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Revitalize Reconnect Reshape
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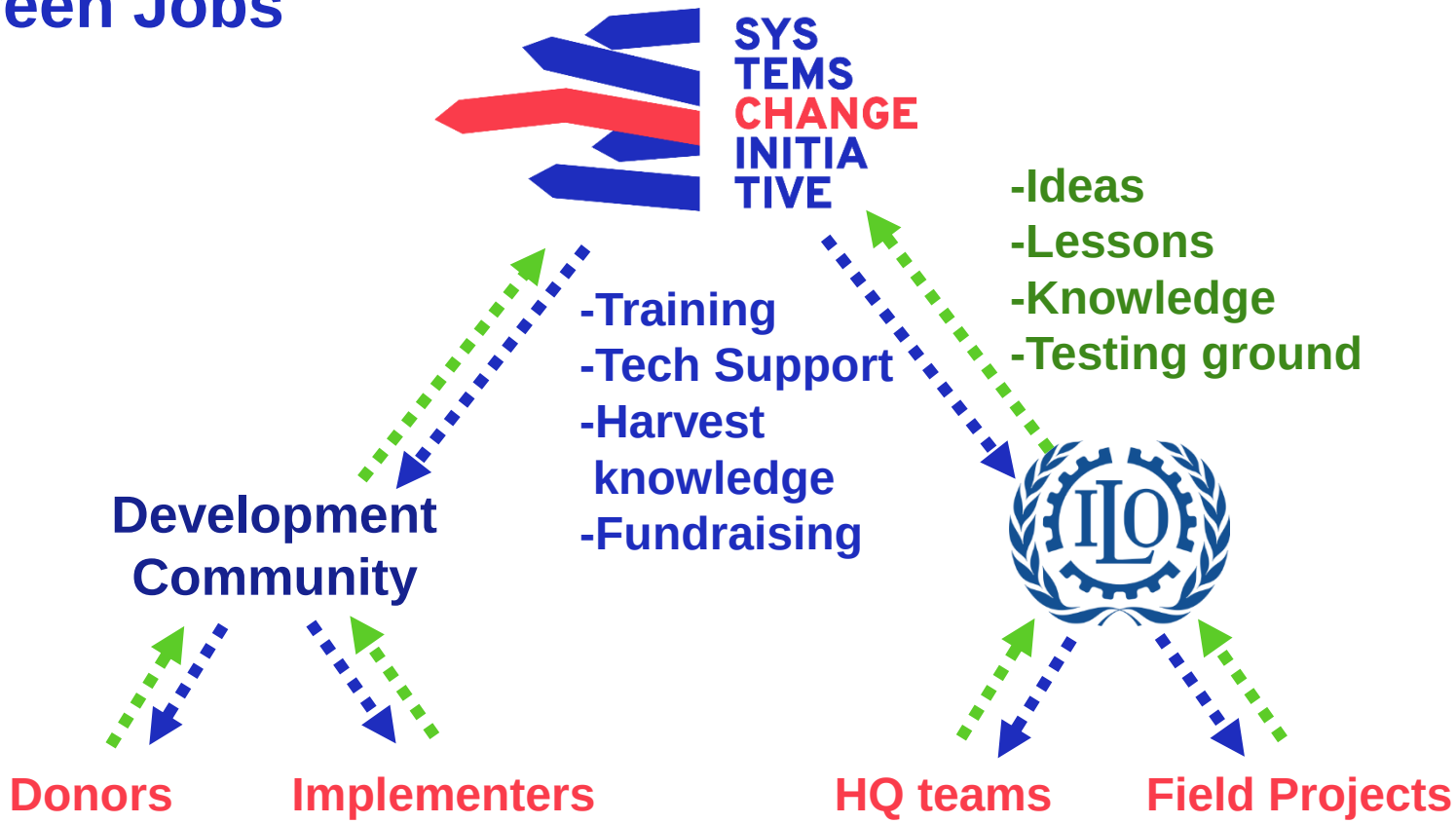
GREENING MSD
APRIL 26 - 27, 2023
STOCKHOLM SWEDEN

ILO SCI & Green Jobs



RECONOMY Intro

- **Donor:** Swedish International Development Cooperation Agency (Sida)
- **Main implementer:** HELVETAS Swiss Intercooperation
- **Duration**
  - Western Balkans: July 2020 – March 2023 (Inception Phase)
  - Eastern Partnership: July 2020 – December 2022 (Inception Phase)
  - Main Phase for both regions: 2023 – 2026
- **Main goal**
  - To enable women and youth, including the most disadvantaged and excluded, to benefit from economic opportunities by increasing their income and taking up decent/green jobs, inclusively and sustainably.
- **Coverage**
  - Western Balkans: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia
  - Eastern Partnership countries: Armenia, Azerbaijan, Georgia, Moldova, and Ukraine

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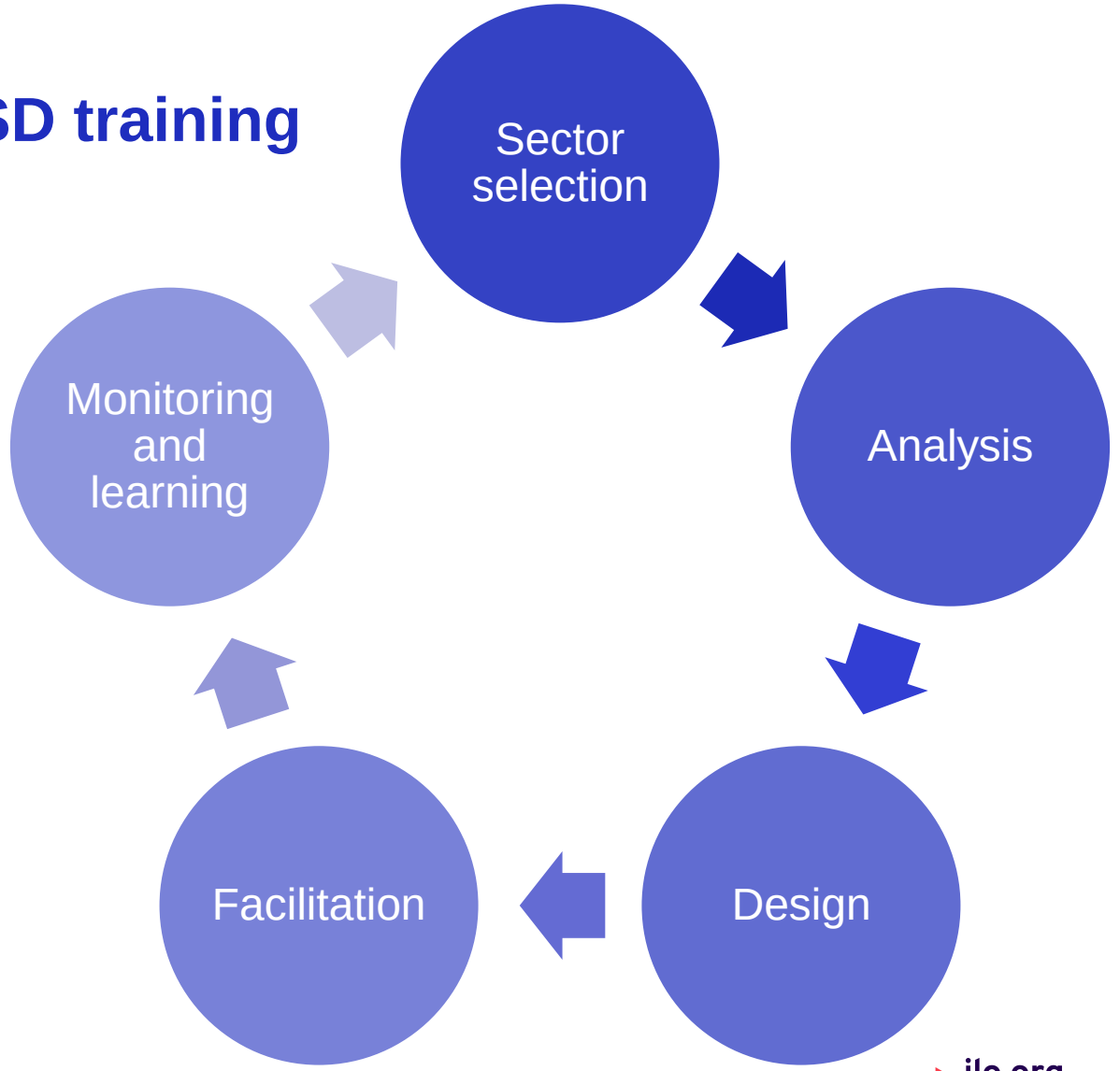
Agenda of «introductory» greening MSD training

- **Framing the greening MSD discussion**
- **Sector selection with a “green” / environmental lens**
- **COFFEE BREAK**
- **Green Market Systems Analysis**
- **Green business models**
- **Results frameworks for situating / evaluating the impact of green MSD initiatives**



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Framing the greening MSD discussion

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Climate change, employment and decent work

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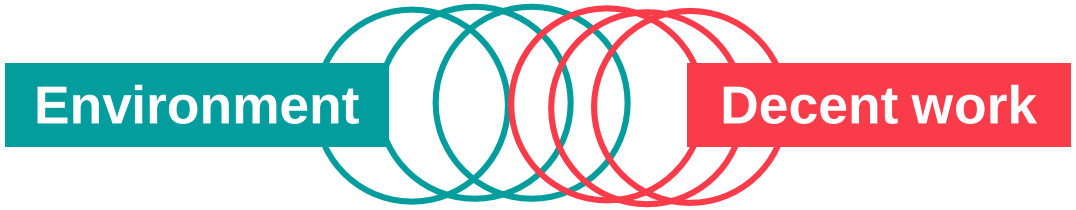
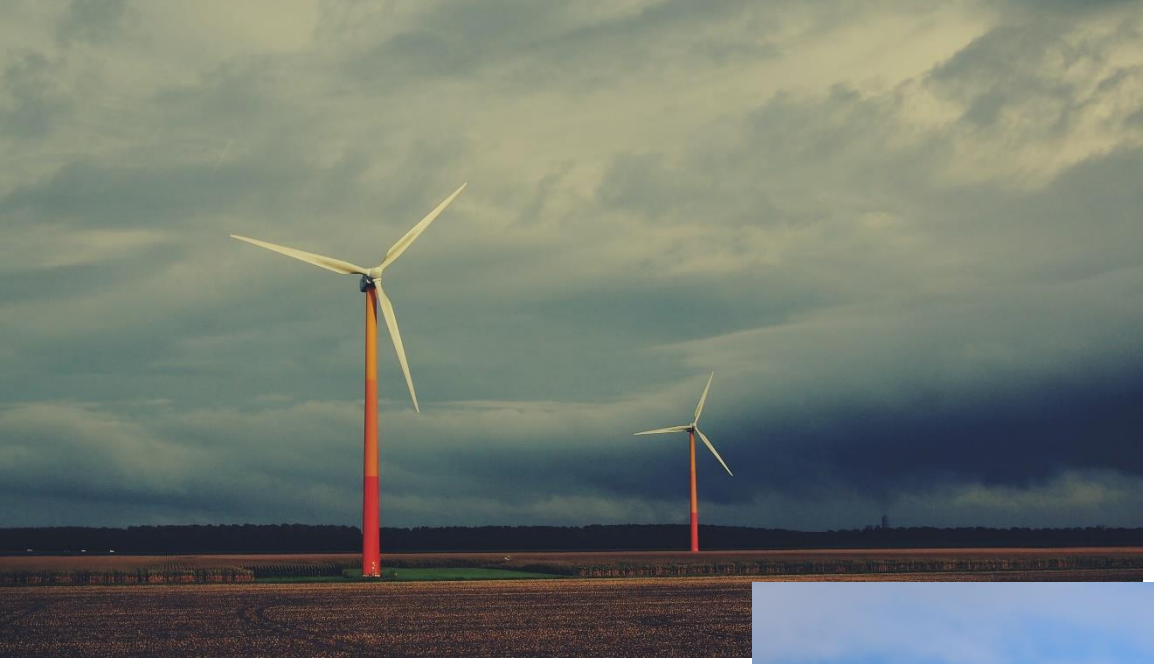


Why does environmental sustainability matter for decent work?

1.2 billion jobs
are closely linked to ecosystem services

Two per cent
of working hours will be too hot to work, owing to climate change, by 2030

23 million
working-life years were lost annually as a result of different environmentally related hazards caused or aggravated by human activity



Climate and environmental action – economy-wide change

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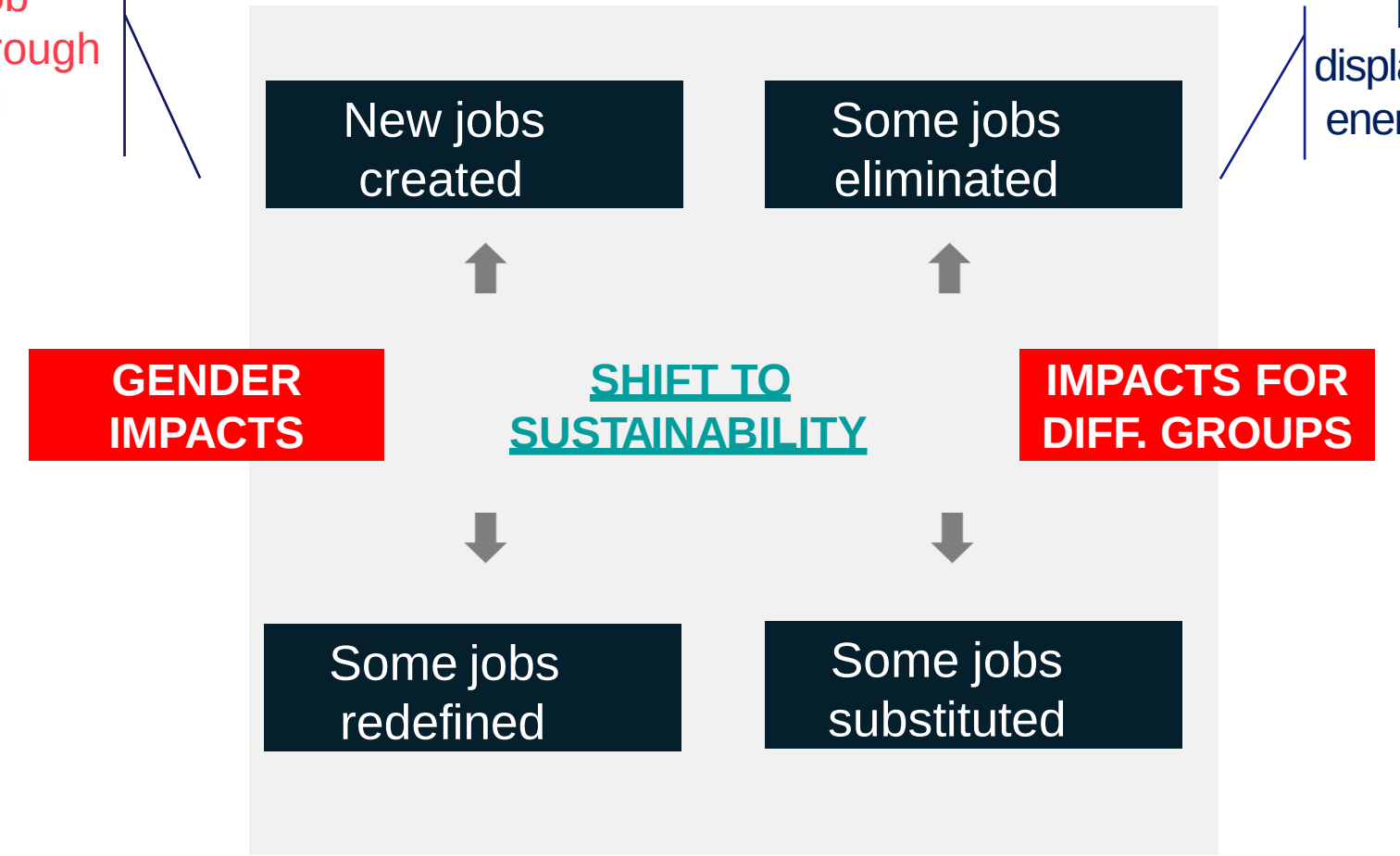
How does the climate transition impact the labour market?

E.g.24 million job created by 2030 through energy related measures

E.g. 6 million jobs displaced by 2030 through energy-related measures



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A just transition to environmentally sustainable economies and societies

Job and income gains are maximized

Risks of job and income losses are minimised and managed

The vulnerable are protected & included

Economies generate lower **Emissions, Environmental impact**

Environmental quality and resilience improve

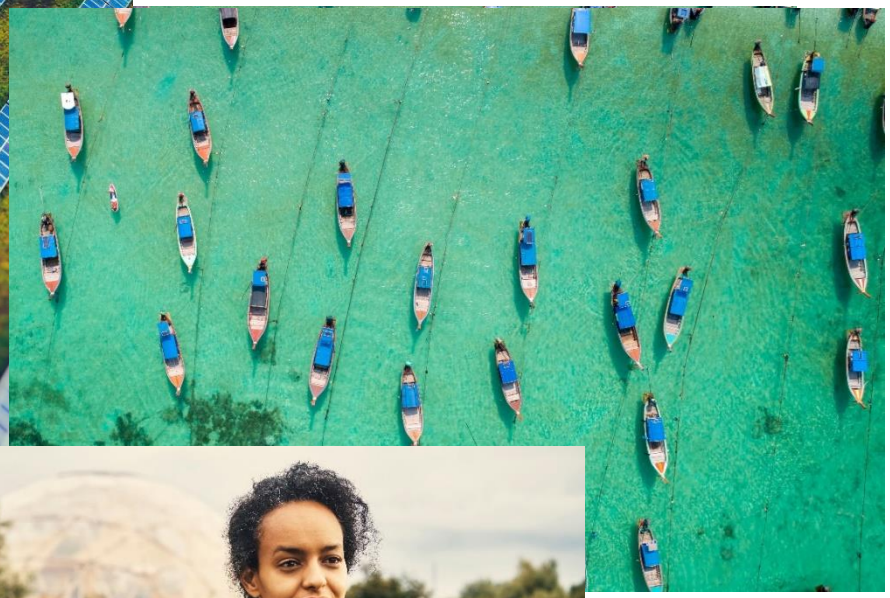
Paris Agreement

ILO Just Transition Guidelines

Addressing the links between the three dimensions of sustainable development

Delivering job and income gains in the shift to a green economy

Decoupling growth & job creation from emissions and environmental degradation

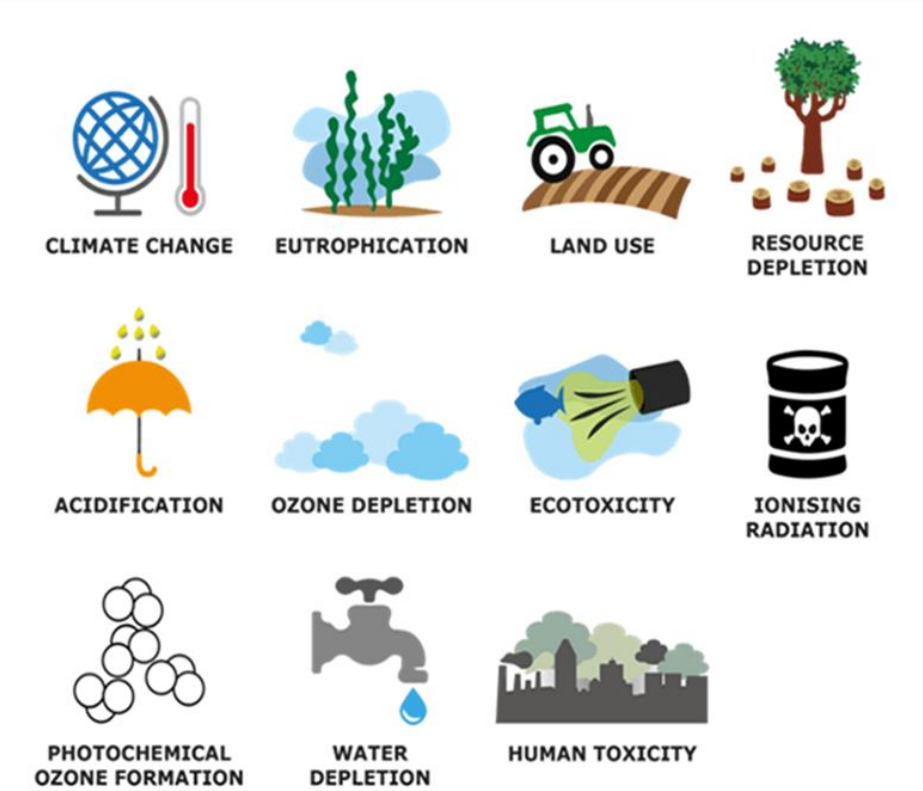


Gender equality and inclusion

Gender equality and inclusion

Ensuring growth and jobs are resilient

MSD, Environment and Decent Work



Source: European Platform on Life Cycle Assessment

- **ILOs value added to green growth and development lies in the interconnectedness of the world of work and green issues**
- **Environmental degradation and climate change threaten jobs and job quality …but greening economies can also contribute to job creation.**
- **Underexplored area in MSD community:** relatively few MSD initiatives and projects have examined the topic and applied MSD while integrating environmental objectives
- **Is there a "lack of (social and economic) sustainability" in environmental projects? Can MSD help?**

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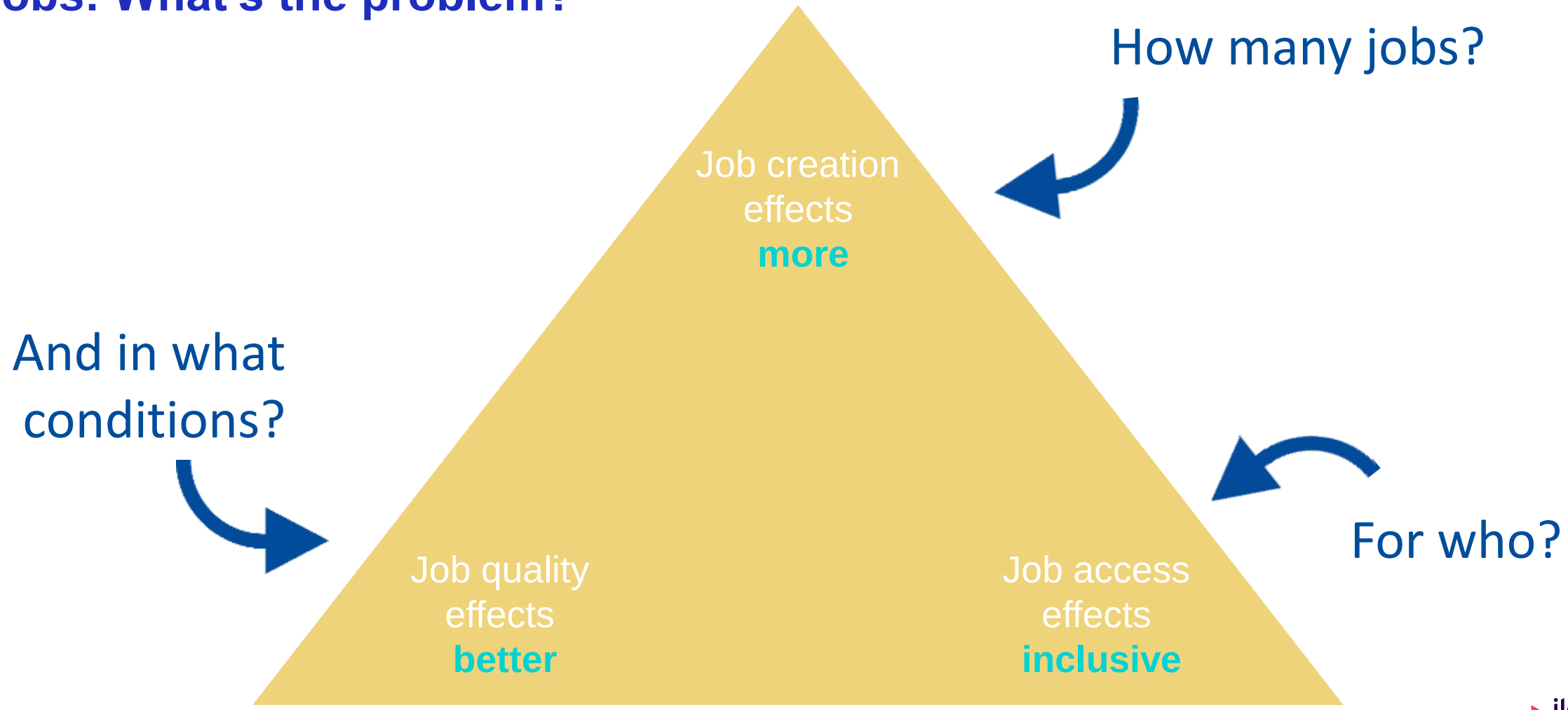
Jobs: What's the problem?



which decent work deficits should we address?

1. Lack of employment opportunities

2. Inadequate earnings and unproductive work
3. Indecent hours
4. Inability to combine work, family and personal life
5. Engaged in work that should be abolished
6. Lack of stability and security of work
7. Unequal opportunity and treatment in employment
8. Unsafe work environment

9. Lack of social safety nets
10. No voice: failing workers' and employers' representation

Job Quantity (More)

Job Quality (Better)

Labour market functioning

Productive employment: Earnings relative to input and basic needs (2)

Working conditions: Non-wage aspects (3-8)

Source: 'Decent Work Statistical Indicators'

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MSD, Environment and Decent Work

Added value of MSD approach:

- Systems thinking (and implementation!) for economic and social outcomes
- Supporting high potential sectors and solutions for greener and more climate resilient economies
- greening the economy in ways that are fair and inclusive, creating new decent work opportunities
- Scalability and long-term financial viability as core concerns

MSD, Environment and Decent Work

- Promoting growth in a "green" sector such as renewable energy
- "Greening" / improving the environmental sustainability of a sector (including "green" sectors)
- Increasing economic and social resilience of a sector or population group to climate change

BUT in practice:

- **few MSD projects integrate environmental concerns**
- **very few (no?) environmental and climate change projects have a «systemic» lens on social and economic objectives and their implementation**

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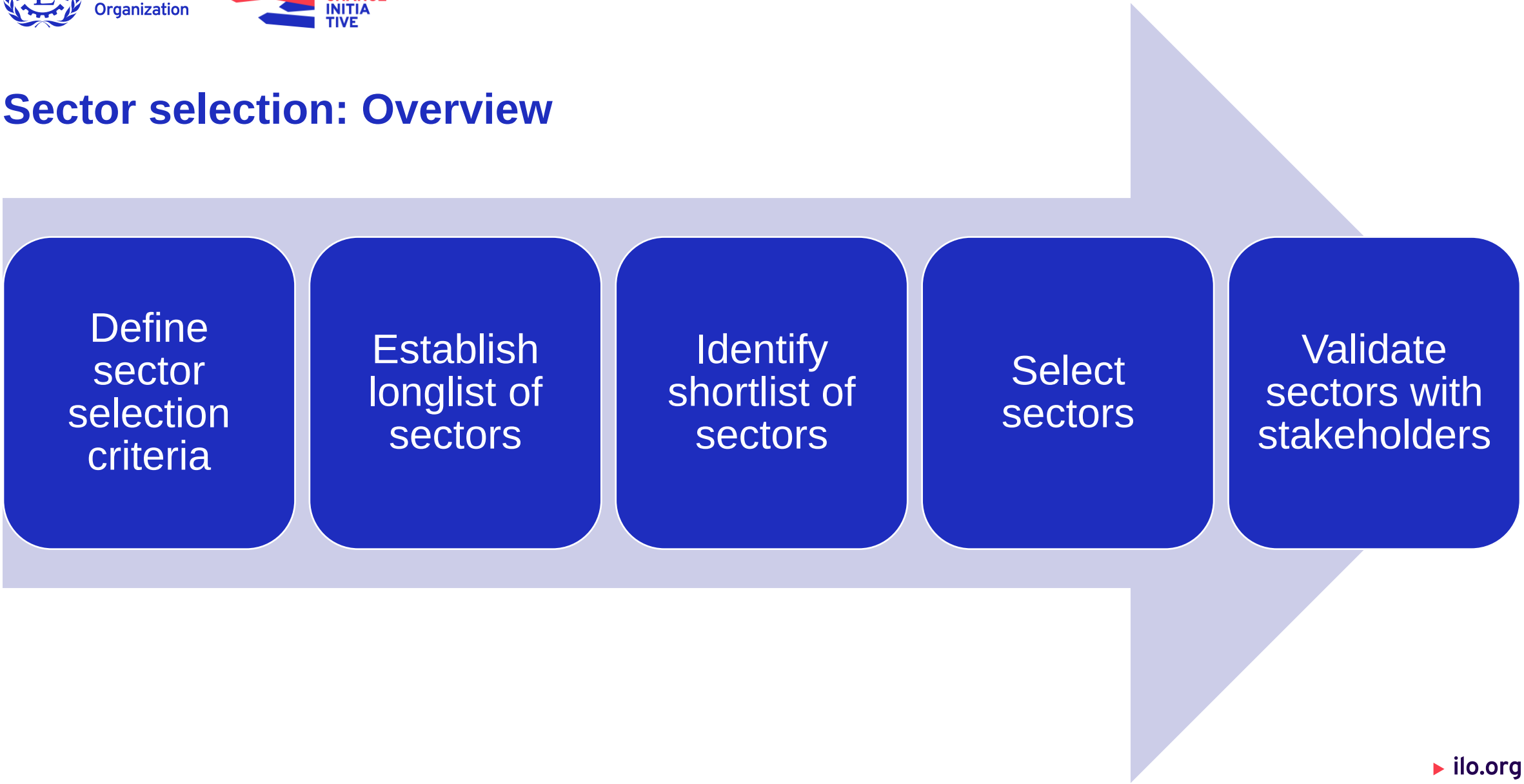
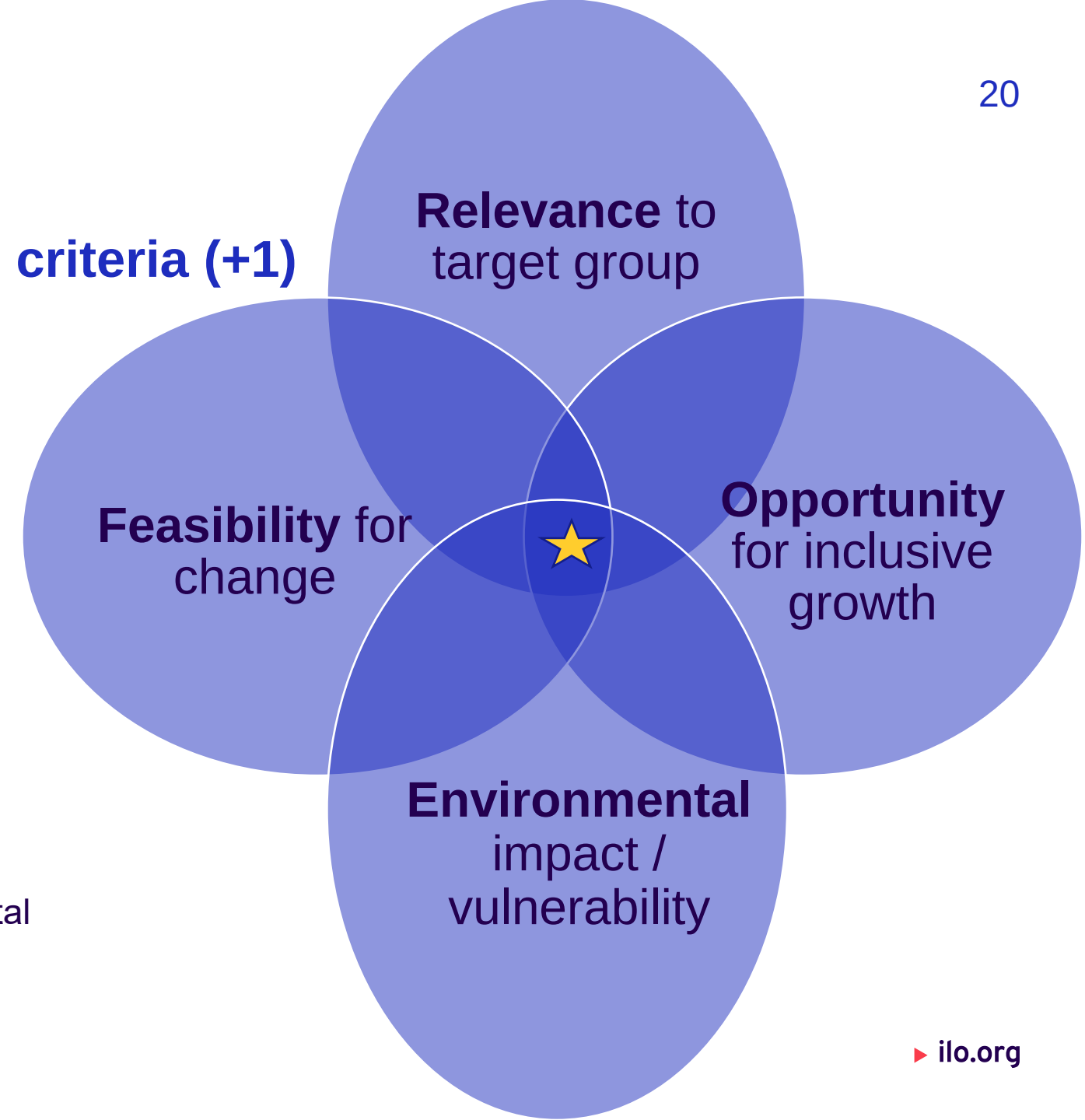
Sector selection with a «green» / environmental lens

Sector selection: Overview



Selecting sectors based on three criteria (+1)

- **Relevance for the target group**
  What is the extent of participation of the target group in the sector? And what is the nature of this participation?
- **Opportunity for inclusive growth**
  What are the growth prospects of the sector? And will growth likely translate into job creation and/or job quality (e.g. income) improvements for the target group?
- **Feasibility for change**
  Are there capable market partners in the sector? Are there other projects with whom synergies can be found?
- **Environmental / climate resilience impact**
  Is the sector relevant for the project's environmental objectives? Are environmental objectives aligned with Decent Work objectives?



Sector Selection Exercise: Welcome to Pango!

- Create Climate Resilient Jobs

- Better Jobs for a Better Environment

OBJECTIVE: Promoting **entrepreneurship and job creation** among rural communities, especially **women and youth**, in the country of Pango while also **promoting the climate resilience** of these jobs

OBJECTIVE: Promoting **job quality** improvements among rural communities, especially among **youth**, in the country of Pango while making sure interventions also help **reduce environmental degradation**

Sector selection exercise: Reflections

- **Often trade-offs** between environmental and employment objectives in the real world
- **Many unanswered questions will remain** – impossible to be sure (imagine when you have many more sectors to consider!)

- The point is to make **good enough decisions**
- And to have **clearly defined environmental and employment objectives** from the outset to facilitate those decisions

Mitigation/
Decarbonization
Adaptation/DRR

Environmental Rationale

Economic Rationale

Strengthening private sector through viable business models

Social Inclusion Rationale

Job Creation
Job retention
Employment/self employment

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Inputs by RECONOMY on their sector selection experience

Criteria	What does it mean to RECONOMY?
RELEVANCE	**Job creation** - significant numbers of the target group likely be able to access more and better jobs as a result of growth in the sector **Regional mandate** - the sector is relevant to more than one country with a likelihood of learning and solutions being replicated across the region
OPPORTUNITY	**Sectoral growth prospects** - Current and future sectoral growth trends look positive **Green growth** - there is potential for the sector to grow in a way that reduces the overall negative impact on the environment and contributes to accelerated green & just transition - *High ECC impact sector // High level of ECC physical and societal/ economic risks // Clear opportunities*
FEASIBILITY	**Technical & Operational** - There is scope (RECONOMY/Helvetas have experience, knowledge and networks in the country and/or sector) and space (the sector is not overcrowded with other donors) for RECONOMY intervention **Prospects of change** - Private sector and political economy dynamics are conducive to positive change in the sector

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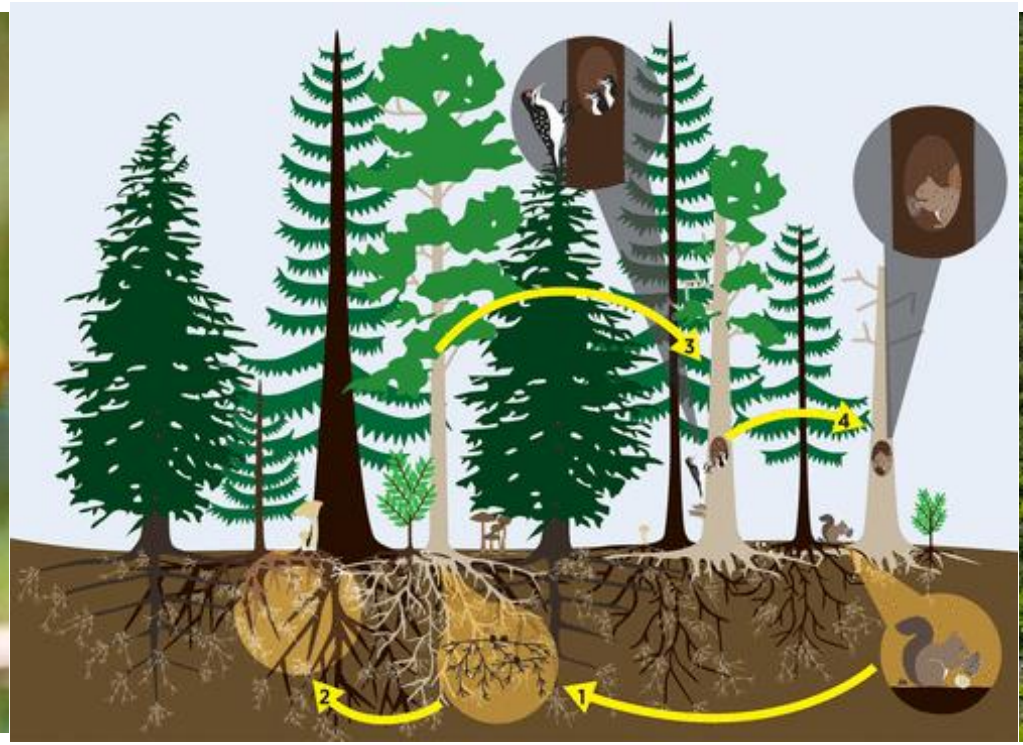
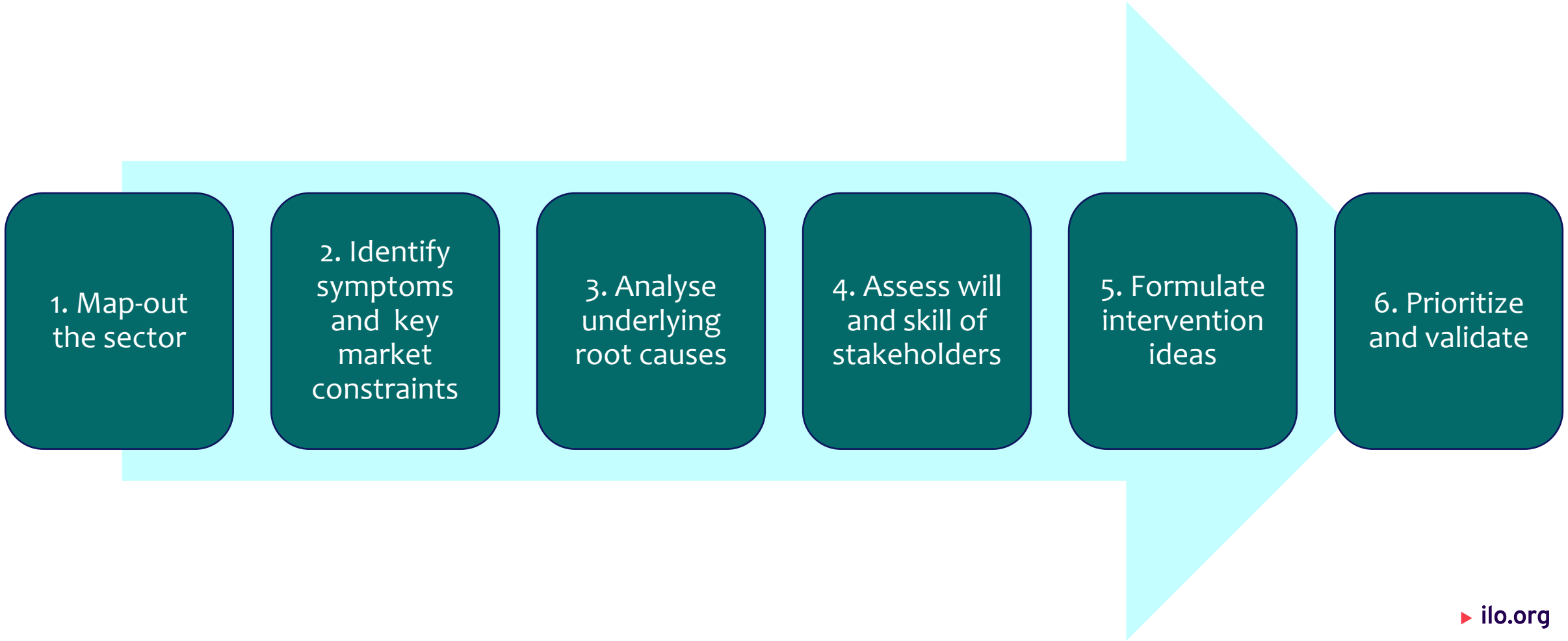
Greening Market Systems Analysis

Learning from SYSTEMS

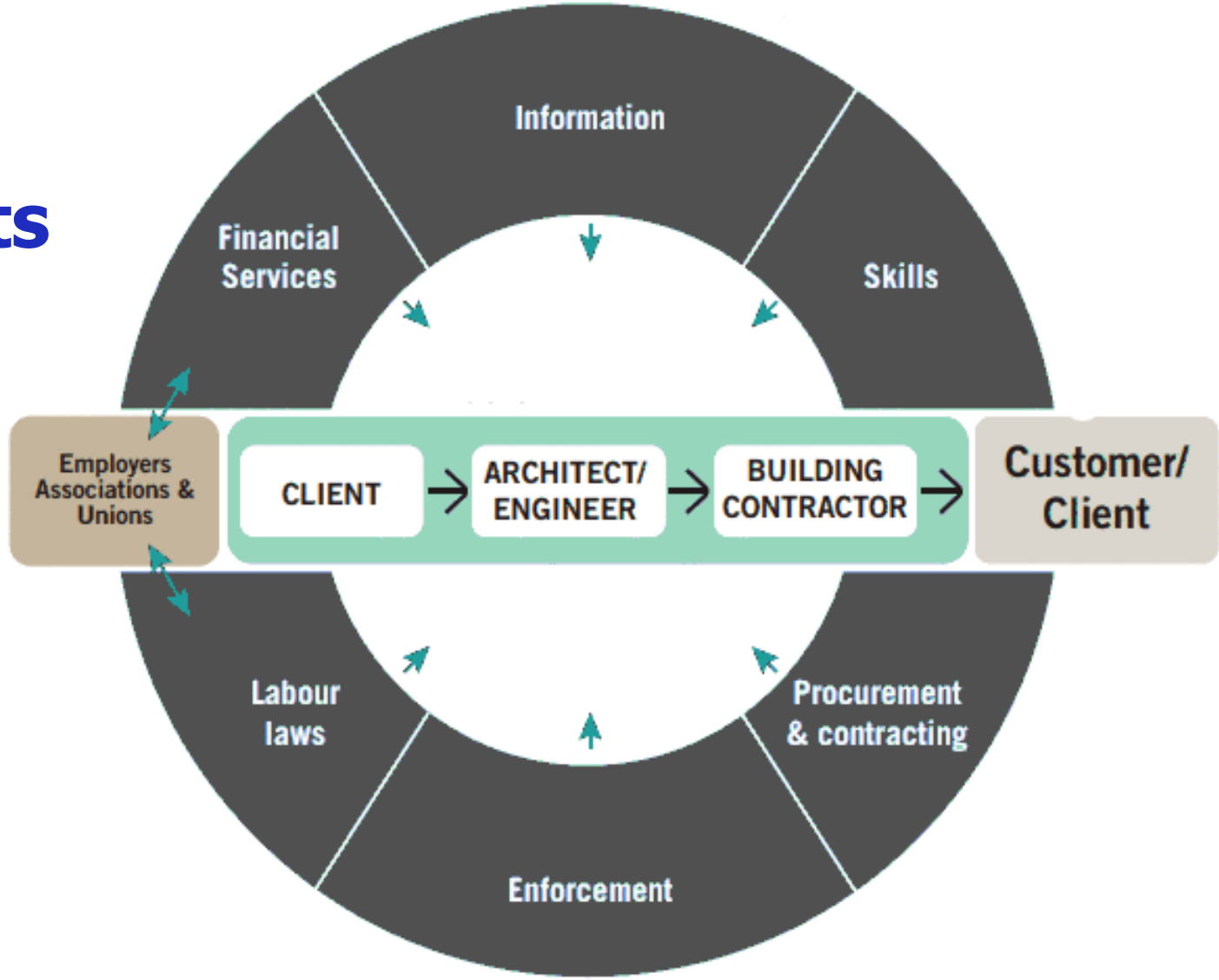


Market Systems Analysis



Systems analysis: Identify key constraints

- **Potential considerations:**
  - ✓Relevance
  - ✓Opportunity
  - ✓Feasibility
  - ✓Rules & Regulations
  - ✓Will/skill of actors to address issues



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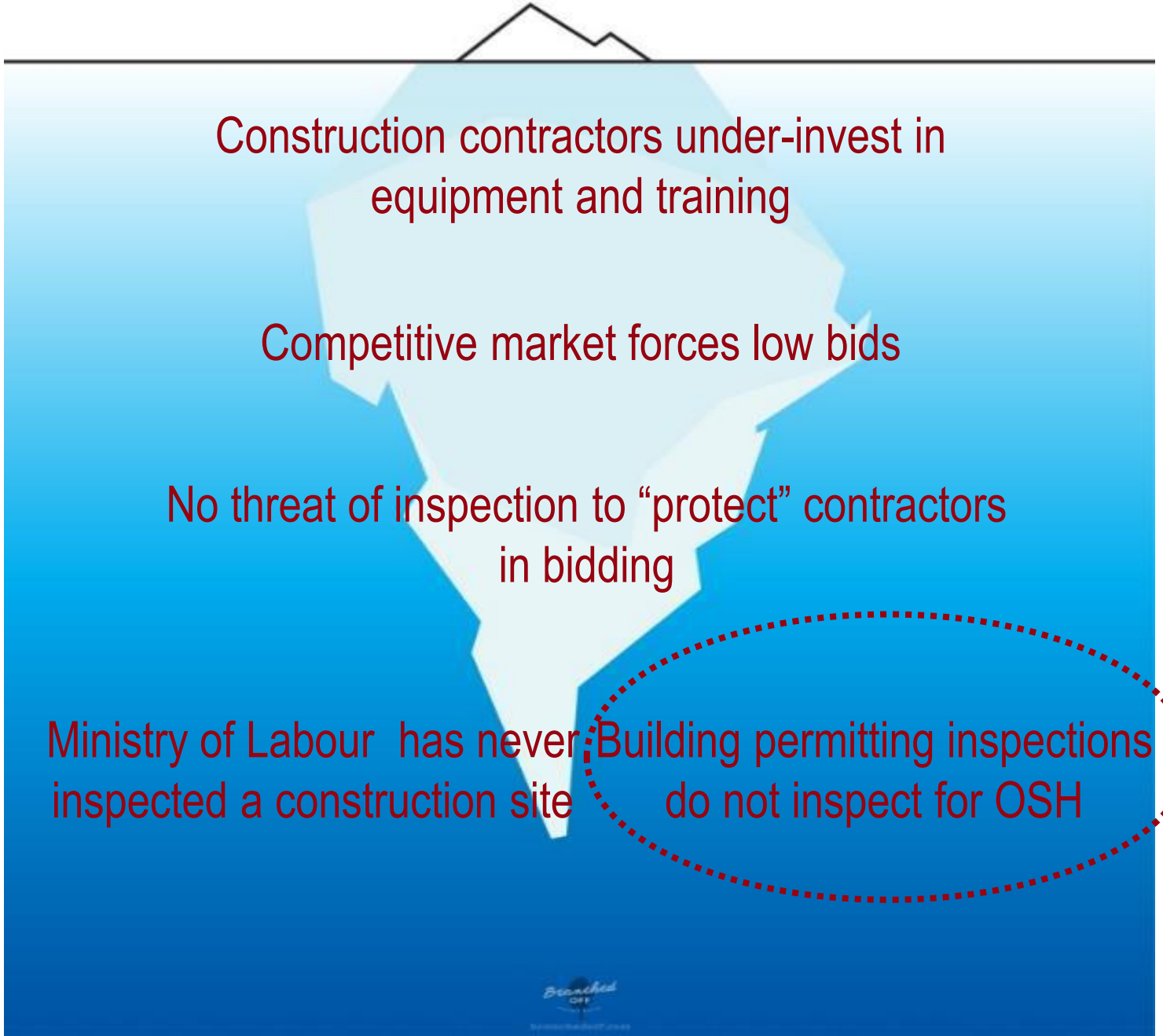
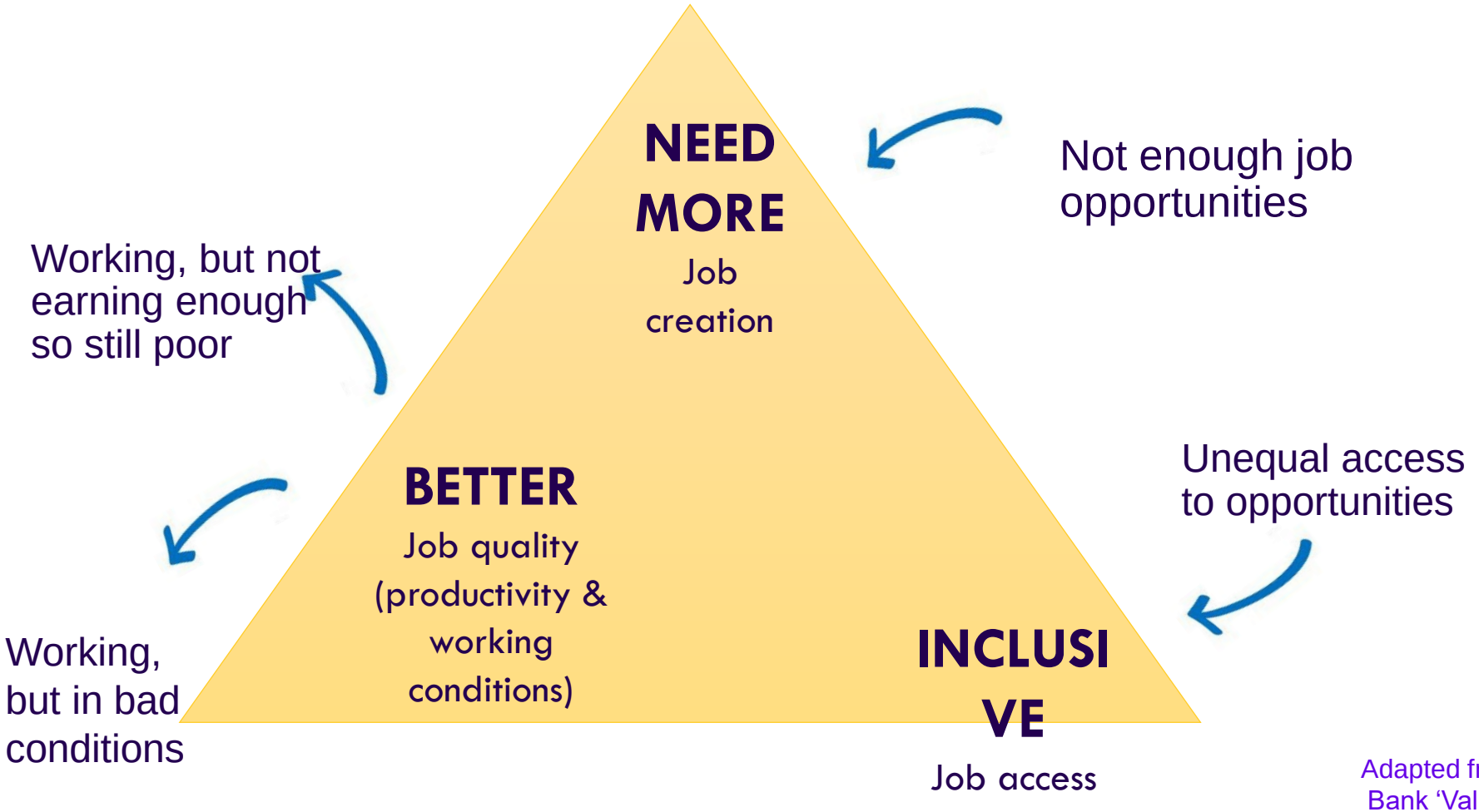
Market systems analysis: Identify the root causes

- **Potential considerations:**
  - ✓Can the project do anything about it?



Jobs: what's our objective?



Adapted from World Bank 'Value Chains for Job Estimation', pres. By T. Farole Sep 2015

But what about «green» market systems analysis?

Dependence on objective

- **Growing green sectors (e.g. renewable energy) the traditional way:** Growth and green outcomes are (on aggregate) synonymous
- **Greening or increasing resilience of "conventional" sectors:** Environmental objectives and growth are not given so need to account for these

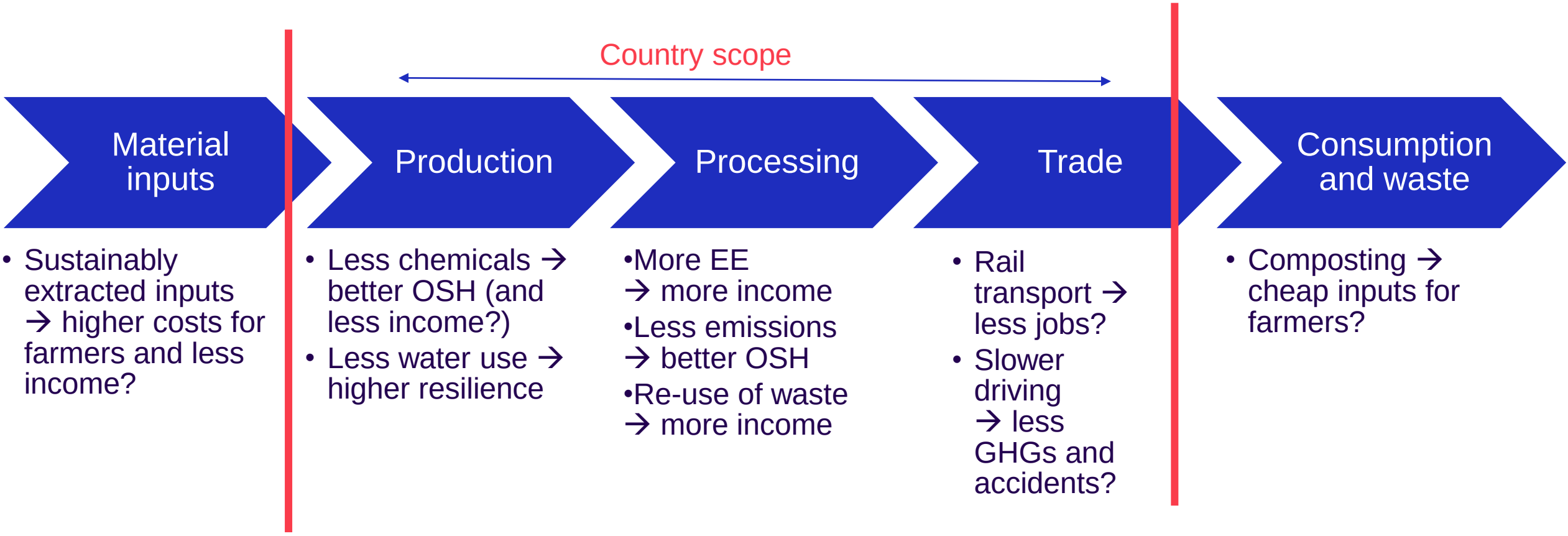
So, what can differ?

- **Value chain mapping:** Any differences in terms of what you should look for?
- **Intervention area identification:** How do we integrate environmental concerns?
- **Root causes analysis:** What does this look like from a green lens?

Mapping the value chain: Understanding the location and extent of deficits

Material inputs	Production	Processing	Trade	Consumption and waste
• Pollution from extraction of inputs (e.g. N & P) • Pollution from manufacturing of machinery	• High use of chemical inputs • Unsustainable water use • Deforestation	• GHG emissions from processing • Waste byproducts	• GHG emissions from transport	• Use of complementary polluting inputs / goods • Emissions in landfill

Mapping the value chain: Identifying which deficits are most relevant



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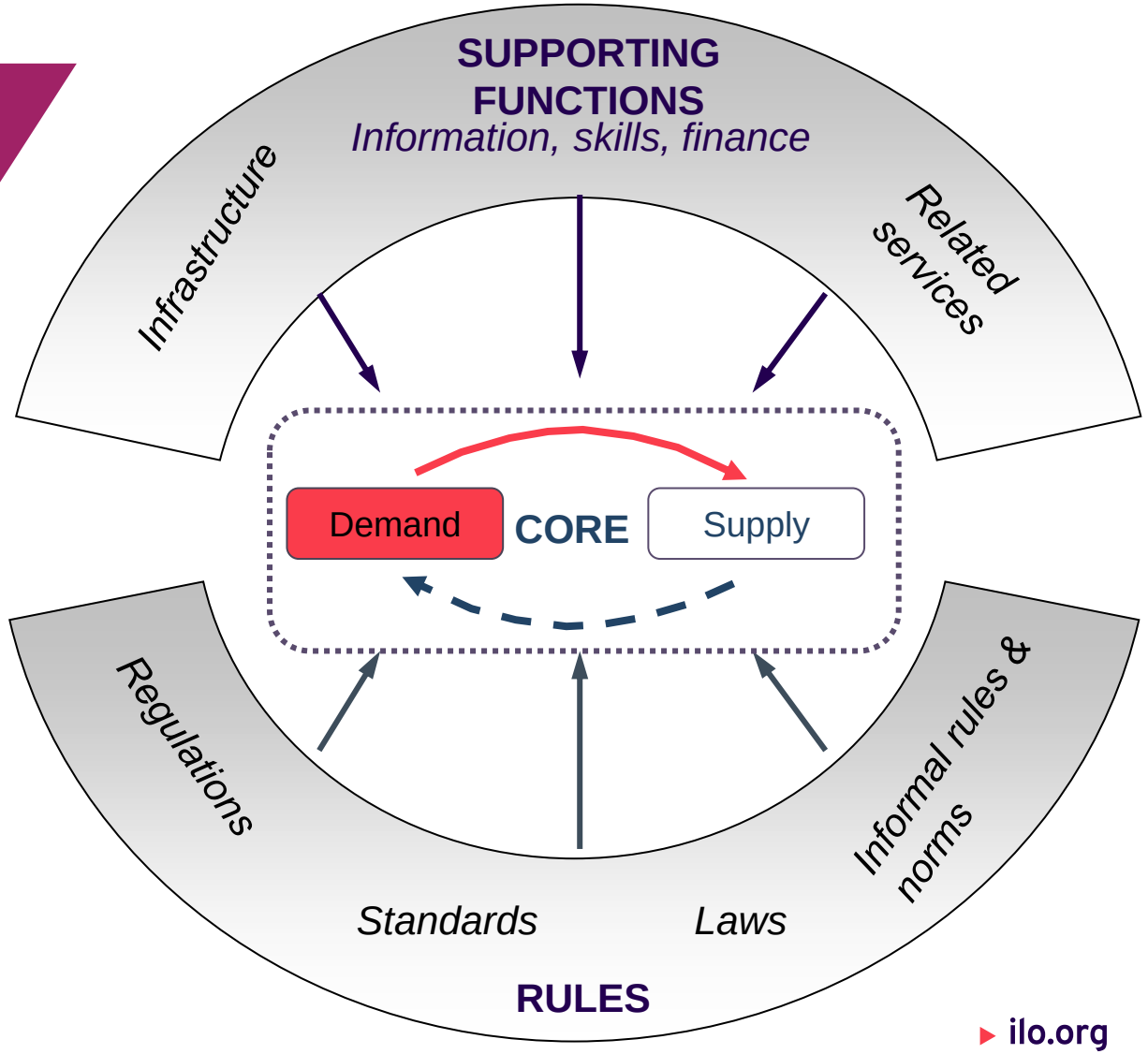
1. How is the system not working (in terms of DW and environmental outcomes)?

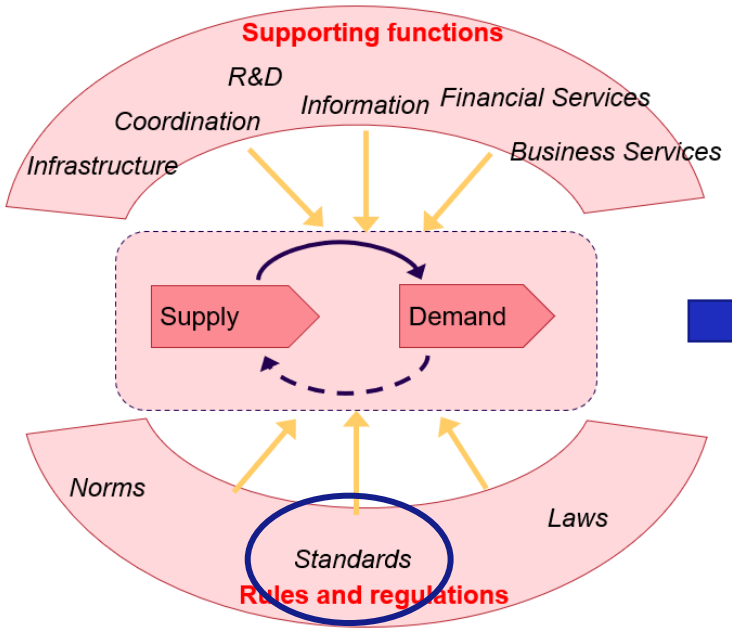
2. **Which support systems are important?**

3. Why are these systems not working?

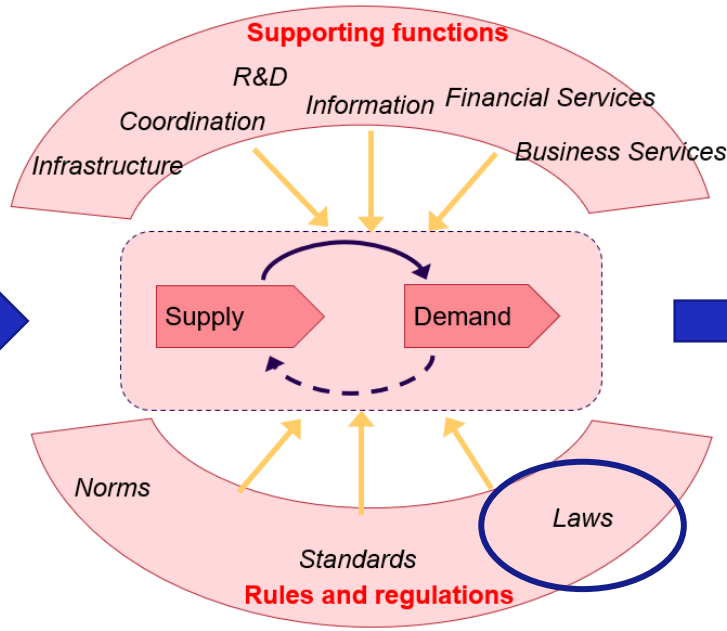


Digging into root causes: analyzing sub-systems

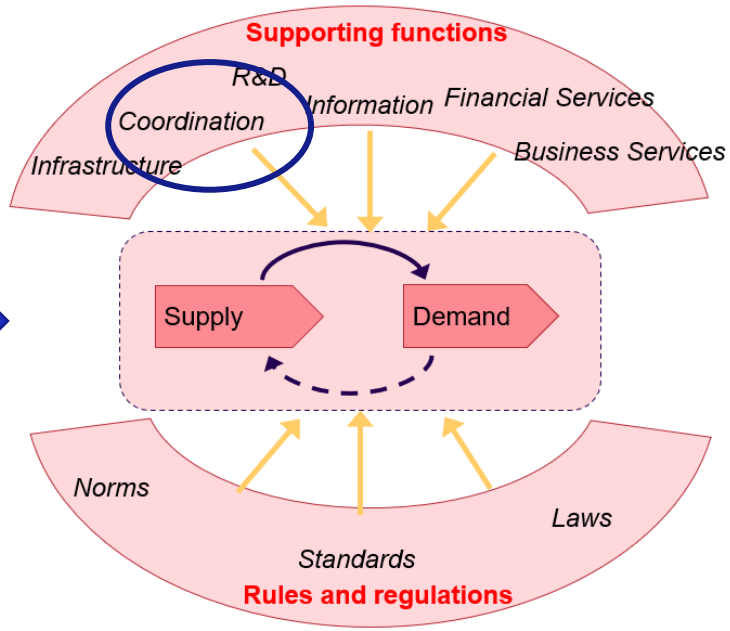
Green construction VC



Green construction standards



Certification body regulations



Green MSA Exercise: Welcome back to Pango!

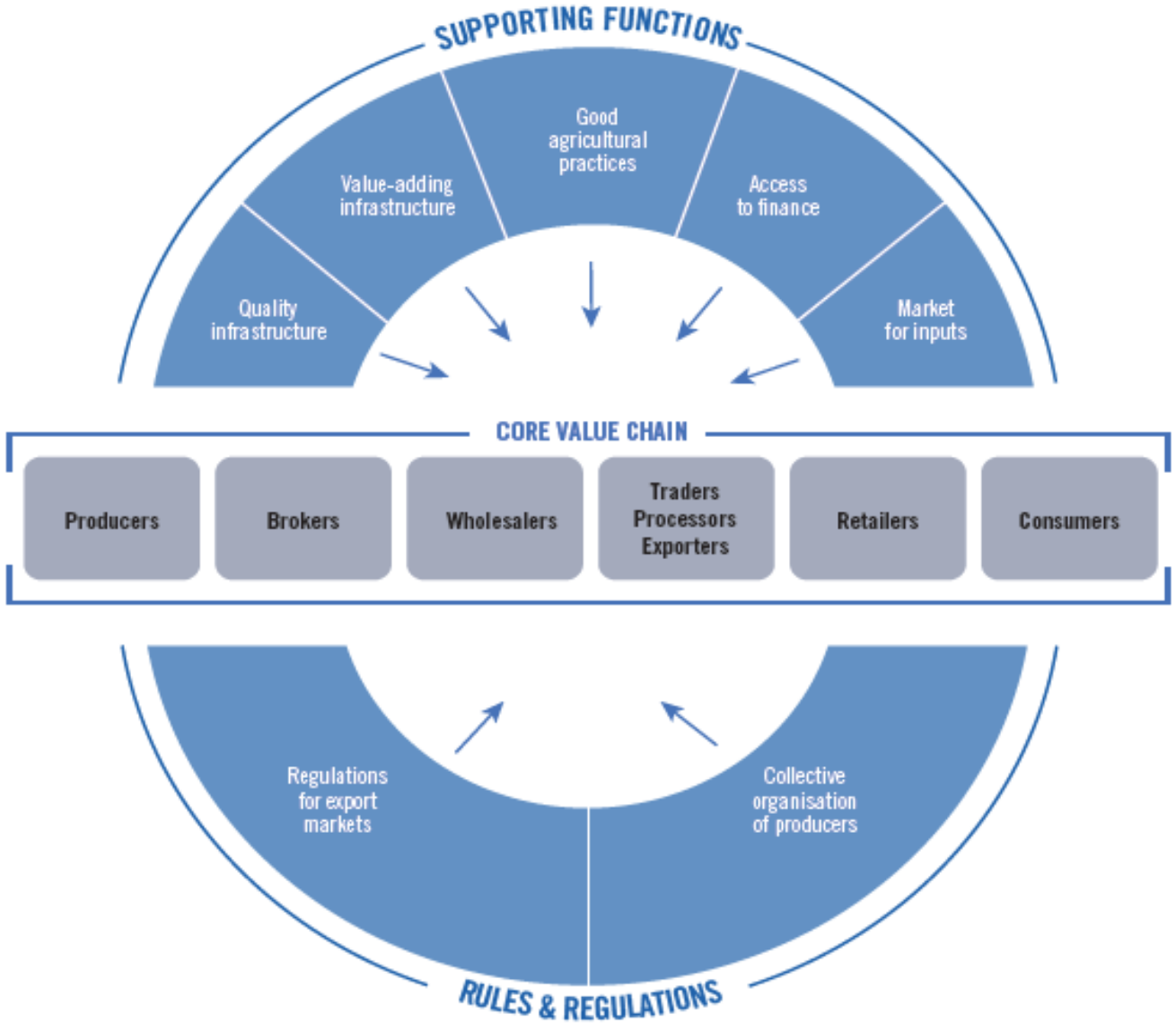
- Create Climate Resilient Jobs

- Better Jobs for a Better Environment

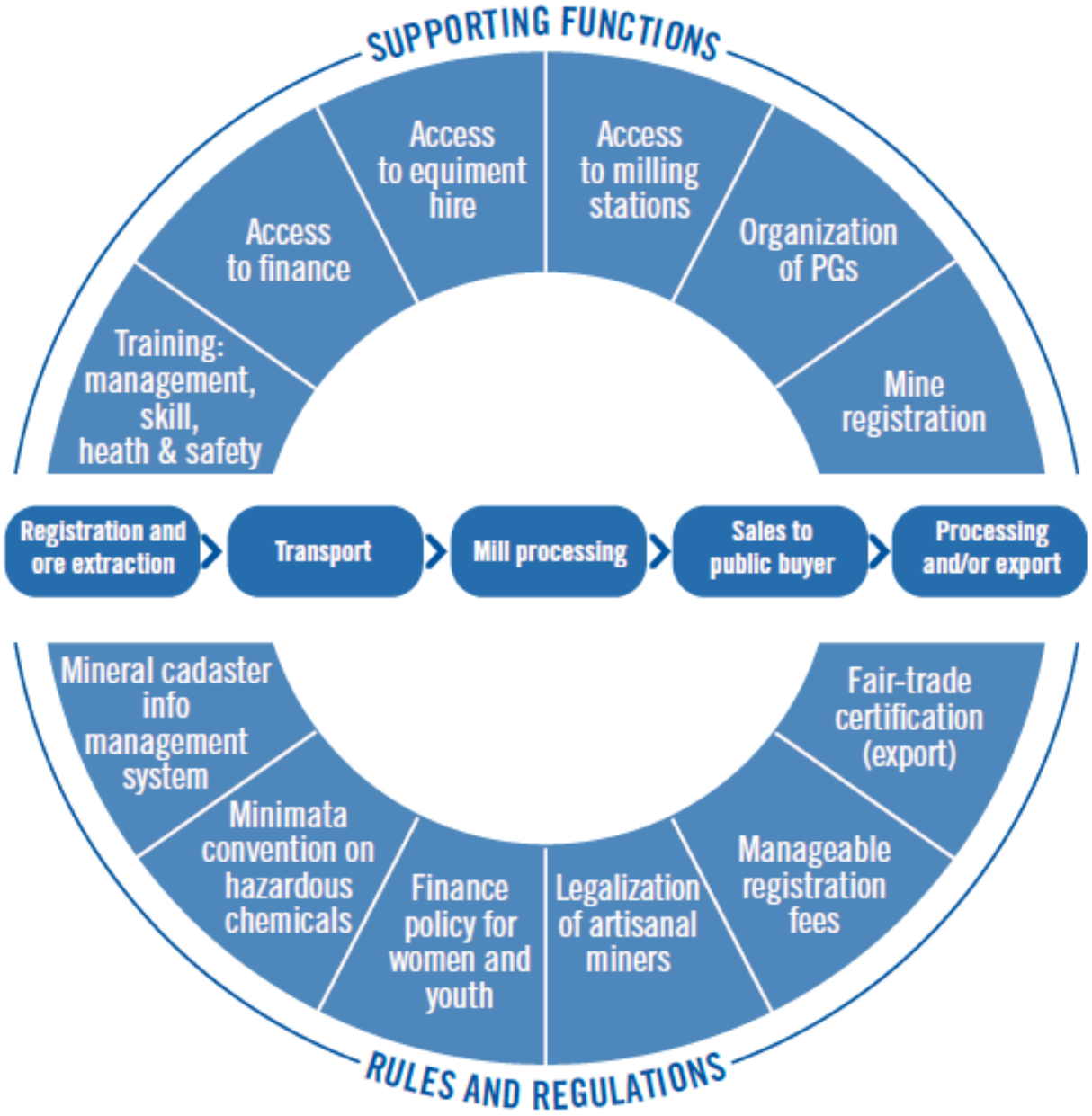
OBJECTIVE: Promoting **entrepreneurship and job creation** in the **horticulture sector**, especially for **women and youth**, while also **promoting the climate resilience** of these jobs

OBJECTIVE: Promoting **job quality** improvements in the **artisanal mining sector**, especially among **youth**, while making sure interventions also help **reduce environmental degradation**

Horticulture market system in Shan State, Myanmar



Artisanal gold mining market system in Zimbabwe



Key lessons: What differs in green MSAs?

Value chain mapping: Life cycle (vs VC) environmental deficits

- **Locate and understand environmental deficits** including their relationship to DW deficits is key to advancing synergies!
- **Look at whole life cycle of products** (e.g. mine closure, consumption level waste)
- **And don't discount indirect impacts outside your scope** where significant environmental deficits may lie!

Root cause analysis: A similar approach

- **Identify key sub-systems** and how they are underperforming
- **Analyze sub-systems** to identify root causes by analyzing sub-systems

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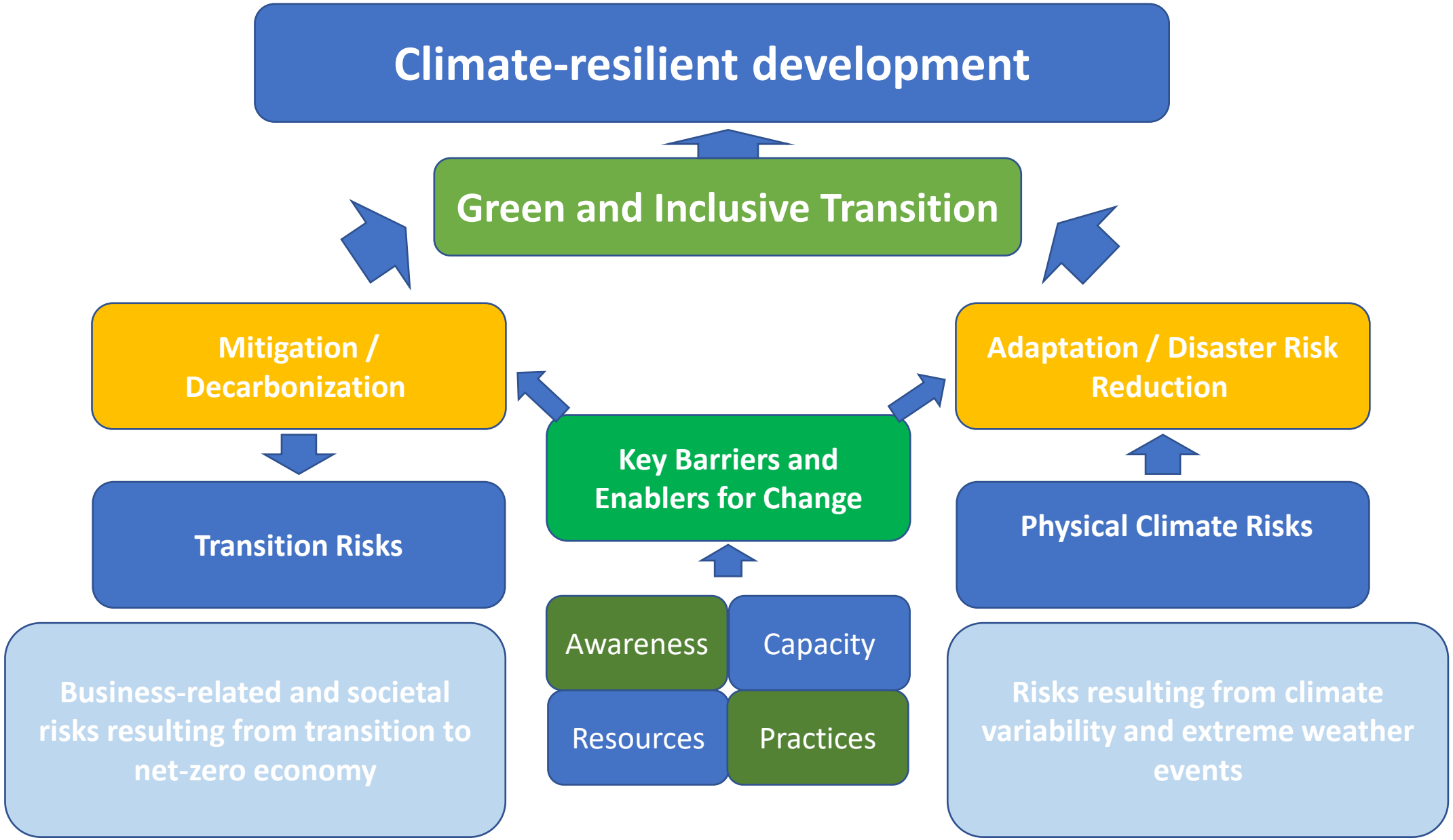
Green business models

RECONOMY example

Sustainable models in textiles and apparel sectors



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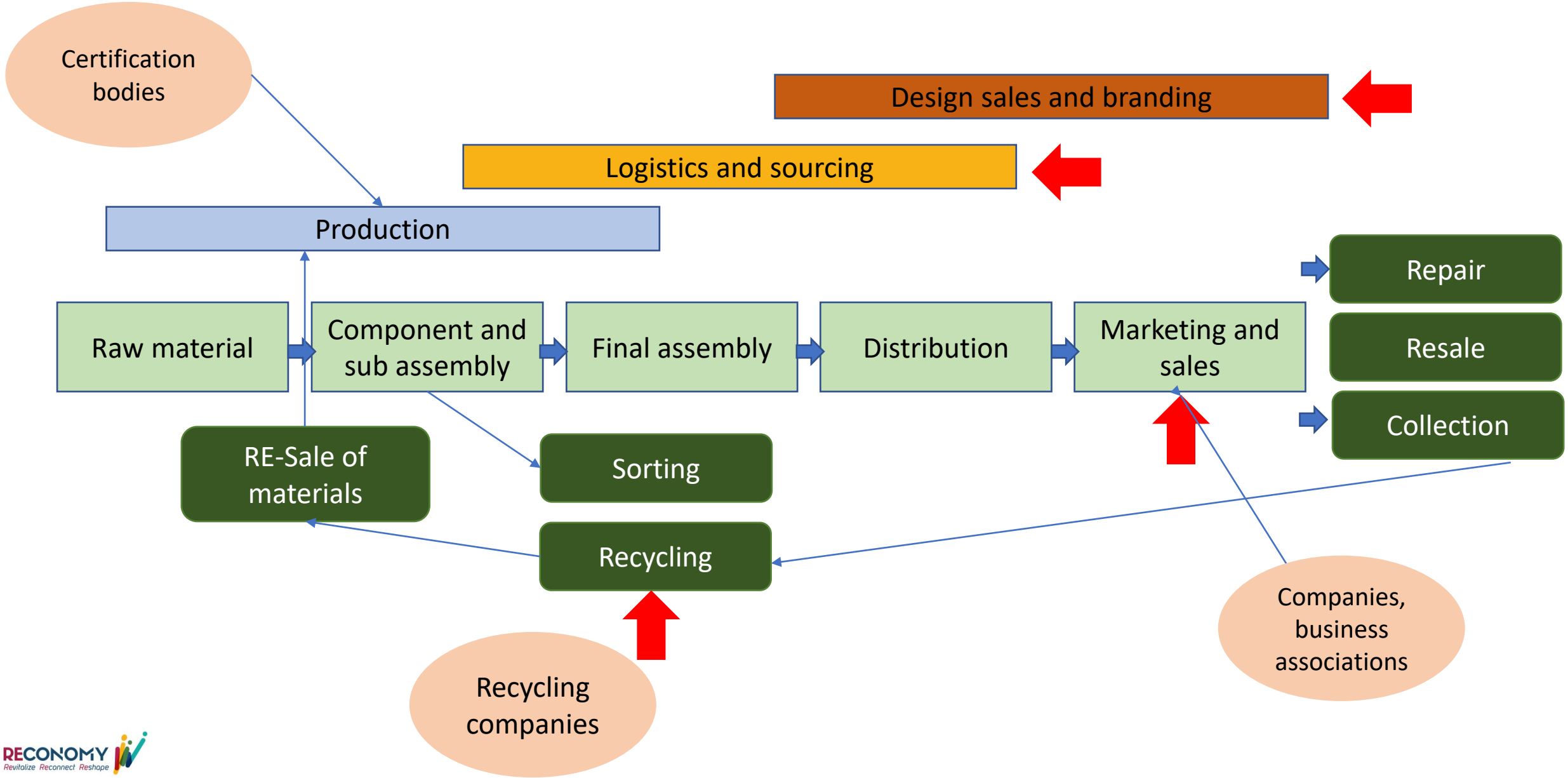
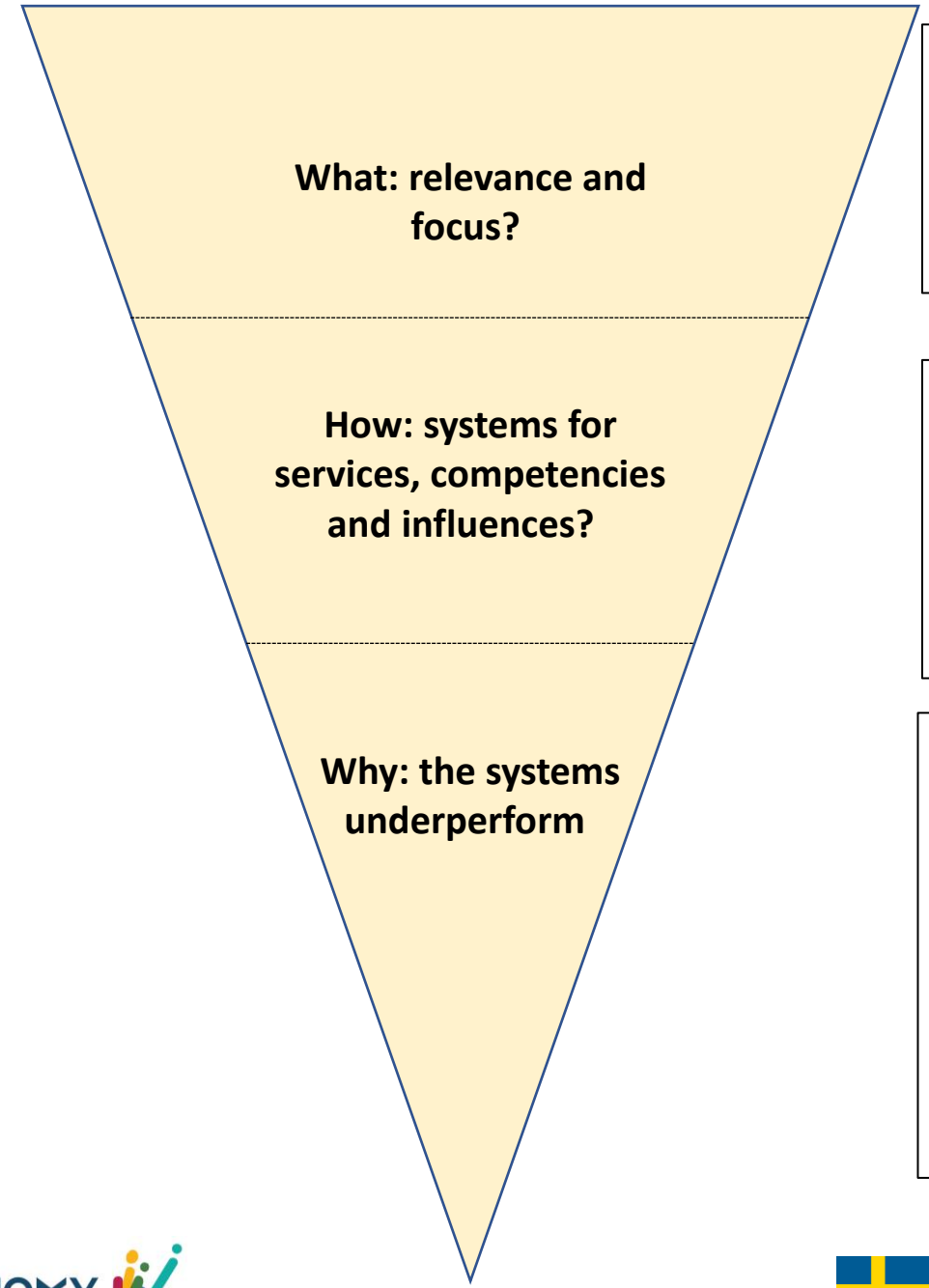
Sustainable models in textiles and apparel sectors





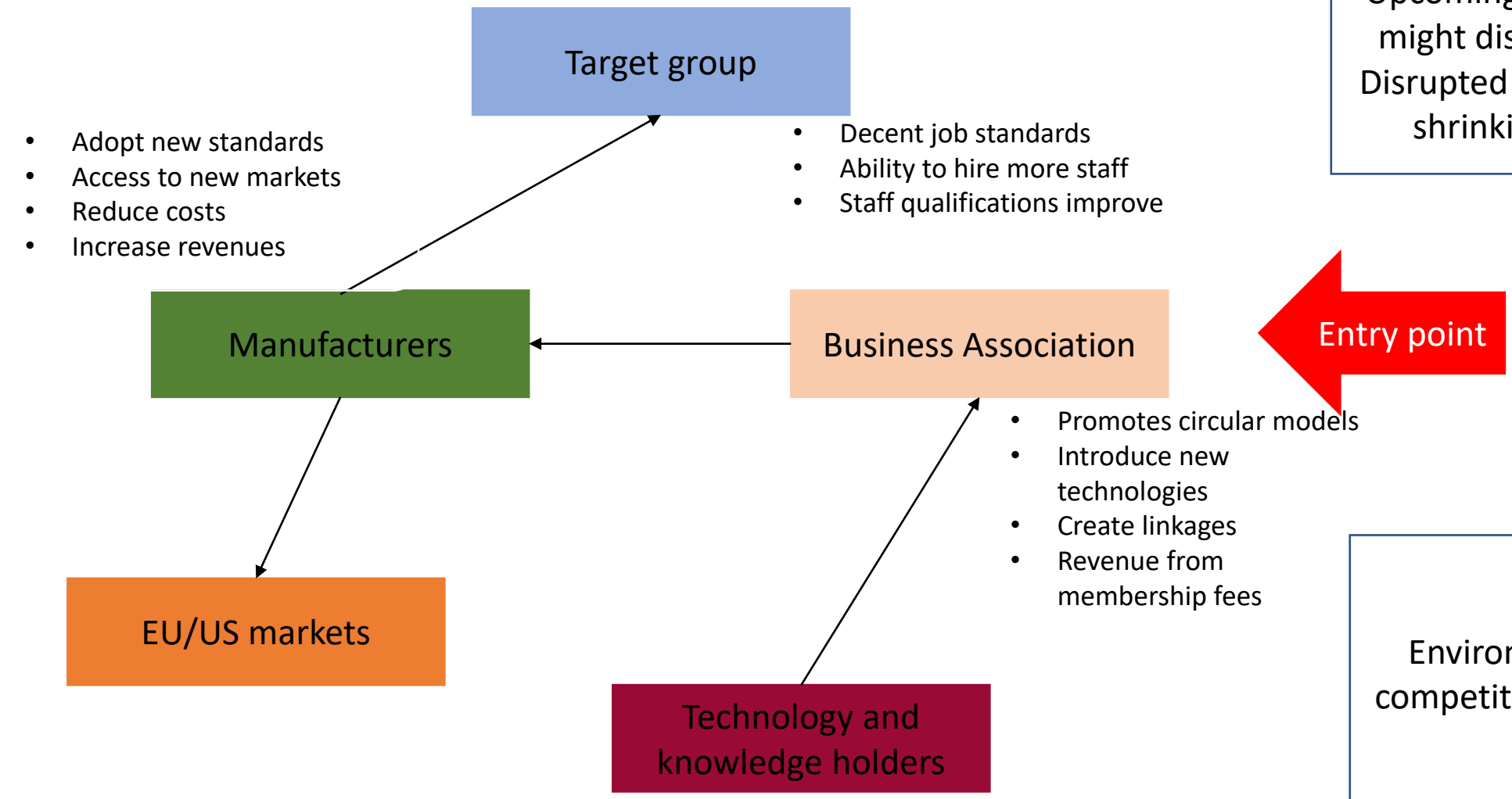
- Global energy crisis
- Political turbulence in the region
- Disrupted value chains
- Changing policy environment and regulations
- Consumer behaviours

- Industry associations unable to respond to the needs of the private sector
- Lack of connection to the higher value markets
- Conducive regulatory framework
- Access to finance (affordable)

- Lack of knowledge on the trends and changes in the system.
- Lack of collaboration between manufacturers and knowledge holders
- Lack of understanding of a business case in circular / environmentally sustainable business models and adequate technology (size and scale)
- Firms lack knowledge on existing good practices in production and trade, infrastructure and 5R possibilities (Rethink, Refuse, Reduce, Reuse, Recycle models)

Example of collaborating with Associations in the textiles sector

Problem statement:
Upcoming legal framework changes might displace existing processors
Disrupted value chains influence the shrinking of the market share



Outcome :
Environmentally sustainable and competitive enterprises in the textile and apparel sector

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Green business models: Underlying driving forces

Green practice changes	Business success factors	Bottom line benefits
- Adoption of greener / sustainably sourced inputs - Adoption of processes and technologies enabling greater resource efficiency - Adoption of processes and technologies enabling reduction of waste and pollution - Adaptation of design of products and services enabling lower environmental impact at consumption stage or disposal stage - Adoption of technologies and products enabling reduction of economic vulnerability to environmental risks	- Lower production costs - Quality improvements (e.g. more durable products) - Enhanced brand/product value and reputation - Improved license to operate - Better access to capital - Better access to market - Legal compliance - Increased economic resilience to environmental pressures and shocks	- Increased profits via decreased costs, increased sales, increased productivity, price premiums, etc. - Decreased risk via diminished vulnerability to resource scarcity and climate change, local community pushback, regulation change, consumer pushback, etc.

Local ownership in the market system (not just in the core value chain)

	CURRENT PICTURE			DIAGNOSIS	FUTURE PICTURE	
FUNCTION/RULE	Who does?	Who pays?	Inadequate, mismatch, absent?		Who will do?	Who will pay?
Core function				INCENTIVES (Material, social, purpose-oriented)		
				CAPACITIES (Technical, financial physical, strategic, cultural)		
Supporting functions				NATURE OF THE MARKET SYSTEM		
				HISTORY & MOMENTUM		
Rules (formal/informal)				INNOVATION FROM ELSEWHERE		
				Intervention strategy		

Adopted from M4P Operational Guide, The Springfield Centre

«Economic» upgrading vs «environmental» upgrading

- **Environment-friendly material and energy inputs:** Use inputs that are sustainably extracted / produced and that naturally generate less pollution and waste
- **Resource efficiency:** Decrease the total amount of material and energy inputs used
- **Reduction of pollution and waste:** Make products that are more durable, easier to repair, recycle or dispose of
- **Managing and distributing environmental risk:** Reduce likelihood and (economic) impact of disruptions caused by environmental conditions

- **Functional:** Increasing the range of functions or changing the mix of activities to higher-value tasks
- **Channel:** Diversifying to new buyers or new geographic or product markets
- **Product:** Shifting to more sophisticated products with higher unit prices.
- **Process:** Reorganizing the production system or introducing new technologies to gain efficiency

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Results frameworks for situating the impact of green MSD initiatives

Green Jobs and Skills: Problem Description

Problem Area	Challenges
No commonly adopted approach to define and measure green(er) jobs and skills at international, EU or national levels + development aid	Lack of coordination and inconsistent methodologies; lack of shared understanding between donors and implementers
Available spectrum from very narrow approach to very broad	Either underreporting and limiting the areas for intervening OR confusion in justification of what and why is really green
Complexity of change and reflection on a) level of "greenness", b) hard/soft skills differences	Lack of methodologies and data (ESCO and O-NET provide only partial classification, GreenComp is too broad), highly-time consuming analysis

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Definitions: Green Jobs/Green Skills

The **sectoral approach -** all jobs in the "green" sectors. In this case, the assumption is made that all jobs within the selected sector are "green".

The **skills-based approach** relies on the skills (technical and transversal) which may contribute to "greening the economy".

Examples:

Women and youth:

- working in the garment industry (skills-based)
- working in the fashion and design industry (skills-based)
- who undergone the skills development programs on designing, installing, maintaining energy-efficient solutions (sector-based)
- involved in the promotion (marketing and sales) of the sustainable production (skills-based)

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MRM in MSD programs

Impact level

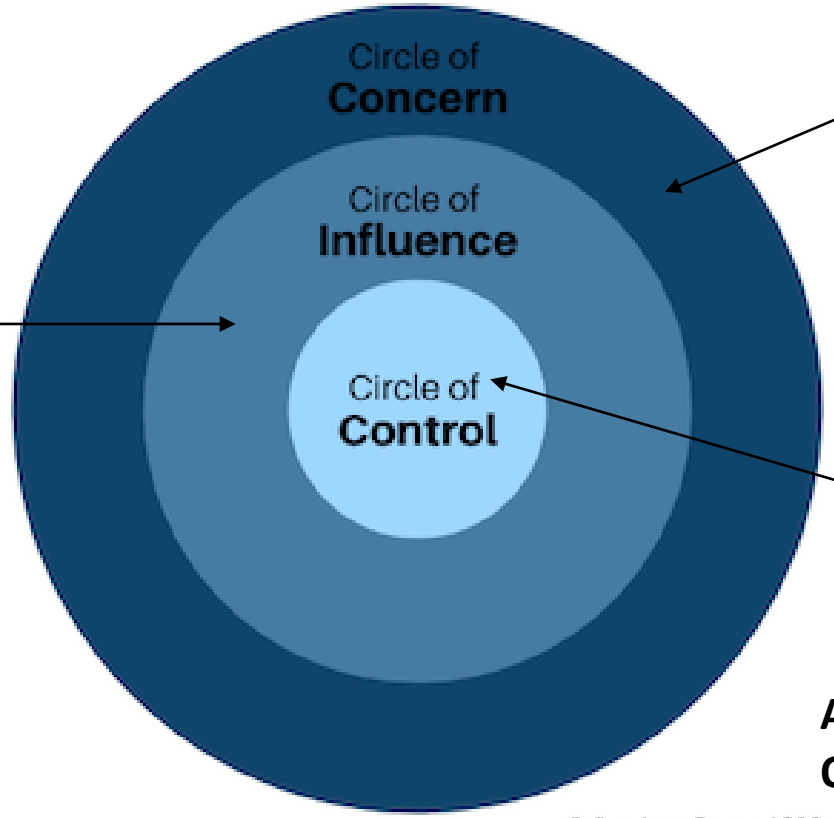
Beneficiaries

Surveys
Multiplier studies
Focus groups
Available Statistics
Proxies
Cost-benefit analysis

Systemic change
Outcome level

Market actors

Observation
Surveys
Focus groups
In-depth interviews
Evaluations



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Partners

Activity level
Output level

Activity reports
Field visits
In-depth interviews

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Possible topics for discussion

- **Contribution of greener MSD approaches to which results areas (e.g. Sida markers, SDGs, etc.)?** And what added value for MSD in advancing such results areas?
- **Project-level MRM vs higher level objectives?** Feasibility concerns and who in the development cooperation landscape should contribute to what in improving the way MRM is done?
- **Direct, indirect, induced environmental impact** (like for jobs)? Questions of causality and how to think about green systemic change?
- **Reporting vs MRM for adaptive management** in green MSD projects? Monitoring impacts and outcomes vs outputs? And is it the same as in a “standard” MSD project?

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Conclusion

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Ticket out

- On a post-it note, tell us what you learned today that can be applied to your job.
- On a second tell us what should be explored / worked on going forward