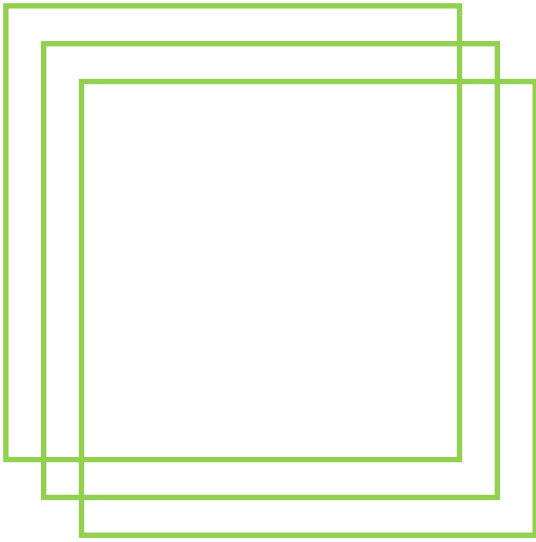




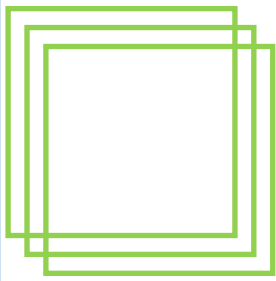
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Green Initiative policy brief

Active Labour Market Policies





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Active labour market policies ensure that temporary and structural adjustments resulting from the transition to a green economy are well managed and positive for everyone, from workers negatively affected by restructuring, to communities exposed to climate change and population groups disadvantaged by green policies.

Key messages

1 The transition to a greener economy has an impact on employment. New jobs are created, many jobs and occupations are transformed, others are reallocated and some are disappearing.

2 Labour market policies are critical for smoothing the adjustment of the labour market to a greener economy and ensuring that no one is left behind.

3 While labour market policies play an important role in promoting and protecting jobs and improving the match between workers and enterprises, they are only one set of a range of policies available to governments to address the green structural transformation underway.

4 A strong and effective tripartite institutional structure that ensures effective collaboration and social dialogue for the provision of integrated packages of labour market policies is necessary to manage the transition fairly.

What are the employment challenges resulting from the transition to climate-resilient economies?

The transition to low-carbon, climate-resilient societies will affect employment in different ways. The employment effects are dependent on the conditions in the labour market. Predictions of net positive effects often assume that workers are mobile between jobs and locations, that there are enough workers equipped with the required skills and that wages will adjust. But in reality, these assumptions do not hold. Without policies to address these constraints, net employment effects might in fact be negative for the workers without the necessary new skills or the freedom of moving from one location to another. The distribution of gains and losses across the labour market might exacerbate

existing inequalities.

There are four direct employment effects resulting from the climate policies and adaptive measures adopted by governments and firms:

1. New jobs are created. The policies promoting greener products, services and infrastructures will create higher demand for labour in green and emerging sectors and activities (solar panel technicians, recycling managers, staff in eco-tourism resorts, etc.).
2. Certain jobs are reallocated from polluting and high-carbon sectors to less polluting and low-carbon sectors. For example, waste management jobs in landfilling, or dumpsites, will move to incineration and recycling.
3. Certain jobs are eliminated without being replaced, such as coal miners.
4. Many jobs are transformed. Policies that encourage sustainable and green practices and workplaces require that jobs, skills and products adapt (ILO, 2017: 4-5). This is the case for example of workers in all sectors where energy and resource efficiency is introduced (cleaner production in manufacturing, retail services without packaging, climate-resilient agriculture, etc.).

It can be seen through those four employment effects that the greening of societies is leading to both job losses and job creation, but the majority of existing jobs are being transformed and redefined. This impacts workers who may lose



Picture 1 Automobile factory in the Philippines. ©ILO . 2002



their jobs, as well as the movement of labour, unemployment, and retraining and upgrading workforce skills while at the same time opening huge new opportunities for the creation of new decent green jobs.

In this environment, a just transition towards greener economies will not happen by default. Decent work and green jobs need to be part of the transition's design (ILO,2017). Labour market policies can reduce the impact of climate change on communities, workers, and disadvantaged population groups by mitigating the collateral effects of the transition to green economies on jobs. Employment and labour market policies can influence the demand and supply of labour and working conditions in green or greening sectors, ease the transition to a low-carbon economy and accompany the transition process so as to maximise positive effects and leave no one behind.



Picture 2 Human resources development and employment centre. Tianjin. China. ©ILO 2007

How can active labour market policies promote a just transition to environmentally sustainable societies?

Labour market policies comprise all kinds of regulations and policies that influence labour demand and supply, and the interaction between the two. They influence the conditions on the labour market, on which the employment effects of the transition to a low-carbon economy depend.

There are both active and passive labour market policies. Passive policies are concerned with providing replacement income during periods of joblessness or job search, while

active policies refer to labour market integration through demand or supply-side measures. Active labour market policies target the unemployed and dismissed workers but also the underemployed, inactive, first-time job seekers and specific groups such as older workers, migrant workers, etc. They help make the unemployed and inactive more employable, promote labour demand by maintaining workers in jobs or creating temporary employment and contribute to a better matching of job-seekers with available job offers.

Well-informed labour market policies, through diagnostics and assessments, can help enterprises and workers, including unemployed workers, meet the challenges of moving toward a greener economy. Much can be learned from experience gained from addressing other structural economic change, like technological revolutions, globalization and rapid changes in world markets. Many of the proven approaches and instruments can be applied.

Policy areas

- I. Employment services are important for facilitating the workforce transition to greener occupations and improving the match between labour demand and supply in green sectors. The services, including career guidance, job search assistance and individual counselling, can raise awareness about emerging sectors and green job opportunities and take into account gender-specific preferences and constraints, thus re-dressing gender inequalities and discrimination. This role can be improved by expanding innovative ways of reaching out to "clients", for example with the use of information and communication technologies as currently happening through the growth of job sites.
- II. Retraining workers and upgrading skills is central in facilitating a smooth and just transition to a low-carbon, green economy. Vocational and on-the-job training programmes improve employability of the unemployed and upgrade the skills of workers laid-off from high-carbon sectors as well as those of workers who need to adapt to new occupational profiles. Short and tailor-made courses directly linked to specific occupations and entrepreneurship opportunities in the green economy have been found to be the most useful approach to retraining workers, and upgrading skills in the context of restructuring measures. Special incentives for work experience and apprenticeships that target younger workers or new entrants into the labour market can reduce skills mismatch and ensure that green sectors find workers equipped with the new skills in demand.
- III. Public employment programmes can help tackle the problem of unemployment and underemployment during transitions while addressing climate adaptation issues. These schemes provide income and skills for the most vulnerable through

the construction of needed infrastructure. They can further assist the process of just transition by entering directly into environmental services, for example restoring and protecting the productive capacity of lands, or building greener and more resilient infrastructure which can adapt to climate change and natural disasters.

- IV. Entrepreneurship incentives can contribute to stimulating green entrepreneurship. Targeted to unemployed and dismissed workers, they can help address the labour market challenges of the transition to low-carbon sectors. Targeted to new entrants into the labour market, they can contribute to providing green products and services, introducing greener production techniques, boosting demand for green products and services, and creating green jobs. Many schemes involve a mixture of: (i) financial support comprising of help with living costs during the formative stages of setting up the business and access to loans for capital equipment; (ii) targeted entrepreneurship training to acquire the needed business skills for starting up a green business.
- V. Job and wage subsidies can also be used to smooth the transition to a greener economy. Subsidies – if well targeted with a clear exit strategy and appropriate institutional and legal structures – can lower labour costs and encourage the hiring of vulnerable or displaced workers and the long-term unemployed. Subsidies can also create green jobs in locations with high levels of unemployment or low levels of economic activity.

Social dialogue and coordination for effective policies

Social dialogue mechanisms, including the practice of tripartism and collective bargaining, serve as effective tools for the design of labour market policies. A strong and effective tripartite institutional structure that ensures effective collaboration and social dialogue for the provision of integrated packages of labour market policies is essential to achieve good results. This institutional structure should have branches at the regional and local level as regional authorities are often best placed to guide the conversion from declining industries to greener activities, and to deal with the necessary change in regional and professional identity, which is often linked to traditional and long established industries (e.g. in coal producing regions) (EMCO 2010). Similarly, local governments are often responsible for key activities such as waste management, public procurement, water resources and public transportation, and therefore must be a partner in any green employment strategy.

Cooperation by the social partners at all levels is essential:

- I. at central level, where they share responsibilities with the authorities in accordance with national practices;

Box 1: The Philippines and the “green jobs act”

The Philippines has given legal status to its efforts to promote green jobs through the adoption of the “Green Jobs Act” in April 2016. The Act is designed to generate, sustain and incentivize “green jobs” to help develop an environmentally friendly economy. The Act has benefitted from extensive social dialogue with stakeholders in the economy. It encourages business enterprises to create green jobs through a tax deduction on the costs for retraining, research and development and duty free importation of capital equipment used in the promotion of green jobs. Business enterprises are incentivized to hire employees skilled in preserving the environment and to train or educate their current employees. The Government has also formulated Human Resource Development roadmaps for 27 industries and will maintain a database of green careers, professions and skills, as well as a list of emerging business enterprises which generate and sustain green jobs. Together with support for R&D, the Act is expected to lead to a redefinition of many jobs across nearly all sectors, which will in turn encourage employment growth, skills development and worker training in an ever-increasing green economy.

- II. at industry level, where they can have a key role in forecasting skills needs and designing adequate training and re-training initiatives;
- III. at enterprise level, where they can contribute to greening workplaces and facilitate the acceptance for green policies and push for vocational rehabilitation.

Finally active labour market policies can target specific groups that are particularly vulnerable to climate change or will be particularly affected by mitigation measures, such as migrants, women and indigenous and tribal people, who are often exposed to discrimination and exploitation in informal activities, which are common in sectors most affected by climate change impacts. They should be consulted on the measures to be taken and if possible decisions have to be made with them.

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