

Information note | June 2012

## Poverty eradication through Green Jobs in a Green Economy

UNEP/ILO show enormous potential for poverty eradication in report “*Working towards sustainable development – Opportunities for decent work and social inclusion in a green economy.*” 15-60 million additional jobs could be created, with high gains in emerging economies and developing countries. Eight economic sectors will play a central role: agriculture, forestry, fishing, energy, resource-intensive manufacturing, recycling, building and transport

- At least half of the global workforce – the equivalent of 1.5 billion people – will be affected by the transition to a greener economy. While changes will be felt throughout the economy, eight key sectors are expected to play a central role and be mostly affected: agriculture, forestry, fishing, energy, resource-intensive manufacturing, recycling, building and transport.
- Tens of millions of jobs have already been created by this transformation, for example in the renewable energy sector, the energy efficiency sector and in ecosystem services.
- Net gains in employment could be in the order of 0.5 - 2 per cent of total employment, which would translate into 15-60 million additional jobs. In emerging economies and developing countries, the gains are likely to be higher than in industrialized countries, because the former can leapfrog to green technology rather than replace obsolete resource-intensive infrastructure. Brazil has already created just under three million jobs, accounting for some 7 per cent of all formal employment.

### A greener economy can make a major contribution to poverty reduction and social inclusion

- By providing better income opportunities a greener economy can make a significant contribution to poverty reduction. This is particularly the case for over 400 million smallholder farmers in developing countries. E.g. investment to enable farmers to adopt practices that have a much lower environmental impact but which are more productive and provide better market access has been very effective in countries such as Uganda & Madagascar.
- Improved incomes are equally possible for 15–20 million informal waste pickers currently in precarious and hazardous jobs with current incomes often below the poverty level. Experiences from Colombia, Brazil & other countries show that the formalization and organization of these workers and their integration into a modern recycling system has significant economic, social and environmental benefits.
- Some 1.3 billion people in developing countries have no access to clean modern energy at all. Greater efforts to promote affordable renewable energy can make a major contribution to overcoming energy poverty and the lack of access to energy. Moreover, they can also create badly needed employment and income opportunities in the production of energy and even more so through the use of that energy.

### Net gains in employment can be achieved by a transition to a greener economy

- A significant potential for job creation exists in emerging and developing countries. For example, targeted international investment of US\$30 billion per year into reduced deforestation and degradation of forests (REDD+) could sustain up to 8 million additional full-time workers in developing countries.
- Access to training is a major constraint among rural people in developing countries. Training workers in entrepreneurship skills is vital in order improve their employability and livelihood opportunities, as well as to reduce poverty, enhance productivity and promote environmentally sustainable development. Entrepreneurship training can be used to help

small firms to identify green business options and turn environmental challenges into new business opportunities – currently piloted in China and East Africa.

### **Social protection can be leveraged for addressing environmental challenges to achieve sustainable development**

- The value of social protection floors in attenuating the impacts of economic shocks on individual households and the wider economy has been well documented. The same mechanisms at work in periods of crisis can also facilitate green transitions. They can be an important part of a package of measures to help the poor in developing countries affected by climate change, to pay the poor for environmental services and to address energy poverty.
- The power of social protection to build rural productive capacity and climate resilience is demonstrated by e.g. the Expanded Public Works Programmes in South Africa.
- Successful examples of income-support schemes paying poor households for environmental services they provide by protecting forests and marine life are the 'green grant' programme in Brazil and the Plan Nacional de Quisqueya Verde in the Dominican Republic.

### **Recommendations for Policy-makers**

To ensure the transition towards a greener and socially inclusive economy, thereby contributing to sustainable development, a comprehensive policy approach is needed. The approach must recognize the country/region-specific and sector-specific challenges while ensuring that opportunities for decent work and social inclusion are achieved. This requires a three-pillared strategy:

- 1.** Provide the right mix of incentive structures and support to encourage the greening of the economy. A greener economy requires sustainable production and consumption patterns; these will trigger modifications to practices in most enterprises and structural change across the economy. The shift needs to create not only the incentives for enterprises to invest but also the capability for them to adopt the new mode of production. A greener economy can be mutually reinforcing, with good labour market and social development outcomes, but this is not automatic. It will hinge on the right policies and on institutions capable of implementing them.
  - Introduce tax reform, that shifts the burden to resource use and pollution and away from labour.
  - Encourage investment in a greener economy.
  - Provide targeted support to enterprises, notably small & medium enterprises (SMEs).
- 2.** Ensure that employment, decent work and social inclusion are integral parts of the strategy:
  - Put in place social and labour market policies, which are essential for social inclusion;
  - Place emphasis on skills and education to facilitate job transition and improve employability.
  - Ensure equitable outcomes for women and men.
  - Leverage social protection for sustainable development.
- 3.** Place social dialogue at the centre of policy making to improve coherence and to ensure a successful shift to a new development model
  - Social dialogue will lead to better and more sustained outcomes.
  - Tripartism will ensure that job quality is at the heart of a green economy.
  - Effective social dialogue is necessary to ensure policy coherence and change is adopted.

***Report overview > Sustainable development with social inclusion and a transition to a green economy is indispensable, but the time frame is short. This report lays out a wealth of policy lessons, good practices and successful programmes, many on a large scale. It demonstrates that a green economy with more and better jobs, poverty reduction and social inclusion is both necessary and possible. The earlier the transition to sustainable development and to a greener economy starts, the more this transition can be managed to avoid the economic and social cost of disruptive change and to seize the opportunities for economic and social development.***