



**International Labour Office  
Green Jobs Programme**

# **The social and Decent Work dimensions of a new Agreement on Climate Change**

## **A Technical Brief**

**Ana Belén Sanchez and Peter Poschen**

**November 2010**

## ***Introduction***

**The purpose of this brief** is to highlight the close inter-linkages between climate change and the world of work. It aims to promote a better understanding between both spheres and greater coherence between climate, social and labour policies.

The significant impact of climate change on development, on production and consumption patterns and thus on enterprises, labour markets and workers is increasingly recognized. Similarly, it is becoming clear that in order to succeed, measures to protect the climate and to adapt to climate change will require active support and engagement of millions of employers and workers. These insights about the inter-relations have yet to translate into more coherent policies. This is particularly true for the current proposal on a new global agreement on climate which does not sufficiently reflect the social dimensions of climate change, of measures to adapt and to prevent dangerous climate change.

This brief identifies ways to integrate social and labour needs in the different areas of work of a potential future climate agreement.

Regarding the social dimension of climate change, it should be noted that the current proposal for negotiation contains very often expressions that refer to social development with terminology similar to 'social impacts', "socio-economic development" or "socio-economic situation".

In ILO's view these expressions should be disaggregated into individual categories in order to identify the specific areas of action that the terms are referring to. Failing to do this leads very often to lack of understanding of the scope of these ideas, meaning different things to different people and therefore not being translated into more detailed discussion on specific impact of climate change on these social areas, not taking relevant actors' views into consideration either and overall not providing guidance to an effective implementation at national level on all the different areas involved.

In order to avoid invisibility of social impacts of climate change the ILO suggests disaggregating these social-related terms into: decent work conditions and incomes, health, gender equity, education, social protection and food security. All these areas could be further developed into subcategories according to national needs when implemented at the national level.

## **How to integrate decent work and promote coherence between social and climate policies**

This section discusses the inter-linkages between labour and climate change, identifies gaps in the current climate change discussions to integrate social development and suggests different approaches to bridge this gap.<sup>1</sup>

The relevant linkages are identified with respect to the shared vision and the different building blocks of the Bali Action Plan –mitigation, adaptation, financing, technology transfer, capacity building and review. Elements to be reflected in the future decisions in order to promote social development, labour and decent work are captured in a box at the end of each section.

### ***A Shared-Vision for long-term Cooperative Action***

#### ***Reconciling GHG emissions and social development***

The new agreement should reconcile the two very often presented as contrary goals but being a common purpose of sustainable development: the need to reduce GHG emissions and achieve economic and social development and poverty eradication. New green jobs can be created in many different areas such as energy efficiency in building, industry or transport, generation of renewable energies, adaptation to climate change infrastructures, better water infrastructure, more sustainable agriculture production or increasing recycling. All these measures will not only reduce GHG emissions but will have positive impacts on health and if properly designed will promote gender equity, providing decent work opportunities to both men and women.

Countries therefore should recognize that it is not necessary to choose between emissions reduction and economic and social development, if appropriately designed, climate policies and measures can promote social protection, food security, decent work opportunities and create new incomes. This is a reality for all countries, both developed and developing ones.

#### ***Mainstreaming climate change into social development policies***

Similarly, social development policies should also mainstream climate concerns and pursue climate resilient of communities and individuals. In this respect labour policies by promoting green jobs are a key element in the policy options of countries to achieve emission reduction goals, low carbon sustainable development and efficient climate adaptation measures in all sectors.

Current climate negotiations and future decisions taken by countries should recognize that climate goals both in mitigation and adaptation terms will also be achieved by incorporating climate in socio-economic development policies:

---

<sup>1</sup> It draws on the discussions at the Governing Body of the ILO in November 2007 and November 2008.

labour and employment, enterprise development support policies, infrastructure in rural and urban development are some of these cases.

### ***Broad-based inclusive development and equity***

The new agreement should be guided by the principle of equity. The new agreement should be an opportunity for all countries to broaden access to employment and income opportunities created in the transition to low carbon economies, which are also resilient to climate change.

### ***A just fair transition framework to smooth the transition to a low-carbon world***

Particularly important, the shared vision for long-term cooperative action should provide a global framework for a socially fair transition to a low-carbon economy. **Assessment of new decent jobs opportunities** emerged of lower emissions sectors, potential negative impacts on jobs and incomes well in advance climate policies and measures are decided should be carried out by country, economic sector and social groups (differentiating between women and men, low-income and high- income households, formal and informal economy, focussing on the most vulnerable: youth, poor workers among others).

This assessment should include impacts on decent work but also impacts on poverty reduction, health, gender equity, social protection, on food security, education and development as a whole similarly.

Based on ex-ante assessments, climate policies and measures should be designed in the most appropriate way to take full advantage of decent work and development opportunities and diminish negative impacts. In this sense **social security policies aiming at providing social protection** to affected population are key elements to facilitate this transition.

This requires a **strengthening of capacities** and **coherent policies** to seize opportunities arising from mitigation and adaptation while reducing negative impacts in those countries, regions, sectors and social groups facing challenges.

Finally, **dialogue will also be essential** 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: training and 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.

### ***Coherent Policies***

In order to minimize the cost and negative impacts and to realize the potential benefits, environmental, economic and social policies and programmes need to be well informed, coherent, broadly supported and able to engage stakeholders -governments, representative of employer's, and workers' organizations- in social dialogue for the design and implementation of policies.

Respect for and protection of human rights, including labour rights, should form an integral part of policies and programmes on measures to adapt or to mitigate climate change.

In order to turn the response to climate change into a development opportunity:

- ◆ The new agreement should reconcile the two very often presented as contrary goals but being a common purpose of sustainable development: the need to reduce GHG emissions and achieve economic and social development and poverty eradication.
- ◆ The future agreement on climate change should include provisions to ensure **a just transition to sustainable, low-carbon economies with access to opportunities for decent work** and social protection for all whose livelihoods, incomes and employment are affected by the need to adapt to climate change and to reduce emissions to levels that avert dangerous climate change. Labour market impact assessment, social dialogue, social protection, strengthening capacities of workers, employers and institutions and sustainable economic diversification are elements of such framework.

## ***Enhanced Action on Adaptation***

### ***Labour markets and livelihood vulnerability assessments***

Labour market and livelihood vulnerability assessments will provide a good understanding of social, labour market and enterprise risks and vulnerability related to climate change and on the need for adaptation measures. Such a baseline is essential to quantify and qualify the needs for adaptation to climate change as well as to tailor interventions and allow monitoring of adaptation programs.

### ***Socio-economic information***

Climate related impacts often disrupt the functioning of local economies. The ability of enterprises to maintain or resume economic activity and people to earn an income will be crucial after a climate impact such as a storm, a flood or a drought. Vulnerability assessments should include socio-economic information on the structure of local economies in exposed parts of countries, including the size and nature of enterprises, main sources of employment and income, critical factors such as respect for human rights, including labour rights, coping strategies, access to credit and social networks.

### ***Sectoral adaptation in a Local Economic Development approach***

Embedding adaptation into sectoral and local economic development leads to more integrated and effective adaptation. It provides opportunities to actively engage sectoral and local stakeholders in design and

implementation. Targeted training can help potentially affected individuals in sectors at risk to be able to find new activities in other economic sectors and allow households diversifying their sources of income in line with the adaptation strategies.

### ***Building solid enterprises able to adapt to climate change***

An important condition in reinforcing the capacity of an affected local economy to cope with climate change is the existence of a solid fabric of micro and small enterprises, able to adapt to a changing environment and flexible enough to resist shocks. Building and maintaining such a fabric requires:

- ◆ An enabling environment for SMEs and micro-enterprises.
- ◆ Targeting sensitive value chains.
- ◆ Capacity development programs and business development services in order to unleash the potential of local economy to adapt to the changing situation.
- ◆ Building up skills of workers and managers to identify and assess changes, to implement early warning systems, technical skills to improve and adapt technologies to changes and to diversify production.
- ◆ Support to local saving, micro-finance and banking as well as consolidating the local banking system, diffusion of microfinance programmes and developing financial risk-sharing mechanisms.
- ◆ Promotion of public-private partnerships to better engage the local private sector in adaptation to climate change programmes.
- ◆ Embedding of adaptation to climate change in local economic development rather than adaptation as a stand-alone goal and programme.
- ◆ Social dialogue among representatives of workers', employers' organizations and governments at all levels, in an institutionalized manner, to build consensus and enhance efficiency of measures to be taken, should be the base of any adaptation programme.

### ***Strengthening and development of social security policies***

Social security policies have proven to be among the most important measures for enhancing economic resilience to climate change. Vulnerable sectors and areas need social protection programmes and social security policies to cushion the immediate impact of climate change, particularly in the informal economy.

### ***Strengthening adaptability of individuals through improved skills***

One of the most important measures for enhancing adaptability to climate change is to enhance employability of workers and job seekers through vocational training. Targeted training can help potentially affected individuals in being more flexible in the search for employment and allow households to diversify their sources of income. Targeted support to women and youth has to be considered.

In order for adaptation frameworks or programmes to enhance positive social and labour outcomes:

- ◆ Adaptation framework/programme should be based on labour market and livelihood vulnerability assessments, including in the informal economy. These assessments should be the base of the national adaptation plans.
- ◆ Ensuring that adaptation to climate change adequately addresses the need to increase resilience of enterprises and livelihoods and to diversify the economic activity.
- ◆ The adaptation priorities should be undertaken in a holistic and integrative manner and be consistent with current and future development planning while meeting the local needs.
- ◆ Workers and enterprises in highly vulnerable economic activities (rural areas, agriculture, and tourism) and vulnerable areas such as coastal zones and urban slums areas should be considered as particularly vulnerable groups and just transition measures for these populations and regions should be prioritized in the adaptation frameworks/programme. In this regard the national adaptation plans should articulate with relevant national policies including the Decent Work Country Programmes<sup>2</sup>.
- ◆ Strengthening or creation of social security policies in order to reduce vulnerabilities and risks related to climate change events.
- ◆ In order to promote an enabling environment to support adaptation actions all countries should look at flexibility and protection to manage change. Sustainable enterprises<sup>3</sup> and economies must develop the ability to adapt to rapidly changing conditions in the marketplace. In order to support enterprises and their workers (women, men and youth) to cope with such challenges, governments should develop a legal and institutional framework, including labour regulation, social protection, active labour market policies and efficient employment services which also support enterprises' capacity to adapt. Such policies should be developed in full consultation with the social partners. Countries should also promote and facilitate micro-businesses and SMEs to promote diversification of household income sources through vocational and entrepreneurship training as well as active labour market policies.
- ◆ The involvement of social partners –governments, representatives of employers and worker' organizations- by strengthening existing institutions to deal also with adaptation policies, and creating new social dialogue frameworks at international, national and local levels should be part of planning and implementation of adaptation framework/programmes.

## ***Enhanced Action on Mitigation in developing and developed countries***

<sup>2</sup> <http://www.ilo.org/public/english/bureau/program/dwcp/>

<sup>3</sup> See ILO conclusions concerning the promotion of sustainable enterprises:

<http://www.ilo.org/dyn/empent/docs/F836599903/ILC96-VI-2007-06-0147-2-En.pdf>

### ***Assessment of impacts on labour markets and potential for Green Jobs***

Mitigation measures can have significant positive as well as negative consequences for enterprises, workers and communities. Adequate ex-ante analysis of impacts on decent work conditions, employment, incomes and local development should be conducted to maximize benefits and to anticipate the need for just transitions.

This technical labour assessment should be part of both Nationally Appropriate Mitigation Action (NAMAs) by developing country Parties and Nationally Appropriate Mitigation commitment or actions by developed country Parties.

### ***Employment benefits of mitigation actions***

While the 4<sup>th</sup> Assessment IPCC Report has emphasized the significant potential to create new employment through mitigation 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 mitigation measures technically feasible, economically viable, socially acceptable and politically sustainable.

Besides that, much environmental degradation is poverty-driven: reducing poverty through productive decent employment is an important route toward greater environmental sustainability. Economic growth at the expense of environmental quality is unsustainable and self-defeating even in narrow economic cost/benefit terms.

### ***Greening enterprises***

Individual 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. This potential is barely mobilized.

### ***Dialogue and knowledge-sharing on best practices***

Countries could benefit from sharing knowledge and experience on social impact assessment and developing a shared methodology based on best practices. The approach used successfully for adaptation (the Nairobi Work Programme) could be a suitable method in this regard. The dialogue among those responsible for implementing the different policies and measures, government, representative of workers’ and enterprises’ organizations, is crucial for the success of the climate regime.

### ***Skill development and capacity buildings for workers, entrepreneurs and governments***

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 in society as a whole. An effective response to climate change needs to mobilize millions of entrepreneurs and workers. Skill development among employers and workers as well as capacity building



among government and administration services will therefore play a major role in tackling climate change at all levels, national, regional, local and sectoral.

Successfully facing the challenge of climate change and achieving decent work will only be possible with the support of the key actors in the world of work. It will take governments with adequate institutional capacity as well as the current and future labour force skilled in low-carbon technologies and production methods. Finally, enterprises of all sizes need to be well informed about how to shift to a lower emission production while respecting workers' rights and enabling to them to contribute at their workplaces.

### ***Active participation of employers and workers' organizations***

Organizations of industry/employers and workers have an in-depth understanding of the technical options, human resource requirements as well as of the economic and social implications of mitigation measures. These stakeholders should actively participate in the design, implementation and monitoring of policies to reduce the cost, enhance the effectiveness, improve health and safety and maximize benefits in terms of employment. Sectoral organizations have an important role in facilitating just transitions for enterprises, workers and communities negatively affected by mitigation policies.

Key elements to effectively address mitigation needs in developed and developing countries and to turn them into an opportunity for decent work include:

#### **Developed countries**

- ◆ In order to assure a just transition to a low-carbon economy and anticipate transition measures, developed Parties should assess the impacts on enterprises and labour markets of their domestic and non-domestic actions, in terms of quantity (new opportunities, and job losses) and quality of employment in line with the ILO Decent Work Agenda<sup>4</sup>.
- ◆ Recognizing the major role of individual enterprises for reducing greenhouse gas emissions, particularly domestically in developed countries.
- ◆ A section on labour and employment policies and programmes designed to facilitate the implementation of the mitigation commitments should be integrated in the mitigation plans.

#### **Developing Countries**

- ◆ In order to ensure a sustainable development, developing countries should assess the impacts on livelihoods, enterprises and labour markets of their Nationally Appropriate Mitigation Actions (NAMAS), in terms of quantity (new opportunities, and job losses) and quality of employment in line with the ILO Decent Work Agenda.

---

<sup>4</sup> [http://www.ilo.org/global/About\\_the\\_ILO/Mainpillars/WhatIsDecentWork/lang--en/index.htm](http://www.ilo.org/global/About_the_ILO/Mainpillars/WhatIsDecentWork/lang--en/index.htm)

- ◆ Sustainable development and measures and low-emission development strategies and plans of NAMAS should specifically include the major role of workers and enterprises in their formulation, implementation and achievement.
- ◆ NAMAs committed by developing countries should include a section on labour policies and programmes meant to facilitate the mitigation objectives, technology, financing and capacity-building needs.

**Both developed and developing countries**

- ◆ Organizations of industry/employers and workers should actively participate in the design, implementation and monitoring of policies, plans, programmes and strategies, including the Clean Development Mechanism (CDM), to reduce the cost, enhance the effectiveness improve health and safety and maximize benefits in terms of employment.
- ◆ Institutions for bipartite and tripartite social dialogue should be an integral part of the set-up for the implementation of any mitigation effort.
- ◆ Building capacity of employers, workers and governments in line with the mitigation efforts to be part of the policies, plans, programmes and strategies related to mitigation, including the Clean Development Mechanism.

**Economic and social consequences of response measures**

Adverse effects on the following social parameters should be minimized, both domestically and in other countries:

- ◆ Volume of employment/unemployment
- ◆ Quality of employment
- ◆ Distributional effects of mitigation policies and protective and compensation measures
- ◆ Competitiveness of enterprises which will depend among others on: size, imports-exports, type of climate change regulation and incentives
- ◆ Social protection programmes and social security policies as a tool to reduce the adverse effects.

In order to clarify the complex effects it is necessary to:

- ◆ Develop an assessment methodology
- ◆ Establish clear guidelines to avoid negative spill-over effects of policies and measures.
- ◆ Institutionalized formal tripartite social dialogue at all levels
- ◆ Lessons learned and good practices sharing among those which are affected.

***Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation (REDD)<sup>5</sup> in developing countries;***

***Generating sustainable employment and income opportunities for forest communities***

The success of measures to reduce deforestation and forest degradation in developing countries will depend in large measure on the access to sustainable forest and land-use generating sufficient employment and income opportunities for forest dwellers and communities on the agricultural frontier.

***Social safeguards of REDD activities:***

Social safeguards in order to prevent negative impacts on employment and incomes should be developed. Policies should include measures to generate such opportunities and to channel incentives to communities which preserve and rehabilitate forests.

***Rights of Indigenous Peoples and the ILO Convention 169***

Care should be taken to promote the role and respect the rights of indigenous and tribal peoples in the conservation of forests as carbon sinks in line with the provisions of ILO Convention 169.

Emission reduction from deforestation and forest degradation will favour positive social and labour outcomes by:

- ◆ Policy approaches in the framework of reducing emissions from deforestation will include policies aiming at generating sufficient employment and income opportunities for forest dwellers and communities on the agricultural frontier.
- ◆ Social safeguards of REDD activities should be developed in order to prevent negative impacts on employment and incomes of those communities and workers involved on them.
- ◆ ILO Convention 169 provisions on rights of indigenous and tribal people should be taken into account when developing and implementing REDD activities.
- ◆ Capacity building should include local communities and indigenous peoples as well as medium-sized enterprises to ensure broad access to incentives for avoided deforestation and for the rehabilitation of degraded forests

***Enhanced action on the provision of financial resources and investment***

***Climate Change investments for social development***

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

---

<sup>5</sup> REDD: Reducing Emissions from Deforestation and Forest Degradation in Developing Countries

unemployed and the 500 million new job seekers arriving on the labour market of developing countries and emerging economies over the next 10 years.

### ***Special needs of small and medium-sized enterprises***

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

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 and overcome barriers to access including information and transaction costs.

### ***Enhanced action on technology development and transfer***

#### ***Enabling technology transfer: building capacity of workers and enterprises***

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 for the successful deployment of technologies. 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 or social justice. In this regard, the weakest link in the production chain will determine the level of performance that can be attained.

### ***Enhanced action on capacity-building***

#### ***Mapping skill requirements***

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.

Action on financing, technology and capacity building can be designed and formulated to achieve both environmental and decent work goals:

#### **Enhanced action on the provision of financial resources and investment:**

- ◆ Strengthen the role of public funding, including fiscal reorientation to ensure necessary funding to compensate those who suffer the most and help mobilize public support at the national level.

- ◆ Innovative institutions and mechanisms including micro-finance, with social criteria to better cope with those risks and damages caused by climate change, assuring the inclusion of vast number of individuals and enterprises currently excluded from financing.
- ◆ The financial mechanism of the future agreement and its provisions should pay special attention and be shaped to address the need of poor communities and micro, small and medium sized enterprises in vulnerable regions and countries.
- ◆ The national coordinating bodies to be established to address all aspects of the definition and implementation of climate change programme and projects (including those that have received technology, finance and capacity building assistance from developed countries) should include and count on the active participation of social partners, particularly representatives of workers' and employers' organizations and labour government's representatives.

**Enhanced action on technology development and transfer:**

- ◆ The participation of local stakeholders, including local governments, representative of workers and employers' organizations, in the definition and implementation of the technology action plans is essential to identify the specific national needs in terms of technologies, policies, actions and funding.
- ◆ Regulatory frameworks for technology development, deployment, diffusion and transfer will include access to information, as well as finance, particularly for small and medium-sized enterprises, and local communities.
- ◆ Attention to enabling and complementary factors for technology development: work methods, operational procedures, monitoring and continuous improving at workplace level.
- ◆ Public-private partnerships should be enhanced during the whole process of technology transfer: development, deployment, diffusion and transfer. In this regard, cooperation between countries, including North-North, North-South and South-South cooperation, should be promoted.
- ◆ Attention should be paid to the need for preventing the exporting of polluting industries to the less developed countries.

**Enhanced action on Capacity-building**

- ◆ Skills development and capacity building programmes to meet the skills needs in terms of mitigation, adaptation and sustainable and low-carbon development strategies should be embedded in all policies and programmes related to climate change.
- ◆ These programmes should address simultaneously those social challenges facing by countries such as the growing informal economy, social inequality, unemployment and working poor.