

Submission by the International Trade Union Confederation

Subject: Nairobi Work Programme on impacts, vulnerability, and adaptation to climate change

Economic diversification

A. Introduction

The SBSTA invited Parties and relevant organizations to provide submissions on examples of measures, methodologies and tools to increase the economic resilience of, and reduce reliance on, vulnerable sectors, under the area of work 'economic diversification' of the Nairobi Work Programme.

B. General remarks

Trade Unions welcome the opportunity to provide inputs to this important information-gathering process, and look forward to pursuing a global integration of this information that will allow a clear identification of barriers, opportunities and challenges regarding economic diversification processes aiming at reducing vulnerability to climate change.

Trade Unions consider actions aiming at reducing reliance on vulnerable sectors and increasing economic resilience as being at the core of a responsible adaptation policy. These measures could ensure fairness and justice in the transition, preserving the most vulnerable from having to pay for the burden of climate change.

Trade unions consider relevant the need for economic diversification in economies highly dependent on income generated from the production, processing and export of fossil fuels. However, trade unions highlight the importance of reinforcing actions towards reducing reliance on other vulnerable sectors, in all developing countries, including those mentioned in article 4.8 of the Convention:

- Small island countries;
- Countries with low-lying coastal areas;
- Countries with arid and semi-arid areas, forested areas and areas liable to forest decay;
- Countries with areas prone to natural disasters;
- Countries with areas liable to drought and desertification;
- Countries with areas of high urban atmospheric pollution;
- Countries with fragile ecosystems, including mountainous ecosystems; and
- Land-locked and transit countries.

Trade Unions submit this document with the aim of widening the discussion to the need for economic diversification to climate-sensitive sectors, such as agriculture and fisheries, which we consider to be essential for the survival of millions of workers, their families and their communities in the developing world.

C. Sectors where economic diversification is needed

IPCC Fourth Assessment report has helped us to better understand the consequences of climate change for different productive sectors and we now know that each productive sphere will be affected in different ways. Thus, the consequences for production and workers will vary greatly from one sector to the next.

The last IPCC report states that the *"costs and benefits of climate change for industry, settlement and society will vary widely by location and scale. In the aggregate, however, net effects will tend to be more negative the larger the change in climate"*. (IPCC 2007)

The most vulnerable industries and settlements will be those in coastal and river flood plains, as well as in areas prone to extreme weather events (especially those where rapid urbanization is occurring). Economies closely linked with climate-sensitive resources (i.e. agriculture, fisheries, tourism) are also at risk.

Agriculture, for example, will suffer from changes in the availability of fresh water resources. Run-off will increase in wet tropical areas and decrease further more in dry regions, many of which are already suffering from water stress. Crop productivity at lower latitudes is projected to decrease with

even small local temperature increases (1°-2°) and will also be negatively affected by a greater frequency of droughts and floods.

This matters even more when we know that in regions such as Sub-Saharan Africa, agriculture accounts for 70% of regional employment and 35% of gross national product.

Fisheries and aquaculture will also be adversely affected, as regional changes in the distribution and production of particular fish species are expected due to continued warming.

Climate change effects on tourism are also to be expected. Degradation of mountainous ecosystems, raises in temperatures or the loss of coral reefs will all impact negatively on this sector. Tourism is seen as a motor for employment and income creation and, especially in poor countries, a vehicle for development. Over 200 million men and women worldwide are estimated to work in the travel and tourism sector, equivalent to about 8% of global employment. Women make up 70% of the labour force in the tourism sector, and half the workers are age 25 or under. One job in the direct tourism industry induces roughly one-and-a-half additional (indirect) jobs in the tourism-related economy.

D. Suggested policies for reducing vulnerability in climate-sensitive sectors

Economic diversification policies aiming at increasing the economic resilience of, and reducing reliance on, climate-sensitive sectors such as agriculture, fisheries and tourism seems imperative.

Economic diversification policies could be organized within the sector (by changing the agricultural output, by developing different tourist activities) or by the promotion of new activities from other economic sectors (by shifting from agriculture to the climate-insensitive industry and service sectors). Decisions on this issue need to be taken with regards to the expected impacts of climate change in concerned zones, with a consultation of local stakeholders (workers, farmers, community leaders, among others), in order to understand as much as possible the impacts of this transition, and to integrate local knowledge about possible diversification opportunities.

Direct economic viability of proposed production outputs needs to be completed by the analysis of impacts on employment (shifts in production could generate drastic increases and decreases in workforce needs), on local cultures and traditions, among others.

Trade Unions highlight the need to support these impoverished sectors in developing countries, which suffer also from little social protection and difficult health and environmental working conditions. Governments have to put in place a coherent framework for rendering this transition manageable and fair. Workers and communities in these sectors are already the poorest and most vulnerable. Climate change will increase this burden, and public policies should counteract this trend, and work to reduce poverty and raise living and working standards in these communities.

Trade Unions advance the following proposals regarding economic diversification policies in these vulnerable sectors:

1. Co-governing change: Parties have to open information and dialogue spaces with relevant actors of these sectors, in order to better anticipate effects and better accompany the transition.
2. "Fuelling" change: Parties need to provide incentives for "new activities". Solidarity is needed from developed countries through the provision of funds, but also through the creation of frameworks to channel these new outputs from developing countries.
3. Targeting change: Parties should focus on targeting economic activities (technology transfer or adoption, training for the workforce & entrepreneurs, research and development, etc). A focus on green job creation will multiply benefits for the economy and the environment.

1. Co-govern change:

Information gathering processes at the local and regional level, social dialogue, as well as collective consultation and decision-making processes involving pertinent stakeholders are essential to better understand the needs and impacts of different options for economic diversification, as well as

identifying potential losers in the transition and accompanying measures to reduce suffering. Adaptation policies should not be at the origin of increased poverty and vulnerability. Rather the contrary, adaptation policies, as we will later see, could be a tool for multiplying benefits for the economy and society.

In a recent ILO publication, the following example was mentioned:

Farmers are changing their agricultural practices, sometimes switching to entirely new crops. So far most adaptations in farming systems have related to agronomic practices like seed selection and irrigation and to the economic viability of alternative crops. There can also be significant shifts in employment and income opportunities. A recent FAO study in semi-arid Bangladesh found that mango is a good alternative to rice from an agronomic and an economic point of view. But the prospects for employment are less encouraging: mango requires much less work than rice and labour demand is highly concentrated in two short periods per year. That is bad news for the one third of households in the region who depend on work as daily labourers in agriculture. Should the government assist the move into mango? If so, what could it do to assist the landless agricultural labourers? ('World of Work, the magazine of the ILO' – Green jobs: Climate change in the world of work, N°60, August 2007, ILO)

This example shows that economic diversification policies need to better understand the problem and the options at hand to tackling it. Only open dialogue with stakeholders combined with clear analysis of the areas, sectors and population groups affected will ensure sustainable adaptation policies.

2. "Fuelling" change

It is clear that converting zones to new economic sectors implies serious investments from the private sector. However, Parties need to set the path for these transformations, as the private sector will wait for signals before undertaking action. Trade Unions call Parties to undertake rapid measures in the sense of financing economic diversification policies. This represents the only guarantee to ensure that the livelihoods of the most vulnerable groups are somehow protected, even improved.

Parties need to provide incentives for "new activities". A 'no regret' approach needs to be taken, providing incentives to any activity susceptible of reducing the vulnerability of these economic sectors. Trade Unions call also developed countries Parties to provide funding and experience in this economic diversification process. Some of them have experienced these drastic transitions in production systems (i.e. Germany, coal transitions in Europe). Trade Unions consider that an analysis of these transitions could be of use to shed light on the necessary transformations in production in developing countries because of climate change.

Solidarity is also needed from developed countries to create enabling frameworks for these new outputs from developing countries. Linkages with trade regulations susceptible of blocking or slowing-down these changes need to be analyzed and discussed.

3. Targeting change:

Parties should focus on targeting economic activities (technology transfer or adoption, training for the workforce & entrepreneurs, research and development, etc). These policies can only have positive impacts on developing new initiatives and economic activities.

Education is essential for the success of economic diversification policies. The opening of new activities could be seriously affected by the lack of trained workers. Two – often seen as separate – processes, research-development-deployment & training could only be foreseen as part of the same economic diversification policy.

Mushrooming of pilot projects seems a promising manner to develop more effective 'picking and choosing' policies with no time waste. In this sense, the exchange of experience undertaken under the Nairobi Work Programme needs to improve its coverage with regards to economic diversification processes.

Identification and support of green job "niches" will be key for decision making on economic diversification. Options to be taken need to measure the quantity and quality of the jobs created, this will multiply benefits for the economy and the environment. Trade Unions call on Parties to enhance

poverty reduction and climate change adaptation through Decent and Green job creation, as these forms of employment contribute to sustainable economic growth and lift people out of poverty, the main path for reducing vulnerability to climate change.

Tourism, which is also a CO₂ intensive sector, needs to move towards a more sustainable path, and in this case, the opportunity for shifting towards green and decent jobs is clear. The tourism sector should use this transition to improve the environmental and social impacts of its activity.

E. Follow up

Trade Unions consider it is necessary to follow up the Secretariat synthesis report with an in depth analysis and discussion of economic diversification policy options in at least the three sectors mentioned in this submission (agriculture, fisheries and tourism). The Secretariat and the Parties should play a pro-active role in involving civil society stakeholders (i.e. workers organisations, farmers and fishermen organisations, local authorities, the private sector) in this debate.