti-corruption clause: The principles under Article 10 of this Memorandum of Understanding shall apply.
- Reporting: The International Labour Office shall provide the Swiss Confederation with detailed annual financial reports in the form of an extract from the ILO's accounts, as submitted for audit to the External Auditor whose certificate will appear in the ILO's annual financial report. Furthermore, the International Labour Office shall provide the Swiss Confederation with annual progress reports on the results achieved within the project or activity in the past year. The International Labour Office shall also provide the Swiss Confederation with a final implementation report for the project or activity once the related activities have been completed.
- Evaluation: The projects or activities financed by the Swiss Confederation and implemented by the International Labour Office shall be subject to an evaluation conducted in accordance with the rules, regulations, directives and procedures of the ILO, in close cooperation with the Swiss Confederation. The Swiss Confederation shall nevertheless retain the right to commission and finance external evaluations.
- Audit: The activities and expenditure associated with projects or activities financed by the Swiss Confederation shall be subject to the internal and external audit procedures provided for under the rules, regulations, directives and procedures of the ILO. The Swiss Confederation shall nevertheless retain the right to arrange, at its own cost, an audit by the External Auditor of the ILO. Furthermore, the Swiss Confederation shall be entitled to visit, at its own cost, projects or activities

financed by it. It shall inform the International Labour Office of any such visit in advance.

- Intellectual property rights: In the absence of provisions to the contrary, all intellectual property rights, including the title, copyright and patent resulting from activities related to projects or activities financed by the Swiss Confederation shall belong to the ILO, including unrestricted rights to use, reproduce, adapt, publish and distribute any materials subject to those rights. The Swiss Confederation shall nevertheless retain a permanent, irrevocable, non-exclusive and non-transmissible licence to use, without temporal or spatial restrictions, for its own purposes any creations resulting from activities or projects to which it has provided financing.
- Visibility: The financing of the Swiss Confederation must be explicitly acknowledged and mentioned in all publications on the projects or activities concerned, in accordance with the Communication and Visibility Manual of the ILO and in line with the visual identity of the Swiss Confederation.
- Settlement of disputes: The principle under Article 7.1 of this Memorandum of Understanding shall apply. Furthermore, any dispute, controversy or claim relating to future project agreements that has not been settled amicably within sixty (60) days will be settled through arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The arbitration award shall be accepted by the Parties as the final ruling on the dispute.
- Termination: Following consultation between the parties, the project agreement may be terminated by either party by written notice to the other. The termination will take effect ninety (90) days after receipt of such notice. In the event of termination, the ILO shall not be obliged to reimburse funds that it has irrevocably committed in good faith to third parties prior to the date of notification of termination. Other funds shall be reimbursed by the ILO within the time limit specified in the specific project agreement.
- Interest and remaining balance: Any interest derived from the contribution will be accounted for separately. Any interest or remaining funds not expended once all commitments and responsibilities contracted as part of the project implementation have ended will be reimbursed to the donor, who will decide on their final allocation.

## **Article 5: Personnel**

5.1 The personnel hired by the International Labour Office for the projects or activities covered by this Memorandum of Understanding and by future project agreements shall be recruited and employed on the basis of the rules, regulations and practices of the ILO. In this connection, the International Labour Office shall ensure that Switzerland is represented equitably in accordance with the principle of geographical distribution.

5.2 Vacancy announcements published with a view to implementing this Memorandum of Understanding shall be transmitted to the International Labour Affairs Unit of SECO, which may propose potential candidatures of qualified applicants.



5.3 The SDC may make Junior Professional Officers available in accordance with the conditions of the Agreement between the Government of the Swiss Confederation and the International Labour Office on Associate Experts dated 4 August 1986.

#### **Article 6: Termination**

Following consultation between the parties, the Memorandum of Understanding may be terminated by either party by written notice to the other. The termination will take effect ninety (90) days after receipt of such notice. In the event of termination of this Memorandum of Understanding, the obligations assumed by the ILO and the Swiss Confederation shall survive its termination to the extent necessary to permit the orderly and satisfactory conclusion of the activities generated by the agreements under Article 4.

#### **Article 7: Settlement of disputes**

7.1 The Parties agree to make every effort to settle amicably any dispute, controversy or claim arising out of the application or interpretation of this Memorandum of Understanding.

7.2 Any dispute, controversy or claim not settled amicably shall be subject to negotiations between the Parties.

#### **Article 8: Privileges and immunities**

No provision of this Memorandum of Understanding or act relating thereto shall be construed as constituting a waiver of the privileges and immunities enjoyed by the ILO.

#### **Article 9: Amendments**

Any amendments to this Memorandum of Understanding require the agreement of both Parties and shall be made in writing.

#### **Article 10: Anti-corruption clause**

The Parties share a common concern to combat fraud and corruption, which are detrimental to the good governance and appropriate use of resources allocated to development. No offer, gift or payment, quid pro quo or advantage of any kind that would constitute an unlawful, corrupt or fraudulent practice shall be made, promised, sought or accepted (either directly or indirectly) as an incentive or reward in connection with the activities financed under this Memorandum of Understanding or any agreements under Article 4. Each Party shall inform the other of any such practices without delay. Any such act shall constitute sufficient grounds for the immediate termination of this Memorandum of Understanding, or of projects or activities carried out under it, and/or for the withholding in full or in part of any payment not yet made, if no corrective measures satisfying both the Swiss Confederation and the ILO have been taken within 30 days. All personnel, subcontractors and collaborators working on the various project-related activities shall observe the highest ethical standards in undertaking their obligations.

Furthermore, the ILO shall ensure that all persons or companies participating in the procurement processes and/or implementation of projects or activities under this Memorandum of Understanding and under future project agreements, including any

subcontractors, are not featured on the list of sanctions of the United Nations Security Council or on the list of sanctions of the United Nations Global Marketplace.

**Article 11: Entry into force**

This Memorandum of Understanding shall enter into force on the date on which it is signed and shall replace the Memorandum of Understanding of 30 May 2016 between the Swiss Confederation and the ILO.

Done at Bern, this 30 November 2020, in French, with two original copies submitted to each Party to the Memorandum of Understanding.

**For the Swiss Confederation**

**For the International Labour Organization**

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Guy Parmelin,

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Guy Ryder,

Federal Councillor and Head of the  
Federal Department of Economic Affairs,  
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