

International Labour Conference, 106th Session, 2017

Report of the Director-General

Report I

Work in a changing climate: The Green Initiative

International Labour Office, Geneva

ISBN 978-92-2-130551-4 (print)
ISBN 978-92-2-130552-1 (Web pdf)
ISSN 0074-6681

First edition 2017

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and digital products can be obtained through major booksellers and digital distribution platforms, or ordered directly from ilo@turpin-distribution.com. For more information, visit our website: www.ilo.org/publns or contact ilopubs@ilo.org.

Preface

In my Report to the 102nd Session (2013) of the International Labour Conference, when I suggested an ILO “Green Centenary Initiative” to give practical application to the decent work dimension of the transition to a low-carbon, sustainable development path, I wrote that “The prevention and mitigation of climate change, more than any other single element, will distinguish the ILO’s future responsibilities and activities from those of the past”.

Since then, events seem to be confirming what might have appeared to be that rather outlandish proposition: the Paris Agreement on climate change and the United Nations (UN) 2030 Agenda for Sustainable Development, both adopted in 2015, have placed these issues at the centre of the international agenda and this Conference session will be asked to adopt a programme and budget that will make just transition to environmental sustainability a cross-cutting issue for all areas of ILO activities. Moreover, the ILO’s tripartite constituents, despite the real complexities and challenges involved, have been united in their support for the full alignment of the Decent Work Agenda with the fight against climate change.

These developments are encouraging. They bear witness to the ILO’s capacity to take on emerging challenges even when there are so many other more familiar ones making pressing claims on its attention and resources. It shows that its constituents’ understanding of the ILO’s mandate for social justice encompasses the full spectrum of human experience as it is impacted by the world of work. And it confirms, two years from the ILO’s Centenary Conference, that it is ready to engage in a comprehensive and proactive approach to shaping the world of work that we want, rather than opting for a selective and reactive stance which would be unlikely to get the job done well.

The contribution of this Report is to make a balanced assessment of what the fight against climate change – prevention, mitigation and adaptation – means for the world of work, of the challenges and opportunities involved, and of how the ILO can contribute to the just transition to environmental sustainability that will serve to advance both decent work opportunities for all and the protection of the planet.

The ILO stands at the threshold of a major new area of responsibility just as it stands at the threshold of its second century of existence. The guidance that the representatives of governments and employers and workers provide on my Report, in the unique setting of this global parliament of labour, will be invaluable in setting our Organization on a course which will respond to one of the most pressing issues of our time and, in doing so, keep it faithful and relevant to its unchanging mandate of social justice.

Guy Ryder

Contents

	<i>Page</i>
Preface.....	iii
Chapter 1. The ILO mandate: Decent work and climate change	1
Chapter 2. Challenges and opportunities	7
Chapter 3. The ILO response: The Green Centenary Initiative	11
Chapter 4. The road ahead.....	17

Chapter 1

The ILO mandate: Decent work and climate change

1. The ILO's 1919 Constitution and the 1944 Declaration of Philadelphia make no reference to environmental sustainability; they are silent on climate change. Yet accelerating developments over the last two decades or more have led ILO constituents worldwide to the strong conviction that the Organization can only pursue its mandate for social justice effectively if it integrates environmental sustainability into the Decent Work Agenda.
2. In institutional terms this new focus has happened very quickly. It is difficult to find a precedent in the history of the ILO for an issue of this magnitude to move so rapidly from being relatively peripheral to having central importance in its activities. How can this be explained?
3. One need look no further than everyday lived experience and accumulating scientific evidence of the reality of climate change and the devastating impact that it can have in the absence of decisive action for prevention, mitigation and adaptation.
4. The lives of many millions of people are already being severely affected by extreme weather events, the changing capacity of their natural surroundings to sustain long-standing productive activity and rising levels of pollution. In 2016, the World Meteorological Organization (WMO) reported that 22.5 million people a year were displaced because of floods, famine and other environmental factors, and it is forecast that 200 million people could be displaced permanently by mid-century owing to rising sea levels, heavier floods and more intense droughts.
5. The scientific debate over the causes, extent and consequences of climate change has been protracted and is still not exempt of controversy. It is understood that the earth's climate has always varied naturally; the key question is how, and how much, human activity is impacting climate change. The Intergovernmental Panel on Climate Change (IPCC) set up jointly by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) in 1988 has a mandate to "provide internationally coordinated scientific assessments of the magnitude, timing and potential environmental and socio-economic impact of climate change and realistic response strategies" and stands as the international community's most authoritative reference point. The IPCC has found an incontrovertible body of evidence that human-induced climate change is well underway and has warned of the consequences of failing to limit global temperature rise to at most 2° Celsius over pre-industrial levels, arguing that that could pose a threat to humanity and lead to irreversible environmental damage.
6. It is clear that this combination of lived experience and scientific evidence has brought about a fundamental change in public opinion and in political discourse. The

environmental movement has become a central pillar of civil society; green parties have become important actors in the political life of many countries, with parties of all hues taking green issues into their programmes. But what has been the evolution in the world of work?

7. The question has obvious and specific relevance for the ILO, but more general significance too, because if climate change is a consequence of human activity, then that activity is, for the most part, work or work-related. It is no coincidence that climate change tends to be benchmarked against pre-industrial levels. And if work is the predominant cause of climate change, then inevitably it must be central to strategies to prevent, mitigate and adapt to it.

8. In his Report to the 57th Session (1972) of the International Labour Conference – that is fully 45 years ago – the then Director-General put these issues squarely before the ILO’s tripartite constituents. Director-General Wilfred Jenks wrote in his Report *Technology for Freedom: Man in his Environment* of “a global ecological crisis” co-existing with global crises of “the structure of society”, of “personal freedom”, of “human values” and of “confidence among and within nations”. More specifically he concluded:

We must therefore reconcile continued growth and innovation with comprehensive environment policies. We need a new conception and a new criterion of economic growth. Such a conception may require new departures in economic and social policy no less than in policies for science and technology. Environment considerations must form an essential dimension of growth.

9. Certainly not coincidentally, Jenks’ Report was discussed by the International Labour Conference at exactly the time that the seminal United Nations Conference on the Human Environment was convening in Stockholm. But there is little evidence that the impact on the activities of the ILO itself was significant, despite the dramatic and urgent terms in which he called the Organization’s tripartite constituents to action; the chance of an institutional early start was not taken. It is true that the world of work and its tripartite actors were increasingly both challenged and involved as, decade by decade, the international community moved forward from the Rio Earth Summit of 1992, through the Rio+10 and Rio+20 Summits, to the 2015 Paris Agreement on climate change and its entry into force in November 2016. Nevertheless, one is struck by the difficulty that they encountered in taking up their increasingly evident responsibilities – and opportunities. Introducing his Report *Decent work for sustainable development* to the 96th Session (2007) of the International Labour Conference, the then Director-General Juan Somavia said:

15 years after the Rio Summit, we are lagging behind schedule. The international system, including the ILO, has not yet built the strong synergies between social, environmental and economic sustainability. As a result, little progress has been made in terms of policy convergence and practical results.

10. How should this slow start be explained, and what are the implications for the future? Most obviously, the world of work has been confronted from the outset by the fundamental dilemma that environmental sustainability might only be achieved, and climate change combated, at the expense of growth, development, jobs and material prosperity.

11. This debate was, until relatively recently, conducted in terms which, whatever the intentions of the protagonists, inhibited practical progress. The straightforward confrontation of binary positions – on the one hand that action against climate change is a job and development killer, and on the other that it is a guarantee of plentiful decent employment in the future – did scant justice to the complexities of the issues or the reality of the uneven distribution of benefits and costs between likely winners and losers.

12. What in retrospect may fairly be considered a game-changing report *Green Jobs: Towards decent work in a sustainable, low-carbon world* was published jointly in 2008 by the ILO, UNEP, the International Trade Union Confederation (ITUC) and the International Organisation of Employers (IOE). It was the first ever comprehensive study of the impact on the world of work of climate change and related mitigation efforts. It reported on the negative effects that climate change was already having on workers, especially those whose livelihoods depended on agriculture and tourism; and it provided evidence for the first time at global level that green jobs were being generated in some sectors and economies. It went on to highlight the considerable potential for the creation of new jobs in green products and services, as well as the importance of the greening of existing workplaces and of providing support for those whose livelihoods would be affected by the impact of adjusting to a low-carbon global economy.

13. Recognition that the employment and development implications of action against climate change were of extraordinary scale and importance was arguably both a facilitator and a consequence of the decisive political breakthrough of the Paris Agreement. The Agreement acknowledges the need to address the impact on the world of work of the move to a sustainable low-carbon, or carbon-free, future by “Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities”.

14. The commitments made in Paris therefore require a closer look at the quantitative and qualitative jobs dimension of the just transition to sustainability. In schematic terms, it is possible to anticipate four quantitative employment effects.

15. Firstly, and most positively, policies to promote greener products, services and infrastructures will translate directly into higher demand for labour in a wide range of sectors and activities, and indeed generate entirely new types of jobs through technological innovations that respond to the needs of sustainability.

16. The International Renewable Energy Agency reported in its *Annual Review 2016* that in 2015 employment in renewable energy reached 8.1 million jobs, a 5 per cent increase over the previous year. Importantly, this employment dynamism is not concentrated in industrialized countries; emerging economies, including China and India, accounted for a significant proportion of the new jobs. Moreover, the growth in the supply of renewable energy has to date come in the form of additional employment in the energy sector rather than through the substitution or displacement of existing fossil fuel operations. This reflects the significant unmet demand for energy today in many parts of the world.

17. However, future acceleration of transition to sustainable energy sources is likely to trigger a substitution effect, illustrating the second quantitative employment effect – the replacement of existing jobs in high-carbon sectors by new ones in low-carbon sectors, and the move from more to less polluting technologies. Further examples are the shift from truck-based road transport to rail, from the manufacture of internal combustion engines to electric vehicles, and from landfilling to recycling and refurbishment.

18. Thirdly, and inevitably, some jobs will simply be eliminated – either phased out entirely or massively reduced in number without direct replacement. This can happen in the case of highly polluting or energy- and material-intensive activities, but also when production systems and infrastructure are destroyed by rising sea levels, coastal erosion, desertification, flooding or other natural disasters. When Typhoon Haiyan hit the Philippines in November 2013 the economic loss was equivalent to more than 5 per cent of gross domestic product and over 5.9 million working people were affected. Of these, some 2.6 million were already in vulnerable employment, at or near the poverty line.

19. Fourthly, many, and perhaps most, existing jobs will simply be adapted to the requirements of the greening economy. Day by day, workplace practices, skills, product design and job profiles will be adjusted. Automobile manufacturers will produce more fuel-efficient (or electric) cars; farmers will apply more climate-resilient growing methods; and construction enterprises will use more energy-efficient techniques. That dynamic argues strongly for thinking in terms of processes to enable the greening of economies and production, rather than a dichotomy between unsustainable, dirty jobs to be discontinued, and sustainable, clean ones to be created.

20. Additionally, the qualitative employment dimension of the just transition process needs to be addressed from the understanding that a “green job” is not by definition a decent job; green jobs will be made “decent” not by default but by design. The fact that the Paris Agreement speaks explicitly to the issue of just transition in terms of the creation of decent and quality jobs underlines the commitment of governments to work with employers’ and with workers’ organizations to ensure that the pursuit of sustainable development is taken forward in full regard of its social and economic, as well as its environmental, dimensions.

21. In this regard, the realization of just transition requires no redefinition of the four established strategic components of the Decent Work Agenda – employment, principles and rights at work, social protection, and social dialogue – nor additions to the ILO’s key working methods – tripartism, standards and technical cooperation. But it does require that every one of them be informed by the imperatives of just transition and be applied to the urgent task of its advancement.

22. The need to make the generation of decent work opportunities for all the key objectives of just transition is one reason why the challenges involved cannot be reduced to a simple mathematical calculation of jobs created and jobs lost. As for any other process of structural change in the world of work, there are other factors at play which add to its complexity.

23. Foremost among these complicating factors are the inevitable disconnections in time and place that will be encountered. New work does not necessarily become available where other work is lost or when it is lost. Any predictions which are predicated on the assumption of perfect labour market dynamics and smooth reallocation of labour, finance and resources, are likely to be over-optimistic. Everyday realities are generally messier. To take one example within a single national economy, the United States, it might be concluded from a cursory examination of the aggregate numbers that job losses in coal mining in recent years could be conveniently compensated, and more, by job creation in solar and wind energy. But reality is different because the expanding sectors are geographically far removed from those in decline and the workers affected may have neither the skills nor the means to take up new opportunities in new locations.

24. Governments, working with their social partners, need to bridge these disconnects by formulating and carrying out transition policies which help workers to take advantage of jobs that become available, while minimizing the extent of the displacement. This implies not only a major planning effort, but an investment of resources too. If the corresponding issues are viewed not from the national, but from the international perspective, the complications are compounded considerably.

25. The global scale of the challenges posed by climate change could not be clearer. Nor could the need for an agreed global response, which is what makes the Paris Agreement so historically significant. But, neither the causes of, nor the capacity to react to, climate change are distributed equally across the global economy. The fact that some countries are perceived to have grown rich through processes of industrialization which are today

considered unsustainable raises issues which have been to the fore in the protracted processes of negotiation which culminated in the Paris Agreement.

26. The principle of “common but differentiated responsibilities and respective capabilities” in the face of climate change, and others related to it, have been negotiated outside the ILO and properly lie beyond its mandate and responsibilities. But they do form the backdrop against which the ILO is called upon to act. In this context, the financing of action to prevent, mitigate and adapt to climate change is directly relevant to the realization of just transition of the world of work to environmental sustainability. The Paris Agreement commitment to extend financing of US\$100 billion annually is an essential part of the fight against climate change, and any shortfall in its delivery would be an additional obstacle to successful just transition.

27. Underpinning all of these considerations is the overriding imperative for the fight against climate change to be an integral part of the fight for global social justice, to which the Decent Work Agenda is an essential contribution.

28. The point of departure is the fact that the commitment to act decisively against climate change is in itself a blow for social justice because it is the poorest and most vulnerable in the world of work, including those in rural and informal activities, who are its primary victims and who will suffer most from continued inaction. They are the most defenceless against its impact and the least responsible for its occurrence. In the same vein, it is axiomatic to the concept of sustainable development that stopping climate change does not disadvantage or prevent any country from realizing its legitimate growth and development objectives. Rather, it would seem important to ensure that just transition processes contribute actively to redressing the high and growing levels of inequity and inequality in and between national economies. It should not be forgotten that resistance to change, whatever its rationale, is likely to be strongest among those least equipped to participate in and benefit from it, and who may currently have no option but to persist in work which is not sustainable.

29. The concept of “stranded assets” has become a familiar part of the discourse on action against climate change. But at a time when the international community has decided that “no one will be left behind” in its delivery of the 2030 Agenda for Sustainable Development, it follows that the tide of just transition must leave no stranded workers and no stranded enterprises or communities in its wake.

Chapter 2

Challenges and opportunities

30. The collective climate change challenge formally assumed by the international community with the adoption of the Paris Agreement in December 2015 is to keep the global temperature rise this century well below 2° Celsius over pre-industrial levels and to pursue efforts to limit the increase even further to 1.5° Celsius. At the same time, the Agreement aims to strengthen the ability of countries to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions, and to make financial flows consistent with climate-resilient development. Individually, countries are required to state their nationally determined contributions (NDCs) to the achievement of the purposes of the Agreement. Each NDC should be ambitious and represent progression over time.

31. Just two months before these historic commitments were made in Paris, the UN General Assembly adopted unanimously the 2030 Agenda for Sustainable Development, to eradicate poverty and achieve “sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner”.

32. The ILO’s contribution to the implementation of the 2030 Agenda was the subject of the Director-General’s Report to last year’s session of the International Labour Conference. For the purposes of this Report it is sufficient to recall that of the 17 interrelated Sustainable Development Goals (SDGs) that make up the Agenda, SDG 13 directly addresses urgent action to combat climate change and its impacts, while several others deal directly with other key aspects of the environmental dimension of sustainable development: management of water; sustainable energy for all; use of the oceans and marine resources; use of terrestrial ecosystems. These are accompanied by other SDGs which speak directly to the world of work in its economic and social dimensions, notably SDG 8 on inclusive growth, full and productive employment and decent work for all, but also those addressing industrialization, infrastructure and innovation, agriculture and food security, and labour migration.

33. Indeed, the linkages between the 17 SDGs are such that each of them encompasses elements of the three dimensions of sustainable development and reflects powerfully the integrated and balanced character of the Agenda. The key point for the ILO is that consequently the 2030 Agenda marks the explicit rejection by the international community of the idea that there need be inherent contradiction or tension between continued economic growth and decent work-centred development processes, on the one hand, and environmental sustainability on the other. The same effect may be observed in the Paris Agreement’s insistence on the imperative of just transition.

34. It has taken a long time, but the fact that the alignment of the Decent Work Agenda with the fight against climate change has been so resoundingly sanctioned in the most important multinational agreements of recent years would seem to free the world of work of long-standing inhibitions and open up new vistas of opportunity. But, by their nature,

such agreements are solemn statements of intent. Their objectives are not self-fulfilling but need to be pursued actively and purposefully if they are to be achieved.

35. Encouragingly, there is a great deal of evidence that the transition to an inclusive green economy can indeed act as a new engine for growth and a strong driver of decent work creation in developing, emerging and advanced economies. The challenge is to ensure that the potential decent work dividend of the fight against climate change is indeed realized. That will not be automatic; transition can be abrupt and damagingly disruptive when unplanned or under-planned, even traumatic. Effort will be required to ensure that it is indeed just.

36. Research findings suggest that the net impact on employment of climate change responses can be positive. The ILO's own review has found that meaningful employment gains have been achieved or are possible, with net increases of 0.5 per cent to 2 per cent, translating into a potential 15–60 million additional jobs worldwide in 2030, with strong potential for job creation, particularly in the agriculture, forestry, energy, recycling, building and transport sectors.

37. Moreover, some studies suggest that more ambitious climate policies would yield substantially larger employment gains. In the European Union, “eco-industry” companies employed over 4.2 million people in 2013, well above employment in the car manufacturing, textile or chemical industries. Companies in the environmental goods and services sector generated a turnover of more than €700 billion that same year. The European Union considers that green employment is growing, and that integrating environmental and climate concerns more effectively into energy and training policies could yield still more in terms of job creation. A study in the United States found that investing US\$200 billion annually in renewable energy and energy efficiency could generate 4.2 million additional jobs – and a net gain of 2.7 million jobs after accounting for job losses in the fossil fuel sector.

38. Transition to climate-resilient economies and societies will provide huge incentives and opportunities for technology development and innovation. It is clear that providing energy, water, food, shelter and mobility to the 9 billion inhabitants of the world in 2050, and meeting the demands of the anticipated 3 billion additional middle-class consumers, will not be possible through an incremental or linear approach to doing business. Such challenges are compounded by an increasingly mobile workforce both within and between national boundaries. Profound transformations of systems of both production and of consumption seem needed and inevitable and they will bring important jobs consequences.

39. A focus on some of the sectoral specifics of such transformations helps illustrate the diversity of prevailing circumstances, and opportunities that are, or can become, available, depending upon the combination of technological innovation, consumer preferences and regulatory settings which are applied.

40. In the case of transport, for example, the types of modal shifts that are emerging, such as from privately owned car-centred systems to metropolitan public transit and inter-city rail, will have stark effects on the structure and volume of jobs. Fewer rail, light-rail and subway vehicles will be needed than the number of private cars in the past, with consequent losses in vehicle manufacturing and servicing, and fuel distribution employment. But the operation and maintenance of public transit systems will require a substantial workforce. We have yet to gain a full understanding of the employment impacts and options of such structural change in transport – or indeed of its likely knock-on effects on work in many other sectors. But the numbers involved are big; already in 2009 the International Association of Public Transport put direct and indirect employment in urban public transport systems at 12.6 million worldwide.

41. The pace of developments in construction is reflected in the recent global survey of construction enterprises reported in *World Green Building Trends 2016*. It found that 63 per cent of such enterprises had plans for new green commercial projects in the period 2013–15, while 45 per cent had plans for green institutional projects and 50 per cent had plans for green renovation work.

42. Agriculture is a sector where a high proportion of the global workforce makes its living, where decent work deficits are widespread and severe, and which is particularly vulnerable to the impact of climate change. The Food and Agriculture Organization of the United Nations (FAO) estimates that a shift to more sustainable practices in agriculture has the potential to create over 200 million more full-time jobs in 2050, with growth coming from more labour-intensive green farming practices, management and preservation of ecosystems, research and development, and training of rural populations in the use of green technologies. The expansion of organic agricultural production has also demonstrated its potential to boost jobs and incomes. A 2014 survey by the International Federation of Organic Agriculture Movements (IFOAM) found there was a total of 2.3 million organic producers in the world – three-quarters of them in the developing and emerging countries. While India has most organic producers, Uganda, the largest organic producer in Africa, has demonstrated how job growth and export market expansion have coincided with improved farm gate prices as organic produce commands a substantial premium over conventionally farmed goods.

43. Agriculture also stands out as a priority in respect of adaptation to climate change, because in many cases the sector, and those active in it, are already feeling its effects and having to develop strategies to deal with them. Moreover, the vulnerability of the populations concerned may mean that the alternative to successful adaptation is acute food insecurity, forced migration and social fragility. The stakes are high, and that lends urgency to the need for new forms of water and soil conservation and irrigation, new farming techniques and the management of the national capital assets that underpin agriculture.

44. With many parts of the world already affected by severe water shortages, and 1.4 billion jobs – that is 42 per cent of the global active workforce – heavily water dependent, the prospect of rising temperatures, lower rainfall and increased frequency of drought means that water scarcity poses an increased threat to growth and job creation in many regions. The 2016 UN World Water Development Report *Water and Jobs* which was led by the ILO, underlines the necessity of an integrated approach to water management and ecosystem restoration and remediation; the building, operation and maintenance of water infrastructure; and the provision of water-related services, including supply, sanitation and waste water management.

45. Tourism is another sector which is often vulnerable to the effects of climate change and where adaptation strategies take on a diversity of forms. They range from cyclone-proof building design to early warning systems and product and market diversification depending on country contexts, and have contributed to the healthy growth of non-traditional and small-scale tourism as an alternative to the large-scale mainstream variety. This is reflected in the rise of ecotourism, agrotourism, adventure, cultural, and medical and wellness tourism, which offer positive perspectives for new sources of job creation.

46. Whatever the decent work challenges and opportunities generated by action against climate change, there is ample documentation concerning the costs – economic and social, as well as environmental – of inaction. The “business as usual” scenario in the face of climate change would, in fact, be anything but the “usual” of the past.

47. Over a decade ago, the seminal Stern Review for the United Kingdom Government *The Economics of Climate Change* identified climate change as: “the greatest and widest-ranging market failure ever seen”, and warned that: “The evidence shows that ignoring climate change will eventually damage economic growth. Our actions over the coming few decades could create risks of major disruption to economic and social activity, later in this century and in the next, on a scale similar to those associated with the great wars and the economic depression of the first half of the 20th century. And it will be difficult or impossible to reverse these changes.”

48. This bleak outlook is confirmed by other studies, with the ILO’s own Global Economic Linkages model predicting a drop in productivity levels of 2.4 per cent by 2030 and 7.2 per cent by 2050 under the business-as-usual scenario. The IPCC has estimated that in most affected sectors, output reductions could exceed 20 per cent with a global economic cost of more than US\$2,000 billion by 2030. On top of this cataclysmic macroeconomic outlook is the qualitative degradation of human existence, which cannot be captured by the aggregated numbers alone. This is clearly evidenced in the recent surge of young people making hazardous and sometimes deadly journeys across the Mediterranean from climate- and conflict-affected countries where decent work deficits are exacerbated by extreme weather and rising levels of inequality both within and between nations.

49. This is the future the international community has rejected decisively in favour of the future we want – one of economic, social and environmentally sustainable development. That, too, comes at a cost. Data from the World Bank indicates that developing countries, having submitted their NDCs, have self-reported more than US\$270 billion needed for implementation, conditional upon international support. But this type of investment in the future is both a positive and a necessary choice, which opens very promising opportunities for the world of work that contrast starkly with the forced acceptance of costs and decline which inactivity would inevitably imply. In view of the need for inclusive approaches that are more likely to secure buy-in and not rejection of responses to climate change, consideration is already being given in some quarters to the idea of setting up just transition funds that could leverage resources to address the situation of those who stand to be negatively impacted. Capacity to establish such funds will vary. Consequently, the potential of the Green Climate Fund and other climate financial instruments to serve as catalysts for just transition should be fully explored. The challenges and the opportunities of just transition make new and considerable demands on the ILO, demands to which it is responding and must respond further.

Chapter 3

The ILO response: The Green Centenary Initiative

50. When the idea of the ILO Green Centenary Initiative was launched in my Report to the International Labour Conference in 2013, its rationale was “to promote the considerable potential for creation of decent work associated with the transition to a low carbon sustainable development path and to minimize and manage the inevitable dislocation that will accompany it.”

51. The Report recognized that the required transformation of the global system of production was “unprecedented ... in its scale and complexity”, that green issues would “need to inform all areas of ILO activity in the years ahead” and that “the ILO’s added value lies in tripartism”. It went on to conclude that it was “only on the basis of a sound technical understanding of the issues and within a supportive national and international policy setting that the world of work will have a chance to make its full contribution.”

52. The timing of the launch of the Initiative in 2013, at the same session that the Conference adopted a resolution and conclusions concerning sustainable development, decent work and green jobs is telling. It shows that, two years in advance of the adoption of the 2030 Agenda and the Paris Agreement, the ILO tripartite constituents had already demonstrated, and acted upon, their commitment to make just transition work for the Decent Work Agenda. Since then, the ILO has also demonstrated its readiness to take up its responsibilities as a team player in the multilateral system’s collective efforts against climate change, and that it understood its role as one of leadership – not just of following.

53. Following the Governing Body’s endorsement of the Green Centenary Initiative, a key step forward was its adoption in November 2015 of *Guidelines for a just transition towards environmentally sustainable economies and societies for all*. These guidelines spell out both the principles upon which just transition needs to be built and the key policy areas and institutional arrangements required.

54. Those principles invoke the need for consensus building through social dialogue; respect for fundamental principles and rights at work; a strong gender dimension; coherent policies to provide an enabling environment for enterprises, workers, investors and consumers and a just transition framework; country-specific design rather than a one-size-fits-all approach; and fostering international cooperation. On that basis, the guidelines identify, and provide guidance for, policy intervention in nine key areas: macroeconomic and growth policies; industrial and sectoral policies; enterprise policies; skills development; occupational safety and health; social protection; active labour market policies; rights; and social dialogue and tripartism.

55. The point of setting out the content of the guidelines is to underline the fact that the issues involved touch on all aspects of the Decent Work Agenda. In response to that dawning reality, proposals by the Governing Body to the current Conference session

include making just transition to environmental sustainability a new fourth cross-cutting policy driver in the Programme and Budget for 2018–19, alongside the established themes of international labour standards, social dialogue, gender equality and non-discrimination.

56. From this solid platform of commitment and achievement, the ILO needs to plot its way forward so that the Green Centenary Initiative gains substance and momentum.

57. In this context, the need for deeper understanding of the nature, scale and transmission channels of climate change impacts and policy responses on employment remains a central priority. For this reason, the 2018 edition of the ILO *World Employment and Social Outlook* (WESO) report will be on “greening with jobs”. It will be part of a research and analysis effort that will have both a sectoral and a country-specific dimension. Sectoral focus will be on those parts of the world of work which are either particularly vulnerable to climate change or display a major potential for green job creation. At the country level, assessments of the employment implications of specific climate change policies will aim to equip member States with a sound analytical base for the development of policy options appropriate to their national climate change action plans, employment policies and labour market realities.

58. Clearly, these activities will need to be undertaken against the background of action taken by member States to deliver on the NDCs under the terms of the Paris Agreement and in direct support of them.

59. In this regard it was a matter of concern to the Parties themselves, when they adopted the Agreement, that the estimated aggregate greenhouse gas emission levels up to 2030 resulting from the NDCs would still be in excess of those required to limit the temperature rise in accordance with the maximum 2° Celsius scenario and so to avoid irreversible damage. As a result, and in line with the progressive character of the NDCs, the Parties have convened a facilitative dialogue in 2018 to take stock of their collective efforts and to reconsider the level of ambition so far agreed. That means that the ILO’s member States will be re-examining commitments they have already made.

60. Obviously, greater climate ambition translates into more economic restructuring, more transformations of productive and consumption patterns, and more pronounced and widespread employment impacts. As ambitions are raised, so the need for the full, active and informed engagement of employers’ and workers’ organizations in the formulation and execution of programmes for just transition becomes correspondingly more pressing.

61. Encouragingly, there are positive examples of tripartite engagement to build upon. Brazil, for example, developed its intended NDC in consultation with employers’ and workers’ organizations, enabling a diversity of views to be moulded into a common position supported by all. Chile, the Dominican Republic, Mexico, Peru and South Africa are other examples of countries that held public consultations with tripartite involvement.

62. The ILO can contribute to the promotion of social dialogue in NDC processes by raising constituents’ awareness of opportunities for engagement, and developing the capacities of social partner organizations to make meaningful inputs to them. Such engagement would need to encompass relevant reporting mechanisms set out under the Paris Agreement so that countries can be accountable for their just transition commitments just as they are for all others in respect of climate change prevention, mitigation and adaptation.

63. The fact that key ILO international worker and employer partners have been very heavily engaged in support of just transition in the build-up to, at and since the UN Climate Change Conference Paris 2015 (COP21), means that there are very extensive opportunities to work with them and their affiliates to build tripartite capacities and involvement.

64. The International Trade Union Confederation (ITUC) mobilized in support of an ambitious global agreement while insisting that governments deliver on climate finance and support the most vulnerable. At COP22 in Marrakesh in November 2016, the ITUC and its partners announced the establishment of a Just Transition Centre to facilitate cooperation and dialogue for the development of agreements, investments and policies for fast and fair transition to zero carbon and zero poverty.

65. In similar vein, the International Organisation of Employers (IOE) has identified four main priorities for employers at the global level: building resilience for enterprises and communities, efficient use and sustainable management of key resources; developing well-functioning markets and effective regulatory conditions; and improving governance and stimulating private sector involvement. At COP22, the extent to which private enterprises have already acted on the market opportunities offered by just transition was reflected in the announcement by the We Mean Business Coalition that 471 companies, with a total market value of over US\$8,000 billion, had undertaken more than a thousand ambitious climate action commitments. On the same occasion, the first ever private adaptation and resilience investment vehicle – the US\$500 million Marrakesh Investment Committee for Adaptation Fund – was launched.

66. Clearly, the behaviour of private businesses in respect of climate change is likely to be influenced strongly by the regulatory environment in which they operate. The ILO is already engaged in the analysis and documentation of successful strengthening of the nexus between business environment reform and green growth, notably through the Donor Committee for Enterprise Development. Additionally, work is underway to introduce appropriate indicators in the Enabling Environment for Sustainable Enterprises (EASE) programme to account for climate change and environmental factors.

67. As countries work, individually and collectively, to develop the most favourable conditions for just transition to progress, and employers' and workers' organizations contribute increasingly to those efforts, one issue, global carbon pricing, remains an outstanding question of the greatest magnitude – a political game changer in the eyes of some. In one of the more notable initiatives in the lead up to the Paris COP21, six major oil companies wrote an open letter to governments and the United Nations stressing their commitment to help limit emissions, but saying that: "For us to do more, we need governments across the world to provide us with clear, stable, long-term, ambitious policy frameworks. We believe that a price on carbon should be a key element of these frameworks."

68. Independently of the specific merits of taxing carbon, the general message is clear: predictable and appropriate regulation, together with informed tripartite involvement, are key ingredients for successful just transition.

69. The extraordinary process of structural transformation in production systems, made necessary by the fight against climate change, needs also to incorporate two further ingredients which have a proven record in facilitating socially acceptable and beneficial change at work: skills development and social protection.

70. Skills gaps and shortages are familiar bottlenecks in times of rapidly evolving labour market conditions and that risk seems acute in the case of just transition. Policy-makers need to make a major effort to identify emerging requirements and then act to upgrade skills and qualifications for exiting occupations and develop specific plans to anticipate new ones over the longer term. This will also require analysis of related policy areas, such as labour migration and skills recognition, which complement and support skills development and exchange. To assist in those efforts the ILO has conducted research into emerging skill needs in over 30 countries and has developed a tool to help countries

anticipate green job skills. It has also implemented projects to develop competency standards for green jobs, to train young people for green occupations, to develop policies to deliver skills for the greening of the economy, and to elaborate adaptation and mitigation measures.

71. This is a start, but these beginnings need to be scaled up. A fully-fledged “ILO Skills for Green Jobs and Just Transition programme” would put the Organization in a position to offer much needed support directly to enterprises and workers, and also to partner with initiatives such as the Africa Renewable Energy Initiative and the International Solar Energy Alliance which are themselves engaged in delivering skills and entrepreneurial assistance. Working with industry associations also offers opportunity for sectoral approaches. The International Training Centre of the ILO in Turin has initiated specific programmes on waste management and on construction this year and aims to extend them to mining and energy in 2018.

72. Social protection is well recognized as a key lubricant of structural change at work, making it possible for people to move between activities without incurring the risk of hardship or even destitution. Conversely, absence of such protection contributes crucially to rigidity and immobility, which is why the fact that only 20 per cent of the world’s population has adequate coverage, and 50 per cent none at all, presents such a challenge to just transition. In fact the real situation may be even more problematic because of the concentration of unprotected workers both in sectors vulnerable to climate change – such as agriculture, fisheries, forestry and tourism – and those with a major role in low-carbon development – waste management and recycling, construction and small-scale industry.

73. The broad challenge – taken up in the ILO Global Flagship Programme “Building Social Protection Floors for All” – is to extend basic social protection provision to all working people and their families. But there are also specific experiences from which lessons may be learned concerning the synergies between social protection and just transition. When Indonesia decided to reform the system of fuel subsidies, raising significantly prices of diesel and kerosene, disproportionately hurting the poor, it decided to replace universal fuel subsidies with targeted food subsidies. In addition, health insurance and assistance to families with children were also introduced. Many other countries are adopting similar approaches. Since 2010 more than a hundred countries have been considering removing general food and fuel subsidies in favour of targeted assistance to the poor. They include 31 in sub-Saharan Africa, 22 in high-income countries, 12 in East Asia and the Pacific, 11 in Latin America, nine in the Middle East and North Africa, and six in South Asia – truly a global trend.

74. The central place of just transition in the achievement of sustainable development, and the recognized imperative of an integrated approach to delivery of the 17 interrelated SDGs which make up the 2030 Agenda, underline the absolute necessity of the different organizations of the multilateral system working together coherently. Climate change is no respecter of borders, and it will not be respectful of institutional silos either.

75. These are all reasons for the ILO to reach out for partnerships that offer greater impact. This starts with the ILO’s active role in the UN System-wide Approach to Climate Action, which is the vehicle to operationalize the System’s collective determination to improve cooperation in the delivery of support to Member States for implementation of the 2030 Agenda. The Approach is informed by a set of Common Core Principles which include “social justice and equality and a just transition for all”. The initial period of implementation is from 2017 to 2020, when the Approach will be reviewed. In this time important challenges will need to be addressed in the alignment of ILO and wider-system programming processes so that the priorities of the ILO’s tripartite constituents, expressed

through well-prepared Decent Work Country Programmes, are fully accommodated against a backdrop of reform of the UN Development System.

76. The ILO has also signed a memorandum of understanding with the United Nations Framework Convention on Climate Change (UNFCCC) secretariat to boost action on just transition and decent work as implementation of the Paris Agreement proceeds. Cooperation in this context is to include joint studies to assess the global and national impacts of climate change and transition on employment in different sectors as a basis for informed policy choices.

77. In addition, as an observer organization at the UNFCCC, the ILO has been invited to participate in its ad hoc Technical Expert Group on the impact of the implementation of response measures in the context of the Paris Agreement. The Group's mandate covers economic diversification and transformation, just transition of the workforce, and the creation of decent work and quality jobs. The ILO also serves as a member of the UNFCCC's Warsaw International Mechanism Task Force on Displacement and on the Advisory Committee to the Platform on Disaster Displacement.

78. The Partnership for Action on Green Economy (PAGE) is a joint initiative of the ILO, UNEP, the United Nations Development Programme, the United Nations Industrial Development Organization and the United Nations Institute for Training and Research, and provides a mechanism to coordinate UN action on the green economy and to assist Member States in delivering the SDGs and monitoring progress in their achievement. PAGE aims to place sustainability at the heart of economic policies and practices and to reframe them so as to foster growth, generate jobs and income, reduce poverty and inequality, and strengthen their ecological foundations. To date it works in 13 countries, and the positive experiences recorded speak strongly to the advantages of its future expansion.

79. Given the high priority attached by the ILO in its own activities to deepening the knowledge base on just transition, there is every advantage in developing partnerships with relevant research institutions and networks. One example is the Green Jobs Assessment Institutions Network (GAIN), which brings together more than 20 such bodies from around the world.

80. In different ways, and from varying perspectives, intergovernmental groupings to which the ILO provides support – the G20, the BRICS, the G7, for example – have addressed issues related to just transition. These can be important arenas for international policy development and the ILO will be ready to provide inputs to them in accordance with the priorities selected by the governments concerned. These efforts can usefully be complemented by more systematic engagement with regional bodies and institutions which are active on relevant issues.

81. As a matter of conviction and of credibility, the ILO must be ambitious in respect of its own environmental performance. That means achieving climate neutrality by the time of the Organization's Centenary in 2019, one year ahead of the Secretary-General's call for UN climate neutrality by 2020. To this end, an ILO Environmental Sustainability Policy was published at the beginning of 2016, together with the introduction of an Environmental Management System. Important progress has already been made, notably in the context of the Geneva headquarters renovation project, but also through efficiency gains in use of paper, waste management, and the deployment of new information and communications technologies. The ILO continues to measure and publish its greenhouse gas emissions and to offset them through purchase of carbon credits issued by the UNFCCC. This is the most cost-effective option for addressing the ILO's carbon footprint and the one used by other UN agencies. But it should not be a distraction from the overall responsibility of progressing to zero emissions.

Chapter 4

The road ahead

82. Action taken, since 2013 in particular, both by the ILO and by the international community as a whole, represents unprecedented progress in defining the road towards environmental sustainability and the role of the world of work in travelling it. The Paris Agreement and the 2030 Agenda for Sustainable Development have defined the intended destination and just transition has been accepted as a key reference point for the route to be taken.

83. Essentially, due to decisive positioning of its tripartite constituents, the ILO has been able to move forward from the hesitations and inhibitions of the past to adopt a position of leadership. The fact that, if the current Conference session so decides, the ILO will from the beginning of next year have just transition to environmental sustainability as a cross-cutting driver in all areas of its work is testimony to the distance travelled since the idea of the Green Centenary Initiative was raised four years ago. But it is the speed and direction of future travel that matters now. The plenary Conference discussion on this Report will no doubt provide important guidance in that regard, and will be all the more valuable because the ILO is embarking on areas of activity which are relatively new to it and where it will need to work hard to find its most useful and productive methods and focus of work.

84. At this juncture, for example, there is no clear consensus in the Organization over the appropriateness of the adoption of standards on just transition. That is a matter of discussion on another occasion. But as the ILO approaches its 100th anniversary, it will be important to keep to the fore the linkages between the Green Centenary Initiative and the other Centenary Initiatives, most notably that on the Future of Work. It is clear that the greening of work must be a key component of the future of work that we want. But it is equally evident that all of the other factors which are transforming the world of work will also impact upon the greening process that needs to be carried forward through just transition.

85. It is also tempting to liken the situation of the ILO in respect of environmental sustainability to that of a start-up enterprise. One of the principal challenges is to scale up relevant activities to have real impact. Mainstreaming is one part of the response, and partnerships is another. But the ILO will also need to access new and increased sources of funding if it is to fulfil its potential and the ambitions its constituents have set for it. Success will require a combination of close engagement with national tripartite constituents which integrates just transition into national development and climate change strategies, collective and coherent action across the multilateral system, and leveraging financial support, for example through the Green Climate Fund, for purposes which have become increasingly recognized as crucial to the realization of a sustainable future.