



Subsidiary Body for Scientific and Technological Advice

Thirty-ninth session

Warsaw, 11–16 November 2013

Item 9(a) of the provisional agenda

Impact of the implementation of response measures

Forum and work programme

Subsidiary Body for Implementation

Thirty-ninth session

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Item 15(a) of the provisional agenda

Impact of the implementation of response measures

Forum and work programme

Report on the in-forum workshop on area (g)

Note by the Chairs of the subsidiary bodies

Summary

This report presents the outcome of the in-forum workshop on area (g) of the work programme on the impact of the implementation of response measures, “Just transition of the workforce, and the creation of decent work and quality jobs”, which was held on 5 June 2013 in Bonn, Germany. The workshop provided an opportunity for Parties and relevant organizations to exchange information, experiences, best practices and views in relation to the impact of the implementation of response measures. Such information, experiences and views will serve as input to the relevant discussions of and consideration by the subsidiary bodies, in particular when conducting the review of the work of the forum on the impact of the implementation of response measures at their thirty-ninth sessions, with a view to providing recommendations to the Conference of the Parties at its nineteenth session, as mandated by decision 8/CP.17.

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I. Introduction

A. Mandate

1. The Conference of the Parties (COP), by decision 8/CP.17, adopted a work programme on the impact of the implementation of response measures (hereinafter referred to as the work programme) and modalities for its operationalization, under the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI), with the objective of improving the understanding of the impact of the implementation of response measures in eight areas.¹

2. The COP, by the same decision, established a forum on the impact of the implementation of response measures (hereinafter referred to as the forum), to be convened by the Chairs of the subsidiary bodies, to implement the work programme.²

3. At their thirty-sixth sessions, the SBSTA and the SBI requested³ the secretariat to support, under the guidance of the Chairs of the subsidiary bodies, the implementation of the work programme. In response to that request, an in-forum workshop on area (g) of the work programme, “Just transition of the workforce, and the creation of decent work and quality jobs”, was organized.

B. Possible action by the subsidiary bodies

4. The subsidiary bodies may wish to take note of the information contained in this report when conducting the review of the work of the forum, including the need for its continuation, at their thirty-ninth sessions, with a view to providing recommendations to COP 19, as mandated by decision 8/CP.17.

II. Proceedings

5. The in-forum workshop referred to in paragraph 3 above was held in Bonn, Germany, on 5 June 2013 and was co-chaired by Mr. Richard Muyungi, Chair of the SBSTA, and Mr. Tomasz Chruszczow, Chair of the SBI. It was attended by 72 participants, including those representing Parties, international organizations and research institutions, and experts.

6. The workshop was divided into three parts, namely:

- (a) Information, experiences, best practices and views presented by Parties;
- (b) Information, experiences, best practices and views presented by organizations;
- (c) Concluding remarks made by workshop participants.

7. The in-forum workshop agenda and the presentations made are available on the UNFCCC website.⁴

¹ Decision 8/CP.17, paragraphs 1 and 2.

² Decision 8/CP.17, paragraph 3.

³ FCCC/SBSTA/2012/2, paragraph 45, and FCCC/SBI/2012/15, paragraph 167.

⁴ <<http://unfccc.int/7589>>.

A. Information, experiences, best practices and views presented by Parties

8. A representative of Argentina, speaking on behalf of the Group of 77 and China (G77 and China), began her presentation by noting that the work under area (g) of the work programme has to be undertaken in the context of sustainable development in accordance with national priorities. She then referred to the outcomes of the Rio+20 United Nations Conference on Sustainable Development, which acknowledge the importance of a just transition, including programmes to help workers to adjust to changing labour market conditions. Relevant provisions and principles of the Convention and its Kyoto Protocol as well as relevant decisions of the COP (e.g. Article 3, paragraphs 4 and 5, and Article 4, paragraphs 7 and 8, of the Convention; Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol; and decisions 1/CP.16, 2/CP.17 and 1/CP.18) were recalled to emphasize the context of the discussion.

9. The presenter stressed that it is very important for developing countries to understand the challenges that they are facing, including why their workforce sector is vulnerable to response measures. There are risks of job losses and other impacts related to specific vulnerabilities of the workforce as a result of transition and transformation. Measures such as the provision of agricultural subsidies and the imposition of standards and tariffs implemented by developed countries could hinder economic and social development and poverty eradication in developing countries and, therefore, affect the workforce in those countries. Furthermore, the workforces of developing countries are in the most vulnerable social groups, owing to the rapid growth of a young-age population, which necessitates education programmes to enable those young people to enter the labour market.

10. In the view of the G77 and China, the following actions are needed in order to ensure a just transition of the workforce and quality jobs:

- (a) Minimizing hardships for workers;
- (b) Introducing appropriate public policies to address the needs of workers;
- (c) Consulting with all stakeholders to develop mechanisms for a just transition;
- (d) Ensuring a country-driven process;
- (e) Assessing response measures in their design and implementation phases in order to find out possible consequences for employment, economic growth, etc., in developing countries, in both a quantitative and a qualitative manner.

11. A representative of the European Union stressed the opportunities presented by transitioning to low greenhouse gas emitting economies. He stated that green jobs utilize higher-level skills in the workforce and can offer better remuneration. Investment in education and job training were noted as valuable supporting actions with co-benefits.

12. He shared the following factors that encourage economic transformation:

- (a) The number of jobs increases when there is more demand for green technologies;
- (b) Education and skills development are important in actively supporting successful restructuring;
- (c) Shifting taxation away from labour to resources and energy can lower labour costs and thus boost employment.

13. In addition, he cited the European Commission's investment of EUR 105 billion through its cohesion funds to support green technologies and eco-innovation. It is expected that 5 million jobs will be created by 2020.

14. A representative of Saudi Arabia referred to the findings of the International Labour Organization (ILO) with regard to demographic distribution by age, which show that developing countries have a young-age workforce. In Saudi Arabia, 48 per cent of the population is under 19 years old.

15. In developing countries, the workforce is inherently vulnerable to economic downturns, and certain climate change mitigation actions and policies add stress on industries and markets, specifically in countries with growing young populations, making it harder to provide sufficient and quality jobs.

16. The presenter recalled Article 3, paragraph 5, of the Convention, which encourages cooperation between all Parties to promote a supportive and open international economic system that leads to sustainable economic growth and development in all Parties, particularly developing country Parties. She then proposed a framework of actions to support a just transition, including:

(a) The assessment and modelling of the impact of the implementation of response measures on jobs and the labour market;

(b) The examination of associated socioeconomic indicators, such as income, health and education;

(c) Partnership on capacity-building opportunities, such as education and training for youth;

(d) The engagement of public-sector and private-sector representatives in enhancing the dissemination of practical lessons and highlighting concerns.

17. A representative of South Africa highlighted his country's perspectives on a just transition. He stated that the poor and vulnerable need to be protected from the transitional costs associated with mitigation, such as the increased costs of energy, food and transport, job losses in carbon-intensive industries and the demand for new skills. South Africa recognizes, therefore, that the process of transition must be managed judiciously and that there is a need to engage stakeholders in a social dialogue.

18. The presenter informed the meeting participants about the national circumstances that are affecting South Africa's economic transformation, as well as about the challenges, opportunities and need for social dialogue. South Africa is confronted with three main challenges, namely poverty, unemployment and inequality. It is also important to consider that: there is a need to create 5 million new decent jobs by 2020; millions of workers are employed in carbon-intensive industries; and the mining sector is a key foreign-exchange earner.

19. The negative impact on South Africa's wine exports was mentioned as one of the challenges of the transition. A number of wine importers have pressurized South Africa to make its supply chains 'green' and have insisted that wine should be exported in bulk instead of using glass bottles, which is based on the yet to be proven argument that there are carbon emissions associated with making glass. This has led to the closure of domestic wine-bottling plants and small cooperatives in the country, especially in the Western Cape, leading to the loss of jobs and therefore livelihoods. It is estimated that for every 10 million litres of wine shipped in bulk, nearly 107 direct jobs are lost.

20. Examples of opportunities related to 'greening' the South African economy were mentioned. The government has invested in green industries (e.g. wind and solar) and in energy-efficient sectors. Currently, South Africa is implementing one of the world's largest

renewable energy programmes. Such efforts will help the country to shift away from a capital-intensive and resource-dominated economy to a value-added, labour-intensive and less carbon-intensive economy, thereby providing support to local manufacturing, job creation and economic growth through strong localization.

21. In order to achieve economic transformation, the South African Government embraced the need for a social dialogue. Through the National Economic Development and Labour Council, the government and social partners signed the country's Green Economy Accord at COP 17 in November 2011, which includes clean energy generation and manufacturing, investment in mass transport, ecotourism and environmental services.

22. Some of the lessons learned from the economic transformation in South Africa include the need for a just transition, technological and infrastructural innovation and development, economic and social resilience, and social dialogue to be built into all aspects of planning and policy.

B. Information, experiences, best practices and views presented by organizations

23. A representative of the International Trade Union Confederation (ITUC) focused his presentation on the following: the rationale for a just transition; the key components of a just transition; and what the UNFCCC process could do at the international level. On the rationale for a just transition, he recalled the outcomes of COP 16, and in particular the discussions on the shared vision, which noted that mitigation response measures will create job opportunities in new sectors, but that challenges will be experienced in the traditional and energy-intensive industries. He felt that the international community is in agreement that if the transformation is well managed it can meet the needs of working people through the creation of decent and good-quality jobs.

24. The presenter suggested that the key components required to accomplish a just transition include the following: sound investments; the research and assessment of the impacts of emission reduction scenarios; social dialogue; training and skills development; social protection; and local analysis and economic diversification.

25. Regarding the role that the UNFCCC process could play in enhancing a just transition, he listed the following activities:

- (a) Sharing best practices in relation to anticipating impacts;
- (b) Planning and identifying successful policies;
- (c) Assessing financial needs;
- (d) Establishing dialogues with stakeholders to collect good practices;
- (e) Cooperating with ILO on issues related to the just transition.

26. Commencing by citing relevant decisions of the COP (e.g. decisions 1/CP.16 and 2/CP.17), a representative of the Women's Environment & Development Organization presented views on integrating gender equality into the just transition and decent work for a sustainable future. She stated that, in order to enable the full participation of all members of society in the formal economy, all forms of social discrimination must be removed. She noted the need to remove the obstacles that women face in the labour market, such as unpaid domestic and care work. She also emphasized the benefits of promoting the co-responsibility of States, society, the private sector and all individuals. Referring to studies that have been conducted, she noted that closing the gap between men and women can boost gross domestic product (GDP) in many countries.

27. Using a graph, the presenter illustrated the current gender gaps in economic participation. The Nordic countries have the smallest gap, owing to the high incomes and the equitable distribution of income, resources and opportunities between men and women in those countries. The graph showed big gaps in developing countries.

28. To provide equal opportunities in the creation of decent work and quality jobs, the following key steps are relevant:

- (a) Focusing on enabling conditions to ensure that job transitions are gender responsive;
- (b) Creating multi-stakeholder dialogue platforms to ensure that the preferences of both women and men are taken into account;
- (c) Piloting projects that can be scaled up later.

29. A representative of ILO began his presentation by introducing an ILO publication entitled *Working Towards Sustainable Development* as a useful resource for understanding what economic transformation can achieve. He stated that information in the publication indicates that it is possible to create 15 to 60 million jobs during the transition, representing a workforce growth of 0.5 to 2 per cent by 2030. Those gains can be realized in such sectors as REDD-plus⁵ and renewable energy. Furthermore, only about 1 per cent of the workforce would need to shift sectors. He provided estimations (in percentages) of the reallocation of workers during the transition in different countries: research shows that Mexico ranks high, with 1.2 per cent, while Brazil has a low figure of about 0.2 per cent.

30. The presenter emphasized the following elements that need to be in place to enable a just transition:

- (a) Social dialogue among all stakeholders concerned;
- (b) Skills development for green jobs and retraining;
- (c) Green enterprise development;
- (d) Active labour policies;
- (e) Provision of social protection.

31. Noting that the creation of jobs is a key component of policy development, he stressed that transition policies should be made taking into consideration the envisaged net employment gains in the green economy. Policies should also be made in such a way that there is coherence between social, economic and environmental needs. This will ensure that climate action can effectively contribute to reduced inequality and more social inclusion.

C. Concluding remarks made by workshop participants

32. A representative of the United States of America noted that a number of participants in the workshop had mentioned that the International Labour Conference was taking place in Geneva to discuss policy measures and decisions that will be taken by governments to encourage a just transition. With that understanding, she felt that Parties would agree that the discussion on a just transition within the UNFCCC process should simply help to raise general public awareness. Such a discussion could also help countries to understand that, when designing climate policies, consideration should be taken on training workers and the possible impacts.

⁵ Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

33. A number of representatives of Parties expressed their appreciation to the observer organizations present for providing valuable information in their presentations. The representative of the G77 and China noted that many points that were raised by those organizations were similar to those raised by the G77 and China, in particular that jobs are critical for the development agenda. The representatives of the European Union and the United States stated their agreement that the three organizations had presented useful analysis and proposals that would enrich the discussion on a just transition.

34. The representatives of the European Union and ILO inquired as to how countries are addressing the important issue of providing education and training to young people in countries with a predominantly young-age population profile in order to prepare them for the workplace. The representative of Saudi Arabia responded by indicating that her country has undertaken assessments of the extent of the pending unemployment of its young people, the results of which have been fed into the development of strategies and public policies relating to education and training. As Saudi Arabia is aware that an initiative such as economic diversification in the energy sector will provide a large number of jobs compared with 'business as usual', and that the share of service-related jobs will grow from 27 to 37 per cent in the next nine years, investments have been made in those sectors. The representative also informed the workshop participants that Saudi Arabia has made good progress in training young people. Scholarships have been awarded to young people to study abroad. In the last six years about 300,000 students have been pursuing higher education all over the world. The representative of the United States informed the workshop participants that she was developing the United States' biennial report to the UNFCCC, which includes gathering information on how the United States incorporates workers' training into the planning for support to developing countries taking into consideration the need for them to be prepared for the transition to a cleaner economy.

35. In relation to the presentation made by the South African representative, the representative of the European Union was interested in receiving more details on how regional cooperation could facilitate the creation of solutions to issues under discussion in the forum. He referred to the useful interaction in the European Union aiming to solve problems facing its member States. Such an interest in the South African presentation was also expressed by the representative of ITUC. The Australian representative remarked on the standard that had been imposed on South African wine exports. He stated that it was similar to the harmful standard on food miles, which has been rejected because of a lack of scientific proof to support its implementation. He noted, however, that there are many standards that lead to positive outcomes in both developed and developing countries.

36. The South African representative responded by informing the workshop participants that South Africa has adopted a strategy of developmental regionalism with three pillars, namely infrastructure, industrial development and market integration. In terms of the industrial development pillar, there is a strong emphasis on the regionalization of green industries and on capacity-building in the neighbouring countries for increasing the value of products produced in the region. With regard to infrastructure, a strong emphasis has been put on investing in efficient transport networks (e.g. the North–South Corridor, which links Durban and Dar es Salaam).

37. The need to ensure the provision of financial support to developing countries as stipulated in the Convention was stressed by representatives of India and Sierra Leone. The representative of Sierra Leone argued that without a commitment to supporting the implementation of activities for achieving a just transition in developing countries the transformation of many economies will not take place.

38. Workshop participants actively discussed the subject of job creation as a result of economic transformation. A representative of the South Centre inquired as to whether the growth in green jobs between 2002 and 2012 presented by the representative of the

European Union was net growth, with the latter confirming that the growth quoted for that period was indeed net growth, but that the figures he had quoted from the European Union employment package, which aims to create 5 million jobs by 2020 in the energy-efficiency and renewable energy sectors, were gross figures.

39. The representative of ITUC observed that response measures would have a negative impact on jobs in Europe and other developed countries. This is due to the challenges relating to carbon pricing within the European economies, which put pressure on industrial costs and reduce competitiveness, thus leading to the loss of jobs from developed to developing countries, where there are no carbon controls.

40. Regarding the findings of ILO, the representative of the South Centre stressed that it is not only the percentage growth in job creation that should be considered. It is important to investigate how that number of jobs is shared globally. He recalled his experience with such exercises, which showed that in some cases the largest share of jobs is picked up by only a few countries, leaving many developing countries with very few jobs.

41. In response, the representative of ILO agreed that indeed the presented percentage growth in net job creation might look small, but that inaction may lead to losses of up to 7.5 per cent of GDP and consequently employment. He encouraged the workshop participants to download the assessment tool from the ILO website in order to obtain their own outcomes.

42. The importance of social protection was raised by the representatives of ITUC, European Union and ILO. The former noted the strong relationship between social protection measures and the process of change or transformation. He said that social protection makes change easier and fairer; in particular, when jobs disappear, there is always sustained income.

43. During the last part of the workshop, the representative of the G77 and China reiterated a proposal from her group to hold a workshop on unilateral measures during the thirty-ninth sessions of the subsidiary bodies. She referred to decision 1/CP.18, paragraph 54, in which Parties were invited to continue to participate in the forum, including the sharing of views on relevant issues. However, the representatives of Australia, European Union and United States stressed that the cited decision did not mandate a workshop on unilateral measures. They felt that the matter should be discussed together with others in the forum.

44. Earlier in the workshop, the representative of ITUC had asked the Chairs whether there was a plan to hold further discussions before the thirty-ninth sessions of the subsidiary bodies on a strategy for consolidating the inputs to the workshop. They responded by informing the workshop participants that there will be no extra time at those sessions as the subsidiary bodies will meet for one week only. They advised them to complete most of the relevant work beforehand in this session.
