

Statement

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“Decent jobs in the transition to a sustainable economy”
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Decent Jobs in the Transition to a Sustainable Economy

- Decent employment is the basis of human and economic development and thus an essential foundation of sustainable development.
- One Target of MDG 1 is to 'Achieve full and productive employment and decent work for all, including women and young people'. Clearly, today we have not achieved this target. **Worldwide, about 200 million people are unemployed**; young people are over-proportionally affected by unemployment. Even if we would merely aim to maintain the current employment rate, this would require creating 600 million jobs over the coming 15 years, according to World Bank figures.
- In addition to unemployment, there is a large number of people who are underemployed and workers suffering from fragile employment conditions, lack of social security and very low wages, particularly in developing countries. According to ILO, in 2013, an estimated 375 million workers are living on less than US\$1.25 a day.
- Hence, we are facing a **double challenge: the need both for more and for better jobs**.
- A transition towards a sustainable economy offers the opportunity to generate decent employment that contributes to sustainable human, social and economic development, and the protection of natural capital. Moving towards a sustainable economy includes stopping the loss of biodiversity, natural habitat and ecosystem

services. Such a transition can be the driver of the generation of decent jobs and thus strengthen sustainable livelihoods.

- In fact, the **creation of decent jobs and the move towards sustainability can go hand in hand in a number of sectors**. Among these is agriculture, where sustainable farming practices and organic production offer great opportunities. Other examples include eco-tourism, sustainable forestry and fishery, where new and decent employment and the protection of natural resources can be mutually reinforcing.
- Most studies indicate that the shift to a greener economy generates employment across a wide range of sectors. An increasing number of assessments is showing that net job gains are possible, gains of roughly 0.5-2 per cent. This would translate into **at least 15-60 million additional jobs, worldwide**. More ambitious green economy strategies could bring about even greater numbers of new jobs, by triggering a wave of new investment into the economy.
- A study commissioned by the German Environment Ministry by Roland Berger Strategy Consultants estimated that **an additional 1 million jobs could be generated in Germany by 2025 in the green technologies area alone**.
- The global market for environmental technology and resource efficiency will more than double in size by 2025 and German providers are playing a prominent role in this dynamic development.
- Around 90 percent of green tech companies are **small and medium-sized enterprises** (SMEs), making them the **key players** in the industry.
- The study, called "GreenTech Atlas 3.0" identifies six lead markets for environmental technologies:
 - o Energy efficiency,
 - o Sustainable water management,
 - o Environmentally-friendly power generation and storage,
 - o Sustainable mobility,
 - o Material efficiency and
 - o Waste management and recycling.

- However, moving towards a more eco-friendly economy **does not necessarily and always have a positive impact with regard to the labour market**. Therefore, when discussing the employment effects, it is essential to regard the net employment effects and thus take a look not only at the jobs generated in new “green” sectors or low-carbon production but also those lost due to the structural change (e.g. job cuts in the fossil fuels sector). Furthermore, the quality of these new jobs (e.g. wage levels, working conditions...) needs to be regarded.
- In order to account for those people negatively affected by this economic structural change, the **transition towards a sustainable economy should be accompanied by measures of active and passive labour market policy such as social protection measures as well as re-orientation and training for those who lose their jobs in this process** aiming at integrating them into new “green” employment opportunities.
- Additionally, and crucially, **vocational and higher education needs to be adapted to the changing demand on the labour market** in order to guarantee a qualified labour supply. Hence, when the German government formulates its training regulations, it always takes into account aspects regarding environmental and climate protection. This applies to training regulations in all sectors, so that every trainee is prepared for the new and changing requirements and demands of the labour market. In this way, our training regulations help to ensure that education and vocational training are in line with actual practise.
- A good example of this is the **building refurbishment sector**. A recent study commissioned by the German Environment Ministry has shown that the sector has the potential to secure jobs along the entire value-added chain and also to create additional jobs. Today, modernisation work accounts for 78% of all work in the building sector. Even if only the economically worthwhile refurbishment measures are implemented in the future, we can expect to see an increase in demand for such refurbishment measures and hence for qualified personnel. Our challenge here is to **keep up with the pace of development in fields such as housing insulation and material efficiency in order to update the various training courses**.

- This brings me to another crucial aspect: the **importance of setting the right framework conditions to trigger investment** into sectors that will result in the generation of green and decent jobs.
- Again, the building refurbishment sector can illustrate this point very well. Investment into this sector depends to a large extent on developments in **legal framework conditions and existing assistance measures**. Hence any increase in the refurbishment rate, and hence the future shape of the labour market for energy-efficient building refurbishment, is a direct consequence of the right framework conditions. In Germany's building refurbishment sector, the relevant framework measures are the KfW's "CO2 Building Refurbishment Programme" and the Energy Saving Ordinance (Energieeinsparverordnung – EnEV) as the **German government's two central climate protection instruments for the buildings sector**. In the past, the additional investment triggered by assistance programmes has been many times the actual amount of assistance, stimulating demand for refurbishment measures in the field of energy-saving building refurbishment. Businesses, trade associations and training establishments have confirmed that companies in this sector profit substantially from the assistance programmes.
- Finally, let me highlight another important aspect: the **integration especially of women and youth into these new employment opportunities**. This should also be considered when formulating employment policies to support this transitional process. Since many women work in agriculture, the biggest employer worldwide, it is particularly important to focus on this sector. **Investment in skills, rural infrastructure and organization** should be made to enable smallholder farmers to adopt greener and more productive farming practises. This could not only improve food security, but also lift tens of millions out of poverty – a prime example of how the shift towards more sustainable production methods go hand in hand with improved social conditions.
- To sum up, recognizing and valuing the numerous interdependencies between sustainable development and decent employment is crucial for a successful transition towards a sustainable economy, which supports economic progress, human development and environmental protection.