

## **TERMS AND CONDITIONS**

### **INTERNATIONAL TRADE AND LABOUR PROGRAM GRANTS FOR INTERNATIONAL LABOUR INSTITUTIONS IN WHICH CANADA PARTICIPATES**

#### **INTRODUCTION**

The Government of Canada is committed to addressing the labour dimensions of international trade and economic integration. It does so by promoting good governance, the rule of law, respect for international labour standards, and a more equitable distribution of the benefits of globalization, as well as by participating in international efforts to improve respect for labour rights.

Internationally, Canada meets the above commitments by participating in the following key institutions and international agreements:

- the Commission for Labour Cooperation established under the North American Agreement on Labour Cooperation (NAALC);
- the Inter-American Conference of Ministers of Labour, a forum through which the Labour Ministers of the 34 democratic countries in this hemisphere promote cooperation on labour and employment issues in general and the labour and employment dimension of globalization in particular;
- the International Labour Organization, a United Nations Special Agency responsible for formulating international labour standards and for reviewing the social dimension of globalization; and
- labour cooperation agreements, signed in parallel with each free trade agreement signed by Canada since 1993 in order to commit Canada's trade partners to reflect international labour standards in their domestic labour legislation and to effectively enforce their labour laws.

Participating in these institutions and agreements may include supporting technical assistance or other cooperative projects as a means of addressing the labour dimension of globalization.

Domestically, Canada meets the above commitments through

- social dialogue: the negotiation, consultation or exchange of information among representatives of governments, employer and worker organizations, academia and non-governmental organizations, on international trade-related labour issues.

Social dialogue is critical to good policy-making and implementation, and fosters public support for Canada's international trade and labour agendas. At present, the primary body in Canada for social dialogue on international labour issues is the Advisory Committee on International Labour Affairs, a committee of leading business and labour representatives from across the country that counsels the Government of Canada on international trade-related labour developments.

A sound policy for addressing the labour dimension of globalization calls for continued support for, and further development of, Canada's participation in the Inter-American Conference of Ministers of Labour, the International Labour Organization, labour cooperation agreements, and social dialogue. The Inter-American Conference and labour cooperation agreements, including specifically the North American Agreement on Labour Cooperation, are the particular focus of this document.

## **OBJECTIVES AND RESULTS**

The proposed International Trade and Labour Program, ITLP, will complement the Government of Canada's existing initiatives in the area of international labour affairs. The grants stream at hand will enable Canada to meet its international obligations and take initiatives to support international labour institutions in which Canada participates.

This grants stream, as with ITLP as a whole, will be funded with existing monies.

In the long term, this aspect of ITLP's work is intended to help support partner country compliance with obligations under labour cooperation agreements and other international instruments, and with the fundamental labour standards and principles set by the International Labour Organization (and adopted by global consensus), which form the basis of labour cooperation agreements and which are cited in many international instruments. Such an outcome would also contribute to the credibility of Canada's approach to trade and labour—the labour cooperation agreement model—which relies on cooperation for effectiveness.

## **ELIGIBLE ACTIVITIES**

Under this grants stream of ITLP, Canada will meet its international obligations to fund the North American Commission for Labour Cooperation, a tri-national secretariat under the North American Agreement on Labour Cooperation (NAALC) between Canada, the United States and Mexico. The Commission implements the NAALC's mandates and helps ensure that each party to it meets its obligations by preparing and publishing reports on labour issues, overseeing cooperative activities and inter-governmental consultations, and managing independent evaluations and dispute resolution related to the enforcement of labour laws.

Other activities that ITLP may support include the following (list is indicative only):

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- financial assistance to support other international labour institutions or secretariats pertaining to other labour cooperation agreements or the successor agreements to labour cooperation agreements; and
- financial assistance to the Inter-American Conference of Ministers of Labour for the creation of a new international labour institution to build capacity and increase the efficiency of Labour Ministries in the Americas, or otherwise address the social dimension of globalization.

## **ELIGIBLE RECIPIENTS**

Eligible recipients for ITLP support under this grants stream will be identified from among secretariats or international organizations mandated with the administration of the labour dimension of trade agreements. More specifically, ITLP may identify as eligible the following (list is indicative only):

- the Secretariat of the North American Commission for Labour Cooperation;
- similar bodies as established by Canada and its partner countries under current and planned labour cooperation agreements; and
- the Inter-American Conference of Ministers of Labour of the Organization of American States.

## **TYPES OF FINANCIAL ASSISTANCE**

Financial assistance in support of eligible activities may be provided to eligible ITLP recipients in the form of grants and may cover necessary expenses incurred during the planning, organizing, operation and evaluation of a given program of activities.

## **STACKING PROVISIONS**

The maximum level (stacking limit) of Total Canadian Government Assistance (federal, provincial and municipal assistance for the same eligible expenditures) for this program will not exceed 100% of eligible expenditures or the level set in the Agreement creating the organization.

This stacking limit must be respected when assistance is provided. In the event that actual Total Government Assistance to a recipient exceeds the stacking limit, it will be necessary for the recipient to repay the Crown on a pro-rated basis (based on total assistance received) so that the stacking limit is not exceeded. The Program will require all potential recipients of grants or contributions in excess of \$100,000 to disclose all confirmed and potential sources of funding for a proposed project at the start of their projects.

## **APPLICATION REQUIREMENTS**

The North American Commission for Labour Cooperation is currently required to present an annual work plan to the Ministerial Council of the North American

Agreement on Labour Cooperation (the Labour Ministers of Canada, Mexico, and the United States). The annual work plan generally comprises specific research projects the Commission will undertake or publish; conferences or similar events that will be held; and a budget for same. The work plan constitutes the Commission's application for a grant, and ITLP intends to maintain this application system.

In the event that similar secretariats are developed for the administration of other labour cooperation agreements, or the successor agreements to labour cooperation agreements, ITLP would implement similar application requirements.

In the event that the Inter-American Conference of Labour proposes the creation of a new international labour institution to build capacity and increase the effectiveness of Labour Ministries in the Americas, any proposal it makes to ITLP will be required to demonstrate how the proposed institution will contribute to capacity-building in Canada's labour cooperation partners.

Proposals should also disclose the involvement of former public servants who are under the *Conflict of Interest and Post-employment Guidelines*.

## **ELIGIBLE EXPENDITURES**

Grants from ITLP may cover all necessary costs associated with approved activities, i.e. for specified purposes or to meet specified objectives. Prior to making any payment, including an instalment payment, verification of the continuing eligibility, entitlement and qualification of a recipient must be performed.

## **AGREEMENTS**

For the North American Commission on Labour Cooperation and similar institutions, a work plan and budget will be established and reviewed each year in accordance with the provisions of the North American Agreement on Labour Cooperation (NAALC) or applicable international instrument.

## **MAXIMUM AMOUNT PAYABLE**

In all cases, a clause will be included in the agreements which would allow for a reduction in the amount of financial assistance specified should funding made available to Human Resources and Skills Development (HRSD—Labour Branch) be reduced. Agreements will also include appropriate termination clauses indicating that either party may terminate agreements upon notice. Termination notices cannot exceed one year.

For the North American Commission on Labour Cooperation, the maximum amount will be the amount established by the Ministerial Council of the NAALC.

The total Commission budget shall not exceed an amount of 2.1 million USD, of which one third, or \$700,000 USD, is Canada's share. There is no maximum duration.

For other grants to international organizations or secretariats, the maximum amount payable to a recipient will be \$1,000,000. Program support will be negotiated and, where possible and appropriate, costs will be shared with partners. The maximum duration of agreements is 2 years. Renewals will be based on results achieved.

### **AUTHORITY TO APPROVE, SIGN AND AMEND**

Authority to approve, sign or amend agreements may be delegated by the Minister of Labour, as per HRSD's delegation instruments.

### **AUTHORITY TO APPROVE PAYMENTS**

Authority to approve payment by certifying compliance with the terms of the agreement may be delegated by the Minister of Labour, as per HRSD's delegation instruments.

### **BASIS AND TIMING OF PAYMENT**

For the North American Commission on Labour Cooperation, a budget will be prepared by the Commission's Secretariat before the beginning of each new financial year and submitted to the Ministerial Council for approval. Payments will be made on a yearly basis prior to the beginning of the Commission's fiscal year, in accordance with financial reports prepared by the Secretariat.

Payments to other recipients may be made in instalments, as appropriate, in accordance with Appendix B of the Treasury Board's *Policy on Transfer Payments*, subject to verification of continued eligibility of the recipient. Advance payments may be made in accordance with Appendix B of the Treasury Board's *Policy on Transfer Payments*.

### **DURATION**

These terms and conditions will expire in March 2009. No new agreement will be approved after this date. Claims for payment for any agreements in progress at this time will be accepted up to 6 months after ITLP ends, subject to the terms and conditions of the agreement and continued appropriation by Parliament. The agreement will include a clause stating that, if the agreement extends beyond March 2009, the department will reserve the right to terminate the agreement without cause.

Periodic reviews of ITLP, including a mid-term and a final evaluation, will be undertaken to make recommendations regarding its renewal in light of its effectiveness.

## **DUE DILIGENCE**

In order to ensure that the Crown's position in any transaction under this program is protected, various procedures have been put into place.

All application, correspondence and transactions will be recorded in the Common System for Grants and Contributions. All files will be handled in accordance with the Grants and Contributions Operations Guide. In addition, the Quality Assurance Framework will be adhered to.

## **ACCOUNTABILITY FRAMEWORK AND EVALUATION**

A Results-based Management and Accountability Framework has been developed.

## **AUDIT FRAMEWORK**

A Risk-Based Audit Framework has been developed.

A copy of the audited financial statements of recipient organizations and/or a copy of reports related to the funded activities, projects or programs will be provided to HRSD (Labour Branch).

## **INTELLECTUAL PROPERTY**

Where it is to the advantage of Canadians, and not detrimental to the goals of the executing agency or the beneficiary country, HRSD (Labour Branch) will negotiate the shared use of any intellectual property developed by the recipient or through a third party. The rights to use this material will include further use of data for research purposes, publishing the intellectual property on HRSD's (Labour Branch) web site or in printed documents and publications.

## **OTHER TERMS AND CONDITIONS**

HRSD's Labour Branch will be responsible for the management and administration of ITLP from existing allocations within the Labour Branch.