Employment and Social Inclusion in a Green Economy

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Outline

1. Global employment trends
2. Growth, productivity and poverty: The African context
3. Green growth and labor markets
4. Building and upgrading skills
5. Unleashing African green entrepreneurship
6. Prioritizing employment-intensive green investments
7. Working with the informal sector for better jobs
8. Just transitions: Social protection and social dialogue
Global employment trends

- 202 million people unemployed in 2013 - 5 million more than in 2012.
- Global unemployment set to worsen - over 215 M. jobseekers by 2018.
- Youth unemployment rate at 13.1% (74.5 million) is almost three times as high as the adult unemployment rate – reaching a historical peak.
- SSA total unemployment: 7.8%; higher in North Africa, particularly for youth.
- Vulnerable employment in SSA: 77.4% - the highest of all regions (world average 48%).
- Working poverty declining slower than in previous decades: 839 million workers (26.7% of total employment) living on less than US$2 a day.

Source: ILO: Global Employment Trends 2014
Employment in consultations on the post-2015 agenda

“MY World” Global consultations on the post-2015 development agenda ranked “better jobs opportunities” as the 3rd most important issue to people, after a “good education” and “better health care”

1,227,743 votes for All Countries & Country Groups / All Genders / All Education Levels / Age Group (All Age Groups)

Source: MY World total votes as of 24 November 2013
Where people are asking for better job opportunities

Source: MY World total votes as of 24 November 2013
Green economy and labour markets

- Green growth can affect labor markets primarily in two ways:
  - Transitions will cause **shifts in the volume, composition and quality of employment** across sectors,
  - Affect the level and distribution of income.

- More and better jobs can be achieved. However, such gains are not achieved by default, but by design. Policies are needed to:
  - Stimulate job creation as an objective rather than automatic result of growth,
  - Ensure that jobs created are productive and meet decent work criteria - addressing issues specific to the informal sector,
  - Advance social inclusion with dedicated social protection policies, skills buildings and upgrading and retraining of workers.
Economic restructuring and employment shifts

Nature of adjustments and scope:

- New job creation; elimination; substitution; transformation.
- Economy-wide or sector/region specific.
- Permanent or temporary adjustments.
- Sectors most directly concerned are resource- and energy intensive industries and primary industries such as forestry and fisheries when they overuse the natural resource.
- Industrialized countries and some emerging economies.
Total employment loss minimal

- Modest employment share of high-emission/energy-resource intensive sectors: e.g. in OECD countries, the 7 most polluting industries = over 80% of total emissions but only about 10% of the workforce.
- Greening a marginal factor: principal causes of declining employment in industries such as mining, fossil fuel-based energy or iron and steel have been increasing automation and rising labour productivity.
- Some 70,000 South African power sector jobs were lost between 1980 and 2000, at the same time as electricity generation increased by more than 60%.

Global employment in resource-intensive sectors

<table>
<thead>
<tr>
<th>Sector/industry</th>
<th>Employment (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraction of oil and gas</td>
<td>3</td>
</tr>
<tr>
<td>Coalmining</td>
<td>7</td>
</tr>
<tr>
<td>Utilities (including water)</td>
<td>11</td>
</tr>
<tr>
<td>Energy-intensive manufacturing</td>
<td>11</td>
</tr>
<tr>
<td>Electric and electronic products</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
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Opportunities for more and better jobs

The resource-intensive development model will lead to rising costs, loss of productivity and disruption of economic activity:

**In a BAU scenario** (ILO Global Economic Linkages model)
- *Productivity level drop 2.4% by 2030; 7.2% by 2050.*

**In contrast**

**In a Green Economy** (ILO Global Economic Linkages model)
- *0.5-2% Net job gains = this translates in 15-60 million additional jobs*
- *Multi-factor productivity can improve by 1.5% by 2020; 5% by 2050.*

8 key sectors: agriculture, forestry, fishing, energy, resource-intensive manufacturing, recycling, building and transport.

*Source: ILO 2012, Working towards sustainable development. Opportunities for decent work and social inclusion in a green economy*
## Evidence from country assessments

<table>
<thead>
<tr>
<th>Country</th>
<th>Current and potential employment opportunities</th>
</tr>
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<tbody>
<tr>
<td>Mauritius</td>
<td>Green jobs for Mauritius stand at around 6.3% of total employment estimated at 558,100 in 2010. Green employment in agriculture is 12%. In most cases, the employment multiplier is higher with investments in green compared to conventional sectors. <em>Source</em>: ILO, University of Mauritius, 2012.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Estimated 1.8 million green jobs in 2011 (about 5% of the workforce) and another 971 thousand indirect jobs. Study integrated a Decent work index (Monthly income: 50%; Weekly working hours: 16.6%; Written contract: 16.6%; Access to social security: 16.6%) <em>Source</em>: Empleos verdes, 2013.</td>
</tr>
<tr>
<td>Tunisia</td>
<td>Green jobs in Tunisia are estimated at 102,000 jobs in 2010, with the largest shares in water and waste, agriculture, and services sectors. A green growth scenario (assuming implementation of planned programs) would lead to 80,000 additional jobs. <em>Source</em>: GWS, Alcor, 2014 (forthcoming).</td>
</tr>
</tbody>
</table>
A. Employment in production of environmental outputs is defined as employment in the production of environmental goods and services for consumption outside the producing unit.

B. Employment in environmental processes is defined as employment in the production of environmental goods and services for consumption within the producing unit.

D: Jobs in non-environmental sector created thanks to greening

Source: ICLS 2013 - Guidelines concerning a statistical definition of employment in the environmental sector
Policies matter to deliver positive employment and poverty outcomes

• **Mauritius Sustainable Island** initiative aiming towards 10% more green jobs by 2020.

• **Namibia National Employment Policy (2013-2017)** includes in its policy framework specific provisions on “Sustainable development: greening the economy and green jobs”.

• **Senegal National Strategy for Economic and Social Development (2013-2017)** includes specific objectives of promoting a green economy and green job creation.

• **South Africa Green Economy Accord** seeks to create 300,000 new green jobs by 2020.
A case in point: China

- China’s 12th Five Year Development Plan (2011-2015) has provisions for investment of US$ 468 billion in green economic sectors (waste recycling and reutilization; clean technologies; and renewable energy) - compared to $211 billion over the last five years.

- 2010 survey by the Association of Environment Protection revealed 35,000 enterprises and institutions in environmental protection and related industries with a total of 3 million employees. Employment in new energy industries was 1.1 million in 2007.

- 10 million jobs expected with the implementation of the National Plan on Energy Saving and Environment.
Building skills to enable green growth

Findings of 21 country studies (incl. Egypt, Mali, South Africa and Uganda):
- Countries underestimated growth of green sectors
- General lack of scientists and engineers
- National skill structure does not meet skills demand

Most African countries display weak coordination between environmental policies and skills needed for the green economy.

Source: ILO, 2011, Skills for green jobs: A global review
Unleashing African green entrepreneurship

Challenges to young African entrepreneurs

- 11,000 new businesses; 23,000 new jobs by 2014.
- In 2010-2012 4,680 students participated in green entrepreneurship program of Junior Achievement (world’s largest youth business network)
- In a 2011 competition, 31 Student companies (43%) out of 73 created green businesses.
Prioritizing employment-intensive green investment and conditional cash transfers

The Mahatma Gandhi National Rural Employment Guarantee Act of India is one example of programmes providing direct income transfers through public works.

- Right to 100 paid working days/year
- Work in adaptation, afforestation, water conservation/harvesting
- 50 million persons participated in 2010-2011

South Africa Extended Public Works Programme in South Africa links environmental and social objectives.
Working with the informal sector for better jobs

- **Brazil** - Approximately 400,000 informal workers in waste collection
- **Through legislation** encouraging cooperatives, service contracts, fair wages and OSH - formalized 60,000 waste pickers;
- Formalization target for another 250,000
- 34 % of waste pickers earn 1 - 1.5 times the minimum wage; 29 %: 1.5 - 2 times; 18 %: 2 -3 times; and 7 %: 3 -4 times.
- Access to National Health System
Just transitions: Social protection and social dialogue

• Despite net employment gains, certain industries are expected to face loss of employment as a result of economic restructuring and implementation of green economy policies.
  – E.g. China - 600,000 workers expected to lose jobs with the closing of obsolete thermal power generators by 2020 - only one tenth can be re-employed in new large thermal power stations.

• Innovative responses needed in social security systems to ensure just transitions.

• Sectoral shifts: For example, more than 1 million workers are expected to be reemployed in the implementation of the Natural Forest Protection Programme (2000 – 2050).

• Skills upgrading

• Promoting social dialogue – e.g. South Africa Green Economy Accord
Green Jobs Programme Cycle

More and better jobs

Assessment of Green Jobs Actual/Potential

Support to Policy Implementation

Social Dialogue

Technical advice, Skills development, Entrepreneurship promotion

Green Jobs Strategy and Policy

Pilot Projects
Thank you

• Green Jobs Programme of the ILO: www.ilo.org/green-jobs-programme
• International Training Centre of the ILO: http://www.itcilo.org/en