



A just transition to a sustainable future

Next steps for Europe

November 2017

It is now accepted by most countries that human activity is causing the planet's climate to change and that, therefore, it is in humanity's interest to change its behaviour. This acknowledgement of shared responsibility is demonstrated by the Paris Agreement on climate change and the 2030 Agenda for Sustainable Development with its associated 17 Goals (SDGs). In their Declaration supporting the 2030 Agenda, world leaders committed to *“take the bold and transformative steps which are urgently needed to shift the world onto a sustainable and resilient path”*.

Such challenges will define the future of all regions and require the involvement and leadership of major actors. The European Union (EU) has taken a leading role in coordinating both the greening of the EU economy and the efforts of its Member States to combat climate change. Initiatives such as the Europe 2020 programme for sustainable and inclusive growth, plans for a circular economy and pan-European goals for renewable energy production are all examples of how the EU is investing in a green future.

Changing the way we produce and consume will lead to profound changes in the world of work. But without sufficient action, climate change will pose major risks to productivity, economic growth and social progress. Based on 2012 ILO estimates, the continued rise of emissions until 2050 could indeed result in the loss of over 7% of global economic productivity. Ambitious action against climate change is therefore needed!

The ILO, through its tripartite constituency made up of representatives of governments, workers and employers and its status as a Specialized UN Agency on issues relating to the world of work, is uniquely positioned to help countries pursue the double objective of the protection of the planet and the promotion of inclusive growth and decent work. The promotion of green jobs – that is employment in the production of green products and services, and employment in environmentally friendly processes – is central to sustainable economic development. But importantly, green jobs also need to be decent jobs. A decent job is productive, it delivers a fair income, provides social protection and freedom for people to express their opinions and organize, and it assures equality of opportunity and treatment for all women and men.

A green transition has the potential to have a significant positive effect on labour markets. The ILO estimates that a transition to more sustainable economies could generate up to 60 million new jobs worldwide over the next two decades. In the EU, between 2000 and 2014, 1.4 million jobs were added to the green economy.¹ Yet, despite this enormous job creation potential, certain occupations and industries will decline, and this will have social consequences.

It is against this background that the ILO is advocating for green jobs and a just transition, making the shift to a greener economy a driver for decent job creation, social justice and poverty eradication.

¹ Eurostat (2017) http://ec.europa.eu/eurostat/statistics-explained/index.php/Environmental_economy_-_employment_and_growth

The Paris Agreement

- 195 signatories as of November 2017 including the European Union
- Objective to limit the increase in global temperature compared to pre-industrial levels well below 2 °C, aiming at limiting it to 1.5 °C
- Nationally determined contributions embody efforts by each country to reduce national emissions and adapt to the impacts of climate change through the measures they choose
- The Agreement calls for *“a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities”*

Just Transition: A social justice imperative

The greening of economies implies that many existing jobs will be transformed, with working methods and skills being redefined. At the same time, new jobs will be created, while others may be substituted or eliminated. But those who lose their jobs are not necessarily the ones who will get the new jobs in the green economy.

While changes in employment will be seen throughout the economy, certain sectors will undergo major transformations. Agriculture, forestry, fishing, energy, resource-intensive manufacturing, recycling, construction and transport will all be particularly affected. In addition, regional disparities could be significant, as the transition will be keenly felt in areas where the economy is heavily dependent on energy-intensive sectors. There are also concerns that unless prevailing gender gaps are fully addressed, women’s access to green job opportunities might be more limited than those of men due to unequal access to training, experience and existing occupational segregations in the labour market.

Therefore, if nobody is to be left behind, the transition must be carefully and fairly managed.

For the ILO, the indispensable structural transformation of our economies must take place through a socially just and inclusive transition. With this in mind, the ILO adopted the ‘Just Transition Framework’ and launched the ‘Green Initiative’ at the 102nd International Labour Conference in 2013. Building on this foundation, the ILO issued its ‘Guidelines for a Just Transition’ in 2015, providing a set of practical tools for governments and social partners to navigate change.

The just transition framework brings together the key elements of the vision of the ILO and its constituents for sustainable economies. These are:

Securing livelihoods and enabling businesses in a greener economy

Building on the ILO’s mandate to promote decent work, social justice and international labour standards, the Guidelines for a Just Transition highlight the need to secure the livelihoods of those who might be displaced or otherwise negatively affected by the green transition. This is essential from a social justice point of view, but also for mobilising the necessary political and workplace-based support for action on climate mitigation.

International labour standards offer a robust and practical framework for this. In addition to the ILO Fundamental and Governance Conventions, the Paid Educational Leave Convention No. 140, the Social Security (Minimum Standards) Convention No. 102 and the Social Protection Floors Recommendation No. 202 are examples of useful tools. They can guide Member States in designing social protection systems that foster social integration and facilitate a just transition.

Businesses, in particular small and medium-sized enterprises (SMEs), need to be supported so that they can unlock the potential to provide green goods and services, enabling more sustainable production and consumption patterns and generating new green jobs. Key elements for such support include a predictable and enabling regulatory environment that makes it easy for businesses to start and grow, coherence across public policies, increased public and private investment and the promotion of green innovation. To that effect, the ILO has designed entrepreneurship training and material such as the ILO Green

Business Booklet (2017)² to help potential entrepreneurs develop viable green business ideas.

Skills development for all

The greening of the economy is already shaping skill requirements in multiple ways. While industry-level restructuring reduces demand for some occupations and skill profiles, it increases demand for others. Access to training is vital to enable workers and enterprises to move from declining to growing sectors, and some new occupations will require new skills. But the most widespread source of change in skill requirements comes from the process of greening existing jobs.³ To take up the challenge, education systems need to anticipate and adapt to new skill requirements and lifelong learning must become a reality for all workers. Equal access to training can also help create an environment where women can advance more easily to high-skill and high-paying jobs traditionally dominated by men.

The concept of ‘green skills’ is hard to capture as many skills can be applied in both ‘green’ and ‘non-green’ contexts. Nevertheless, a significant share of green innovation is technology-driven, increasing the demand for skills in science, technology, engineering and mathematics (STEM). Greener economies will also require some specific skills, such as knowledge of sustainable materials

or environmental impact-assessments. A global study by the ILO and the European Centre for the Development of Vocational Training (Cedefop) identified a set of core skills necessary for green jobs in 21 countries, highlighting the relevance of applied skills. Among these were: leadership (to drive change); environmental awareness (to learn about sustainable development); entrepreneurial skills (to seize the opportunities of low-carbon solutions); and marketing skills (to promote greener products and services). In fact, the green economy can offer career opportunities for a diversity of education levels and skill backgrounds.

Driving the green transition through social dialogue

Social dialogue includes all types of negotiation, consultation or exchange of information between, or among, representatives of governments, employers and workers on issues of common interest relating to economic and social policy. The scale of changes entailed by the structural transformation towards more sustainable economies requires the active involvement of all actors: social partners, governments and civil society. When policies and programmes are underpinned by a consensus of all stakeholders, they are better informed and coordinated, and more likely to reach their objectives. Many national experiences illustrate the potential of social dialogue to lead to effective solutions.

ILO Guidelines⁴



² ILO (2017) http://www.ilo.org/empent/areas/start-and-improve-your-business/WCMS_555274/lang-en/index.htm

³ ILO & Cedefop (2011) http://www.ilo.org/skills/projects/WCMS_115959/lang-en/index.htm

⁴ ILO (2017) Just transition, decent work and climate resilience. Regional Office for Asia and the Pacific http://www.ilo.org/asia/publications/issue-briefs/WCMS_589098/lang-en/index.htm

In the Netherlands, an energy agreement for sustainable growth was signed in 2013 which involved representatives from business, trade unions, regional and local administrations, NGOs and the financial sectors through a large-scale forum. The Belgian ‘eco-cheque’ system, designed to encourage environmentally friendly consumption, is an example of how social partners can facilitate the transition process with their traditional tools of collective bargaining and agreements. In 2017, the European social partners is-

sued a statement entitled ‘Tapping the potential from greening the economy for jobs creation’ in which they recall that the inefficient and unsustainable use of resources, the degradation of ecosystems and the impacts of climate change pose challenges for long-term economic growth and social cohesion. They further acknowledge that improvements in resource efficiency alone can bring multiple benefits for business and society at large, and call for the implementation of EU environmental acquis to be a priority.

The EU: A leader in the green transition

The EU has been active on several fronts, encouraging its Member States to green their economies. Easily understandable, EU long-term headline objectives mark out a low-carbon roadmap to 2050, not only measuring progress but also serving as a strong signal of future direction. Through these clear targets, the EU builds a regulatory framework on the basis of which stakeholders can plan their actions, giving businesses a timeframe to make the necessary adjustments. Reliable policy and regulatory signposting removes future surprises and enables the rest of the economy to adapt and to generate the jobs of the future, whilst creating public acceptance and expectation for greening.

The EU climate targets

Key EU targets for 2020

- 20% cut in greenhouse gas emissions compared with 1990
- 20% of total energy consumption from renewable energy
- 20% improvement in energy efficiency

Key EU targets for 2030

- At least 40% cut in greenhouse gas emissions compared with 1990
- At least 27% of total energy consumption from renewable energy
- At least 27% improvement in energy efficiency

Long-term goal

- By 2050, the EU aims to cut its emissions substantially – by 80-95% compared to 1990 levels as part of the efforts required by developed countries as a group

The EU is on track to achieve the 2020 objectives but recent figures show that ambitious steps will be needed to achieve the long-term goals. In 2015 greenhouse gas emissions were down by 22.1% (compared with 1990), reaching the 2020 target five years early.⁵ However, it is important to note that this was partly due to the dip in production caused by the 2008 financial crisis. A report by the Commission in late 2016 predicted that if existing measures were not altered and made more ambitious, the EU would fail to reach its target of a 40% reduction in emissions by 2030.⁶

The EU uses a considerable range of actions to help reach these targets, involving large-scale investment and comprehensive policies and programmes. Flagship initiatives include the Energy Union, the Digital Single Market, and the Skills Agenda, all aimed at triggering job creation, skills training and regional development. A selection of compelling EU initiatives is described below.

EU Emissions Trading System

The largest carbon market in the world, the EU Emissions Trading System (EU-ETS) is a central part of the EU's efforts to cut greenhouse gas emissions. It covers approximately 11,000 power stations and manufacturing plants, as well as aviation activities within EU Member States, Iceland, Liechtenstein and Norway.⁷ The ETS system works on a 'cap-and-trade' principle, where a certain number of carbon credits, or permits-to-pollute, are distributed and can then be bought and sold between companies as required. The number of credits is reduced over time, thereby reducing the amount of pollution emitted.

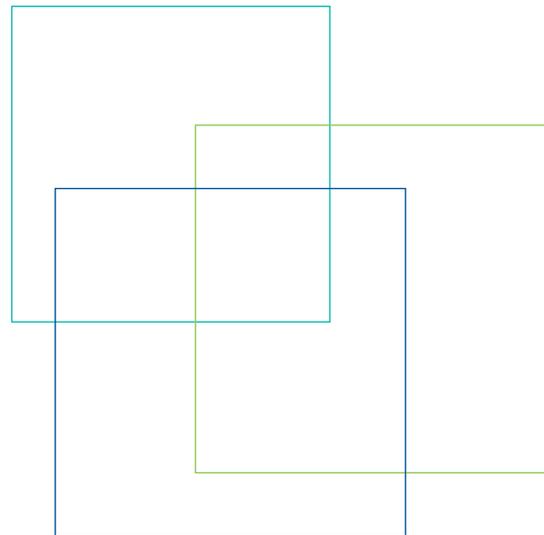
Despite the high ambition of the system, the efficiency of the EU-ETS has been questioned. A downturn in economic activity following the 2008 crisis created a surplus of carbon credits available on the market. This left the carbon price too low to give companies the incentive to invest in greener technology rather than buy the right to pollute. A revised structure will be put in place for the period 2021-2030.

Bold investment

The EU itself invests heavily in the green economy using a variety of funding sources. For example, the European Regional Development Fund, worth 196 billion euros for the period 2014-2020, is investing in climate change adaptation, waste and water management and biodiversity protection projects at local level. Regional decision-makers are now obliged to spend a certain proportion of the funds on projects building a carbon-free economy.

Through the Horizon 2020 programme, the EU invests in eco-innovation, an industry currently valued at one trillion euros per annum and expected to triple in size by 2030. Environmental projects also have their own long-running investment programme, LIFE, which has been investing in environmental protection projects since 1992. A recently created high-level experts group on sustainable finance focusses on finding ways to reorient financial flows towards low-carbon and resource-efficient investments and to mobilise more private capital.

The EU is also an investor in PAGE, the Partnership for Action on Green Economy. Founded in 2013, PAGE is a mechanism to coordinate green economy advisory support of five UN agencies (ILO, UNEP, UNDP, UNIDO, and UNITAR). Through targeted policy assessments focusing on jobs, macro-economic impacts and industry, PAGE advises countries on how to foster a green economy in their specific national contexts.



⁵ European Commission (2017) https://ec.europa.eu/energy/sites/ener/files/documents/pocketbook_energy_2017_web.pdf

⁶ European Commission (2016) https://ec.europa.eu/clima/sites/clima/files/eu_progress_report_2016_en.pdf

⁷ The EU-ETS covers around 45% of EU greenhouse gas emissions. Those sectors not covered come under EU-set national emission reduction targets.

Mainstreaming the circular economy

For the green economy to develop, GDP growth must be disassociated from resource intensity, meaning the economy can expand independently of further extraction and use of energy and material resources. Recent figures show that the EU has made good progress in this direction.

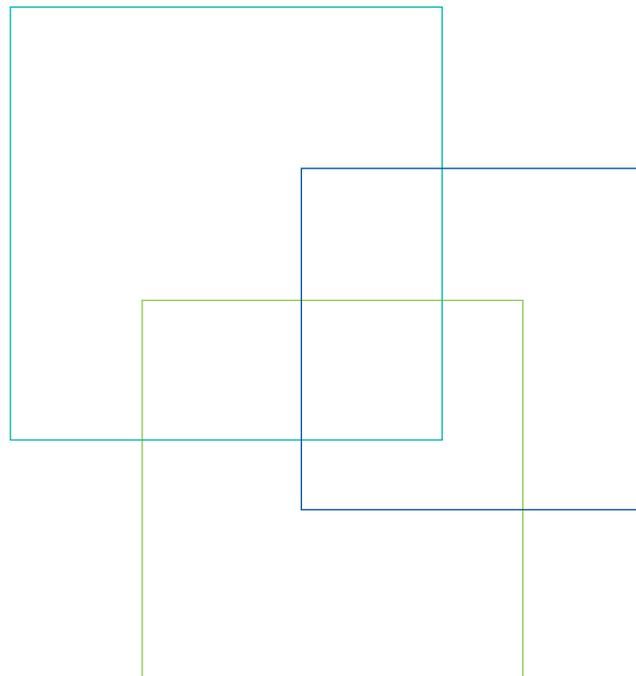
The European Commission is demonstrating ambition with its Action Plan for a Circular Economy, published in 2015. The aim of the circular economy is to close the loop of product lifecycles so that maximum value can be extracted from raw materials, products and waste, lowering reliance on extraction of materials and the degradation of the environment. This is done through intelligent reuse, repair and recycling of materials, and improved product design. Benefits include saving energy and reducing greenhouse gas emissions. The European Commission further estimates that this programme will be a significant source of green and resilient job creation, in industries as diverse as waste and water management, product design and chemicals.⁸

The Commission Work Programme for 2018 includes several initiatives to deliver on the Circular Economy Action Plan. These include, for instance, a proposal for a Regulation on minimum quality requirements for reused water, a strategy for plastics and a monitoring framework for the circular economy.

Raising awareness

Part of the EU approach is about raising awareness, not only at national but also at regional and municipal levels. To that end, the European Commission organises an annual Green Week, with events taking place across the EU aimed at facilitating discussions on green objectives and solutions and raising the profile of green issues. EU-wide programmes, supported by the European Regional Development Fund, coordinate dialogue and exchange on best practices. These include URBACT, a programme promoting sustainable urban development, and INTERREG, which facilitates the exchange of ideas and experience among regional and local public authorities across Europe.

The just transition concept is already being discussed in the EU context. In February 2017, the European Parliament voted in favour of the creation of a 'Just Transition Fund', which would put money aside for investment in regions that are hit hardest by the economic, and, in particular, the employment impacts of climate policies. Serving as a safety net, it would help fund re-training and the creation of new economic opportunities in regions most affected by the transition.



⁸ European Commission (2014) <http://ec.europa.eu/transparency/regdoc/rep/1/2014/EN/1-2014-446-EN-F1-1.Pdf>

The win-win deal: Creating green and decent jobs

The ILO's Green Initiative will continue to guide the organization's work as it approaches its Centenary in 2019. Understanding the challenges and opportunities of the green transition requires constantly scaling up knowledge and sharing best practices. To this effect, the ILO has set up a Green Jobs Assessment Institutions Network, GAIN, which analyses social and employment-related outcomes of greening policies. Having already engaged several European experts, GAIN is open to all institutions working in these policy areas. In 2018, the ILO's flagship report, the World Employment and Social Outlook (WESO) will be devoted to the theme of 'Greening with jobs', bringing new research-based evidence on the opportunities for decent work creation in the transition to low-carbon and climate-resilient economies and societies.

A recent Eurobarometer survey (2017) confirms that a majority of EU citizens sees climate change as a serious problem and supports action across the EU to tackle it. The EU has sent out a strong signal of its intention to invest in and plan for a green future. To make this a reality, the involvement of all stakeholders including EU institutions, Member States, regions, municipalities, social partners and civil society is essential. It will also be key to the implementation of a just transition as recognized in the Paris Agreement.

The greening of economies can be socially sustainable only if green jobs are also decent jobs. Ensuring that new jobs created in the green economy embrace international labour standards will benefit not only workers but also businesses by ensuring a level-playing field in the global economy. Such an integrated approach can turn the drive for environmental sustainability into an opportunity to generate more and better jobs, social progress and poverty reduction, making ambitious climate policy a driver for social justice.

Looking ahead, the ILO 'Just Transition Guidelines' set out a way to advance global action.

ILO Guiding Principles for a Just Transition

- Strong social consensus on the goal and pathways to sustainability is fundamental. Social dialogue has to be an integral part of the institutional framework for policymaking and implementation at all levels. Adequate, informed and ongoing consultation should take place with all relevant stakeholders.
- Policies must respect, promote and realize fundamental principles and rights at work.
- Policies and programmes need to take into account the strong gender dimension of many environmental challenges and opportunities. Specific gender policies should be considered in order to promote equitable outcomes.
- Coherent policies across the economic, environmental, social, education/training and labour portfolios need to provide an enabling environment for enterprises, workers, investors and consumers to embrace and drive the transition towards environmentally sustainable and inclusive economies and societies.
- These coherent policies also need to provide a just transition framework for all to promote the creation of more decent jobs, including as appropriate: anticipating impacts on employment, adequate and sustainable social protection for job losses and displacement, skills development and social dialogue, including the effective exercise of the right to organize and bargain collectively.
- There is no one-size-fits-all. Policies and programmes need to be designed in line with the specific conditions of countries, including their stage of development, economic sectors and types and sizes of enterprises.

Key resources

ILO Green Initiative

http://www.ilo.org/global/about-the-ilo/history/centenary/WCMS_467270/lang--en/index.htm

ILO Just Transition Guidelines

http://www.ilo.org/global/topics/green-jobs/publications/WCMS_432859/lang--en/index.htm

Partnership for Action on Green Economy (PAGE)

<http://www.un-page.org/>

Green Jobs Assessment Institutions Network (GAIN)

http://www.ilo.org/global/topics/green-jobs/areas-of-work/WCMS_565193/lang--en/index.htm

EU Climate Action

https://ec.europa.eu/clima/policies/strategies_en

EU Actions on Circular Economy

http://ec.europa.eu/environment/circular-economy/index_en.htm



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