



**Organisation for Economic
Co-operation and Development**



**OECD Local Economic and Employment
Development Programme**

CLIMATE CHANGE, EMPLOYMENT AND LOCAL DEVELOPMENT

PROJECT DESCRIPTION

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Introduction

The global economic and financial turmoil represents a unique opportunity to restructure the economy and rethink public policies in order to meet international environmental demands. ‘Greening the economy’ is today one of the most pressing issues in most countries, mainly in the context of the implementation of international commitments such as the Kyoto Protocol¹ or the Millennium Development Goals² or the possible adoption of new goals and commitments, for example as part of a post-2012 international climate change agreement. Moreover, at the 2009 OECD Ministerial Council Meeting, Ministers of 34 countries adopted the Declaration on Green Growth where they commit to ensure close co-ordination of green growth measures with labour market and human capital formation policies. In the Declaration, Ministers endorsed a mandate for the OECD to develop a *Green Growth Strategy* to support these efforts³.

While at the macro level the implications of climate change are widely acknowledged and acted upon, it is at the local level that impacts have yet to be considered in detail. Labour markets at local levels may find themselves under particular pressure to undertake the adjustments required to meet these new challenges. In local economies and among the dense networks of enterprises that underpin such economies, there is real concern that climate change mitigation and adaptation in labour markets will simply mean a reduction in the demand for labour as some jobs may be replaced by technology. This concern grows as some job profiles will be transformed and new skills will be required. However, the local level could lead the transition to a greener labour market and a more sustainable economic development if the current opportunity is seized appropriately.

Supporting the creation of ‘green jobs’ can be both a partial solution to economic problems and a way of advancing action to counter climate change (TUAC, 2008). According to the UNEP (2008), green jobs include work in agricultural, manufacturing, research and development, administrative, and service activities that contribute substantially to preserving or restoring environmental quality. In the United States, the term ‘green-collar jobs’ is more often used. This term defines well paid, career track jobs that contribute directly to preserving or enhancing environmental quality (Apollo Alliance, 2008). Green-collar workers include professionals but also vocational or trade-level workers, with opportunities for advancement in both skills and wages. But these opportunities are difficult to ensure. Hence, expanding education, training, and skill-building programmes in a broad range of new occupations seems crucial to successfully achieve the transition towards a green economy.

Rationale

The local level can provide a key contribution to the strategies for human resources development as these must be integrated and matched to the economic reality on the ground (OECD, 2008). Hence, labour market institutions at the local level should be able to make decisions and provide strategic orientations in the implementation of public programmes and services, as they have a better knowledge of local business practices, local economic conditions, and industry developments. In partnership with other local stakeholders, labour market institutions can identify skills gaps and deficiencies in current and future green economic sectors, and use this as a basis for developing broad strategic skills and labour market orientations locally.

In addition, there is a gap in policy intervention when it comes to support the acquisition of new techniques and processes by firms. Not enough has been done so far to stimulate and support businesses in their efforts to adapt to climate change. Indeed, in the global recession and the recovery that follows it, small and medium-sized enterprises (SMEs) are struggling to survive in the markets. Competitiveness and

productivity levels are difficult to maintain, and shifting towards new and greener processes is not always obvious.

To seize the opportunity to ‘green’ the existing jobs or create new green jobs, businesses need support and incentive mechanisms. As sustainability becomes central to business strategy, there will be an increasing demand for green skills. While the green economy will continue to expand, the business sector may suffer from labour shortage of qualified employees, ranging from low-skill, entry level positions (*e.g.* machinists) with more vocational profiles, to high-skilled higher-paid jobs (*e.g.* engineers). If well planned, active employment policies could include an environmental component such as specific vocational training programmes in the fields of environmental protection and management, and environmental technologies to respond to these demands.

In addition, enterprises may need to transform their business activity to meet greener demands, leading to adjustments in the profiles of their employees and providers, therefore widening the gap between the demand and supply of skills, products and services in the market. To limit this gap and avoid social fractures, it appears important to introduce career ladder programmes so that green jobs offer the possibility of personal and professional advancement within and outside the enterprise. Working in partnerships with unions, public authorities and other local institutions, the business sector could also be a key stakeholder and beneficiary in the process of re-skilling of the workforce, while keeping up productivity levels in the greener economy and expanding to new economic activities.

Objectives of the study

The study will examine the impacts of climate change (including through its effect on policy and regulations) on local labour markets, with a focus on the creation of green jobs and the development of a skilled workforce to meet the needs of the greener economy. In particular, the project will identify and assess the:

1. impacts of the transition to a low-carbon economy on job profiles and skills requirements on the workplace in both, the private and public sectors;
2. challenges and opportunities arising for the work of public services and other stakeholders in the relevant policy areas, while meeting greener demands and complying with new regulations; and
3. efficiency of mechanisms and practices used to facilitate transformation and adaptation of local labour markets to greener demands.

This study will feed into the [OECD Green Growth Strategy](#) as part of the contribution of the OECD LEED Programme to this horizontal work.

Outcomes of the project

This project will analyse the current situation of participating countries/regions in terms of the opportunities to expand to new green activities, creating green jobs, as well as the skills needs and new job profiles that are required. Based on this, the OECD will provide guidance and recommendations on the programmes and initiatives that can be developed by the labour market institutions at the local level to face the challenges of a greener economy. These recommendations will be illustrated by best practice examples (learning models) in order to assist labour market institutions adopt a pro-active approach to tackle these green issues, especially in terms of employment factors affecting local communities.

In particular, the study aims at providing advice and recommendations to labour market institutions at national and local levels on how to:

- develop broad strategic skills and labour market orientations locally-based on the skills gaps and deficiencies identified in current and future green economic sectors;
- define appropriate policy frameworks to facilitate the transformation of existing jobs into green jobs making use of the existing assets;
- assess the potential expansion of green activities in existing or emerging economic sectors;
- put in place programmes and initiatives to support market transformation towards greener products and services;
- support the training, re-skilling or up-skilling of employees in evolving jobs, both professional and vocational;
- create and consolidate long-term partnerships for green workforce development with key stakeholders;
- define job training programmes tailored to the needs of the green economy;
- ensure that green jobs contribute to improving the environment but also that are good quality jobs that offer a career ladder for workers;
- link economic and workforce development programmes in a sustainable strategy.

Methodology

The study will be performed through the following steps: (1) electronic surveys; (2) identification of cases of significant change or ‘learning models’; (3) peer review examination of policies and practices in selected countries/areas; and (4) analysis.

(1) Surveys

Electronic surveys will be distributed to firms in the areas studied by the project. In addition, a set of questions related to climate change will be included in surveys performed as part of selected other OECD LEED projects, notably in the LEED Project on Leveraging Training and Skills Development in SMEs. A second survey will be distributed to institutions in charge of providing training schemes or employment programmes in order to understand the changes in the demand of this kind of services. The surveys will seek to generate evidence on the impacts on job profiles and skills requirements on the work place from climate change (both through policy and regulation).

(2) Learning models

A call for papers will be issued to identify cases where innovative policies and practices have been observed. The learning models should identify challenges and opportunities arising for the work of public services and other stakeholders in the relevant policy areas, and mechanisms and practices that have been put in place as a result to facilitate adaptation to greener demands of labour markets locally. These new practices may have led to:

- Transformation of traditional jobs into “green jobs” or the creation of new “green jobs”.
- New/adapted training programmes as a response to new skill needs in businesses and/or public organizations or to green demands and regulations.

(3) Peer review exercise

A short study visit to selected areas of the participating countries will be held by an international expert team led by the OECD Secretariat. These reviews will seek to deepen the understanding of the challenges and opportunities that are arising for the work of public services and provide more opportunities for learning on mechanisms and practices used to facilitate transformation and adaptation to greener demands of labour markets locally. The study visit will include a series of meetings with stakeholders from the public and private sectors at national and local levels, and other organisations involved in workforce and economic development. Delegates from OECD member countries will be invited to take part in this field study.

Participating countries will be asked to provide background material and documents to prepare an initial diagnostic paper (see Annex1). Based on this background, key sectors for transformation or emergence will be identified prior to the study visit to target the public initiatives that could support the adaptation of the business community to the green economy. The review panel will prompt and identify international approaches that might be particularly effective in the country in question. The study visit and the research in each participant country or region will focus on three thematic areas:

(i) **Greening jobs**, including the analysis of the labour market functioning, the transformation of current jobs in the public and private sector, new job opportunities in emerging sectors, the greening of current economic sectors, making production more efficient, improving the quality of greener jobs, ensuring decent new jobs, etc.

(ii) **Developing green skills**, including the analysis of green workforce development, identifying new green skills needs, defining training needs for the public and private sectors, matching new jobs demand and supply, supporting firms' adjustment to the green economy, etc.

(iii) **Enabling green growth**, including the analysis of the governance of the 'green' system, the policy co-ordination, the policy delivery arrangements, identify barriers to green growth, programmes to facilitate transformation of local labour markets, the green stimulus packages, green procurement, the mechanisms to adapt labour market to the green economy, etc.

A report will be available for each of the participating countries. The country study visits will take place during the second phase of the project, throughout 2010.

(4) Analysis

Based on the responses from the surveys, the learning models and the peer review examinations, a synthesis report will be prepared by the OECD Secretariat, for approval by the LEED Directing Committee. The report will be published by the OECD and disseminated in an international conference (and possibly country seminars). The report will include an analysis of the regions studied, comparing the different approaches adopted and highlighting common issues and problems. It will conclude with a set of policy recommendations on how best to adapt the labour markets to greener demands and on how labour market institutions can support the transition to a cleaner and fairer economy.

Outputs and activities

As all of the OECD projects, the outputs and activities of this project may vary from case to case, depending on the country's priorities, needs and budget. The possibilities offered to participants in this project include:

Conceptual paper: prepared by the OECD Secretariat as background for the overall project. This paper includes desktop research, commissioned papers, learning models, and a matrix.

Country survey: definition, creation and implementation of a customised survey for each participant country by the OECD Secretariat. Two surveys are prepared, one addressed to the businesses and the other to public institutions, in order to identify barriers and opportunities to adapt the labour market to the greener economy. The survey will be run online at the beginning of and during each country review.

Kick-off meeting: a one-day meeting where the OECD Secretariat meets with representatives of the sponsor organisation(s) in order to understand the challenges, clarify the topics to be addressed, agree on a timescale, identify key stakeholders in the country, and discuss content-related issues.

Diagnostic paper: this is a report of the current situation in the country. It will highlight challenges and opportunities that the OECD expert team should look at during the study visit.

Study visit: a study visit to selected areas of the participating countries will be carried out by an international expert team led by the OECD Secretariat as part of the peer review exercise.

Country report (PDF): a report will be available for each of the participating countries, including a qualitative (study visit) and quantitative (survey) analysis, a series of recommendations and policy orientations illustrated by good practices abroad. The report can also be printed as a booklet.

Country seminar: participant countries may wish to organise a seminar or conference to disseminate the results of this peer exercise. The OECD would bring its own expertise and would invite international experts, academics, and OECD Delegates to enrich the discussions.

Participate in this project

Four countries participate in this series of reviews: Australia (Sydney), Poland (Podlaskie and Pomorskie), Spain (Extremadura) and United Kingdom (London). Countries and regions interested in taking part in these reviews are invited to contact the OECD Secretariat at: gabriela.miranda@oecd.org

ANNEX 1

The list below provides a set of issues that will be looked at in each review depending on the national and local contexts. The issues raised give an overview of the approach of the overall study. This list is not exhaustive, nor fixed, which means that issues might be added or removed to the study upon agreement with the country/region stakeholders.

- Are there any national programmes or initiatives that have been implemented to limit climate change and support green employment?
- What are the barriers faced by the labour market institutions to comply with the environmental regulations due to climate change?
- What are the national commitments and goals for green economic and workforce development?
- Which are the environmental and economic goals that can be defined at the local level? What are the local/regional opportunities to achieve those goals?
- Which are the key economic sectors in the locality? Which are the most labour intensive sectors in the locality?
- Which education programmes could be put in place to raise awareness on the challenge of climate change from early stages?
- How to define and implement a green economic and workforce development programmes in partnership with other local stakeholders?
- Which training programmes for which job profiles (both professional and vocational)?
- Which tools should be used to obtain the resources necessary to strengthen training?
- How can the public sector motivate the private sector to invest in green workforce development?
- How can labour market institutions stimulate the demand for new local green workers?
- What is the role that large corporations could play in leading by example among SMEs?
- How can trade unions and civil society facilitate the dialogue between employees and employers to bridge the gap between green demands and the need for skills?
- Which stimulus packages are required to encourage training and re-skilling within the companies?
- How can the business sector be encouraged to undertake greener but just employment practices?
- How can public programmes stimulate environmental innovation within enterprises? How can green innovation exchanges take place between large and small businesses?
- Can green jobs ensure good quality of life and opportunities for professional and personal development?
- Can green jobs be used as mechanisms to social reintegration and poverty alleviation?

ENDNOTES

¹ The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change. The major feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European community for reducing greenhouse gas (GHG) emissions .These amount to an average of five per cent against 1990 levels over the five-year period 2008-2012.

² The Millennium Declaration, signed by world's leaders of 189 countries in 2000, established 2015 as the deadline for achieving most of the Millennium Development Goals. One of the eight goals is to 'Ensure Environmental Sustainability' by integrating the principle of sustainable development into country policies and programmes in view of reversing the loss of environmental resources.

³ For more information, please refer to: www.oecd.org/MCM2009