



European Network of Public Employment Services

Position paper

A contribution to the topic
'Greening the labour market'

2021



*Social
Europe*

EUROPEAN COMMISSION

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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014, amended in 2020. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

This activity has received financial support from the European Union Programme for Employment and Social Innovation ‘EaSI’ (2014-2020). For further information please consult: <http://ec.europa.eu/social/easi>.

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Manuscript completed in December 2021.

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TABLE OF CONTENTS

Preface.....	5
PES contribution to greening the EU’s labour markets	6
Understanding green jobs in order to manage the green transition	7
Understanding skills needs and labour market dynamics of the green transition	7
Supporting the skills development in light of green labour markets.....	8
Linking active labour market programmes to green activities	9
The role of partnerships in view of greener labour markets	10

PREFACE

In December 2019, the European Commission presented the European Green Deal, an action plan to make the EU’s economies sustainable for a climate-neutral EU in 2050. In July 2021, the European Commission presented a **set of proposals¹ to revise and update legislation** and to put in place new initiatives with the aim of ensuring that EU policies are in line with the climate goals agreed by the Council and the European Parliament.

To support the transition, the European Commission has adopted strategies as well as financial support including the European Green Deal Investment Plan (EGDIP) as the investment pillar of the European Green Deal. This plan aims to mobilise more than EUR 1 trillion in sustainable investments over the next decade. As part of this plan, the Just Transition Mechanism aims at mobilising EUR 100 billion over the period 2021-2027. The Recovery and Resilience facility (RRF)² worth EUR 724 billion³ will provide financial support for longer-term reforms. It helps Member states address the challenges in their recovery process, enabling them to pursue green, digital and social objectives. The European Social Fund Plus (ESF+)⁴, with a budget of roughly EUR 99.3 billion for the next programming period, can be used by PES, for instance, to improve their capacity, support to customers and training measures.

Greening the economies is not a recent ambition but it has gained momentum in the course of the COVID-19 pandemic and is an integral part of many recovery plans of the European Member States. Most Member States have targeted specific sectors, above all the building sector, move to renewable energy, sustainable transportation or adaptation planning, which refers to measures concerning adjustments to the impacts of climate change⁵.

Labour markets have globally become more dynamic in the last decade as a result of technological change and demographic developments. Loss of jobs and the creation of new jobs are permanent features of economic development. Greening has further added dynamics to this transitory process. It is not obvious which jobs and sectors will be affected and if they are, to what extent. So far, two alternatives seem realistic: the net employment effects are likely to be slightly positive or neutral, however, shifts across sectors and occupations can be substantial⁶.

Whatever the labour market effects of a successful, climate saving transition will be, society should be aware that the path towards reversing climate change will be difficult and, certainly, not everybody will be a winner. In the end, even if everyone will benefit from saving our climate, strong political commitment and courage are required to make unpopular decisions that can have negative effects on the labour market, at least in the short run. History is full of economic upheavals. Four industrial revolutions have faced opposition and resistance, but innovation has proven to be a successful driver for economic growths and welfare in the long run.

Tackling climate change is without alternative but it is also a mixed blessing. Job losses will occur in some occupations and sectors. How these losses will be managed and compensated will depend on determined, innovative and visionary labour market policies. Public

¹ [EUR-Lex - 52021DC0550 - EN - EUR-Lex \(europa.eu\)](#)

² Established by the Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.

³ In 2020 prices.

⁴ <https://ec.europa.eu/european-social-fund-plus/en/what-esf>

⁵ Nicola Duell, Liliana Luminita Anghel, Natalija Ziminiene, Greening of the labour market – impact for the Public Employment Services, Small scale study in the framework of the PES Network, p. 11.

⁶ Duell et alia, p. 21.

employment services (PES) have an important role and long experience facilitating cross-sector shifts in jobs as smoothly as possible to avoid unemployment and help to reduce the risk that increased labour shortages and skills gaps may jeopardise the move towards greener economies.

The success of the green transition heavily depends on the development of new technological and business model innovations. This for instance includes electricity production, distribution and storage, agriculture and forestry, natural resource exploitation, buildings, transportation, water supply and treatment, waste management and environmental remediation.⁷ Many of the necessary innovations in each of these sectors already exist and can be seen all around us, these are all part of a shift towards a more technological driven economy which is broader than the green transition on its own.

Technologies such as automation and robotisation, artificial intelligence, photosynthesis and others have been invented even without a need for greening the economy, however they may be part of the answer to the green challenges we face. So the lessons learned for investments in green skills or techniques, should be considered as lessons that are potentially also applicable to investments in technological skills in general.

This position paper from the PES Network⁸ is a contribution to greening Europe’s economies. It represents reflections of the PES Network on short- and medium-term effects on the labour market and potential contributions from and future challenges ahead for the PES. The paper also includes some input to discussions on how policies on European and national levels could better address these challenges.

PES CONTRIBUTION TO GREENING THE EU’S LABOUR MARKETS

Moving towards greener labour markets will be an ongoing long-term transformative process affecting the whole society. Greener labour markets cannot be viewed as an isolated issue but must be seen as part of a broader trend towards an ecological and societal rethinking. Greening is interlinked with other structural changes such as technological and demographic developments.

As awareness has grown worldwide that resources are finite and that the exploitation and use of carbon-based energy do more harm than good in the long run, the shift toward an environmentally sustainable society has already begun. Although it is difficult to isolate the impacts of various elements, greening economies has been one of the drivers for structural change for some time. This process is likely to speed up further due to the COVID-19 crisis. The effects of a green transition on the European labour markets will have a significant impact in a fast-changing world of work. Dynamics within the labour markets will further increase and the adaptation of the workforce will offer new opportunities, but also be a challenging endeavour at the individual and collective levels.

Expectations on the education, training and employment stakeholders are therefore high to lead the adaptation of the workforce to meet the requirements of the labour markets. There is a consensus that a successful ecological transition requires up- and reskilling of the workforce. Each stakeholder in this ecosystem will be required to contribute to this objective.

What will be the specific role of PES in this regard? The overall challenge of PES consists of managing the labour market changes linked with the ecological transition. This requires a

⁷ OECD: [OECD-G20-Paper-Innovation-and-Green-Transition.pdf](#)

⁸ The paper is prepared by the European Network of PES and specifically a dedicated Working Group comprising Denmark, France, Germany, the Netherlands, Poland, Spain and Sweden and was chaired by Austria.

comprehensive approach as all skills levels are likely to be affected – although not to the same extent.

The following reflections, based on PES experiences handling structural changes, represent the input of the Board of the PES Network, that adopted the position paper on 10 December 2021. The aim is to contribute to the discussion and the move towards a greener labour market.

Understanding green jobs in order to manage the green transition

To date, there is no common definition of green jobs. International and national institutions have however identified several key characteristics and the ILO has tried to provide various explanations to narrow down the topic. Hence, a green economy is described as 'an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities'. With a view to the ILO's proposal, green jobs are jobs that 'reduce the environmental impact of enterprises and economic sectors, ultimately to levels that are sustainable'⁹.

Of course, this remains a broad concept but it provides a basis to further investigate the definition of green jobs. In addition, greening jobs are those whose purpose is not purely environmental but also to integrate new "skills building blocks" to take the environmental dimension into account in a significant and quantifiable way.

National PES have started to further narrow the topic down and proposed definitions for green jobs. These are not necessarily congruent and need to be seen within the national and regional economic context. The efforts of PES to identify green jobs should be strengthened as a clearer view of green jobs enables PES to adjust their interventions and support.

For PES it will be decisive to understand the main aspects of jobs demanded by a greener economy. To this end, PES will need to adapt their labour market information, training programmes, counselling services and possible employment incentives to support their customers in view of the demand for workers in a growing green economy. The aim is to have a positive impact on the environment.

Defining green jobs and greening jobs is not restricted to the responsibility of PES. They are however a major player to support further activities aiming at identifying green jobs using a common language and mindset. To this end, a cross-institutional approach at various levels is needed to better grasp current trends. European level action in conjunction with national and regional efforts is recommended to exhaust the potentials of the greener labour markets.

The PES Network and its members welcome further European and national initiatives aiming at improving knowledge on green jobs and are prepared to contribute with their expertise.

Understanding skills needs and labour market dynamics of the green transition

To successfully manage the change, it is essential to understand the impact of greening jobs on skills in demand and skills mismatch. A greener labour market will require specific skills, which need to be integrated into updated skills profiles. A green transition is likely to have an impact on all skills levels. To equip the workforce with these skills, the identification of skills needs is a crucial prerequisite.

Skills identification and forecasting is a complex task, dealing with various types of uncertainties. PES have developed various skills forecasting tools. To further improve the knowledge base, additional joint and continuous efforts are essential in order not to lose momentum and to identify the concrete skills needed. Upskilling is both cost- and time

⁹ https://unstats.un.org/unsd/envaccounting/londongroup/meeting18/LG18_28.pdf

intense. It is vital to have profound insight into the labour market development and be able to predict, as precisely as possible, future trends and requirements to prepare quality learning.

The PES Network recommends proactively addressing the skills requirements of a green labour market. The PES can offer expertise and knowledge which should be involved in European, national and local initiatives aiming at forecasting 'green' skills.

To contribute to a broad green skills debate, PES will need to further develop their own skills profiling and competence-based profiling tools. In recent years, PES have invested lots of resources to develop and improve their profiling tools, which now require ongoing development and refinement to be up-to-date. New digital technologies often rely on the use of big data and information. Consequently, drawing benefits of the technological developments depends on various factors such as the quality and quantity of data, as well as an informed political debate and decisions regarding data management and the use of technological tools in services. There is an urgent need to start discussions in order to be well prepared on how new technologies can be applied and ensure they are in line with the latest legislation. Such an approach necessitates the involvement of all relevant stakeholders sharing the objective of making optimum use of new technologies.

The PES Network supports initiatives to proactively discuss any issue of concern in relation to the use of modern technologies in the context of PES.

Supporting the skills development in light of green labour markets

The green transition of the labour markets is likely to have significant impacts on the employment structure. All skills levels will be affected, low, medium as well as highly skilled workers. PES together with various stakeholders will need to make a joint effort to support the upskilling of the workforce. The education system will be crucial to best prepare the young for integration into greener labour markets. The involvement of the social partners makes an important contribution. Employers will need to continuously invest in their employees to profit from a green transition. Ongoing awareness raising and support including financial incentives for lifelong learning activities are key in engaging society.

A green transition will require employers and employees to adapt to varying degrees. Active labour market policy measures (ALMPs) targeted to specific labour market situations will be needed.

Overall, three different scenarios can be assumed:

1. Those employers preparing for conversion of their production (e.g. automotive industry switching to electromobility) will need appropriate upskilling for their staff to secure jobs and ensure business continuity.
2. Employees in sectors where massive job losses will occur will need qualification measures to secure fast and sustainable labour market changes and reintegration.
3. Sectors with an increasing labour demand (e.g. photovoltaics) require a skilled workforce.

How can PES contribute to these scenarios? The intervention portfolio of PES ranges from information provision on skills requirements and development to concrete training and upskilling activities. Concerning information provision of skills requirements and future trends, PES need to make use of their knowledge base on green skills to support individual choices. Cooperation with the education sector is an effective way of reaching out to the young for increasing awareness of labour market trends. This is particularly relevant for young women as they are an underrepresented group in some sectors of education, for example, Science,

Technology, Engineering, and Mathematics (STEM), which are of particular relevance for a green transition. Hence, to further support women, PES can provide vocational guidance and support women to take up STEM-related study fields and jobs.

Many PES are involved in the provision of training, regardless of whether it is provided directly or through contracting out services to training providers. This results in a wide range of tasks for PES. PES will also need to update their expertise on and the use of market knowledge to contribute to the curricula development of training in light of green labour market requirements.

Skills adaptation with a view to retraining requirements based on already required skills and experience will play a decisive role. Development of validation schemes for prior learning results in conjunction with upskilling activities to obtain formal certificates is an effective way of supporting particularly low qualified workers.

Up- and reskilling is an effective but also cost intense approach to secure sustainable jobs. Political commitment to support sufficient training opportunities is crucial for PES to provide adequate offers. In some countries, PES services are only available to jobseekers, while people still in employment, even if at risk of becoming unemployed, have no or limited access to PES services. Access for people at risk of becoming unemployed to appropriate training is key.

Up- and reskilling also needs to be attractive. The opportunity to combine training with the use of appropriate unemployment benefits will be an additional important element to hedge against disincentives, and a key element in policies to help the citizens negatively affected by the transition. Combining training with work can also be a successful method to encourage a move to a new occupation.

The PES Network recommends broad national and European alliances of responsible institutions to up- and reskill the workforce in light of the needs of green labour markets. Innovative approaches need to be considered to support the green transition.

Linking active labour market programmes to green activities

PES dispense a broad portfolio of active labour market measures to support the labour market integration of jobseekers and to create jobs. These measures are important vehicles to promote green jobs, especially in those sectors that will benefit from a green transition, and to make hiring more attractive. PES, in line with nationally defined priorities, should adjust and regionally adapt their ALMP portfolios to the specific labour market needs. PES experience can also be an important input to further adjustments of nationally defined priorities.

The green transition of the economies will need employees at all qualification levels - low skilled as well as high skilled. It is essential that PES support the supply of labour at all skills levels. To this end, the ALMPs must be continuously adapted to the skills in demand. PES can also contribute meeting labour market demands by using opportunities both in the private and public sectors for vocational activation, which is particularly important for the groups far from the labour market. For example, public services and public infrastructure need significant changes to be more climate-resilient and neutral. PES should explore such opportunities to give people a good starting point for jobs of the future.

The PES Network recommends reflecting upon better use of ALMPs in light of a green transition, and the employment opportunities for the groups furthest from the labour market. This necessitates a flexible adaptation of ALMPs in line with both national and local priorities and, if needed, the adjustment of these priorities.

The role of partnerships in view of greener labour markets

The importance of partnerships for PES has steadily increased in recent years and has seen unprecedented high impact during the COVID-19 crisis. Since the complexity and uncertainty within the labour markets have increased, the interaction within the employment ecosystem has gained relevance. To best support the ecologic transition on the labour market, PES will need to further proactively strive for and contribute to partnerships at all levels, including for example jobseekers, employees, employers and their representations, as well as other partners as education and training institutions, NGOs, and other public or municipal institutions.

For the PES, the cooperation with the broad range of stakeholders in the labour market ecosystem as described within the PES Network Strategy¹⁰ is crucial for skills anticipation and upskilling of the workforce. Companies, especially SMEs, would benefit from the expertise of PES providing counselling services in the area of human resource management such as recruitment and skills need identification. PES’ support in the identification of skill needs can also serve as preventive measures to sustain the jobs of those at risk of losing their jobs due to outdated skills.

European programmes such as Horizon Europe, Erasmus+ or the Just Transition Funds are set up also to encourage cooperation between the institutions such as PES, companies and governments. These EU policies support PES and companies in the green transition through the provision of new services, new products or ways of working. This helps the change of actual jobs and creation of new ones.

Partnerships building needs proactivity and creativity. The labour market ecosystem is a flexible framework in a constantly growing environment. Many actors outside the labour market that seem not to be part of this environment can bring additional essential value to it, and it is necessary to be open for the inclusion of new players.

The PES Network recommends further reflection and evaluation of partnerships at all levels in light of the green transition of labour markets.

Given the above, the role of PES towards greener labour markets is evident. The green transition will urge PES to reflect, improve and adapt their service portfolio. New approaches will be required, and creativity and innovation will be essential to steer and contribute to the green transition process. It will be up to the PES to raise their awareness and show a willingness to play an important role in this process. The members of the PES Network are striving to act as role models in the public sector to contribute to the achievements of the Sustainable Development Goals.

PES will, however, need sufficient support and empowerment from governments to assist jobseekers and employers to adapt to a changing environment. There are no doubts regarding the inevitability and necessity of a green transition. It is also clear that such a move will be a collective and cost intense endeavour. Therefore, strong commitment from decision-makers will be crucial and an indispensable prerequisite if the EU wants to become a leading actor in this global transition.

¹⁰ <https://op.europa.eu/webpub/empl/pes-network-strategy/en/>