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*Minister for Strategic Development and Nordic Cooperation Kristina Persson has appointed three external analysis groups to assist the Government in its work on strategic development. The three analysis groups are 'The future of work', 'The green transition and competitiveness' and 'Global cooperation'. Each group operates independently and under two co-chairs. Their results will be continuously communicated to the Government, which will then consider whether the proposals will be further developed at the Government Offices.*

*This memorandum is the first policy proposal by analysis group Global cooperation. Loa Brynjulfsdottir (LO Sweden) and Thomas Hammarberg (former diplomat) co-chair the group, which includes nine other members.*

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## **GLOBAL DEAL FOR DECENT WORK AND INCLUSIVE GROWTH**

Below, the analysis group Global cooperation presents a proposal for how the Prime Minister's vision of a Global Deal between capital and labour can be made concrete and taken forward. This paper presents arguments for why an initiative in this area is needed, proposals for components that may be included in the vision and recommendations for future work. The analysis and recommendations are based on preparation and consultation conducted in the period March to June 2015, including a workshop in Stockholm on 6 May.

In brief, the recommendations include:

- Launching a joint global partnership initiative with like-minded countries, companies and organisations on *A Global Deal for Decent Work and Inclusive Growth*;
- Designing and preparing the launch of the initiative in cooperation with the International Labour Organisation (ILO) and the Organisation for Economic Cooperation and Development (OECD);
- Initiating action for concrete implementation in Sweden: strengthen Global Deal thinking in Swedish aid, enhanced cooperation with the ILO, actively pursue the issues in the European Union, create a national Global Deal platform for the actors.

## **1. VISION, OBJECTIVES AND MEANS**

The vision of the Global Deal initiative is that more people will benefit from globalisation and that the challenges in the global labour market will be addressed jointly.

The objectives of the Global Deal are effective labour relations and decent work, which contribute to greater equality and inclusive economic development, benefiting workers, companies and societies (win-win).

The means – and the core of the Global Deal vision – is for labour market parties to understand and respect each other's circumstances, interests and limitations, so as to improve conditions for collaboration between employers, workers and governments, for their mutual benefit, also called social dialogue<sup>1</sup>.

The Global Deal does not aim to develop a new framework or agreement for uniform implementation in all countries, or to create a new international institution. Instead, the Global Deal aims to develop a platform for raising the issue of cooperation between parties, and strengthening existing cooperation structures. The Global Deal is a long-term vision, but requires political commitment and action in the short term, both nationally and globally. A Global Deal initiative can contribute by providing political direction and impetus to overall development, and by systematising and scaling up existing processes. The Global Deal can become an effective tool for implementing Sustainable Development Goal 8 (SDG #8) for decent work, full and productive employment and inclusive growth. Also, indirectly, the Global Deal could make a significant contribution towards achieving objectives in other areas.

## **2. WHY DO WE NEED A GLOBAL DEAL?**

There are strong arguments for an initiative emphasising the importance of social dialogue to achieve a more economically and socially sustainable society:

Improved working conditions and rights: According to ILO calculations, 1.44 billion workers, most of them women, are in insecure jobs or in the informal sector. Annually, there are 2.3 million work-related deaths, 310 million non-lethal accidents and 160 million work-related cases of illness. It is important that work environment and working condition issues are highlighted and that labour rights are strengthened. Migrant workers are especially vulnerable and are often exploited in the global labour market, and their rights need to be strengthened. Also, women and men must be ensured equal opportunities on the labour market and equal participation in decision-making. Social dialogue can be an important political tool for promoting gender equality at work. However, women's participation in social dialogue remains low worldwide. Studies show that women comprise only 15 per cent of participants in the social partner organs globally (ILO).

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<sup>1</sup> There is no universal definition of social dialogue; however, here, it refers to all types of negotiation, consultation and information exchange between the social partners. Social dialogue can take various forms depending on the national context. It can be a bipartite or a tripartite collaboration. In this paper, the term *social dialogue* is used synonymously with cooperation between labour market parties.

**Job creation:** More than 200 million people in the world are unemployed (ILO). Unemployment affects women and young people particularly. (In 2014, 74 million in the age group 15–24 years were unemployed.) Employment is the link between economic development and poverty reduction – access to more jobs, and more productive jobs, is the key to improving living conditions. Nine out of ten job opportunities in Swedish aid partner countries are created by actors in the private sector. Effective, competitive and inclusive markets are essential to allow companies to grow and create jobs. Social dialogue can be a tool for creating more decent work – productive jobs and decent conditions lead to increased purchasing power and consumer demand, which in turn create more jobs.

**Inclusive growth:** According to the ILO, decent and productive employment increases economic growth in developing countries. From a business perspective, there are strong arguments for a Global Deal initiative. Well-developed social dialogue and active sustainability work are economically profitable. Benefits include increased productivity (European Company Survey), more stable and secure supply chains, better conditions for long-term planning and risk management, reduced risk of disruption to business operations, improved investor relations, stronger brands and, not least, healthier and more loyal workers.

**Reduced inequalities:** Numerous reports as well as academic research (European Commission, IMF, ILO, OECD, Piketty) indicate that in most societies, income and wealth inequalities are increasing. People with the lowest incomes are often those worst affected (OECD). Inequality, combined with widespread corruption in global value and supply chains, has implications on several levels. In addition to its impact on social cohesion and fundamental human rights, inequality leads to lower levels of trust in societies (Wilkinson, Pickett) and in turn lower growth prospects (Putnam). Also, inequality increases the risk of social unrest (strikes etc.) (ILO). Strong trade union organisations (that can effectively conclude collective agreements), labour legislation and access to equal education can reduce any inequalities arising from globalisation (OECD). Collective agreements have a positive impact on income and also contribute to reducing inequalities.

### **3. WHAT DOES THE GLOBAL DEAL CONCEPT INCLUDE?**

#### **3.1 Cooperation between social partners: conditions and challenges**

Achieving the Global Deal objectives of effective labour relations and decent work requires that the involved parties show willingness and commitment to participate in social dialogue, that they possess real actorness (opportunities to organise and capacity to interact), and that structures for cooperation between parties exist. Efforts should be based on an understanding of and mutual respect for each other's roles, interests and differing circumstances:

- **Trade unions:** Trade union organisations are to understand conditions for companies and respect their interests, cooperate and take account of sustainable social development in their negotiations. On the worker side, fundamental democratic conditions influence the ability to organise and bargain collectively. The right to join trade union organisations is laid down in the United Nations Universal Declaration of Human Rights; preventing people from joining or forming trade unions, or forcing them to do so is considered a human rights violation. The level of trade union organisation varies considerably between countries.
- **Companies & employers:** Employers are to respect workers' rights in practice, take social responsibility and be prepared to enter into agreements at national, regional and global level.

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Here, two challenges come into focus: organisation/representation and incentives. Unlike on the workers' side, where collective organisation is a natural ambition and representative organisations exist also at global/transnational level, the employer side is characterised by decentralisation, a low level of organisation and consequently a lack of representativeness. As regards incentives for participating in a Global Deal, it is crucial to show the correlation between sound labour relations and profitability.

- Governments: Governments are to ratify and respect ILO core conventions and recognise the right of workers to organise and bargain collectively. The State's concrete role in facilitating and supporting cooperation between parties varies from country to country depending on local conditions.

### **3.2 Building blocks for achieving the Global Deal vision**

Cooperation between the various actors is key to achieving the Global Deal vision. Different types of actors contribute in different ways to the cooperation process. These include initiatives by the social partners and international organisations to strengthen and facilitate conditions for cooperation between parties, for example:

- Measures to promote democratic development, freedom of association and human rights in working life.
- Increase information on the importance of effective trade unions and contribute to capacity development, training measures and knowledge transfer.
- Help to expand the work on global framework agreements considerably (there are currently approximately 150 agreements of this kind). The agreements contain wording on respect for human rights in working life, the work environment, minimum living wage, the right to organise and bargain collectively, as well as the right to dispute settlement.
- Global business networks can be established and here, multinational companies that have already made some progress towards effective cooperation between parties can serve as good examples/ambassadors for the Global Deal (e.g. H&M and Scania).
- International investors, development banks and development financiers can actively set standards for sustainability, decent conditions and conditions for cooperation between parties (Swedfund and Ratos are Swedish examples of this).
- Companies can incorporate Corporate Social Responsibility (CSR) into the whole value chain and the CSR framework should include cooperation between parties.
- Governments can develop rules for public procurement so that companies devoting resources responsible conduct are rewarded, and anti-corruption measures should be intensified.
- Projects and policies to strengthen women's participation in social dialogue are needed – all actors have a role to play here.
- Strengthen existing regulatory frameworks – ILO, UN (Agreement on Responsible Investment, Global Compact), World Bank/IFC (Performance standards).
- Develop/support concrete cooperation projects between governments, companies, trade unions and development actors with a view to knowledge transfer, mutual learning and working methods.
- Free trade is central to the Global Deal vision. Develop a global template for worker rights in global and regional trade and investment agreements (TTIP is central).
- Develop sustainability reporting models for global small and medium-sized companies.

### **3.3 Ongoing work and the added value of a Global Deal initiative**

Processes in the spirit of the Global Deal are already under way on company, sector, national and international level. Some multinational companies and global trade unions have developed social dialogue at global level in the form of global framework agreements. The OECD and the ILO, as well as a large number of stakeholders, are working actively in this area. At UN level, there are, for instance, the UN Guiding Principles on Business and Human Rights (better known as the Ruggie principles) and the UN Global Compact. A Global Deal initiative can help provide political direction and impetus to overall development and help systematise and scale up existing processes (Global Deal adds to and strengthens, for instance, both the ILO's Decent Work Agenda and the OECD's work for inclusive growth).

## **4 RECOMMENDATIONS**

### **4.1 The launch of a global partnership initiative for a Global Deal**

To ensure a long-term impact of the ideas behind the Global Deal, Sweden, in cooperation with a number of other actors, should launch a global initiative for effective cooperation between parties – 'A Global Deal for Decent Work and Inclusive Growth'. The proposed name was chosen with the aim of making clear what is included in the concept of the Global Deal, while emphasising that the objectives are about both decent work and achieving inclusive growth.

The analysis group considers that the launch of a global initiative in cooperation with others could lead to the Global Deal vision making a real impact around the world. An initiative of this kind could provide the political force to increase focus and work on the issues and improve the conditions for mobilising more financial means for capacity development and institution building. A global partnership launch could also involve a real contribution by Sweden in the follow-up and implementation of the new sustainability goals.

Joint launch of a global initiative: This partnership initiative should be launched jointly with i) like-minded countries representing different regions of the world, for instance one country per region, thus creating 'champions' around the world that could help engage other countries; ii) multinational companies with well-developed methods for and work on cooperation between parties that could correspondingly engage other companies; iii) international organisations, global trade unions and employer organisations. The choice of partners is a political consideration.

A declaration as the basis: The partnership could perhaps be based on a declaration that sets out the vision and expression of will for a global partnership for decent work and inclusive growth based on the idea of effective cooperation between parties. The partnership could possibly be entered into at the highest management level with the drafting and adoption of the declaration. The declaration should contain the elements presented in Sections 3.1 and 3.2 of this paper. The analysis group considers that a model should be chosen based on an initial declaration and a small number of initiators, and that other actors could join later.<sup>2</sup> Actors supporting the partnership should also undertake to develop an action

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<sup>2</sup> The structure of the proposed partnership is based on the model used for Open Government Partnership (<http://www.opengovpartnership.org/about>). (Open Government Partnership was launched jointly by eight countries

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plan for the implementation of the initiative in their respective operations/country. The action plan for countries should be closely linked to the implementation of the new sustainability goals and other national planning tools. A framework for follow-up and evaluation should be developed. A steering group should be linked to the initiative, composed of representatives from all actor categories: governments, companies, trade unions, employer organisations and international organisations. The ambition should be to ensure gender balance in the steering group.

Urgent need for resources and cooperation to develop and launch the initiative: Resources should be set aside in the Government Offices to develop, together with the OECD and the ILO, the partnership and the associated political declaration ahead of the launch. The Global Deal initiative should be launched as soon as possible to ensure that the current momentum is not lost.

Both the ILO and the OECD have expressed a strong commitment to being involved in developing the initiative. Collaboration between these two organisations, and others, is key to the success of the Global Deal initiative. The ILO's tripartite structure, its focus on Decent Work and development aid, as well as its analytical capacity are all central components of the partnership. The OECD has launched its inclusive growth initiative, which is well in line with the ideas behind the vision of the Global Deal. Moreover, the OECD possesses excellent analytic and methodological competencies.

In the longer term, possibly as early as next year, a permanent support unit may need to be established to coordinate and be the institutional memory for the global initiative and a neutral arena for meetings between the parties. This should not be a new separate organisation, but rather a small, independent support unit linked to an existing organisation. Linking the support unit too closely to a central organisation in the field (such as the ILO and the OECD) may be associated with risk, since the initiative could end up being absorbed into another activity or being too clearly linked/associated with a specific organisation. Instead, it could be practical to consider a civil society organisation.

#### **4.2 Recommendations for Swedish measures**

The analysis group considers that to effectively launch a global partnership and for the Global Deal vision to make an impact, Sweden should take the following measures:

- Set the agenda: pursue Global Deal ideas in international organisations and forums
- Ensure that Global Deal thinking is given a clear role in Swedish international aid cooperation through a prominent position in the new aid policy framework, that the perspective is highlighted and integrated into strategies for multilateral organisations and in regional and country strategies, and that it is included in other relevant policy instruments, such as Sida's appropriations directions.
- Actively contribute to enhancing social dialogue efforts in the European Union.
- Sweden should develop an organisation strategy to identify how Sweden can work to strengthen the ILO. It is also important for Sweden to set a good example by being one of the countries to ratify the most ILO conventions.

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and currently has 65 participating countries.) One important difference is that, by virtue of its design, Global Deal will, from the outset, involve other actor categories – the participation of companies and organisations is central to its success.

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- Establish a national Global Deal platform: create a meeting place between different parties in Sweden to engage and pursue issues with representatives of the private sector (companies and employer organisations), trade unions and the Government Offices, as well as relevant government agencies and state-owned companies. The platform would also work as an arena where the various actors could report and share experiences of working on the components of the Global Deal.

## **5 FINANCIAL IMPLICATIONS**

Financial resources are needed to realise the Global Deal initiative. At the launch of the global initiative, Sweden should make a commitment to supply funds – a considerable economic investment is needed for the launch and administration of the global initiative. In addition, Sweden and other developed countries can contribute money to co-finance Global Deal projects in low-income countries. When the initiative is rolled out, all participating states should provide a contribution based on income level. Increasing Sweden's voluntary contributions to the ILO to strengthen the organisation and its work on these issues may also be considered.