

Introduction

Two defining challenges for the twenty-first century

This book addresses two of the defining challenges of the twenty-first century: ensuring environmental sustainability; and turning the vision of decent work for all into a reality as a basis for dignified and fulfilled lives for individuals, with social cohesion and stability for communities and countries.

Environmental degradation and resource depletion have become ever more visible and pressing challenges, as the human population keeps expanding and material demands increase, pushing against the limits of what the planet can provide sustainably. The overuse of natural resources, such as forests, fish and clean water, is increasingly exceeding planetary boundaries. The biggest environmental challenge by far, and one that threatens to undermine the very basis of human civilization if allowed to continue unchecked, is climate change. The climate crisis also connects in powerful ways with many other environmental concerns such as water availability or biodiversity.

At the same time as environmental concerns have risen to unprecedented prominence, there are also urgent social and economic challenges. Even as the size of the world economic product has more than tripled since 1990, securing adequate and decent employment for all jobseekers remains one of the biggest problems policy-makers face, especially in the wake of the global financial crisis, which expanded the ranks of the unemployed and those in vulnerable employment conditions. The number of unemployed people rose from 170 million, before the onset of the world financial crisis in 2007, to a projected 206 million in 2014, and may further rise to 215 million

by 2018. Youth unemployment was pegged at 74.5 million in 2013 and is not expected to fall significantly over the next five years.¹

It should be noted that the unemployment rate has significant shortcomings in indicating the true degree of workforce underutilization, in the form of disguised and unrecorded unemployment and of underemployment. Furthermore, the same rate of unemployment can create highly different degrees of social damage, depending on a country's social protection systems (Sengenberger, 2011).

Over the past two decades, there has been a vigorous debate over the precise nature of the relationship between the environment and the economy. As climate action grows urgent, some observers warn that economies will suffer as a result of moving towards sustainability. But it has become clear that economic prosperity and employment depend in fundamental ways on a stable climate and healthy ecosystems. This book shows that both the environmental and the socio-economic challenges are urgent and that they are intimately linked. They can and must be addressed together.

Not only is the situation environmentally unsustainable, it has substantial economic and social costs. The natural processes and systems which are vital to the enterprise and the livelihoods of people are being disrupted, and the damage to economies and to society caused by environmental degradation and climate change threatens to undo many of the gains in development and poverty reduction achieved over the past decades, including progress towards achieving the Millennium Development Goals (MDGs). The longer we wait to address this, the worse it will get: with global unemployment levels exceeding 200 million, almost one in three workers living in working poverty and 5.1 billion people without access to essential social security, the addition of rising costs and disruption associated with environmental damage could further weaken social cohesion and increase the instability already present in a number of countries.

Employment that contributes to protecting the environment and reducing humanity's heavy environmental footprint offers people a tangible stake in a green economy. The pursuit of so-called green jobs will be a key economic driver as the world steps into the still relatively uncharted territory of building a low-carbon global economy. "Climate-proofing" the economy will involve large-scale investments in new technologies, equipment,

1 ILO (2014) and supporting data sets at http://www.ilo.org/global/research/global-reports/global-employment-trends/2014/WCMS_234879/lang--en/index.htm.

buildings and infrastructure, which will provide a major stimulus for much-needed new employment and an opportunity for protecting and transforming existing jobs.

Environmental constraints, climate change and the transition to a sustainable, low-carbon economy will have profound impacts on production and consumption patterns, and on enterprises and workers. The necessary shift will be impossible without a pervasive effort towards the greening of enterprises across the economy. In addition, reducing greenhouse gas (GHG) emissions implies shifts within and between economic sectors as well as between regions. Output and employment in low-carbon industries and services, in waste management and recycling, and in the restoration of natural capital will grow. Energy and resource-intensive sectors, on the other hand, are likely to stagnate or even contract. With well-designed adaptation measures, climate resilience can go hand in hand with job creation and poverty reduction. Green jobs can serve as a bridge between current MDG 1 (eradicate extreme poverty and hunger) and MDG 7 (ensure environmental sustainability) and future SDGs 1 (end poverty in all its forms everywhere) and 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all).

The ILO and its constituents—governments, employers and workers—have a history of active engagement and support for sustainable development. The multiple economic, social and environmental crises besetting the world in recent years have led to a new sense of urgency. The United Nations (UN) Conference on Sustainable Development (UNCSD) held in Rio de Janeiro in 2012 (Rio+20) discussed the green economy in the context of poverty reduction, sustainable development and environmental governance. The outcome document of this largest UN conference ever stresses the urgency of sustainable development and the fundamental role of decent work in achieving it. This is the culmination of a remarkable evolution in the way the relationships between the environment, the world of work and social development are considered in policy statements, both at the UN and at the ILO.

Recognizing the pivotal role of decent work for sustainable development

While the UN Conference on Environment and Development, or Earth Summit, in Rio de Janeiro in 1992 emphasized the need for balance between the economic, social and environmental dimensions of sustainable development, the outcome document contained very limited coverage of labour issues and was largely silent on their relationship to sustainable development. The UN Framework Convention on Climate Change (UNFCCC), one of the three environmental conventions adopted in Rio, made no reference at all to employment and labour issues. The otherwise comprehensive Agenda 21 also produced by the summit merely called for countries to “generate remunerative employment and productive occupational opportunities compatible with country-specific factor endowments, on a scale sufficient to take care of prospective increases in the labour force and to cover backlogs” (UN, 1993, para. 3.8(a)). Agenda 21 did, however, recognize the importance of the social partners among the major stakeholder groups: Chapters 29 (workers) and 30 (employers) set out their respective roles in dealing with sustainable development issues at the national and workplace levels. It should be noted, though, that this scant coverage of labour issues is largely a reflection of the lack of available analysis and data at the time concerning the relationship between employment and skills development and sustainable development.

Ten years later, the World Summit on Sustainable Development in Johannesburg (2002) still inserted only a short paragraph into its declaration and the Johannesburg Plan of Implementation.

It was only after the World Summit on Social Development in 2005 adopted full employment and decent work as a global goal, and the subsequent inclusion of a set of employment indicators under MDG 1, that the role of decent work in sustainable development started to receive consistent recognition.

At the ILO too, the close interlinkages between the environment and the world of work came to be increasingly acknowledged (ILO, 2007a), and the general discussion and conclusions on sustainable enterprises reinforced the insight that “it is in workplaces that the social, economic and environmental dimensions of sustainable development come together inseparably” and also called for just transitions for workers affected by economic restructuring (ILO, 2007b, paras 3 and 8).

A 2007 report by the Director-General of the ILO discussed the relationship between decent work and the environment, and referred for the first time to the concept of green jobs. The Green Jobs Initiative—a partnership between the UN Environment Programme (UNEP), the International Trade Union Confederation (ITUC), the International Organisation of Employers (IOE) and the ILO—was launched in 2007. Its mission was to promote opportunity, equity and a just transition to sustainable economies, and to mobilize governments, employers and workers to engage in dialogue on coherent policies and effective programmes leading to a green economy with green jobs and decent work for all. In 2008, the initiative published its first report, a ground-breaking analysis of the relationship between decent work and the environment (UNEP, ILO, IOE and ITUC, 2008).

The following year, the Global Jobs Pact was adopted by the ILO in response to the global financial and economic crisis, and called for cooperation on “shifting to a low-carbon, environment-friendly economy that helps accelerate the jobs recovery, reduce social gaps and support development goals and realize decent work in the process” (ILO, 2009a, para. 21(3)).

The social partners also integrated the interrelationships between employment and labour issues and the environment into their own policies and programmes. The IOE adopted a policy on climate change in 2008 and has been active in providing services to members as well as participating in the Green Economy Task Force with the International Chamber of Commerce, which published the first Green Economy Roadmap produced by business as a “comprehensive framework for policies and action for business, policy-makers, and society to accelerate and scale up a transition toward a ‘green economy’” (ICC, 2012). More than 2,300 companies have signed up to the ICC’s Business Charter for Sustainable Development.² The ITUC adopted a landmark resolution on combating climate change through sustainable development and just transition at its Second Congress in 2010 (ITUC, 2010).

In 2010, the parties to the UNFCCC included a specific reference to decent work in the “shared vision” for a future global climate agreement. In the Cancún Agreements (UNFCCC, 2010), governments recognized that “addressing climate change requires a paradigm shift towards building a low-carbon society that offers substantial opportunities and ensures continued high growth and sustainable development ... while ensuring a

2 See International Institute for Sustainable Development website at http://www.iisd.org/business/tools/principles_icc.aspx.

just transition of the workforce that creates decent work and quality jobs”. Similar language has been proposed by parties for the text of a new global climate agreement to be reached at the end of 2015.

Rio+20 in 2012 was attended by more than 100 Heads of State and Government and over 400 ministers. The Rio+20 outcome document sets out a vision of sustainable development with social inclusion. It firmly establishes the pivotal role of decent work for sustainable development, both in a dedicated chapter and through numerous cross-references, emphasizing that it is vital to understand and act on the interlinkages between the economic, social and environmental pillars. It identifies the concept of a green economy as one of the pathways to sustainable development and stresses that its goal must be social inclusion and the creation of employment and decent work for all:

we consider green economy in the context of sustainable development and poverty eradication as one of the important tools available for achieving sustainable development and that it could provide options for policymaking but should not be a rigid set of rules. ... We emphasize that it should contribute to eradicating poverty as well as sustained economic growth, enhancing social inclusion, improving human welfare and creating opportunities for employment and decent work for all, while maintaining the healthy functioning of the Earth's ecosystems. (UNCSD, 2012, para. 56)

While this international consensus has been emerging, a rapidly growing number of governments and enterprises have been acting on the need to achieve synergies and manage trade-offs between growth, employment and social inclusion and the preservation of the environment.

Recognizing the economic and social aspects of environmental change

New thinking is also permeating international organizations, including those with a mandate centred on economic development. In recent years, the World Bank (World Bank, 2012a), the International Monetary Fund (IMF, 2011), the OECD (OECD, 2010), the UN Industrial Development Organization (UNIDO) (UNIDO, 2009), the G20 (G20, 2012) and the World Economic Forum (WEF, 2012) have all published reports and adopted strategies calling for new ways of defining and achieving development that are built around environmental sustainability and greener economies as a central

tenet. They conclude that investing in the environment to increase its productivity, protect its stock of resources and harness its services is indispensable, makes economic sense and underpins growth. These organizations therefore regard green economic growth, or a green economy, as superior to conventional growth in the medium to long term.

In February 2012, the UN Statistical Commission approved the System of Environmental and Economic Accounts. This new internationally agreed standard fits alongside the current System of National Accounts, which is restricted to measuring gross domestic product (GDP). It mainstreams natural capital into economic accounts, and governments in several countries, including Australia, Mexico and the Philippines, are already using it to evaluate trade-offs between different policies and to assess their impacts across the economy, the environment and society. In the same way that private businesses look at assets and liabilities on their balance sheets, countries are enabled to account for their assets and natural stocks.

New opportunities for promoting decent work for all

The emphasis on sustainable development with decent work as a central goal in an environmentally more sustainable economy provides a major opportunity for the ILO to advance its mission. However, while analysis of the relationship between the economic and the social dimensions of sustainable development has been a mainstay of the Organization since its foundation and extensive policy guidance is available in this regard, an understanding of the policy implications of pursuing both environmental sustainability and decent work is less well developed.

This book therefore focuses on the links between the environmental and the social dimensions of sustainable development, including their economic implications. It summarizes the growing body of evidence that the shift to a more environmentally sustainable economy is not only indispensable,³ including from a labour market perspective, but can in fact lead to net gains in employment, significant improvements in job quality and incomes, and advances in equity and social inclusion on a large scale.

These benefits are not automatic, but contingent on the right policies. Similarly, appropriate and coherent policies can mitigate the challenges

3 This report draws heavily on ILO and ILS (2012a), which presents the evidence in greater detail, in particular concerning key economic sectors.

environmental sustainability poses for the world of work. The ILO constituents can leverage the process of structural change towards more sustainable patterns of production and consumption into a global transition to decent work for all. At the same time, observing ILO policies and international labour standards can attenuate environmental degradation and serve to meet the goals of environmental sustainability. For example, if compliance with basic worker rights prevents forced labour, child labour or the suppression of free trade unions, lower tolerance of environmentally hazardous production and materials can be expected.

This emphasis should, for example, be reflected in the international development agenda emerging for post-2015. The central role assigned to decent work in the Rio+20 outcome document should ensure that decent work will be considered in the formulation of sustainable development goals initiated in Rio.

Clear understandings of the interrelationship between environmental sustainability and decent work, of good policy practices and of effective institutional mechanisms will also be crucial for effective national policy and a major contribution to the international efforts to achieve sustainable development.

The structure and content of this book

Chapter 1 analyses the environmental and social challenges facing the world against the backdrop of the current economic crisis. It explores the relationship between them and introduces concepts which help to evaluate social and labour market impacts. Chapter 2 identifies three major opportunities to advance decent work in a greener economy in the form of more jobs, better jobs and social inclusion. Chapter 3 explores three challenges linked to a transition to a greener economy from a world of work perspective, notably restructuring, employment losses and relocation of workers; the pressing need to adapt to climate change; and inadvertent negative impacts on income distribution. Chapter 4 outlines relevant policy initiatives at national and international levels, gives an overview of current ILO work in this area, and summarizes policy lessons from national experiences and research. Chapter 5 provides a summary of major findings and lessons learned.