5TH TU-DAC FORUM

9 APRIL 2019

SUMMARY REPORT

SESSION 1: THE PRIVATE SECTOR CONTRIBUTION TO THE SDGS AND THE "IMPACT IMPERATIVE" IN FINANCING SUSTAINABLE DEVELOPMENT

The first session of the 5th Trade Union-DAC Forum[1] started by looking into the financing of the SDGs and the role of blended finance, highlighting the need for better measurement, better policies and better solutions for Financing for Sustainable Development.

The challenges and risks for pension funds and their relation to the SDGs and environmental social and governance (ESG) investment were then presented. The case of Pension Denmark was discussed in detail. Pension Denmark is a pension fund that was created by the social partners (workers and employers) and for which all the contributions come from collective agreements negotiated between them. Pension Denmark uses the SDGs as a lever and works with ESG and responsible investment. All investments should be aligned with fair labour practices, should adhere to responsible business conduct principles and should involve social partners. More broadly, the importance of freedom of association in the investment policy criteria was underlined, as a significant number of pension funds are born from collective bargaining agreements.

In the discussion that followed, strong points were made on the importance of measuring the impact of private investments, defining benchmarks and indicators, and having sufficiently detailed and disaggregated data. Strengthening the monitoring system of local financial intermediaries will be crucial in this process. Clear policies and a common framework to measure the social impact of private investments are necessary and trade unions need to play a key role in this, especially with regards to the monitoring of labour standards and decent job creation.

The complexity of the business models we are facing leads to a stringent need for impact measurement vis-à-vis the SDGs. Emphasising social impact measurement using, amongst others, the OECD Guidelines for Multinational Enterprises was underlined. Concerns were raised around the need to look into using Development Finance Institutions (DFIs) to mobilising public finance to the private sector for projects that are not only "bankable" but also responsible ones. The risk for recipient governments losing autonomy in investment schemes involving private sector and for unbalanced risk-sharing arrangements (privatising the gains, socialising the losses) was also raised.

[1] Meeting documentation available at: https://www.ituc-csi.org/5th-trade-union-oecd-dac-forum?lang=en

SESSION 2: THE ROLE OF SOCIAL DIALOGUE IN ACHIEVING THE SDGS AND JUST TRANSITION

The second session introduced the concept of a Just Transition towards environmentally sustainable economies and societies for all, which is enshrined in the Paris Agreement on Climate and also recalled in the SDGs.

Just Transition includes both measures to reduce the impact of job and livelihood losses and industry phase-out on workers and communities, and measures to produce new, low emissions and decent jobs and livelihoods as well as healthy communities. Therefore, just transition implies plans, policies and investments so that: everyone has social protection, all jobs are decent, emissions are low or at zero, and communities are thriving and resilient.

The role of governments in a Just Transition is fundamental and can be complimentary to that of collective bargaining processes at national and global level.

The example of how the Nigerian government has started working on a Just Transition with the social partners was presented. The Nigerian government invited the Nigerian Labour Congress (NLC) to develop a national road map to domesticate their Nationally Determined Contribution (NDC). In doing this, the government recognised the unions as key stakeholders and incorporated a Just Transition into the NDC. Discussions have started on energy policy to reduce national carbon emissions and a target of making 30% of all energy in the country renewable by 2030 has been set.

The final presentation of this session highlighted the importance for development stakeholders to tackle environmental issues and consider a Just Transition in the development context, as strong climate ambitions lead to superior economic outcomes. The Paris Agreement needs to bring together the global imperatives with the realities on the ground and development stakeholders need to look at the most effective way of using resources to have the most effective impact. There will therefore need to be a change, considering investing and retraining the labour force in light of long-term strategies that take into account ownership of developing countries.

Participants introduced specific examples where trade unions are working on a Just Transition, such as those of Burundi, Indonesia, Colombia and India, and underlined that the transitions need to be orderly and socially inclusive through a holistic approach that looks into redistribution. Discussions and dialogue also need to be undertaken at local level. For this, development cooperation should look into capacity building for the social partners, investing in education, professional training and skills development, and working on the exchange of experiences and ideas.

Fighting climate change through Just Transition was considered as an opportunity to strengthen the case for Official Development Assistance (ODA), as good climate and development policies are essential to leave no one behind.

The Silesia declaration is a good basis to further engage governments. The success of a Just Transition calls for an inclusive approach through social dialogue at different levels, as stated in the International Labour Organisation's (ILO) report on the Future of Work.

SESSION 3: TRANSITION FINANCE STRATEGIES

In the final session of the Forum, the OECD Secretariat presented the work that it has been undertaking on "transition finance" (i.e., ODA phasing out and its relationship with other external financial flows) . This work identifies how countries situate themselves with respect to total external flows and analyses, among other issues, if there are transition gaps to better anticipate and support them in order to mitigate the effects of the phasing out of ODA. An overall evidence-based methodology was developed that can be easily tailored to developing countries' specific situations. The country pilots of Cabo Verde, Chile, Zambia and Vietnam were presented and the perspective from Ireland, as a DAC donor that has been supporting this work, was put forward.

In the ensuing discussion, participants pointed out that, when looking at transition processes, poverty and inequality levels should be taken into account, and social protection should be reinforced. Formalising the informal economy will contribute to broaden the tax base and greater inclusion. But, as we are looking at increasing resources we should also look at decreasing losses by fighting illicit financial flows and consider the debt burden and its social consequences in terms of compromising decent work. The need to involve trade unions and employers in these studies was also emphasised, and capacity building for the social partners was also recommended to set up an effective social governance structure.

CONCLUDING REMARKS

The 5th Trade Union-DAC Forum was concluded emphasising that decent work and social dialogue are issues that matter in their own right, and a fundamental "how to" implement the SDGs. Collective bargaining is an important instrument to how SDGs finance is mobilised, especially in the case of pension funds' investments. There is a strong focus on financing as we haven't yet delivered on our commitments in Addis Ababa. It is necessary to link-up development finance with climate finance. In just transition, there is also the intergenerational challenge, and the jobs agenda is going to be the key that unlocks the intergenerational conundrum.