



THE ADECCO GROUP

# Climate action must be labour market action

**The role of government in  
empowering the green transition**



# Putting Skills First

Climate change remains the defining challenge of our time. Our capabilities to prevent, mitigate and adapt to its impact will determine the lives and livelihood of current and future generations. In doing so we need to ensure the impacts and solutions are shared by all to ensure an equitable and sustainable future for all. As the world continues to set its course towards a green transition, policymakers, businesses and people share the collective responsibility to ensure its success.

At the end of 2022, economies face evermore uncertain times. International conflict and the consequent energy and food supply shocks lead to rapidly rising costs of living. The world remains braced for renewed waves of the Covid-19 virus. Moreover, climate disasters

continue to hit across the world, flooding Pakistan, China and Western Europe, burning the North American Westcoast and drying up big parts of Madagascar, the Americas and the Horn of Africa<sup>1</sup>.

At the same time, labour markets face unprecedented labour shortages, further pushing wage-income cycles upward. Central bankers and policy makers seek to urgently tackle inflation rates and slow down demand. Businesses and workers are confronted with rising costs and outlooks of slowdown and even recession. This all impacts the ability to maintain the push for a meaningful, accelerated transition towards green economies and skills that we so urgently need. Again, the world is at a crossroads.



<sup>1</sup>World Meteorological Organization (WMO), State of the Global Climate 2021, 2022

# A Human Transition Agenda is Missing

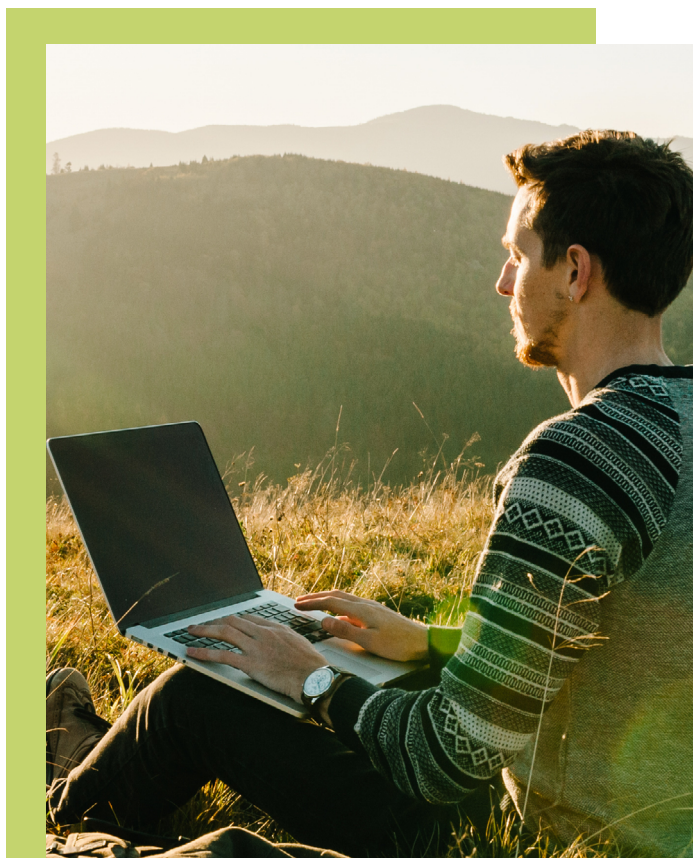
Building on its landmark White Paper “Skills for the Green Economy”, the Adecco Group returns to the United Nations’ Climate Conference COP<sup>2</sup> for its 27th Annual Meeting to highlight the crucial role and current bottleneck of up- and reskilling in driving a green transition in economies and sectors. We stress the need for factoring the impact on people into Climate Transition Plans. **The Adecco Group is unwavering in its commitment to leveraging its voice, expertise, capability and network to help accelerate these efforts, in close collaboration with the global community of workers, businesses, civil society and governments.**

Maintaining and improving living standards across the world cannot be achieved by saving energy alone. Existing industries need to be transformed, new industries need to spur and grow, and more sustainable ways of design and production need to be developed and implemented. A successful transition does not merely rest on the availability of financial capital; human capital is of equal importance. **Green skills need to be chefsache.**

## The role of Skills and Active Labour Market Policies

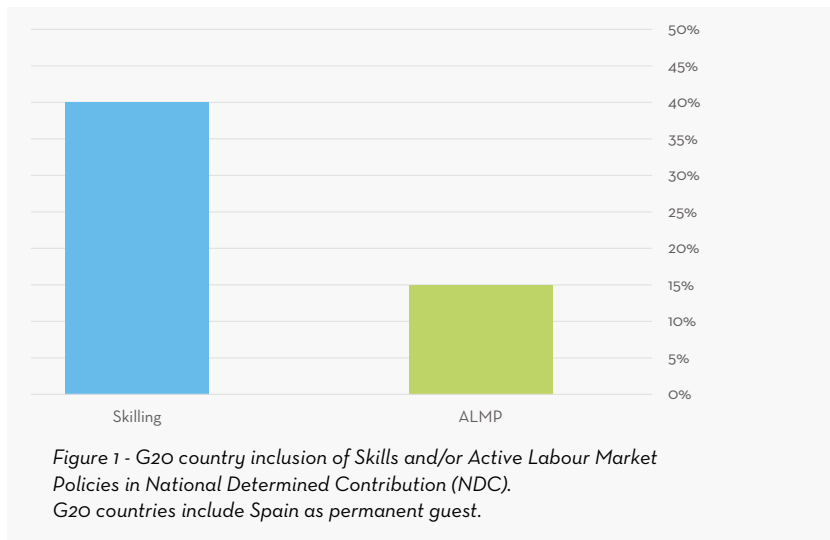
To deliver a successful green skills agenda, two policy interventions are crucial: Skilling policies and Active Labour Market Policies that support workers to transition into the Green economy. Skilling policies enable the up- and reskilling of the current and future workforces. They are one of the engines driving sustainable businesses to meet existing and future talent needs; and scale up. They must include the continuous development and calibration of curricula, standards and training programmes in direct collaboration with business.

This focus needs to be streamlined with Active Labour Market Policies (ALMP). Through these policies, governments incentivize and support workers to transition into green jobs, especially those workers in unsustainable jobs. Active Labour Market Policies include proactive (early warning) career guidance, funding for lifelong learning and incentives for employers to support specific inactive or (soon to be) unemployed workers.



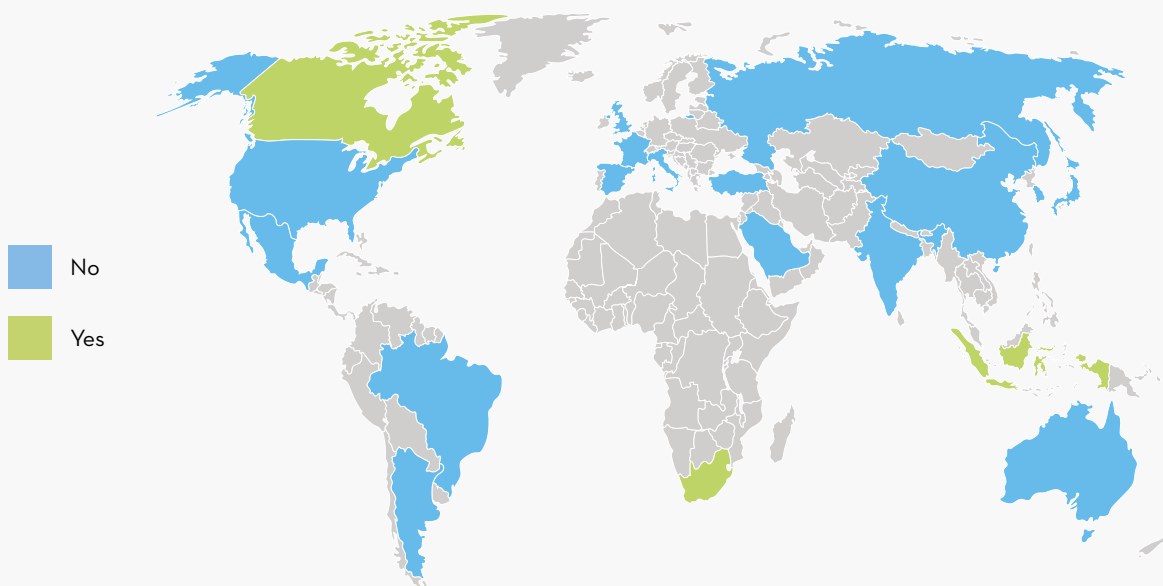
<sup>2</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC)

With a view towards COP27, the Adecco Group has assessed the latest National Determined Contributions (NDCs) of the G20 countries<sup>3</sup>: These NDCs are the central reporting documents on the plans and implementation of the Paris Climate agreement. The picture at this moment in time is clear: Skilling and Employment Policies are being insufficiently addressed and prioritised in the G20 climate responses. Just 40% of G20 economies acknowledge the need for skilling as part of their climate transition plans, while an even smaller percentage (15%) identify Active Labour Market Policies as a necessary field of action.



The need for ALMPs is typically only referenced if the NDC specifically addresses (targeted) labour market transition support measures, next to skilling. **At the same time, far-reaching ambitions are set for sectoral transformation and the creation of carbon-neutral industries. If these ambitions do not move on par with sufficient human capacity and capabilities, their outcomes will be suboptimal.** With that said, there is one positive development to note: compared to 2019, five more G20 countries have mentioned skilling in their NDC<sup>4</sup>.

## Active Labour Market Policies (ALMP) addressed in most recent National Determined Contributions (NDC)



*Figure 2 - Active Labour Market Policies (ALMP) addressed in most recent National Determined Contributions (NDC). G20 countries includes Spain as permanent guest.*

<sup>3</sup> UNFCCC registry, accessed 17 October 2022

<sup>4</sup> NDC explorer (<https://klimalog.idos-research.de>) consulted 17 Oct 2022.

These numbers do not exclude that countries may have some skilling or labour transition policies in place; what these numbers indicate is that up- and reskilling is not a priority tool to many countries. This positions the Human Capital Agenda as an **operational to-do, rather than an integrated priority**. These concerns are further highlighted by the lack of a Human Capital Agenda in the overall G20 energy ambitions. This vastly underestimates the challenge as predictions show that in the coming 10 years 7 million unsustainable jobs will disappear and 71 million jobs will need

to transform for any just green transition to succeed.

A smooth public-private infrastructure for skilling and labour market transition will be decisive in delivering the green transition we urgently need. That should consist of a coordinated public-private approach where training, sectoral transition and policymaking bank on synergies and shape an aligned action plan. As financial capabilities tighten in the short- to midterm, the importance of building these efficiencies grows.

### Skills addressed in most recent National Determined Contributions (NDC)

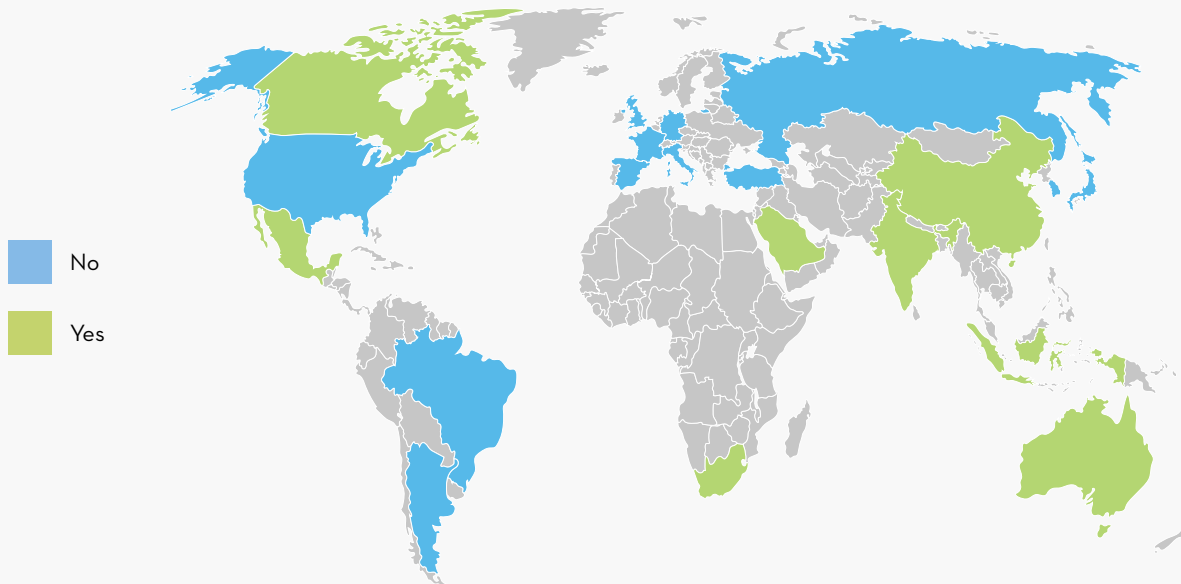


Figure 3 - Skills addressed in the most recent National Determined Contributions (NDC). G20 countries include Spain as permanent guest



<sup>5</sup>ILO, Skills for a Greener Future. A global view, 2019.

# Inspiring examples for a Human Capital Agenda

Despite the general lack of urgency, there are a handful of countries that position their Human Capital Agenda front and centre in their climate ambitions. They showcase the aspects to be focused on in order to shape and implement a skills agenda for the green transition. Below we highlight a few such examples and identify the variables for success.

## The Role of Apprenticeships:

### Australia

As part of a broad federal funding approach, the Australian government is investing in the creation of 10,000 New Energy apprenticeships. These seek to shape labour supply for the new energy industries emerging in the country. Such apprenticeships contribute to new job opportunities as well as the growth of sustainable businesses.

In general, work-based learning opportunities - including vocational educational training (VET)

and Apprenticeships - ease school-to-work transitions, address youth unemployment rates and allow the youth beneficiaries to make a living while skilling themselves, enabling those that best learn on the job. Furthermore, they contribute to an overall culture of lifelong learning in the workplace benefiting the full breadth and diversity of workers. Concluding, work-based learning adds to overall workforce employability laying a key basis for the green transition<sup>6</sup>.

## Federal Funding for Skilling:

### Canada

Under the Sectoral Workforce Solution Programme the Canadian federal government allocated resources for projects focussed on building talent for sectors that contribute to a low carbon economy. The \$960-million programme is focussed on matching Canadians to jobs in sectors that are directly involved in protecting the environment, oceanic or aquatic

ecosystems, managing natural resources, and/or contribute to the low carbon economy in key areas. The programme allows businesses and non-profits to gain funds for initiatives such as worker transition activities, upskilling, credential and certification programmes, work-based learning, job-matching and other skill developments.

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<sup>6</sup> The Adecco Group, Employability not only employment - VET, apprenticeships and the urgent need to bridge the skills gap in a post-Covid world, 2020

## Finding and Filling the Skill Gaps: India

Together with the Confederation of Indian Industry (CII), the Indian Government set up a key public-private initiative to identify skill gaps that hamper the development of jobs that preserve or restore the environment: the Skill Council for Green Jobs. These gaps are present in existing Indian sectors such as manufacturing and construction; as well as new sectors such as the renewable energy and energy efficiency sectors, such as waste and water management.

The Council focusses on the development of skills certification, occupational standards, and training curricula. In doing so it has already developed 44 various green skill qualifications, over 4.000 trainers and a dedicated green job matching platform<sup>7</sup>. The Council is led by Indian business leaders and supported by the Ministry of New and Renewable Energy and the Ministry of Skill Development and Entrepreneurship.

## Lifelong Learning: South Africa

In its Just Transition Framework, South Africa identified the need to re- and upskill its full formal and informal workforce through lifelong and/or work-based learning. This includes connecting more people to the internet to enable more online learning and raising the number of

apprenticeships. At the same time the country is also ensuring that workers in transition or in unemployment can access a basic set of supports and facilities. These include clean energy, potable water, education and healthcare.

## Resetting the Skills for Critical Sectors: European Union

Spanning 11 EU countries and 24 stakeholders from the Automotive Industry, the EU funded DRIVES project has harmonized skill requirements for improved vocational training and apprenticeships. As innovations rapidly hit the sector, business linked up with education- and HR-providers to ensure the sector transforms to deliver sustainable solutions.

This is to benefit regional and automotive businesses (and their employees) that face disruption and (skill) transition. **Through its partners' networks the project - and its key offspring: the Automotive Skills Alliance (ASA) - reaches 270,450 companies of all sizes, representing over 7 million workers across the EU.**



<sup>7</sup> Skill Council for Green Jobs, Annual Report 2021-2022, 2022

# Moving Forward: Putting Skills Front and Centre

Up- and reskilling and corresponding investments are one of the bottlenecks for a successful and just green transition. Governments have a key role to play to help pave the way towards meaningful talent development and cushion some of the impacts. Currently, national ambitions for mitigation and adaptation inadequately appreciate the vital role of Human Capital in shaping and implementing the massive transformation required.

**Governments have a key role to play.  
As such, we call upon them to focus on the following priorities:**

- Policy makers, in close collaboration with people and businesses, **need to ensure the Human Capital** - and more specifically the skilling - **Agenda lies at the heart of their national and international Climate Agenda**. All innovation, sectoral transformation, and labour market measures depend on it.
- Skilling infrastructures and Active Labour Market Policies need to **focus on skill certification, skill development** and - most importantly - **skill deployment**. They need to ensure workers of all ages and walks of life are empowered, motivated, and incentivized to participate in the transition, including those that might have been displaced because of climate disaster. For the successful skill deployment into sectors in flux, focussed collaboration with the business community is crucial.
- Public finances have a key role to play. Rather than setting up dedicated funding for 'green' initiatives, **Governments must strive to integrate the green transition into all its skills funding** and the other way around: skills into climate funding. This means sectors seeking any public support for skilling initiatives must be incentivized to address how these initiatives would contribute to shaping a workforce that is ready to meet the climate challenge. And, vice versa, parties seeking climate funding need to be incentivized to address the skilling dimension.
- Finally, **harmonized international metrics** are needed to track progress, enable solutions and ensure accountability for successful labour market shifts. One means through which this may be delivered is through streamlined, periodic updates and strategic reviews of NDCs. This would underscore the need to prioritize the addressing of this bottleneck for the Green Transition and inspire Governments and others across the world to significantly accelerate their efforts.







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