



International Labour Office

Submission on the Bali Action Plan to the AWG-LCA

The International Labour Office¹ welcomes the opportunity to express our views and proposals regarding the Bali Action Plan (BAP).

Regarding paragraph 1 (a) of BAP:

- ***The role of equity between and within countries as the backbone of a future agreement***

The agreed outcome of the comprehensive process which is taking place at present should be guided by the principle of equity. Broad access to employment and income opportunities created in the transition to low carbon economies which are resilient to climate change is key to equitable outcomes. Due consideration of the principle of equity will be fundamental for arriving at a new agreement and for the political sustainability needed to provide a stable investment climate.

Therefore the shared vision for long term cooperative action should provide a global framework ensuring a just transition to a low-carbon, sustainable economy for all. It should enhance the opportunities for development, for employment in decent jobs, for poverty reduction and the capacities to both seize opportunities and also reduce negative impacts in those countries, regions, sectors and social groups facing challenges.

The principle of equity should not only apply between, but also within countries, being a guiding principle for all policies, measures and actions for adaptation and mitigation. It relates to both the costs and the benefits of actions for mitigation and adaptation.

- ***Involvement of stakeholders in equitable solutions and just transitions to low carbon economies***

A transition to a progressively clean model of investment and growth that has a triple dividend for the climate, for clean economic growth and for social development is possible but it will not be automatic. Articulation between the environmental, economic and the social dimensions of development is essential to meet the challenge of climate change. This challenge is much more than an environmental issue. It is about the need for a profound transformation in the way we produce and consume.

¹ The International Labour Office is the permanent secretariat of the International Labour Organization

For the cost and negative impacts to be minimized and for the benefits to materialize environmental, economic and social policies and programmes need to be well informed, coherent, broadly supported and able to engage stakeholders.

The task is complex but can be accomplished by involving the main stakeholders - governments, employers, and workers- in social dialogue for the design and implementation of policies. Social dialogue has been successfully used for decades to reconcile conflicting interests, build constructive consensus for action and to address challenges including overcoming economic recessions, restructuring and international trade.

Dialogue will be essential also for dealing with the downside of reducing emissions of greenhouse gases. Workers and entrepreneurs should be assured that a green environment for society does not mean an unemployment slip for them: re-training, social security schemes, active labour market policies and programmes to diversify economies need to be put in place to soften the blow for them. These are some of the measures to achieve a Just Transition to a sustainable and low-carbon world.

Regarding paragraph 1 (b) i, ii (Mitigation)

- ***Ways for turning the response to climate change into a development opportunity (mitigation context)***

A drive towards equity and inclusion across countries as well as regions, sectors and social groups within each country can turn addressing climate change into a global opportunity for sustainable development for all countries and all people².

While the IPCC report has emphasized the significant potential to create new employment of mitigation and adaptation efforts, generally employment only features marginally in the climate debate as a “co-benefit” of these measures. This view overlooks the fact that the benefits for employment and development are vital for making many mitigation measures technically feasible, economically viable, socially acceptable and politically sustainable. Besides that, much environmental degradation is poverty-driven: reducing poverty through productive employment is an important route toward greater environmental sustainability.

² The report entitled “Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World” is the first comprehensive study on the emergence of a “green economy” and its impact on the world of work. The report is the first result of the the Green Jobs Initiative, which is a joint initiative by the United Nations Environment Programme (UNEP), the International Labour Organization (ILO), the International Employers Organization (IOE) and the International Trade Union Confederation (ITUC). It has been launched to assess, analyze and promote the creation of decent jobs as a consequence of the needed environmental policies.

Millions of green jobs are already in existence, and are growing fast in areas like renewable energy, energy efficiency and recycling. While identifiable green jobs look set to be a growing source of employment and clean development into the future, greening of enterprises and redefinition of many jobs is a further challenge.

Economic growth at the expense of environmental quality is unsustainable and self-defeating even in economic cost/benefit terms. Opportunities and constraints for clean growth vary however by country, region and sector. Good analysis of possible labour market impacts is therefore vital for the design of effective policies, including accompanying measures to smoothen the transition. A crucial tool to employ in analysis and policy making is social dialogue among those most affected by these transitions –workers, employers and governments- to work towards fair, efficient and balanced in their cost and benefits policies

Economic sectors and individuals enterprises can make a major contribution to reducing both emissions of greenhouse gases and the environmental footprint in general through labour-management initiatives resulting in greener workplaces. Gains are often quickly achieved, at a very low cost and without the need for major capital investment.

Employment and labour policies can contribute to a smooth transition to more sustainable growth by identifying opportunities for green jobs, greening existing jobs, and easing the phasing out of unsustainable jobs.

- ***Capacity building as a decisive element for mitigation***

The success of the whole range of mitigation policies and measures will depend on the capacities of those who need to respond and implement these decisions in enterprises and at workplaces. Both the UNEP/ILO/IOE/ITUC report on green jobs and studies by the Mc Kinsey Global Institute conclude that an effective response to climate change needs to mobilize millions of entrepreneurs and workers. Capacity building of employers, workers and related government services will therefore need to play a major role in tackling climate change at all levels, national, regional, local and sectoral. Only with governments with adequate institutional capacity, workers skilled in low-carbon technologies and production methods, and enterprises of all sizes well informed about how to shift to a lower emission production, will it be possible to successfully face the challenge of climate change.

Regarding paragraph 1 (c) i, ii, iii, iv (Adaptation)

- ***Ways for turning the response to climate change into a development opportunity (adaptation context)***

The response to the diverse climate change crises could help to make countries and local communities more resilient if aimed at adapting livelihoods rather than providing short-term disaster relief which recreates the pre-disaster situation. Access to basic social protection also cushions the impact of climate-related disasters and helps prevent temporary loss of earnings

becoming chronic poverty or a driver for forced migration. All aspects of adaptation require new technical, vocational and often also entrepreneurial skills.

Investments in infrastructure will account for a large share of the adaptation effort. They could be a major development opportunity if they relied on labor-based methods. This widely proven approach uses appropriate and environment-friendly technology emphasizing the use of local labour and resources. It applies effective participatory planning, a quality assurance mechanism, productivity-based remuneration systems and occupational safety and health safeguards. The advantages of such approach are the following:

- ✓ Increased cost-effectiveness and reduced fossil energy demands in the reconstruction and operation and maintenance of infrastructure
- ✓ Increased environmental protection and energy-efficiency through the use of appropriate technology and approaches
- ✓ More and more productive employment opportunities, increased household incomes and improved income distribution
- ✓ Increased productivity of scarce production factors
- ✓ Enhanced relevance, sustainability and quality of investment in infrastructure through community participation
- ✓ Increased productivity of created infrastructure assets (e.g. in rural roads, irrigation, water and soil conservation, forestry)
- ✓ Increased spin-off and multiplier effects on the local economy (e.g. on domestic small-scale construction sector)
- ✓ Better opportunities for social protection
- ✓ Greater access to technology and finance for small enterprises, communities and disadvantaged individuals

Analyzing the adaptation requirements from a wide angle perspective rather than only elements of a comprehensive approach (flood control, water management, soil protection etc), will make it possible to deal with the whole range of issues which are responsible for the vulnerability of areas and communities affected by climate change. Adaptation to climate change can be very effectively integrated into broader national and local development strategies.

In that sense, successful adaptation needs to take into account diverse social development issues, such as long term policies for employment creation and entrepreneurship promotion for unemployed, youth and women. Social dialogue in the planning of adaptation strategies and as part of national and local delivery mechanisms will ground adaptation in sectoral and local realities and generate synergies between private and public investments.

The climate change challenge is global, but meeting it requires sustained and appropriate transformations in enterprises at local level. In this regard local development programmes

should be enhanced through the social dialogue among governments, business and workers organizations, among others tools.

Regarding paragraph (d) (i) and (ii) (Technology Transfer)

- ***Skills as a bottleneck for the effective transfer and deployment of technology and ways to close the skills gaps***

While most attention is focused on the development and transfer of existing and new technologies, experience demonstrates that access to technology and finance are necessary but not sufficient conditions. Without qualified entrepreneurs and skilled workers, available technology and resources for investments can either not be used at all or cannot deliver the expected environmental benefits and economic returns. The weakest link in the production chain will determine the level of performance that can be attained.

Skills gaps and shortages have emerged as binding constraint for the greening of economies in industrial and developing countries alike. Examples range from energy efficiency in Australia to the biofuels industry in Brazil, and from the building industry in China to the booming renewable and environmental industry in Germany. All suffer from a lack of skilled workers, machine operators, technician and engineers³. The human resource bottleneck slows growth and is costing valuable time in achieving targets for emission reductions.

Creating a map of skill requirements is an urgent and vital first step as it can inform ad hoc programs for potential skills upgrading. In parallel, measures are needed to equip education and vocational training systems for coping with new skills demands and with the re-profiling of many existing jobs in low-emission economies.

- ***Wide angle perspective technology transfer programmes***

Technology transfer programmes should be planned from a wide angle perspective, development point of view.

The participation of local stakeholders, including local governments, workers and entrepreneurs, is essential for the assessment of the technology needed, both for mitigation and especially for adaptation.

Regarding paragraph (e) (iii), (iv) (Finance)

- ***The need for greater access to technology and finance for small enterprises, communities and disadvantaged individuals***

³ Details of that information in the report “Green Jobs: Towards decent work in a sustainable, low-carbon world” (<http://www.ilo.org/integration/greenjobs/index.htm>).

Investments into adaptation and mitigation can result in a quantum leap for economic and social development if the countries and the people who need them most are targeted: the 1.3 billion working poor, the 190 million unemployed and the 500 million young job seekers arriving on the labour market over the next 10 years.

Experiences in Bangladesh, Brazil, China, India, Nepal, South Africa and other many countries highlight the big returns from investing in small enterprises and communities to create decent jobs, generate income and improve the quality of life. South-south cooperation can play a major role in transferring proven technology and know-how about implementation.

Progress is very slow however, because vast numbers of individuals and enterprises are still excluded from clean development and need access to small loan and micro-finance schemes and to payments for environmental services. The financial mechanism needs to provide the volume required as well as the ability to target resource flows. There are similar problems with turning adaptation into an engine for development.

The vast majority of enterprises in the world are of small firms which may not possess either the financial wherewithal, or the information on climate change, or both in order to adjust their business practices. Moving to a sustainable development trajectory will require a particular focus on small enterprises.

- ***Innovative micro-finance institutions, with a social element as a tool to better cope with those risks and damages caused by climate change in countries and sectors where the difficulty to access to a traditional financial services is bigger.***

Using financial instruments with a social goal can help the most vulnerable to cope better with those risks and damages caused by climate change, while diversifying their economies and creating income-generating opportunities for the poorest.

The traditional financing services may not be adequate to meet the needs generated by climate change and different and creative solutions such as micro-credit and micro-insurance are required. Evidence from countries such as Bangladesh, India and Ghana demonstrates that successful technology transfer, economic diversification and local sustainable development will often depend on micro-finance solutions. To understand the types of services that might be required to reduce vulnerability, it is necessary to consider the most vulnerable segments of the population.

The benefits of such instruments will have direct impacts on the recipients but also indirectly in the whole community due to the increase in the competitiveness, job creation, education opportunities rising and poverty alleviation.