



► Just Transition Policy Brief

January 2023

Social protection for a just transition

Key messages

- ▶ Transition policy packages need to identify and address not only environmental but also economic and social challenges and opportunities. This requires social protection as a key instrument in climate change adaptation and mitigation. The long-term success of climate action and a just transition depends on how well people's rapidly and frequently changing needs in the face of intensified risks, adverse impacts and new (work) requirements are met.
- ▶ Social protection systems can address or even prevent adverse impacts when applied systematically with national climate policies and measures. These systems, including social protection policies and programmes, are built to prevent, protect and help people recover from shocks and transitions throughout their lives. If designed, iteratively adapted and funded accordingly, they can also address risks induced by climate change and climate policies.
- ▶ The role of social protection goes beyond
 - cushioning adverse impacts and providing compensation: National just transition strategies and policies also need to leverage the potential of social protection
 - to incentivize sustainable and green decisions and investments, income diversification - and
 - to provide people with the resources and time to further develop skills and access new decent employment opportunities.
- ▶ A just transition provides a unique opportunity to ensure jobs in new or emerging sectors come with adequate social protection benefits. Governments and social partners therefore need to ensure compliance with social security legislation and standards and to build on existing social protection systems, applying the principles of adequacy, comprehensiveness, sustainability and universality, as introduced in Recommendation No. 202 and outlined as a framework in the ILC's adopted conclusions in 2021.
- ▶ If climate action and the transition are to succeed – and be politically acceptable in the long run – social protection must be adequately reflected in international and national climate financing strategies. Governments, with the participation of social partners, need to invest in social protection with adequate allocations in national budgets and plans to finance a just transition.



Background

The ILO *Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All* (hereafter the Just Transition Guidelines), adopted by representatives of governments, employers' and workers' organizations in 2015, provide a policy framework and an operational tool to address environmental change in a way that advances social justice and promotes decent work creation.¹ This policy brief is part of a series of briefs that seek to deepen the technical and policy understanding of the application of the Just Transition Guidelines. They are mutually reinforcing and together form a body of policy guidance on the Just Transition Guidelines. The just transition briefs are intended for use by policymakers and practitioners at all levels to provide practical information and guidance, fostering a common understanding of what is meant by a just transition in specific topic areas and providing recommendations for implementation by

countries, international institutions and other actors in academia and civil society. The briefs seek, in particular, to provide guidance on just transition to ILO constituents, including workers' organizations, employers' organizations, and governments and relevant line ministries.

This policy brief aims to provide a clear overview of how social protection can help prevent or address potential adverse effects of climate change and contribute to a just transition by supporting people to meet the new requirements of the world of work – as part of coherent policies in line with the Just Transition Guidelines. The broad implementation of just transition across all policy areas and cross-cutting thematic topics requires careful consideration of the guidance provided in the ILO Just Transition Guidelines, taking into account the needs, priorities and circumstances of each country.

Supporting policy-makers, practitioners and social partners to enable a *just* transition

The Just Transition Guidelines highlight the structural changes ahead – adding to other stresses, such as poverty and inequalities, which may also impede a just transition – as well as the need for coherent policy packages across sectors. This poses a significant challenge for national policymakers, technical practitioners and advisers working on green policies as well as social protection and active labour market policies. Similarly, employers and workers organizations face significant hurdles in ensuring decent work throughout the transition, including in new and emerging sectors, and in further contributing to decarbonization. Social protection can provide solutions. But making use of them requires policymakers to access existing information, including the potential of established social protection mechanisms, and to close gaps, such as in costing of transition policies within and across sectors or options on how to bridge the financing gap.

Find out more about the Guidelines [here](#).

¹ ILO, *Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All*, 2015.



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1. Introduction: What is social protection, and how is it relevant to a just transition?

Climate change is increasing the risks that people face throughout their lives. Already, more and more severe extreme weather events, rising temperatures and sea levels are affecting people beyond their ability to cope, despite efforts to mitigate and adapt to climate change.² At the same time, climate policies may negatively impact individuals, for example, if they lose their income sources that depend on carbon-intensive sectors or natural resources they can no longer access.

Social protection provides coverage against increasing risks that people face over the course of their lives, including in the context of climate change and climate policies. Without comprehensive and

adequate social protection for all, climate change adaptation and mitigation efforts may leave some people behind. This, in turn, risks undermining the sustained public support required to transition to an environmentally sustainable economy and society.

Beyond protecting people from adverse impacts, social protection can support people to meet the new requirements of the world of work. In this way, social protection not only helps build resilience, but can actively facilitate the transition to a sustainable economy and society by enabling more people to contribute to and benefit from it – and in the process, making it more socially just.

² IPCC, *Summary for Policymakers*, in: *Climate Change 2022: Impacts, Adaptation and Vulnerability*. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (Cambridge and New York: Cambridge University Press, 2022) 3–33.

What is social protection?

Social protection is the set of policies and programmes designed to reduce and prevent poverty and vulnerability across the life cycle. This includes child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection, old-age benefits, disability benefits and survivors' benefits, in line with the [Social Security \(Minimum Standards\) Convention, 1952 \(No. 102\)](#) and other relevant standards. Social protection floors refer to nationally defined sets of basic social security guarantees which secure such protection, as defined in the [Social Protection Floors Recommendation, 2012 \(No. 202\)](#). Social protection is one of the four pillars of decent work (along with employment; fundamental rights and principles at work; and social dialogue).

Social protection systems, through a mix of contributory schemes (mainly social insurance) and non-contributory tax-financed schemes in cash or in-kind, sometimes combined with active labour market interventions, have been instrumental in cushioning the impact of economic and health crises such as COVID-19, serving as a macroeconomic stabilizer and enabling faster recovery. This was recognized by the conclusions and resolution adopted by the International Labour Conference (ILC) in 2021 that outlined a framework for urgent action towards universal, adequate, comprehensive and sustainable social protection systems adapted to developments in the world of work. The [Employment and Decent Work for Peace and Resilience Recommendation, 2017 \(No. 205\)](#) also affirms the need for Members to develop and strengthen measures of social protection, as a means of preventing crises, enabling recovery and building resilience.

Source: ILO, *World Social Protection Report 2020–22: Social Protection at the Crossroads – in Pursuit of a Better Future*, 2021.

A just transition – across policy areas

A just transition towards an environmentally sustainable economy for all requires not only **macroeconomic stabilization**, but a strong link between social protection and employment as well as **skills** promotion to support **enterprises** and workers throughout the transition and particularly in **sectors** negatively impacted by climate change or decarbonization efforts. Without social protection for all, based on **rights**, the transition may leave some behind, risking its acceptance and sustainability. Universal social protection systems are thus crucial to ensure that the transition will be socially just.



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2. What are the challenges and increased life-cycle risks people will face throughout the transition?

People face direct impacts of climate change on their livelihoods, health and well-being, expected to intensify irreversibly in the near future.

Social risks include **unemployment or underemployment**, as people may partially or entirely lose their income, especially if their livelihoods depend on natural resources (such as agriculture, fisheries, forestry or tourism) depleted or affected by climate change. Extreme events may lead to the loss of life, including those of households' breadwinners, and the loss of people's livelihoods or assets. **Labour productivity** may also be reduced, and working hours lost as a result of extreme events and threats to occupational health and safety, such as heat stress for workers in agriculture, forestry or construction. The risk of **work injuries** as well as other physical impacts on health and well-being may increase, including premature death or injuries due to extreme events but also due to slow-onset changes. Disabilities may be caused or exacerbated by climate change. **Health impacts** both in terms of mortality and morbidity also include increased respiratory and cardiovascular disease, mental health issues, poor reproductive and maternal health and food-, water-, vector-borne and other infectious diseases due to higher temperatures.³ It is estimated that the costs to health may range between US\$2–4 billion per year by 2030, not taking into account health-determining sectors such as agriculture and water and sanitation.⁴ The disruption of food systems may further affect **food security and nutrition**, and climate change impacts may lead to **forced displacement** and migration from affected areas within or across countries – highlighting how climate change can both cause and add to the risks people already face over the course of their lives and throughout transitions.

At the same time, efforts to mitigate climate change can have negative effects on people and their communities.

In addition to climate change adaptation (the adjustment to actual or expected climate impacts), people's income security can also be adversely affected by climate change mitigation policies and measures (reducing or avoiding emissions and capturing or storing carbon in biomass, such as trees or soil). Efforts to mitigate climate change may contribute to the loss or elimination of six million jobs, mainly in carbon-intensive energy generation, industry, transport and agriculture/forestry and other land use, including environmental bans, and in supporting sectors.⁵ At the same time, an estimated 24 million jobs may be created. But net job gains may mask the significant adverse effects in some sectors and areas and on particular population groups at different points in time. The benefits and costs of green policies may also be dispersed. Some groups may be disproportionately affected include those who are self-employed or workers in temporary or part-time employment, many of them women, as well as those working in the informal economy, including migrant workers. Not all new jobs will constitute decent work with social protection benefits to which people are entitled or be formalized. Job creation alone may not address increasing affordability issues and inequalities.

Throughout the transition, not everyone will be equally affected: outcomes may be determined by geographic location, but also by age, gender, disability and skills⁶ as well as means and access to financial and social services and technologies.⁷ Population groups with lower incomes in particular may struggle to afford housing, transport, food or energy in light of potentially rising costs (as in the context of phasing out fossil fuel subsidies), which may further reduce their disposable income. Such affordability issues throughout the transition may not be fully addressed by employment promotion

3 WHO, "Climate Change and Health Fact Sheet", 2021.

4 WHO, "Climate Change and Health Fact Sheet", 2021.

5 ILO, *World Employment and Social Outlook 2018: Greening with Jobs*, 2018.

6 See ILO Just Transition policy briefs on gender-responsive climate action, realizing disability rights and skills development.

7 IPCC, *Climate Change 2022: Mitigation of Climate Change*. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (Cambridge and New York: Cambridge University Press, 2022).

and may disproportionately affect the vulnerable and non-working population.

The transition, however, will not necessarily have to entail all of these impacts – they are a function of policy choices.

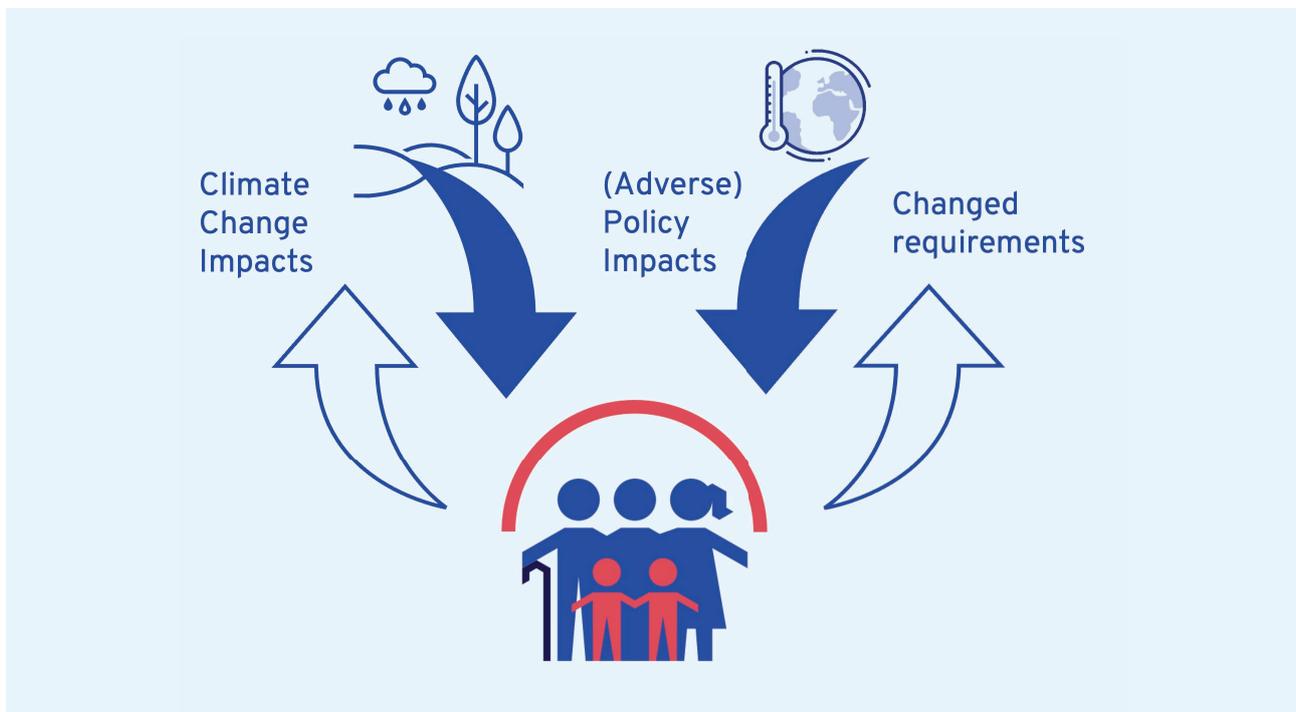
People will have to fulfil new requirements in the world of work.

As the transition leads to changes in labour patterns, people will have to grapple with potential misalignments in the labour market. Job creation and job loss or elimination do not necessarily take place at the same time (temporal misalignment). Job losses and gains may affect different sectors of the economy (sectoral misalignment) and will not necessarily cluster in the same countries, regions or communities (spatial misalignment). Skills requirements in new jobs may not match the existing skills developed in declining sectors, such as those in mid-skill occupations such as construction, mining and manufacturing (educational misalignment).

These developments will require bridging the gap between job loss and reemployment, but it will also require workers to develop new skills, to consider employment in new sectors or different communities or regions in order to be able to build on their existing skills. However, people, especially those with a low income, may not have the necessary resources to access and dedicate time to skills development, job search and placement services without risking their income security. But also those with caregiving responsibilities, disabilities or illnesses and thus additional challenges, may face particular difficulties and require support throughout the transition.

Other differences in how climate change and the transition affect people include access to the green economy and potentially regressive impacts of pricing externalities, such as through taxes, subsidies or standards and mandates. All of these differences can further increase inequalities unless systematically considered and addressed.

► **Figure 1: Climate-change related challenges for workers and their families that social protection can address**



3. What makes a transition just, and how does it rely on social protection?

Transitioning to an environmentally sustainable economy and society will have significant implications for large segments of the population: how they generate their income, how and where they live and work, what and how they consume (and at what price), which kinds of health services or education they require. A just transition requires anticipating these impacts on people and actively managing aspects such as employment, adequate and sustainable social protection and skills development.⁸ This includes, for example:

- ▶ assessing and anticipating potential adverse social and economic impacts throughout the transition (of climate change as well as climate policies);
- ▶ addressing or preventing the reduction or loss of existing incomes, including due to lack of access to natural resources (such as in agriculture), unsustainable practices, job losses or elimination (as, for example, in the phase-out of carbon-intensive industries or livelihoods that are indirectly dependent on these);
- ▶ meeting the needs of children, their caregivers, youth, people with disabilities or chronic illnesses and older persons also at risk of the adverse effects of climate policies, including in the face

of higher costs of food, energy, housing or transport;

- ▶ providing people with the resources (income security) and time for skills development and job search and placement through unemployment benefits and active labour market policies, including supporting those unable to find new employment;
- ▶ ensuring decent work in new, low-carbon sectors and green(er) jobs, including adequate social protection coverage as well as occupational safety and health;
- ▶ ensuring adequate social protection to enable people to take risks, diversify their income, innovate and incentivize sustainable practices, investments and decisions.

The Just Transition Guidelines therefore call on governments and social partners to “promote and establish adequate social protection systems providing healthcare, income security and social services, in line with international labour standards”, not only to increase resilience and safeguard populations against adverse impacts, but also with a view to “contributing to the goals of productive employment, decent work, social inclusion and the eradication of poverty in the transition”.⁹

A just transition is a policy and operational framework (including a set of principles, processes and practices that produces plans, policies, investments and concrete measures) designed to move to net zero, green and decent jobs, the eradication of poverty, the enjoyment of the human right to social protection and thriving and resilient communities. This includes ensuring adequate (social) protection against risks and impacts from the transition and climate change, actively promoting the “greening” of the economy while achieving social objectives and leaving no one behind – by enabling everyone to contribute to and benefit from the transition to a sustainable economy and society.

Source: ILO and AFD, *Social Protection for a Just Transition: A Global Strategy for Increasing Ambition in Climate Action*, 2019.

⁸ ILO, *Guidelines for a Just Transition*, 4, 6.

⁹ ILO, *Guidelines for a Just Transition*, 16.

4. What are the opportunities for social protection to ensure a just transition?

The greening of economies presents many opportunities to achieve both climate and social protection objectives. In addition to its potential as a new engine of growth, it can be a net generator of decent, green jobs, as projected in the Americas, Asia and the Pacific and Europe, resulting from measures taken in producing and using energy.¹⁰ Furthermore, the transition, if managed well, provides a significant opportunity to improve people's standard of living and well-being, to reduce poverty and ensure social inclusion. Social protection is a key enabler to achieve these objectives and ensure the transition is just. A just transition also provides a unique opportunity to ensure jobs in new or emerging sectors come with adequate social protection benefits, if governments and social partners ensure compliance with social security legislation and international standards throughout the transition. This can also facilitate the transition of enterprises and workers from the informal to the formal economy.¹¹ In short, social protection not only provides compensation for potential adverse impacts, but can enable people to develop their skills, access new decent employment opportunities, diversify their incomes and incentivize innovation, sustainable investments and decisions – and thus actively contribute to a just transition to a low-carbon economy.

This section will provide an overview of how social protection systems, including their various instruments, can be strengthened in order to achieve these objectives and continue to be able to protect over the course of people's lives, by considering the changes in needs and requirements throughout the transition – in line with international labour standards.

4.1 Overview of social protection instruments

The following overview of key social protection instruments highlights the social protection system's potential to support people throughout the transition – and to further contribute to climate action.

► **Unemployment protection** is a key instrument in the context of the transition as well as climate-related events. Unemployment protection measures for both formal and informal economy workers have a twofold impact on poverty reduction: They can provide immediate protection to those who lose their earnings, including when affected by climate (policy)-related shocks or stresses and partial or full unemployment. These measures can also enable people to access more decent and productive employment as part of the transition, providing a particular opportunity to combine income security with employment services, facilitating job-matching and skills development.¹² Further, unemployment protection schemes can anticipate potential adverse impacts, such as working hours or jobs lost. In this way, they support the transition and are therefore beneficial for workers, employers and governments. In addition to ensuring social protection at the individual level, these schemes also play an important role at macroeconomic level by accommodating structural change of the labour market and facilitating transitions of workers to growing sectors of the economy, such as sectors with higher levels of productivity or environmental sustainability.¹³ Employment-promoting social protection mechanisms can bridge the gap between misalignments in the labour market by creating enabling conditions and helping overcome barriers for individuals to be active in the labour market, while reducing risks of labour market exclusion over the life-course.¹⁴

10 ILO, *World Employment and Social Outlook 2018*.

11 ILO, "Extending Social Security to Workers in the Informal Economy: Lessons from International Experience", *Social Protection Spotlight*, March 2021.

12 ILO, *Unemployment Protection: A Good Practices Guide and Training Package*, 2017; ILO, *Unemployment Protection in the COVID-19 Crisis: Country Response and Policy Considerations*, 2020.

13 ILO, *Guidelines for a Just Transition*; ILO, *Unemployment Protection*.

14 ILO, ISSA and OECD, "Linking Income Support Measures to Activation Policies", background paper prepared for the 2nd Employment Working Group meeting under the 2021 Italian presidency of the G20, 2021.



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- ▶ **Social health protection** provides coverage in the event of health conditions associated with climate change as well as transition policies. Risks may range from changed working or living conditions to injuries due to extreme events. The Just Transition Guidelines stress the importance of “public insurance in accordance with legislation for those affected by climate related and other environmental disasters”. Social health protection includes measures that ensure: (1) effective access to healthcare without financial hardship, including through social health insurance, national health services or a combination thereof; and (2) income security to compensate for lost earnings in case of sickness, namely, sickness benefits.
- ▶ **Pensions**, the most widespread form of social protection, provide income security to older persons, persons with disabilities and survivors. It is important throughout the transition to maintain continuity and coverage (for example, in the case of employment-based occupational pensions) and to progressively work towards

universality in line with Recommendation No. 202 to ensure contributory as well as non-contributory pensions to guarantee adequate pension levels and coverage for all pensioners – as well as the sustainability of the pension system. Options such as early retirement (as in Spain) or a bridge to retirement (as in Germany or Canada) can support those who have lost their jobs in the transition (such as those in carbon-intensive industries) but are unable to re-enter the labour market. As illnesses or deaths may increase, including of breadwinners, and people with disabilities are at higher risk of adverse impacts, disability or survivors’ pensions may also provide support in the context of climate-related events.¹⁵ At the same time, reserve funds generated by long-term contributory schemes, such as pension funds, not only need to take into account and manage climate-related risks to preserve the capital invested by rights holders, but also promote investments in climate change mitigation and adaptation efforts.

15 OHCHR, *The Impact of Climate Change on the Rights of Persons with Disabilities*, 2020.

The role of social protection in Germany's coal transition

While the German social protection system covers a large portion of the population through mandatory coverage with a range of benefits across the life cycle, the just transition of coal miners was facilitated most notably by unemployment protection and pensions.

Unemployment insurance provided benefits for previously employed jobseekers, including most unemployed coal workers, based on regular contributions by employers and employees (60 per cent of the average wage in the last year of employment, or 67 per cent for those with children, for up to one year for jobseekers under 50 years of age and for two years for those over 50). **Retirement** was granted to underground miners above age 50 and surface miners above 57 under the 2007 coal exit plan, mainly financed by the national government. **Pensions** included the mandatory public pension insurance for all employees (based on years of contribution, age and average income, with contributions paid 50 per cent by the employer and 50 per cent by the employee), supplemented by occupational and private pensions. Coal miners were covered by the “miners’ pension insurance” combining statutory and occupational pension with higher contributions (15.4 per cent paid by the employer and 9.3 per cent by the worker) and better retirement payments for the years worked in mining. With occupational pensions being based on collective agreements between workers and companies (covering approximately 60 per cent of the population), the role of social dialogue was crucial to define these conditions. To further facilitate the transition, **social protection measures were also linked to skills development and employment services**, including: addressing costs associated with **vocational training** for the employed and unemployed, such as for subsistence or transport; offering **job placement support** through job centres and employment services generally free of charge (and application costs can be reimbursed, such as travel expenses for interviews, allowances for separation, relocation, work clothing or equipment) as well as new **requalification measures**, especially for older jobseekers. In addition, tax-funded **income support** benefited those affected by the economic decline of the coal regions with insufficient or no income and without unemployment insurance entitlement (about €430 per month, health insurance coverage, allowances for family members and housing expenses).

Source: Andrea Furnaro et al., *German Just Transition: A Review of Public Policies to Assist German Coal Communities in Transition*, Report 21-13, Resources for the Future and DIW, 2021.

The example of Germany (see box on the following page), where negotiations between representatives of governments, employees and employers helped soften the impact of declining coal production, highlights the opportunities and importance of: “tripartite mechanisms to identify and understand challenges posed by climate change and [the transition] to formulate adequate, predictable and innovative social protection measures that protect, where appropriate, existing benefits and take into account emerging social needs”, as per the Just Transition Guidelines.

► **Cash or in-kind benefits**, universal or categorical schemes for certain broad groups of the population such as children, or other social assistance schemes, can guarantee the income and basic needs of those who are vulnerable or affected negatively by climate policies or climate change. Non-contributory schemes provide support, some of which, as in the case of housing and energy-related benefits, may be tied to their specific purpose. This makes them less versatile in terms of investing in future income generation, environmentally friendly behaviours or technologies. Across different schemes and contexts, regularity as well as predictability have been found to be of key importance, including with regards to energy affordability. For example, OECD findings suggest better results of a regular medium-term cash transfer using one third of the change in revenue resulting from a tax reform

Fossil fuel reforms and expanded social assistance benefits in Indonesia

In late 2014, Indonesia introduced major fossil fuel subsidies reforms, largely removing subsidies on gasoline that were traditionally used to help alleviate poverty and stabilize prices. The country's 2015 budget included marked increases in social expenditure, including for special programmes, many of which were aimed at alleviating poverty. Already in 2005, in response to the fallout of a reduction in fuel subsidies and price increases, a programme offering unconditional cash transfers, educational assistance and healthcare had been introduced to cover nearly a quarter of the population, later switched to more targeted conditional transfers requiring less funding. In 2014, the Government also launched a national health insurance scheme to provide access to the entire population, with contributions for those living in (near) poverty being covered by the Government. Increased fiscal space in 2015 following the reform enabled expanded social assistance programmes, including support for students in poverty, increasing the number of people covered by health insurance as well as housing for families in poverty.

Sources: OECD, "Setting a Sustainable Path toward Universal Health Coverage", Indonesia Policy Brief, OECD *Better Policies Series*, 2016; OECD, *Indonesia's Effort to Phase out and Rationalise its Fossil Fuel Subsidies. A Report on the G20 Peer-Review of Inefficient Fossil-Fuel Subsidies that Encourage Wasteful Consumption in Indonesia*, 2019.



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than a one-off lump-sum transfer.¹⁶ As regards predictability, indicators reported significantly lower energy poverty in two regions of Spain with on average colder climate that maintained schemes guaranteeing a minimum income. The Spanish Parliament has now approved a national "guaranteed minimum income scheme" known as minimum vital income (*Ingreso Mínimo Vital*, IMV). Against this background, the Just Transition Guidelines stress the need for governments in consultation with social partners to consider in particular "low-income households which spend a significantly higher proportion of their income on energy and on goods and services" (pricing in energy costs), when designing and reviewing social protection in the context of the adoption of clean energy measures.

Different types of benefits may also facilitate skills development and job searches, by covering (or subsidizing, waiving, reimbursing) associated costs, such as for transportation, accommodation or subsistence, and therefore providing the time and resources needed to re-enter the labour market.

Cash-based social assistance programmes can also positively affect people's behaviours, including land use and conservation practices, as suggested by emerging evidence.¹⁷ Indonesia's national poverty alleviation programme

16 OECD, "The Impact of Energy Taxes on the Affordability of Domestic Energy", *OECD Taxation Working Papers*, No. 30, 2017; OECD, "The Inequality-Environment Nexus: Towards a People-centred Green Transition", *OECD Green Growth Papers*, No. 2021-01, 2021, 39.

17 Mario Györi, Katharina Diekmann and Elena Kühne, *The Importance of Social Protection for Climate Change Mitigation in LMICs: Success Stories and Opportunities for the Future*, GIZ, 2021.

Leluarga Harapan, for example, is estimated to have reduced tree cover loss in villages by 30 per cent, without any direct objective linked to conservation.¹⁸ Similarly, the Colombian Familias en Acción programme, while increasing purchases of land- and energy-intensive goods, seems to be associated with lowered deforestation rates in communities covered.¹⁹

- ▶ **Public employment programmes** that provide cash or in-kind support can ensure income security in times of need and also have the potential to contribute to public assets and sustainable natural resource management and workers' skills and employability. Employment guarantee schemes can ensure new opportunities for communities that no longer can sustain their livelihood activities due to environmental protection measures, among others. Some of the largest public employment programmes globally – as in Ethiopia, India, Rwanda or South Africa – incorporate various activities to manage natural resources in a sustainable manner. As empirically documented, these social protection programmes can also directly contribute to climate change mitigation, including the capture and storage of carbon in

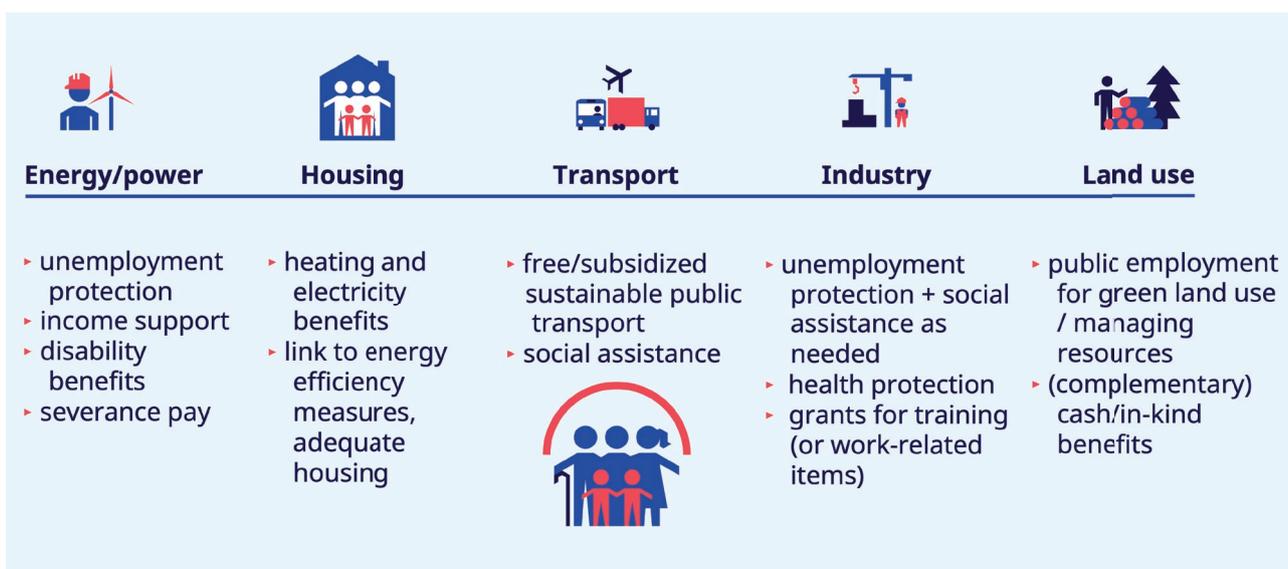
biomass, such as soil or trees. In Ethiopia, the total reduction in net greenhouse gas emissions from land management under the Productive Safety Net Program is estimated at 1.5 per cent of the emissions reductions in the country's nationally determined contribution for the Paris Agreement. Some 23 of 36 public employment programmes in Africa include mitigation or adaptation.²⁰ The Just Transition Guidelines therefore call on governments and social partners to “make use of employment guarantee schemes and public works that also enhance resilience to climate change, rehabilitate natural resources and create new productive and sustainable assets”.

In summary, social protection systems with their full range of instruments can and should be used throughout the transition to ensure a just process for both climate change adaptation and mitigation.

4.2 Climate change mitigation implications

Specific opportunities for decarbonization and social protection objectives are highlighted below in Figure 2. Decarbonization will largely occur in and affect the generation of power, housing

▶ **Figure 2. Decarbonization and the role of social protection: Examples of programming options**



18 Paul J. Ferraro and Rhita Simorangkir, “Conditional Cash Transfers to Alleviate Poverty also Reduced Deforestation in Indonesia”, *Science Advances* 6, No 24 (12 June 2020).

19 Daniele Malerba, “Poverty Alleviation and Local Environmental Degradation: An Empirical Analysis in Colombia”, *World Development*, Vol. 127, 2020.

20 ILO, *World Employment and Social Outlook 2018: Greening with Jobs*, 2018, 114.



(including energy use), transportation, industry and agriculture/forestry and other land use (“AFOLU”). Figure 2 provides examples of social protection instruments that can protect people from potential adverse impacts and promote their contribution to/benefit from the overall process of transition across these different areas.

4.3 Climate change adaptation implications

A just transition that is well managed and contributes to the goals of decent work for all, social inclusion and the eradication of poverty entails supporting people in adapting to climate change impacts beyond potentially adverse (temporary) policy impacts. **The specific opportunities to align climate change adaptation and social protection objectives** are well documented: The latest assessment report by the Intergovernmental Panel on Climate Change (IPCC) recognizes the potential of social protection to promote resilience by helping people prepare for, absorb and adapt to adverse impacts of climate change.²¹ In this context, the Just Transition Guidelines call for governments in consultation with social partners to “integrate adequate social protection measures, as appropriate, into national responses to climate change, as an essential part of climate change adaptation (and mitigation) policies”.²²

This also includes respective **sectoral national action plans, such as National Adaptation Plans (NAPs)**. A 2021 report found that a third of the 21 NAPs submitted to UNFCCC by 31 March 2021 made explicit reference to social protection.²³ Examples for NAPs considering social protection include: Kenya’s National Adaptation Plan 2015–2030,²⁴ which has incorporated strengthening and expanding social protection and insurance mechanisms against main climate hazards as one of the NAP actions, with a focus on vulnerable groups, including women and youth; Burkina Faso’s National Climate Change Adaptation Plan²⁵ including an adaptation measure to “improve social protection of vulnerable communities and households in order to secure their livelihood”; and Grenada’s National Climate Change Adaptation Plan 2017–2021²⁶ which aims to enhance social protection for farming and fishing communities through insurance options and new risk transfer instruments, respective policies and incentives.

5. What policy options do governments have at their disposal to ensure a just transition through social protection?

Many countries realize that social protection benefits are critical to supporting people during the transition, in particular to protect against poverty. However, their potential to systematically avoid or address socio-economic costs of the transition often remains unexploited. Beyond including social protection to address intensified risks and

adverse impacts on people, national transition policy packages will have to pursue social and environmental goals in tandem in order to realize cumulative and transformative effects. The Just Transition Guidelines recommend integrating “social protection into policy measures and responses to environmental impacts and the challenges of the

21 IPCC, *Summary for Policymakers*.

22 ILO, *Guidelines for a Just Transition*, 16.

23 NAP Global Network and InsuResilience Global Partnership, *Opportunities for Strengthening Resilience by Integrating Climate and Disaster Risk Finance (CDRFI) in National Adaptation Plan (NAP) Processes*, International Institute for Sustainable Development, 2021.

24 Government of Kenya, Ministry of Environment and Natural Resources, *Kenya National Adaptation Plan 2015–2030: Enhanced Climate Resilience towards the Attainment of Vision 2030 and Beyond*, 2016.

25 Government of Burkina Faso, Ministry of Environment and Fishery Resources, *Burkina Faso National Climate Change Adaptation Plan (NAP) 2015*.

26 Government of Grenada, Ministry of Climate Resilience, the Environment, Forestry, Fisheries, Disaster Management and Information, *National Climate Change Adaptation Plan (NAP) for Grenada, Carriacou and Petite Martinique 2017–2021*, 2017.

transition”, which includes climate policies and those that govern decarbonizing sectors.

Key pathways towards the development of such policy packages that capitalize on the potential of social protection at national level, as reflected in the Just Transition Guidelines, include most notably:

- ▶ Social protection policies – to be formulated and implemented with the participation of social partners and other stakeholders through an inclusive social dialogue – identifying the current and future impacts of climate change as a key challenge, accounting for potential impacts on people as well as the social protection system’s functionality throughout the transition and defining its contributions to climate action and a just transition (see box below);
- ▶ Climate (adaptation and decarbonization) commitments, strategies and policies considering the socio-economic impacts of both climate change and structural transformations as well as social protection as a tool to protect people throughout the transition and enable them to contribute;
- ▶ Active labour market policies forging a systematic link to social protection, including for skills development, throughout the transition;
- ▶ National Just Transition Strategies and plans conceiving social and climate policies together and applying social protection and employment promotion for synergies and transformative effects.

The need for social protection and labour market policies to go hand in hand throughout this process is also highlighted by the UN Secretary-General’s call for a Global Accelerator on Jobs and Social Protection for Just Transitions.²⁷

Social protection policy and strategy documents are a key sectoral lever to prevent and protect from

current and future climate change impacts and promote the transition as well as transformation. They set out the implementation of national strategies to address identified needs, the maintenance and functionality of a social protection system, guided by international standards (such as Convention No. 102 and Recommendation No. 202). However, they often do not adequately reflect the challenge of climate change, the increased risks people face and the contribution of social protection to climate action and a just transition. A review of over 90 relevant national policy frameworks published since 2015, including social protection policies or strategies and national development plans, indicates that less than half acknowledge climate change and its implications on people from a social protection perspective.²⁸ Only about a quarter of policy frameworks analysed described actions for adapting and integrating mechanisms to prepare for and respond to climate-related shocks and stresses in social protection systems.

An example of a policy document recognizing the importance of climate-related shocks and the seasonality of livelihoods as the two key drivers of poverty and vulnerability is Malawi’s National Social Support Policy. It considers climate risk management for its goal of poverty reduction and establishes institutional coordination with relevant actors. The objectives of the National Social Support Policy 2012 are also translated into the 2018–2023 National Social Support Programme II, providing policy guidance on promoting linkages, strengthening systems and improving monitoring activities.²⁹

The following box offers some key questions for governments and social partners to help promote and establish adequate social protection systems in line with the Just Transition Guidelines.

27 United Nations, *Investing in Jobs and Social Protection: Secretary-General’s Policy Brief*, 28 September 2021.

28 ILO, *Social Protection for a Just Transition and a Sustainable Future for All: Communication Strategy 2021–2025*, 2021.

29 Republic of Malawi, *Malawi National Social Support Programme II (MNSSP II)*, 2018.



Applying social protection for a just transition: Key questions for policymakers

- ▶ Is there a social protection policy/strategy, and if so, does it (a) identify climate change as a key challenge and (b) address impacts on people? Does it ensure its own functionality throughout transitions? Does it include concrete contributions to climate change adaptation / mitigation / a just transition?
- ▶ Which social protection programmes (social assistance, social insurance, active labour market interventions) exist? Are these (or can they be) used to support climate change mitigation/adaptation?
- ▶ How is information on affected and vulnerable population groups shared, and is there a common registry or do data sharing agreements exist?
- ▶ Does the country's Nationally Determined Contribution (NDC) consider poverty reduction or other social protection goals, impacts and measures?
- ▶ Do national climate (adaptation and decarbonization) policies, plans and measures (including National Adaptation Plans) include the existing and/or potential socio-economic impacts of (a) climate change and (b) structural transformations? In those that do, is social protection explicitly listed as a tool to (a) protect people and (b) enable them to contribute to climate action?
- ▶ Is there a National Just Transition Strategy or Plan and if so, does it include social protection as an instrument to (a) compensate, (b) incentivize environmentally sustainable behaviour and/or (c) promote employment/ people's active participation in the transition?
- ▶ Is/Are the ministry/ies with a mandate for social protection part of just transition planning?
- ▶ Are social partners participating throughout the process, and if so at which levels and which stages of the policy process?
- ▶ Do active labour market policies enable a strong link between social protection and skills development, job placement services and other employment promotion measures?
- ▶ Is there a development strategy that aligns social protection, employment and skills development? Does it link them to climate action?
- ▶ Does the legal framework include the right to social protection? Are there laws or regulations to guarantee workers' rights and protect people throughout the transition?
- ▶ Do national budget and related plans prioritize integrated policies that promote the creation of decent employment and (universal) social protection for a just transition?

Nationally Determined Contributions (NDCs) highlight climate actions, including climate related targets, policies and measures that governments aim to implement as their commitments to global climate action under the [Paris Agreement](#). These also provide an important entry point to ensure the consideration of poverty eradication, protection against adverse climate change or policy impacts and broad participation in a just transition. To date, however, most NDCs do not consider social protection-related goals beyond health (Sustainable Development Goal 3, target 3.8), and exclude goals such as poverty alleviation (SDG 1, target 1.3), gender

equality (SDG 5, target 5.4), decent work (SDG 8, target 8.5) and inequality reduction (SDG 10, target 10.4).³⁰ An analysis of 185 NDCs in 2021 showed that while 55 per cent acknowledge vulnerabilities in terms of health due to climate change, social protection is mentioned in only 11 per cent. An even smaller share of NDCs outline specific actions for strengthening social protection systems to support climate change adaptation efforts, and only 2 per cent include a reference to a just transition, as highlighted by the box on Antigua and Barbuda below. However, these commitments do not elaborate on the role of social protection

30 Mariya Aleksandrova, *The Untapped Potential of Global Climate Funds for Investing in Social Protection*, Briefing Paper 7/2021, German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE), 2021.

Poverty reduction and social protection in the NDC of Antigua and Barbuda

Antigua and Barbuda, in its 2021 Updated Nationally Determined Contribution, has committed to working on: ensuring a ‘just transition’ to end poverty in all its forms including “through the implementation of appropriate social protection systems and measures for all, and by 2030 achieve substantial coverage of the poor and the vulnerable to leave no one behind” (Target 1.3) and “building the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters” (Target 1.5).

This includes specific targets that include social protection-related targets (16–18) and considers poverty reduction as part of its mitigation targets:

Indicative actions supporting implementation of mitigation targets				
1. energy sector				
	a) Enhance the established enabling legal, policy and institutional environment for a low carbon emission development pathway to achieve poverty reduction and sustainable development	None	2015	Unconditional
Targets to support social inclusion, gender and reduce transitional risks				
Gender-Responsive	16. Farmers and their families are provided with support needed to recover from drought and hurricanes in order to prevent the accumulation of unsustainable debt and its corresponding increased risks, while supporting food security, taking into account the differential needs of male and female farmers (e.g., loan default, foreclosure, etc.)	2025	2021	Conditional
	17. 50% reduction in the average annual preparation costs for hurricanes on single-parent households (Baseline average preparation costs hurricane: USD 2,000 per year or 20% of annual median income)	2030	2021	Conditional
	18. 100% of community businesses and organizations that support women in their post-extreme weather event recovery are identified and provided with support for their efforts to facilitate women’s ability to resume work/livelihoods (and potentially return to their homes/communities) within seven (7) days after such an event	2030	2021	Conditional

Source: Government of Antigua and Barbuda, *Antigua and Barbuda Updated Nationally Determined Contribution for the Period 2020–2030*, 2021.

regarding the implementation of mitigation measures.³¹

At COP27, the agreed **Sharm El-Sheikh Implementation Plan** emphasized that a “just and equitable transition encompasses pathways that include energy, socioeconomic, workforce and other dimensions, all of which must be based on nationally defined development priorities and **include social protection so as to mitigate potential impacts associated with the transition**”. The final cover text also highlighted “the important

role of the instruments related to social solidarity and protection in mitigating the impacts of applied measures”.³²

The choice of social protection programming options, realization of policy integration for the transition as well as commitments for the future hinges on fiscal space.

Financing social protection and expanding its coverage, is mostly realized through the following options to extend fiscal space: increasing

31 ILO, *Social Protection for a Just Transition and a Sustainable Future for All: Communication Strategy 2021–2025*.

32 UNFCCC, *Sharm el-Sheikh Implementation Plan*, 2022.



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contributory revenues and number of contributors; increasing tax revenues; eliminating illicit financial flows; improving efficiency and reallocating public expenditures; tapping into fiscal and foreign exchange reserves; managing debt; adopting a more accommodative macroeconomic framework; and increasing aid (ODA) and transfers.³³ In the context of climate change and the transition to an environmentally sustainable economy, some of these options may be pursued in different and innovative ways. Examples include: taxing natural resource extraction and reallocating revenues to the wider population, for examples through universal child benefits, as in Mongolia; or phasing down/out subsidies for fossil fuels and increasing social spending, as in Indonesia. These examples also highlight the importance of policies and programmes that can adapt to changing fiscal and political landscapes and are able to make social protection accessible to a large number of people as and when needed.

Including social protection-related goals in countries' NDCs will provide financial institutions and implementers with a strong indication of the need and the opportunities of pursuing climate goals through social protection. At the same time,

adequate reflection in national budgets and plans can be complemented by reprioritization and efficiency of expenditures to further support a just transition with a focus on integrated policies that promote universal social protection systems and the creation of decent employment. The ILO, as outlined in the conclusion and resolution of the International Labour Conference in 2021, can support constituents by: engaging with international financial institutions to assess national social protection needs and priorities and options towards extending the fiscal space for social protection based on the principles established in up-to-date ILO social security standards; exploring options for mobilizing international financing for social protection, including increased ODA, to complement the individual efforts of countries with limited domestic fiscal capacities to invest in social protection or facing increased needs due to crises, natural disasters or climate change, based on international solidarity; and initiating and engaging in discussions on concrete proposals for a new international financing mechanism to complement and support domestic resource mobilization efforts in order to achieve universal social protection.³⁴

³³ ILO, *Fiscal Space for Social Protection: A Handbook for Assessing Financing Options*, 2019.

³⁴ ILO, *Resolution Concerning the Second Recurrent Discussion on Social Protection (Social Security)*, International Labour Conference, 109th Session, 2021.

6. Conclusions and key recommendations

- **Identify, map and quantify the potential social, environmental and economic challenges and impacts related to different scenarios of climate change, climate commitments and transition policies** at different levels. This needs to consider labour aspects, income security, food security and nutrition as well as social and health aspects, potential for displacement or conflicts. In addition to assessing and analysing current and potential impacts and taking into account existing mechanisms to address them,³⁵ this includes putting in place mechanisms to anticipate future impacts.

For government representatives involved in national strategic planning, international climate commitments, policymaking and implementation at different levels, this information is of crucial importance to anticipate, avoid or address potential adverse impacts. Such analysis should be carried out with the participation of social partners and in consultation with civil society (NGOs, consumer and interest group associations, such as women's associations) as well as international organizations such as the ILO.

- **When revising and updating existing climate policies and measures, include concrete social protection measures to mitigate or ideally prevent adverse impacts** altogether, including in commitments such as NDCs, strategies and plans (including NAPs) and their design in respective programming and implementation.

This includes involving social partners and governments in social dialogue, including actors across sectors, such as Ministries of Social Affairs/Development, Labour, Health, along with Agriculture, Environment, Interior (including civil protection in charge of disaster risk management) and Finance.

- **When formulating national just transition strategies and policy packages** with the participation of social partners, systematically seize the potential of social protection to:
 - **protect people** from the adverse impacts of climate change and climate policies;
 - **incentivize sustainable and green investments and decisions**, supporting

risk taking, diversification of income and innovation; and

- **enable employability promotion**, providing the time and resources for skills development and ensuring labour market inclusion.

Beyond enabling people to (re)enter the labour force (quickly), the **quality of the jobs they can access matters**: they should constitute decent work, including social protection coverage, decent pay and working conditions – and the extent to which workers are able to build on their skills in similar types of jobs.

International and national partners, also including civil society and research organizations, and social partners can support tracking and monitoring.

- **Build on and strengthen the existing social protection system**, including its schemes and programmes, in support of climate change adaptation or mitigation and to rely on it throughout the transition. This requires applying key principles, including most notably:
 - **universality of protection**, in terms of persons protected (coverage): all in need should have effective access to social protection throughout their lives – including in times of transition. Especially in uncertain times when many people may require support, mechanisms need to be in place to ensure all those in need can be reached.
 - **comprehensive protection** will not only have to cover social risks and different life contingencies (the need for medical care, benefits in the event of sickness, unemployment, old age, employment injury, family responsibilities, maternity, invalidity and survivorship) throughout the transition, but also other risks, including those in the context of climate change.
 - **adequate protection** to prevent or at least alleviate poverty, vulnerability and social exclusion, allowing people to lead dignified lives – including throughout the transition when needs may rapidly change (for the worse or for the better).

³⁵ Such mechanisms include, for example, social and economic impact assessments, [employment impact assessments](#), [social protection system assessments](#) and [estimating related costs](#).

- **sustainability:** it is important to ensure that the social protection system is financially, fiscally and economically sustainable in the long term to enable and realize the three other aspects.

In addition to these core outcomes laid out in international social security standards by the world's governments, employers and workers for universal social protection, during times of transition it is of particular importance to ensure **predictability and regularity** of benefits offered. The 2012 Social Protection Recommendation No. 202 (Para. 3) outlines 19 core principles, including the above, for how social protection systems should be built, extended, financed, implemented, monitored and evaluated in line with the human rights principles of equality and non-discrimination, participation, transparency and accountability. Adhering to these throughout will be important to avoid gaps, duplication, inefficiencies or even ineffectiveness – and help avoid social unrest, ensuring that transition policies and measures are acceptable and durable in the long term.

- ▶ **In financing a just transition with the required social protection support, consider and apply social protection as an instrument to contribute to climate action also in climate financing strategies.** The long-term success of climate action and the transition will depend on how well people

are included and negative impacts on them prevented or addressed. The need to carry out socially just structural transformations in a limited timeframe requires an unprecedented mobilization of resources. International and national climate financing strategies, but also national budgets and plans need to invest in transition policies with adequate allocations for universal social protection and decent work to finance a just transition. At the same time, countries have committed to climate action in their NDCs, whose achievement will be at risk if people are left behind – without adequate social protection. Such an investment also enables a transition that, if managed well, provides a unique opportunity to improve people's lives sustainably.

This brief has provided an overview of the options for applying different types of social protection for a just transition. Social protection assessments, policy analyses and costing of new policy options can further inform which of them are most suitable and feasible, taking into account the state of the existing social protection system. Advanced tools for costing as well as to measures the net welfare effects of applied approaches (including combinations of measures limiting earnings potential on the one hand and providing new opportunities on the other) will have to be further developed going forward – and could also help assess the relevance and application of the Just Transition Guidelines.

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Resources

For more information on ILO's approach and work on social protection as part of a just transition visit: climatechange.social-protection.org.

Contact details

International Labour Organization
Route des Morillons 4
CH-1211 Geneva 22
Switzerland

Social Protection Department
SOCPRO@ilo.org
Green Jobs Programme
greenjobs@ilo.org