

Making the economy greener : the role of just transitions

*Peter Poschen, Job Creation and Enterprise Development
Department*

Raymond Torres, International Institute for Labour Studies

ILO



Greening the economy will entail major transitions, with risk of job/skill losses ...

- 38% of all workers employed in carbon intensive sectors
- Workers in carbon intensive sectors are, on average, relatively low skilled
- Badly-managed transitions will lead to prolonged unemployment, permanent wage cuts, income inequality
- Already, over 200 million people unemployed in the world, 1.5 billion people in vulnerable jobs



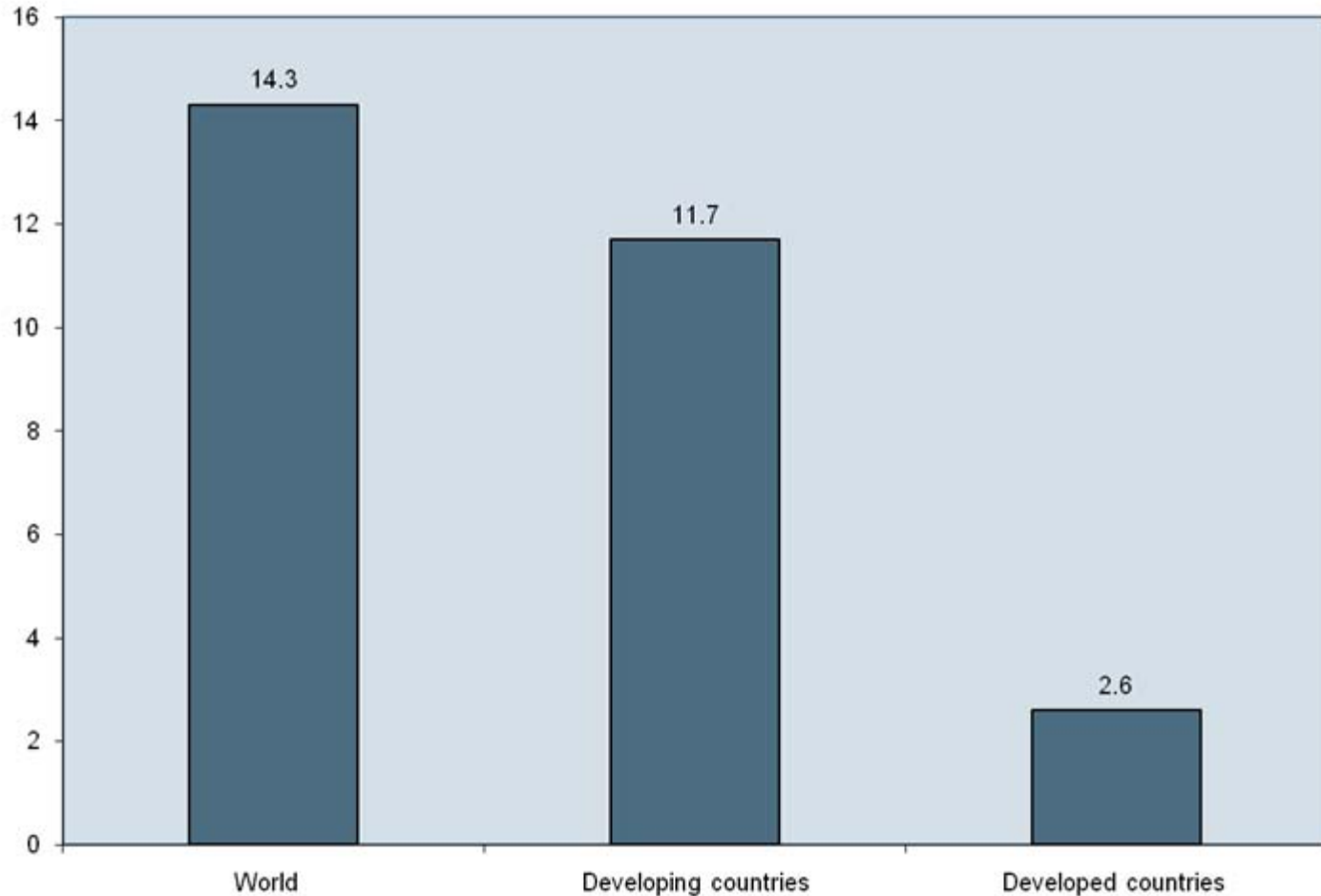
... and many job and income opportunities

- **New, job-intensive business opportunities**
(e.g. green buildings vs. brown buildings, public transport, recycling, sustainable forestry)
- **Potential of new technology being developed**
(chance of leapfrogging, new products like renewable energy, water management, hydrogen vehicles)
- **Unlock potential of deprived areas and groups**
- **ILO estimates just transitions could increase employment and reduce inequalities**

⇒ **Just transitions are crucial for greening the economy successfully!**

Employment rise due to green policies with fair transitions

(million jobs, 5 years after policy change –Source: ILS, World of Work Report, 2009)



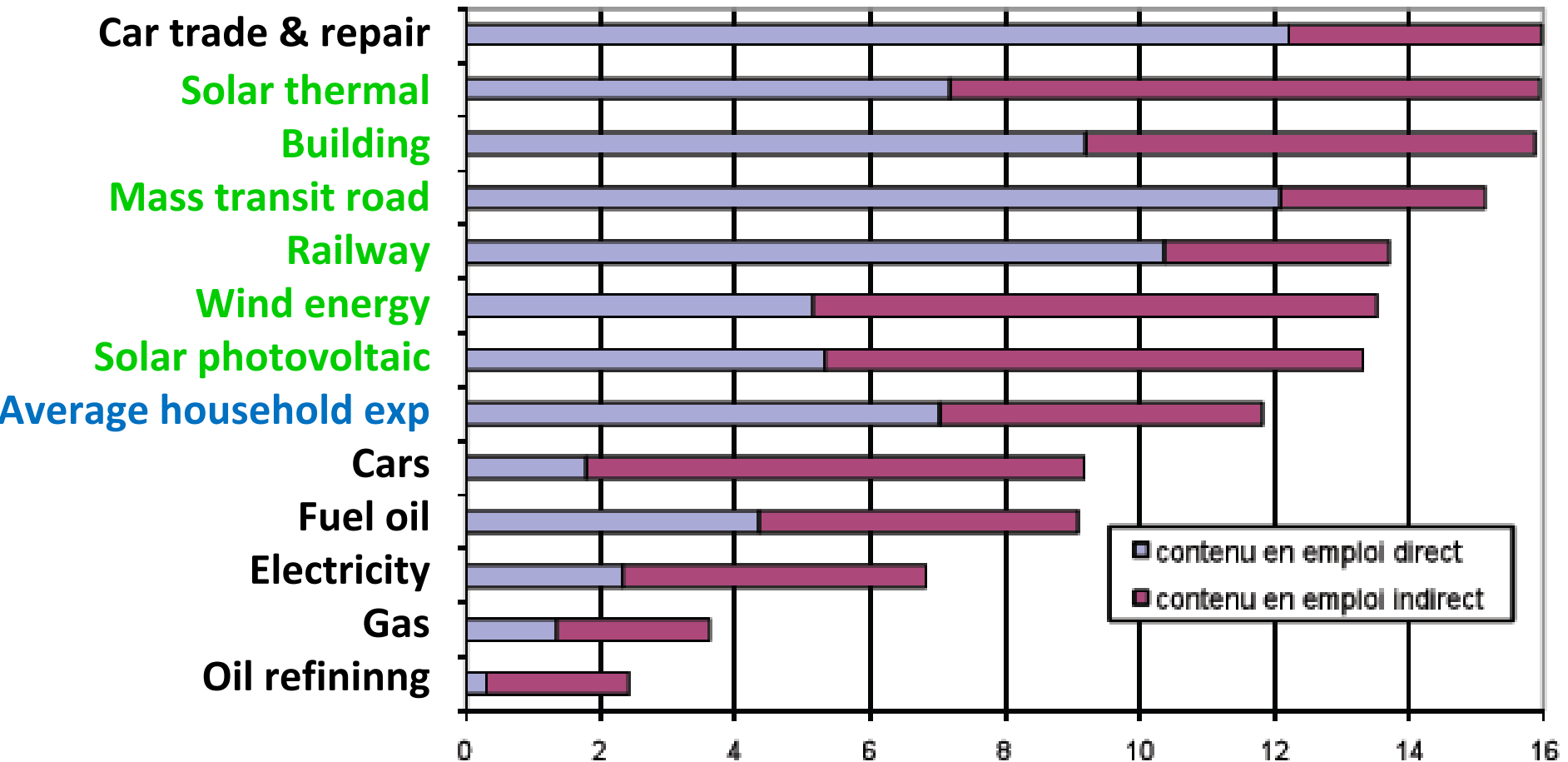
Why can green policies-cum-fair transitions lead to more and better jobs?

Because greener production has, on average, high:

- employment content -- complementarity between green technology and labour input;
- skill content; and
- broad-based distributional effects.

France:

Direct + indirect employment/m €



Sources : Insee, Ademe. Calculs P. Quirion (2008)



Policies for just transitions are available...

- **Well-designed labour market and social policies**
- **Skill adaptation and upgrading** policies: early identification of skill needs; training within firms
- **Social dialogue:** Bangladesh, Nepal a.o. national stakeholder meetings; Brazil Council Social Economic Development, India: Multistakeholder Taskforce on Green Jobs and Climate Change, Spain Social Dialogue on Kyoto Protocol



... but require close coordination with other green policies

- **Job-friendly green taxes and green subsidies**
- **Sectoral policies:**
 - Construction : business development and skills for building green renovation
 - Agriculture: moving to sustainable agriculture while promoting jobs
 - Natural resources (oil, copper, etc): green and fair transitions



ILO works with governments, employers and workers for green and fair transitions

- Green Jobs Programme
 - Worldwide program to consolidate sustainability with the world of work
 - Green jobs from resource and energy efficiency
 - Green jobs from climate change mitigation
- Research and analysis on policies that work

ILO Green Jobs Programme countries



Examples of transitions

1. **PASAR copper Philippines**

- Asia's biggest copper producer 1960s-70s
- Strong negative health impacts
- Transformed in 1990s

2. **Navarra region Spain**

- Economic crisis 1980s-90s (high oil prices)
- By 2003 100 renewable energy companies
- +183% employment in renewables (2003-06)
- Today second lowest unemployment Spain, first to grow after economic crisis



Examples of greener and fair transitions: 1. copper in the Philippines

- Asia's biggest producer of copper (1960s and 1970s),
- the Philippine Associated Smelting and Refining Corporation (PASAR) received **complaints about pollution** in water causing illnesses.
- After being privatized due to bankruptcy (mid 1990s), PASAR invested on an **environmental transformation program** → importation of expensive pollution abatement facilities → **retraining of machine operators**
- The total environment-related investment reached around USD 50 million.
- Training was provided by the **foreign contractors** who supplied the technology and one PASAR employee was also **sent abroad** for training.
- It also activated the company's Environmental Protection Department (EPD) and instituted **environmental processes** needed to acquire the ISO-14001 certification, which requires additional **environmental training for the employees**.



2. Navarra's successful shift to renewable energies (Spain)

- **Economic crisis** linked to high oil prices in Navarre in the 1980s/90s
- The Government decides to **expand its renewable energy sector** by taking active industrial policy measures **including workers' training**
- CENIFER was established. First RE programmes launched at the Public University in Navarre
- By 2007, 100 companies created in renewable energies
- Employment in renewable energies increased by 183% in Navarre (2002-2006)
- Nowadays, Navarre produces **65% of electrical energy consumption from RE sources**, has **the second lowest unemployment rate in Spain** and it is the first region to have a **positive GDP growth rate** after the crisis