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Public-Private Joint Efforts Towards Rio+20

Moving Towards a Green Economy: Green Jobs and Social Inclusion

- THEMATIC DISCUSSION BRIEFING NOTE -

Introduction

The world today finds itself in the worst financial and economic crisis in generations. As governments and business actors devise a new international financial architecture to prevent future crises of this scale and find ways to jump start economic recovery, they need also to recognise and address the risks from another tremendous crisis with sweeping impacts: climate change. "Climate change is the greatest collective challenge that we have ever faced. It is destroying our only planet at an accelerating pace" (Angel Gurría, OECD Secretary-General).

These crises pose serious implications for human welfare and well-being world wide, especially in terms of unemployment, poverty, and environmental impacts. But they may also provide a unique opportunity for governments and business actors to come together to promote sustainable economic development at the global level.

Within this framework, the *green economy* concept has become a centre of policy debates in Europe as worldwide. It provides a response to the multiple crises that the world has been currently facing with an alternative paradigm that offers the promise of growth while protecting the earth's ecosystems and, in turn, contributing to poverty alleviation. In this sense, the transition to a green economy would entail moving away from the system that allowed, and at times generated, these crises to a system that proactively addresses and prevents them.

The *green economy* agenda covers, on the one and, the greening of existing industries, under which all industries continuously improve their resource productivity and environmental performance. This includes commitment to and actions aimed at reducing the environmental impacts of processes and products through using resources more efficiently, phasing out toxic substances, substituting fossil fuels with renewable energy sources, improving occupational health and safety, taking increased producer responsibility and reducing the overall risks. It aims, on the other hand, to create new green industries, that deliver environmental goods and services in an industrial manner, including, for example, waste management and recycling services, renewable energy technologies and environmental analytical and advisory services. With reference to this second issue, some first attempts can already be identified. The eco-industry of the EU27 had a turnover of

€319 billion (2.5% of GDP) in 2008 (at current prices). Corrected for inflation, the annual growth rate in the period 1999-2008 has been nearly 6%. The four largest sub-sectors take up to roughly three quarters of the total eco-industry with waste management (30%) as the largest one followed by water supply (21%), wastewater management (13%), and recycled materials (13%)¹. Yet, this is only a beginning. A much greater transition still lies ahead.

The path towards a *green economy* will certainly generate far-reaching and long-lasting impacts and opportunities on the labour market. From a broad conceptual perspective, employment will be affected in at least four ways as the economy is oriented toward greater sustainability:

- First, in some cases, additional jobs will be created—as in the manufacturing of pollution-control devices added to existing production equipment.
- Second, some employment will be substituted—as in shifting from fossil fuels to renewables, or from truck manufacturing to rail car manufacturing, or from landfilling and waste incineration to recycling.
- Third, certain jobs may be eliminated without direct replacement—as when packaging materials are discouraged or banned and their production is discontinued.
- Fourth, it would appear that many existing jobs (especially such as plumbers, electricians, metal workers, and construction workers) will simply be transformed and redefined as day-to-day skill sets, work methods, and profiles are greened.

Evidence to date suggests that the economy-wide losses from the traditional energy-intensive/high- carbon sectors are substantially lower than the gains of new jobs through clean technologies. Employment in green jobs is, indeed, growing at a very fast pace, and the growth seems likely to accelerate in the years ahead.

An acceptable definition of green job cannot focus solely on the green credentials of a job. The International Labour Organization rightly emphasize that green jobs also need to be decent jobs — pairing concerns like efficiency and low emissions with traditional labour concerns including wages, career prospects, job security, occupational health and safety as well as other working conditions, and worker rights. A job that is exploitative, harmful, or fails to pay a living wage (or worse, condemns workers to a life of poverty) can hardly be called green. Within this framework the transition towards a *green economy* can become a powerful tool to promote social inclusion both in developed and in developing countries.

It also important to highlight that the concept of *green economy* has at least one-second major component to take into consideration. Sustainable development would not only involve ecological practices that enable meeting the needs of future generations, but a change in production and consumption patterns in an equitable manner whereby resources which are currently being wasted are saved and rechanneled to meeting the needs of everyone today as well as the needs of future generations.

Key Challenges

- **Realigning priorities.** Business is a substantive participant to shape and implement the concept of green economy at both, the policy and market level. Business plays a critical role in delivering jobs, investments, technologies, products and services that drive the changes and innovations needed to move towards a Green Economy. While private companies have an important role to play, their risk and profit appraisal and their time horizon does not necessarily match with the scale, urgency, and long-term perspective of the public agenda emerging in response to the climate challenge.
- **Job losses mitigation.** The transition to a *green economy* will have an overall positive impact on employment. It will produce new green jobs and the greening of some existing ones. However, it will also result in job losses and jeopardized livelihoods in certain regions, communities, industries, and economic sectors. This is particularly the case in areas where there are high concentrations of

¹ ECORYS et al (2009) Study on the Competitiveness of the EU eco-industry. Within the Framework Contract of Sectoral Competitiveness Studies – ENTR/06/054

vulnerable industries and a lack of economic diversification. The implication is that there is a clear need for pro-active policies that assist in this transition by way of retraining, skill-building, income support and social protections.

- **Decent work promotion.** There are today millions of jobs in sectors that are nominally in support of environmental goals but whose day-to-day reality is characterized by extremely poor practices, exposing workers to hazardous substances that endanger their health and lives. A green jobs strategy needs to be fully attentive to these problems and to seek to overcome them. Only in that way, green jobs can become a powerful tool of social inclusion. Improving the image of low-carbon occupations is also crucial and efforts should be made by both governments and industry to improve the attractiveness of taking up a career in such occupations.
- **Skills availability.** Availability of skills for green jobs plays a crucial role in triggering change and facilitating just and timely transitions. The EU suffers from systemic weaknesses in its skills base, which limit its productivity and competitiveness in today's economy, and reduce its capacity to exploit the opportunities offered by green growth. These deficits in management skills and technical job-specific skills (many of which are related to science, technology, engineering and mathematics) are a greater concern.
- **Addressing unsustainable consumption patterns.** While there has been much discussion on making production patterns and systems more environmentally efficient, there has been less focus on consumption patterns. This should be rectified as consumption patterns often drive the pace of production and greatly influence the composition of the good and services produced. A more rational pattern of consumption can result in a more rational pattern of production. Consumption patterns are in turn highly influenced by the distribution of incomes worldwide and within countries. Due to the unequal distribution of income in the world, a large share of goods and services produced are luxuries that the wealthy are able to pay for, while the poor who have needs but are unable to pay lack basic goods and services such as housing, clean water, sanitation, basic education and food.
- **Alleviating poverty.** A key feature of a green economy is that it seeks to provide diverse opportunities for economic development and poverty alleviation without liquidating or eroding a country's natural assets. This is particularly necessary in low-income countries, where ecosystem goods and services are a large component of the livelihoods of poor rural communities and ecosystems and their services provide a safety net against natural disasters and economic shocks. Thus, sustainable development and green economy strategies should, every time it is possible, prioritise policies and projects that benefit them. These include prohibition of activities that damage the environment and livelihoods of the poor communities (unless they are provided with alternative land and housing of equally good quality); restoration of ecosystems; support for sustainable agriculture activities; large government investments in renewable energy, water and sanitation programmes as well as improved education and health services.

Discussion Question

What steps can the private sector take – independently and in collaboration with the public sector – to realize the transition to a green economy? Can green jobs be considered as adequate tools to realize a more sustainable and inclusive economy?

