

## *Towards sustainable and resilient societies that leave no one behind*

### Workers and Trade Union Major Group – sectoral position paper to the 2018 UN High Level Political Forum

#### *Summary*

#### **Trade Unions' vision on Sustainable Development Goals**

The 2030 Agenda is premised on the recognition of a mutual dependence of environmental, economic and social sustainability. Together with the Paris Climate Agreement and the Addis Ababa Action Agenda, it provides the framework for achieving sustainable and resilient societies. The perspective of workers and trade unions is aligned with this holistic vision. A rights-based approach is a requisite for achieving sustainable development. Labour standards must be guaranteed for all. Upholding freedom of association and collective bargaining rights and supporting social dialogue (between workers and employers representative organisations and governments) as a governance instrument does not only deliver progress for working people and societies at large but is also a pillar of functional democracies.

#### **The Just Transition to achieve environmentally, socially and economically sustainable energy and production patterns (Goals 7 and 12)**

The “Just Transition” is premised on an inclusive approach that brings together workers, communities, employers and governments in social dialogue to drive the concrete plans, policies and investments needed for a fast and fair transformation towards a low carbon economy. It adopts a rights-based approach to build social protection systems, provide skills training, redeployment, labour market policies and community development. Governments must strengthen their capacity to deliver just transition measures.

#### **Responsible and sustainable investments – quality public services and resource mobilisation (Goals 6 and 11)**

Trade unions highlight the risks associated to the privatisation of common goods and public services. In particular, the challenges that public-private partnerships raise with regards to transparency and the limits they impose on people's access to the goods and services needed to ensure that they are not left behind, raise major questions about their capacity to realise the Sustainable Development Goals.

Taxes are the most important source of public financing. It is important to note that central governments have a key role to play in ensuring that local governments have sufficient public revenues to provide quality water and sanitation services. As such, sustainable publicly financed water and sanitation systems rely heavily on strong commitments from central governments.

#### **Responsible and sustainable investments – private finance for public sustainability (Goals 12 and 15):**

Governments must ensure business accountability and transparency in investments and due diligence throughout global supply chains as well as address problems associated with the operations of offshore finance and tax havens. Corporations must respect human rights, contribute to the formalisation of the informal economy, uphold the ILO's core labour standards and practice the ‘due diligence’ prescribed by the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

## **Recommendations for governments**

- Ensure implementation of labour rights, including freedom of association and the right to bargain collectively, decent wages and social protection;
- Commit to support social dialogue as a means of implementation of the 2030 Agenda and implement National Just Transition Plans, together with social partners;
- Empower local governments to implement just transition measures that can adequately adapt labour market policies to local needs;
- Guarantee affordable and quality public services for public transport, energy and water saving arrangements, healthcare and sanitary provision and quality education;
- Implement progressive taxation systems able to support the financing of public services;
- Ensure business accountability and transparency in investments and ‘due diligence’ in global supply chains as prescribed by the UN Guiding Principles on Business and Human Rights and the Tripartite declaration of principles concerning multinational enterprises and social policy;
- Address problems associated with offshore finance and tax havens;
- Include labour and environmental clauses in all public procurement and ensure public contract transparency and disclosure.

## **The Just Transition as a central tenet to achieving environmentally, socially and economically sustainable energy and production patterns (Goals 7 and 12)**

A zero-carbon, zero-poverty world is within our reach. Transitioning towards sustainable and resilient societies needs a collective effort. It will require universal social and economic transformations on a scale and at a speed never witnessed before in human history.

The transition to a zero-carbon economy will be socially just and sustainable only if workers' rights are guaranteed. Ensuring workers' freedom of association and collective bargaining rights - internationally recognised rights<sup>1</sup> - delivers a fairer, less unequal society. In turn, the more cohesive societies that they result in are better equipped to achieve environmental sustainability<sup>2</sup>.

The "Just Transition" is premised on an inclusive approach that brings together workers, communities, employers and governments in social dialogue to drive the concrete plans, policies and investments needed for a fast and fair transformation towards environmentally sustainable and socially responsible modes of production and consumption (Goal 12). It focuses on jobs and ensuring that no one is left behind in a collective bid to reduce emissions, protect the climate and biodiversity and advance social and economic justice. It builds social protection, provides skills training, redeployment, labour market policies and community development and renewal within a landscape of environmentally driven adaptation of the means of production on which societies rely.

There is major potential for the creation of green jobs and the transformation of the energy sector is key in this regard (Goal 7). In 2016, renewable energy employed 9.8 million people around the world – a 1.1 per cent increase from 2015<sup>3</sup>. In the last two years, renewable energy jobs in solar and wind have increased by 3.3 per cent<sup>4</sup>. Investments in stepping up sustainable agriculture and rural development have the potential for further job creation (Goal 15). A study commissioned by the ITUC analysed the situation in 12 countries from both the Global South and North. It showed that if they invest two per cent of GDP each year for five years in seven major sectors (Energy, Construction, Transport, Water, Agriculture, Forestry and Manufacturing), this could generate around 48 million green jobs<sup>5</sup>. These findings highlight the possibilities for scaling up investments that can deliver sustainable job creation in the future.

Workers are no longer happy with being associated with environmentally unsustainable jobs and, in many cases, people are more ambitious than their governments on climate action. Two-thirds of people want their governments to promote a Just Transition to a zero-carbon future<sup>6</sup>. The severity of the climate crisis necessitates that governments play a central and proactive role in reducing carbon pollution and ensuring a just transition. Experience has shown that, left to the private sector alone, neither of these goals can be realised. Across the world, unions are increasingly supporting a public goods approach, which includes dynamic social ownership models such as cooperatives.

The Just Transition is yielding results. Examples of successfully reorienting and retraining workers from polluting industries can be found around the world. Port Augusta, Australia provided an early example (see Box 1).

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<sup>1</sup> ILO Conventions 87 and 98

<sup>2</sup> [http://www.un.org/esa/desa/papers/2015/wp145\\_2015.pdf](http://www.un.org/esa/desa/papers/2015/wp145_2015.pdf)

<sup>3</sup> <http://www.irena.org/publications/2017/May/Renewable-Energy-and-Jobs--Annual-Review-2017>

<sup>4</sup> [http://www.ren21.net/gsr-2017/chapters/chapter\\_01/chapter\\_01/#sidebar-1-jobs-in-renewable-energy](http://www.ren21.net/gsr-2017/chapters/chapter_01/chapter_01/#sidebar-1-jobs-in-renewable-energy)

<sup>5</sup> <https://www.ituc-csi.org/growing-green-and-decent-jobs,11011?lang=e>

<sup>6</sup> [https://www.ituc-csi.org/IMG/pdf/global\\_poll\\_en\\_print.pdf](https://www.ituc-csi.org/IMG/pdf/global_poll_en_print.pdf)

**Box 1: Just Transition in the energy sector – an example from Port August, Australia**

Anticipating its closure, the workers in the coal-fired power stations of this remote part of Australia took their plan for jobs and solar thermal power to state and federal government, and to global energy giants in France and the United States. The positive result meant that workers are now able to retain jobs, produce sustainable energy on which a whole community relies and have a say in the planning for relocation and redeployment. This example is also a key illustration of the failure of the private sector alone to provide just transition. The closing of the coalmine and power station, employing 400 people, resulted in a whole community being left stranded. It is only thanks to the hard fought community campaign that the opening of a solar thermal plant was announced.

Social dialogue creates local ownership of the transition, builds societal consensus and inclusion, eases policy implementation, and cements in agreed-upon measures. That is why unions are calling on governments to convene the social partners in order to establish national just transition plans with a public goods approach. This convening role of the government, in bringing social partners together, is essential to maintaining the public oversight needed for the long-term stability of a national strategy.

The ILO's Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All<sup>7</sup> provide a framework for achieving this. They provide advice to governments for the development of country policies and sectoral strategies towards environmental sustainability, the greening of enterprises, social inclusion and the promotion of green jobs.

For workers affected by the transformation, this means a role in discussions with employers and governments to plan for re-training as well as for a clear transition to decent jobs and sustainable employment. For governments, it means playing a central role in planning the transition and in correcting private market failures through dynamic social ownership models.

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<sup>7</sup> [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_432859.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf)

## **Responsible and sustainable investments: the role of quality public services and private sector accountability (Goals 6, 7, 11, 12 and 15)**

### *Quality public services*

An estimated USD 90 trillion investment is needed in infrastructure by 2030 to lay the foundation for a zero-emissions future<sup>8</sup>. The primary objective of public investment being the public good, it presents the most adequate instrument to design and implement this effort. As such, governments must directly orient these investments. Public funding for affordable public transport, energy and water saving arrangements, healthcare and sanitary provision and quality education has a central role to play. Furthermore, the inclusion of labour and environmental clauses in public procurement and the transparency and disclosure of public contracts is essential.

The role of local governments is also key in this respect<sup>9</sup>. Providing cities and other local entities with the adequate tools to implement supplementary policies, built on top of those determined nationally, enables them to be hubs of forward-looking sustainable innovation rather than stages for crushing inequality and marginalisation (Goal 11).

Public education systems also have a major role to play in facilitating and supporting a just transition and in achieving sustainable consumption and production patterns (Goal 12). Governments must ensure free and public quality education for all, including adult education and lifelong learning, and increase investments in education for sustainable development, guaranteeing universal access to the knowledge and skills needed for sustainable development.

Public services take care of our most essential needs, but around the world many communities continue to fight to fully enjoy their rights to these services. Globally, communities have fought against private, for-profit finance models for essential public services like water and sanitation (Goal 6). Experience has shown that strong quality water and sanitation services that address the needs of all without discrimination and that are accountable to the people they serve are much more effective when publicly owned, financed and operated. Despite growing evidence that the privatisation of water and sanitation services has failed communities, proponents of the model often cite the lack of public funding as a reason to bring in private investors.

Trade unions highlight the role of domestic resource mobilisation in securing funding in this regard. Taxes are the most important source of public financing. There are many different options when it comes to designing equitable tax policies. It is important to note that central governments have a key role to play in ensuring that local governments have sufficient public revenues to provide quality water and sanitation services and to ensure consistency between poorer and richer neighbourhoods with varying tax bases. As such, sustainable publicly financed water and sanitation systems rely heavily on strong commitments from central governments. Furthermore, trade unions remind governments of their responsibilities in addressing the problems associated to offshore finance and tax havens that undermine their opportunities for domestic resource mobilisation.

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<sup>8</sup> <https://www.ituc-csi.org/IMG/pdf/cop23frontline.pdf>

<sup>9</sup> [https://www.2030spotlight.org/sites/default/files/contentpix/spotlight/pdfs/spotlight\\_ch2\\_11\\_0.pdf](https://www.2030spotlight.org/sites/default/files/contentpix/spotlight/pdfs/spotlight_ch2_11_0.pdf)

## *Private Finance for Public Sustainability*

The role of the private finance is increasingly being touted as a solution to bridging the funding gap and reaching the scale of investment needed to achieve the Sustainable Development Goals. However, the implementation of private finance instruments, such as blended finance and Public-Private Partnerships (PPPs) are experiencing serious issues with regards to the sustainability and effectiveness of their outcomes.

The Workers and Trade Unions Major Group highlights the risks associated to the privatisation of common goods and public services. In particular, the challenges that PPPs raise with regards to transparency and the limits they impose on people's access to the goods and services<sup>10</sup> needed to ensure that they are not left behind, raise major questions about their capacity to realise the Sustainable Development Goals.

### **Box 2: Water and Sanitation PPP fails to deliver – an example from Cartagena, Colombia**

Since 1994, the Spanish development aid agency, AECID, invested over EUR 10 million in water supply and waste water collection of the city of Cartagena in Colombia. The project was extremely pertinent to the local context, with the poverty level within the city at 27 per cent and the number of households with access to running water at 75 per cent at the time. Acuacar, the contractor chosen to implement the project, is a local water company jointly owned by the municipality and by Spanish-based Aguas de Barcelona. Despite the poor development results and even detrimental effects of the project, aid has continued to flow to Acuacar and helped boost its profits. While the number of households with access to water has increased from 75 to 90 per cent between 2007 and 2013, so have the prices for consumption, with monthly rates reaching up to 20 per cent of the minimal salary. Each month, 19,000 inhabitants of Cartagena, many of whom are employed in the informal economy and cannot afford the elevated prices, lose access to water due to the non-payment of their bills. Meanwhile, Acuacar has been achieving rates of return up to 54 per cent, when usual profit margins on this type of project are expected to be at most 10 per cent. Despite several complaints and a lack of demonstrable development results, Acuacar's contract has been extended for a further 13 years in 2014.

The promotion of PPPs as a one-size-fits-all measure to stimulate private sector engagement for the realisation of the Sustainable Development Goals is not appropriate. Evidence is mounting that they are simply not delivering the required development results. Trade unions highlight an example from Colombia<sup>11</sup> (see Box 2), in which the use of PPPs in water management has notably resulted in higher end-user prices and raised warning flags about transparency, yet there is no evidence that they guarantee either better value for money or a timelier project delivery. Overall, the impact on access to safe and affordable drinking water of these projects is very limited and may even be negative. In addition to being more expensive both for governments and end-users and opening the door to corruption schemes, the opportunity cost of not effectively using public funding to lift barriers to people's access to water has serious implications. This is notably the case for sanitary provisions at the workplace, which in turn have a disproportionately negative impact on women's health and safety in the workplace and beyond (SDG 6).

<sup>10</sup> <http://www.world-psi.org/en/new-report-ppps-warns-unctad-against-proposed-policy-shift>

<sup>11</sup> <http://csa-csi.org/Include/ElectosFileStreaming.asp?FileId=4119#page=25>

The idea that private financing is desirable is a powerful myth. Starting in the 1990s, cash-strapped governments began turning to private investors, hoping they would build or renovate much-needed infrastructure to reach underserved populations, such as low-income users or scattered populations in rural areas. Often multilateral lenders, such as the World Bank, pushed governments to privatise services in exchange for loans needed to stabilise their economies. In other cases, governments privatised services hoping to attract new sources of financing and benefit from private sector knowledge. Today, much of the empirical research shows that private sector participation has not only fallen short of these goals, it has resulted in governments failing in their obligations to ensure safe drinking water and sanitation for all.

Job creation is consistently put forward as a major development contribution of private sector involvement. However, it is very challenging to find evidence to support this assumption<sup>12</sup>, let alone the creation of “decent jobs”. For this contribution to be realised and to ensure that these jobs are empowering rather than exploitative, private sector engagement must be accompanied by the respect and implementation of the ILO labour standards. Trade unions highlight the societal benefits for the involvement of social partners on an equal footing. Only through meaningful social dialogue will the social partners be able to maximise their contribution to SDG implementation and yield results that work for the vast majority.

Where appropriate set ups exist, workers have led the way by shaping the investment terms of their own pension funds. For example, certain trade unions have developed a set of Shareholder Resolution Principles<sup>13</sup> outlining approaches for investors to use in their engagement with companies to promote labour standards and environmental sustainability. They promote transparency, due diligence, a commitment to social dialogue, a just transition and corporate responsibility for environmental risk to communities.

There is a need for strong and legally enforceable public oversight to ensure the accountability of all investments as well as their compliance with environmental and social standards. The international community can no longer accept these commitments to be of a “voluntary” nature. The Rana Plaza disaster (2013) proved once more, and painfully, that voluntary corporate social responsibility does not yield the results expected in terms of responsible production. Excessive working hours, low pay, inadequate measures for safety and health at work, no or little social protection coverage: these are the working conditions of millions of workers across global supply chains. The companies higher up in the chain put tremendous pressure on those lower in the chain and while the former outsource their production, they assume no responsibility whatsoever for the working conditions in the latter.

Corporations must respect human rights, contribute to the formalisation of the informal economy, uphold the ILO’s core labour standards and practice the ‘due diligence’ prescribed by the UN Guiding Principles on Business and Human Rights and the Tripartite declaration of principles concerning multinational enterprises and social policy (Goal 12). This is the way forward to ensure decent work across global supply chains, in line with the conclusions of the ILC’s General Discussion on the topic in 2016.

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<sup>12</sup> [https://ec.europa.eu/europeaid/sites/devco/files/evaluation-blending-volume1\\_en.pdf#page=78](https://ec.europa.eu/europeaid/sites/devco/files/evaluation-blending-volume1_en.pdf#page=78)

<sup>13</sup> [https://www.ituc-csi.org/IMG/pdf/shareholder\\_resolution\\_principles.pdf](https://www.ituc-csi.org/IMG/pdf/shareholder_resolution_principles.pdf)

## **Recommendations for governments**

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