

## **Terms of Reference for a study on Labour and the Environment**

### **Background:**

A fundamental challenge of the future is that livelihoods of working men and women are bound up with unsustainable patterns of production and consumption. Adjusting economic structures to new, more environmentally friendly industries will result in significant labour market changes, for which there is both a demand-side challenge – e.g. the sources of investment for environmentally friendly activities and consumption patterns to sustain these, and supply-side challenges, i.e. the transition from environmentally unsustainable patterns of labour market participation to ones that are more sustainable.

There are clearly several other issues / dimensions of decent work implicated in the link between sustainability and labour. Some of these, for example, relate to the internal by-products of production processes in industries that are not necessarily unsustainable in themselves, or at least for which no sounder environmental alternatives are apparent. For example, exposure to industrial chemicals or hanging particles used in the production of products such as computers or toilets can expose working men and women to considerable health risks.

The terms of reference of the present project are not primarily about these concerns. Rather, the principal dimension of analysis will be on the quantitative employment implications of a shift toward more sustainable economic activity, as well as upon at least one qualitative implication – the income effect.

The impetus for this work is two-fold: from a longer term perspective, little has been done in evaluating the economic implications of a transition to more sustainable economic growth; in the immediate term, the opportunity for such a reflection is afforded by the upcoming UNEP meeting on labour and the environment.

The consultant's role would include both (1) a conceptual "mapping" of the issues, and (2) an empirical review – i.e. what is already known, as well as what could be researched, relating to the following themes:

- what does a "sustainable" pattern of economic activity look like?
- what policies would be needed to promote such a pattern, on the assumption that the market alone will not provide such a trajectory?
- Would investment depend on the policy incentives created and what do we know empirically about the policy / investment linkage?
- How to define environmentally sustainable activity, both in terms of new industries or in the transformation of processes occurring in existing industries?
- What conclusions, finally and most importantly, can be drawn as to the employment implications of such an economic transition, both in

quantitative terms, as well as in income terms (as, for example, proxied by changes in skill requirements)

The consultant's considerable experience in the evaluation of environmental issues should enable him to construct a sound conceptual analysis relative to labour market implications. As to the empirical side, the primary task would be a literature review of "what is out there" on this topic, in full knowledge that there are substantial empirical gaps.

The consultant would be expected to attend and to participate fully in the upcoming UNEP meeting in Nairobi, 15 -17 January 2006.

It is anticipated that the outcome of this work – which is likely to be an initial phase of ILO work in this area – would be a paper of 50 pages or so in length. The paper could usefully conclude with specific recommendations for further ILO work in this area.