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# STUDY GUIDE

INTERNATIONAL LABOUR ORGANIZATION

WFUNA

801 First Avenue

3rd Floor

New York, NY, 10017

Email: [wimun@wfuna.org](mailto:wimun@wfuna.org)

Phone: +41 (0) 22 917 32 74

Instagram: [@wimunsecretariat](https://www.instagram.com/wimunsecretariat)



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► ILC.111/Report VI

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# Achieving a just transition towards environmentally sustainable economies and societies for all

International Labour Conference  
111th Session, 2023



## Report VI

# Achieving a just transition towards environmentally sustainable economies and societies for all

## Sixth item on the agenda

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## Abbreviations

COP	Conference of the Parties to the United Nations Framework Convention on Climate Change
BRICS	Brazil, the Russian Federation, India, China and South Africa
EU	European Union
GDP	gross domestic product
ILO	International Labour Organization
IOE	International Organisation of Employers
IPCC	Intergovernmental Panel on Climate Change
ITUC	International Trade Union Confederation
NDC	nationally determined contributions
OECD	Organisation for Economic Co-operation and Development
OSH	occupational safety and health
PAGE	Partnership for Action on Green Economy
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

## Introduction

- Climate and environmental change is quickly becoming the largest threat to poverty reduction, decent work, sustainable development and social justice. Science-based evidence is warning that unmitigated global warming, biodiversity loss and pollution will threaten all life on earth. So severe is the potential for social and economic disruption and human suffering that peace is in peril.
- Recognizing the far-reaching impact of climate and environmental change and the urgent need for a transition to environmental sustainability in the world of work, the Governing Body of the International Labour Office decided, at its 344th Session (March 2022), to place on the agenda of the 111th Session of the International Labour Conference (June 2023) an item on a **just transition**, including consideration of industrial policies and technology, towards environmentally sustainable economies and societies for all.<sup>1</sup>

## Observed and projected impacts of unmitigated climate and environmental change

- The observed and projected impacts of unmitigated climate and environmental change are increasingly clear and incontrovertible. In a recent report,<sup>2</sup> the Intergovernmental Panel on Climate Change (IPCC) concludes that global warming is becoming increasingly complex and difficult to manage and will have profound and prolonged effects on all ecosystems and human systems. Climate change will negatively affect water scarcity, crop production, animal and livestock health and productivity, and fisheries yields and aquaculture production. It will also have a negative impact on human health and well-being, including in terms of infectious diseases, heat stress, malnutrition and mental health. In addition, more extreme weather events will lead to increased inland flooding, storm-induced damages to coastal areas, and damages to infrastructure and key economic sectors. Restoring the infrastructure damaged due to climate and environmental change will become the heaviest economic burden for most countries and may in turn reduce investment in other key sectors.
- Approximately half of the world's gross domestic product (GDP) is dependent to a greater or lesser extent on nature and the sustainable management of ecosystem services. This includes 1.2 billion jobs in farming, fisheries, forestry and tourism.<sup>3</sup> People living in poverty, including women and indigenous peoples,<sup>4</sup> are often disproportionately dependent on natural resources for their livelihoods and food security, and by implication are those most vulnerable to climate and environmental change. If unmitigated, climate change could push up to 130 million people into poverty within the next ten years, leading to displacement and migration. For example, the IPCC finds that, under all global warming levels, some regions that are presently densely populated will become unsafe or uninhabitable, with movement from these regions occurring autonomously or through planned relocation. This includes heavy rainfall events in many regions in Africa that will

<sup>1</sup> ILO, *Minutes of the 344th Session of the Governing Body of the International Labour Office*, GB.344/PV, para. 99(a)(i).

<sup>2</sup> 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, 2022.

<sup>3</sup> ILO, *World Employment and Social Outlook 2018: Greening with Jobs*, 2018, 2.

<sup>4</sup> References in this report to "indigenous peoples" also include tribal peoples.

### 2 Did you know...

According to the UN, just transition means ensuring that no one is left behind or pushed behind in the transition to low-carbon and environmentally sustainable economies and societies. The goals of a just transition are to protect vulnerable workers and communities during the shift to a green economy, create new economic opportunities through sustainable industries, and ensure that social and environmental justice are integral to the transition process.



cause increasing exposure to flooding, with expected human displacement increasing by between 200 per cent (under global warming of 1.6°C) and 600 per cent (under a 2.6°C scenario).<sup>5</sup> The World Bank estimates that up to 216 million people could have to migrate internally by 2050. 6 These and other consequences of climate and environmental change have a greater impact on those countries, communities and groups that have contributed least to climate change.

5. Unless efforts to mitigate and adapt to a changing climate and environment are drastically scaled up, it will alter how humankind lives, works, consumes and produces. In addition to gradual shifts in temperature and the cumulative effects of rising sea levels and droughts, our climate is becoming increasingly unpredictable, with prolonged heat waves, stronger storms and hurricanes, and other extreme weather events, such as the recent flooding in Pakistan that left one third of the country under water.<sup>7</sup> The International Monetary Fund estimates that, besides human suffering, climate-related disasters have caused direct economic damage in excess of US\$1.3 trillion – or 0.2 per cent of global GDP on average, per year – over the past decade. 8 ILO research shows that between 2000 and 2015, an estimated 23 million working-life years were lost annually as a result of different environment-related disasters caused or exacerbated by human activity.<sup>9</sup>
6. In addition to financial and working-hour losses, climate and environmental change poses a multidimensional threat to occupational safety and health, increasing the risk of injury, disease and death for workers due to heat stress, catastrophic weather events, exposure to hazardous chemicals, air pollution and infectious diseases, among others. Workers – especially those working outdoors – will be exposed to the impacts of climate change, biodiversity loss and pollution for longer durations and at greater intensities. Heat stress alone is predicted to bring about productivity loss equivalent to 80 million jobs by 2030. 10 An ILO study has estimated that the projected increase in global temperatures will render 2 per cent of all work hours too hot to enable safe employment by 2030. 11
7. The impacts of climate and environmental change risk severely undermining decades of rapid reduction in poverty and progress towards all other Sustainable Development Goals of the 2030 Agenda for Sustainable Development. Those who are already marginalized socially, economically, culturally, politically, institutionally or otherwise – including women, persons with disabilities, migrant workers and indigenous peoples – face distinct risks. 12 This is happening at a time when 4.1 billion people – 53 per cent of the global population – are not covered by social protection. 13
8. Unless these inequalities are addressed now, it is increasingly likely that climate and environmental change will exacerbate current crises and conflicts over water, productive land,

<sup>5</sup> IPCC, *Climate Change 2022: Impacts, Adaptation and Vulnerability – Summary for Policymakers, Technical Summary and Frequently Asked Questions*, 62 and 64.

<sup>6</sup> Viviane Clement et al., *Groundswell Part 2: Acting on Internal Climate Migration*, The World Bank, 2021, xxii–xxiii.

<sup>7</sup> See, for example, Office for the Coordination of Humanitarian Affairs (OCHA), “Pakistan: 2022 Monsoon Floods”, Situation Report No. 12, 6 December 2022.

<sup>8</sup> Felix Suntherr and Jérôme Vanderbusche, “Equity Investors Must Pay More Attention to Climate Change Physical Risk”, IMF blog, 29 May 2020.

<sup>9</sup> ILO, *Greening with Jobs*, 2018, 23.

<sup>10</sup> ILO, *Working on a Warmer Planet: The Impact of Heat Stress on Labour Productivity and Decent Work*, 2019, 26.

<sup>11</sup> ILO, *Greening with Jobs*, 2018, 27.

<sup>12</sup> IPCC, *Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*, 2014, 54.

<sup>13</sup> ILO, *World Social Protection Report 2020–22: Social Protection at the Crossroads – In Pursuit of a Better Future*, 45.

## 7 Something to think about

How can the needs of marginalized communities, including indigenous peoples and rural populations, be incorporated into just transition strategies?

food and other scarce resources, and will fuel climate-related unrest and wars in the future. The cost of inaction will be many times greater than the investments urgently needed now towards low-carbon, environmentally and socially sustainable economies and societies.

9. At the same time, there is growing evidence that the energy transition and the transformation of other key economic sectors will create employment opportunities and can be strong drivers of skills upgrading, sustainable enterprise creation, more resilient and inclusive economic growth, a higher standard of living, and sustainable development. In terms of employment, ILO research indicates that the employment created in a just transition scenario will offset the risks of job losses and result in a net gain in jobs.<sup>14</sup>
10. However, such positive labour market and social outcomes are not automatic. To seize the significant opportunities to attain full, productive and freely chosen employment, social inclusion and decent work for all during these complex transitions, all actors in the world of work must come together, step up the development and implementation of specific policies for inclusive macroeconomic growth, sustainable enterprises, skills development, other active labour market interventions, social protection, occupational safety and health and other rights at work, and find new solutions through social dialogue. By taking concerted and coherent action now, the constituents of the ILO can ensure that the transition to environmentally sustainable economies and societies with sustainable production and consumption is well managed and just.

## Global response to climate and environmental change

11. Since the United Nations Framework Convention on Climate Change (UNFCCC) was adopted at the 1992 Earth Summit in Rio de Janeiro, the Parties to the Convention have met annually at UN Climate Change Conferences (Conferences of the Parties or COP) to address climate change.
12. In 2015, to enhance the implementation of the UNFCCC and to strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty, the Conference of the Parties adopted the Paris Agreement at its 21st session (COP21).<sup>15</sup> The Parties committed to holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. They also took into account the imperatives of ensuring a just transition of the workforce and the creation of decent work and quality jobs.

### Box 1. Nationally determined contributions

The key instrument and innovation of the Paris Agreement is the introduction of non-binding national plans to mitigate climate change. These nationally determined contributions (NDCs) have become the most important policy response to climate change. More than 100 countries have updated their first NDCs, new NDCs have been adopted, and an increasing number have developed specific net-zero pledges, long-term strategies and laws.

NDCs are also increasingly including considerations of ensuring a just transition towards environmentally sustainable economies and societies. However, the integration of the four strategic objectives of the Decent Work Agenda and the nine key policy areas of the ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all is uneven. It is particularly concerning that employers' and workers' organizations report that they are frequently not included in the formulation and implementation of NDCs.

<sup>14</sup> ILO, *Greening with Jobs*, 42.

<sup>15</sup> UN, *Paris Agreement*, 2015.

13. At the 2019 UN Climate Action Summit in New York, 46 countries committed to placing employment at the heart of ambitious climate action and to promoting a just transition. During the Summit, the UN Secretary-General launched the Climate Action for Jobs Initiative, which is spearheaded by the ILO. It brings together governments, employers' and workers' organizations, international institutions, academics and civil society to enable joint climate action with decent jobs and social justice, and to support countries in a just transition towards a sustainable future. 16
14. In 2021, at the 26th session of the UN Climate Change Conference (COP26), the Parties adopted the Glasgow Climate Pact. They committed to rapidly scaling up the deployment of clean power generation and **energy efficiency measures**, and to accelerating efforts towards the phase-down of unabated coal power and phase-out of inefficient fossil fuel subsidies. With regard to implementation, Member States recognized the need "to ensure just transitions that promote sustainable development and eradication of poverty, and the creation of decent work and quality jobs, including through making financial flows consistent with a pathway towards low greenhouse gas emission and **climate-resilient development**, including through deployment and transfer of technology, and provision of support to developing country Parties". 17
15. In November 2022, at the 27th session of the UN Climate Change Conference (COP27), Member States debated further the themes of a just transition, deployment of technologies and financing. Importantly, the Sharm el-Sheikh Implementation Plan affirms that "sustainable and just solutions to the climate crisis must be founded on meaningful and effective social dialogue and participation of all stakeholders" and emphasizes 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 Parties also decided to "establish a work programme on [a] just transition for discussion of pathways to achieving the goals of the Paris Agreement". 18
16. Earlier in 2022, the UN General Assembly adopted a resolution declaring access to a clean, healthy and sustainable environment to be a human right. 19 However, despite all efforts, global temperature increases may reach 2.8°C by the end of the century. 20 This is almost double the 1.5°C limit to which the signatories of the Paris Agreement have committed – and is certain to have catastrophic and irreversible social, environmental and economic consequences.

## Previous ILO discussions on sustainable development, decent work and a just transition

17. The concept of a just transition was first discussed, as a specific subject, at the 102nd Session (June 2013) of the International Labour Conference, when ILO constituents adopted a resolution and a set of conclusions concerning sustainable development, decent work and green jobs. 21 At the same session, ILO constituents welcomed the announcement of the Green Initiative as one of the

<sup>16</sup> For more information, see [www.climateaction4jobs.org/initiative](http://www.climateaction4jobs.org/initiative).

<sup>17</sup> UN, Glasgow Climate Pact, 2021, para 36 and 85.

<sup>18</sup> UN, Sharm el-Sheikh Implementation Plan, 2022, paras 50 and 52.

<sup>19</sup> UN General Assembly, The human right to a clean, healthy and sustainable environment, resolution 76/300, 28 July 2022.

<sup>20</sup> UNEP, Emissions Gap Report 2022: The Closing Window – Climate Crisis Calls for Rapid Transformation of Societies, 27 October 2022, 35–36.

<sup>21</sup> ILO, Resolution and conclusions concerning sustainable development, decent work and green jobs, International Labour Conference, 102nd Session, 2013.

### 14 Did you know...

Energy efficiency measures, such as improving insulation and using energy-efficient appliances, can significantly reduce carbon emissions and lower energy costs. For example, according to the International Energy Agency (IEA), improving energy efficiency in buildings could reduce global carbon emissions by nearly 900 million tons annually by 2040, while also saving up to \$500 billion per year in energy costs.

### 14 Something to think about

What are the challenges of scaling up renewable energy projects in developing countries?

Challenges include limited access to financing, inadequate infrastructure, and regulatory barriers that need to be addressed to scale up renewable energy projects.

Director-General's seven Centenary Initiatives. They recognized that climate change and the transition to a low-carbon world of work is the megatrend that – more than any other driver of change – will distinguish the ILO's future responsibilities and activities from those of the past. The Green Initiative supported constituents by providing the necessary knowledge, tools and enhanced policy advice and forging strategic partnerships to enable Member States to increase their engagement in response to climate change.

18. In November 2015, the Governing Body endorsed the *Guidelines for a just transition towards environmentally sustainable economies and societies for all*.<sup>22</sup> These Guidelines had been discussed and adopted by an ILO meeting of experts, who based their work on the opportunities and challenges, guiding principles, institutional arrangements and nine key policy areas set out in the 2013 Conference conclusions. They provide a comprehensive framework comprising policies in the following key areas: macroeconomic and growth policies; industrial and sectoral policies; enterprise policies; skills development; occupational safety and health; social protection; active labour market policies; rights; and social dialogue and tripartism.
19. The ILO Centenary Declaration for the Future of Work, 2019, adopted by the International Labour Conference at its 108th (Centenary) Session, recognizes climate and environmental change among the drivers of transformative change in the world of work. It directs the efforts of the ILO to “ensuring a just transition to a future of work that contributes to sustainable development in its economic, social and environmental dimensions”.<sup>23</sup>

## Imperatives of a just transition

20. The policy responses that countries adopt to address climate and environmental change can have both intended and unintended consequences for jobs, livelihoods and decent work, and also for poverty, inequality and sustainable development in general.
21. Overall, the impacts on employment can be considered from four perspectives: (i) new jobs will be created; (ii) some jobs might be substituted by others; (iii) certain jobs will be lost or eliminated without being substituted; and (iv) most jobs will be transformed. The ILO estimates that a shift to climate-neutral and circular economies could lead to the creation of an additional 100 million jobs by 2030. However, some 80 million jobs could be lost in that process.<sup>24</sup>
22. Both job creation and job losses are unevenly distributed across the world and are often concentrated in specific regions and communities. New employment opportunities are not always created for the same workers and in the same locations where jobs are lost, and not at the same time, creating both geographic and temporal disconnections.
23. Similarly, some industries will inevitably decline in the transition to sustainable production and consumption, while some sectors will grow, and others will radically transform, ushering in new ways of producing, working, consuming and living.<sup>25</sup> The energy transition, for instance, will

<sup>22</sup> ILO, *Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All*, 2015.

<sup>23</sup> ILO Centenary Declaration for the Future of Work, 2019, para. I(A)(i).

<sup>24</sup> ILO, *Skills for a Greener Future: A Global View*, 2019, 188.

<sup>25</sup> ILO, *Sectoral Policies for a Just Transition Towards Environmentally Sustainable Economies and Societies for All*, Just Transition Policy Brief, August 2022, 3.

result in job losses in the oil and gas industry, while millions of new jobs will be created in the broader renewable energy sector. 26

24. Similar shifts are expected within and across a range of extractives, manufacturing and services sectors as a result of countries' and enterprises' commitments to tackle climate and environmental change. Sectoral and educational misalignments in the short to medium term call for enhanced sectoral social dialogue and a new generation of industrial policies and strategies to provide governments, employers and workers with an enabling environment and skills to transition into new sectors and occupations and to ensure that there are systems and support in place so that no one is left behind.
25. **Inclusion and equity** remain an important concern for groups already facing socio-economic vulnerabilities, such as vulnerable women, persons with disabilities, indigenous peoples, and migrants and refugees. For instance, there is growing evidence of significant gender dimensions to be tackled to ensure that the transition becomes truly just. Studies by the ILO suggest that a substantial share of new employment in green sectors tends to be in male-dominated sectors and occupations, and that job creation in a green economy does not automatically bridge current gender inequalities. 27 To foster low-carbon economies and societies that are diverse, inclusive and equal, ILO constituents must pursue a just transition in tandem with a transformative agenda for gender equality, diversity and inclusion, as called for in the ILO Centenary Declaration.
26. The multifaceted task of managing the transition towards environmentally sustainable economies and societies is compounded by other challenges, such as those related to the transitions to peace, to formality and to more circular ways of producing and consuming. Moreover, the potentially disruptive implications of digitalization through automation and the use of artificial intelligence can be far-reaching, depending on country contexts. In many countries and sectors, the understanding and management of transitions is uneven and complex.
27. Clearly, ILO constituents have a key role in harnessing the fullest potential of these transitions to achieve decent work and sustainable development for all. They also have a responsibility to formulate and implement policies to safeguard decent work and to protect workers, their households and communities, who might be negatively affected by these structural and technological changes. By virtue of their membership in the Organization, all Members of the ILO also have an obligation to respect, promote and realize the fundamental principles and rights at work, both now and in the low-carbon and digital economies of the future.
28. The Paris Agreement on climate change affirms "the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities". A just transition means promoting a green economy in a way that is as fair and inclusive as possible to everyone concerned – workers, enterprises and communities – by creating decent work opportunities and leaving no one behind. A just transition involves maximizing the social and economic opportunities of climate and environmental action, while minimizing and carefully managing any challenges, including through effective social dialogue and stakeholder engagement and respect for the fundamental principles and rights at work. Ensuring a just transition is important for all countries at all levels of development. It is also important for all economic sectors – not just the energy supply sector – and in urban and rural areas alike. There is no "one size fits all" approach to a just transition. Policies and programmes

## 25 Something to think about

What is the importance of "social inclusion" in the green transition?

Ensuring social inclusion in the green transition helps to address inequalities and ensures that all segments of society benefit from sustainable development. By involving diverse groups in the transition, policies and initiatives become more equitable, addressing the specific needs and challenges of different populations, leading to broader support and more effective outcomes.

<sup>26</sup> ILO, *The Future of Work in the Oil and Gas Industry: Opportunities and Challenges for a Just Transition to a Future of Work That Contributes to Sustainable Development*, 2022, 39.

<sup>27</sup> ILO, *Skills for a Greener Future*, 130-131.

need to be designed in line with the conditions in each country, including its stage of development, the range of economic sectors and the types and sizes of its enterprises.

29. In the ILO context, the Guidelines for a just transition represent the framework for action. They offer a comprehensive set of policies that countries can draw on to implement their climate change commitments, while putting in place macroeconomic and growth policies, labour market policies, industrial and sectoral policies, enterprise policies and policies on skills development, rights, social protection and occupational safety and health. They underline the importance of policy coherence and effective social dialogue and tripartism.

## Structure of the report

30. Chapter 1 of this report explores the economic and social consequences of a transition towards inclusive and environmentally sustainable economies and societies, with a focus on the opportunities and challenges for decent work. Chapter 2 elaborates on the key policy areas contained in the ILO Guidelines for a just transition, and looks at with emerging practices at the country, sectoral, regional and international levels. Chapter 3 presents the action undertaken by the Office and other international agencies to support ILO Member States in accelerating a just transition towards inclusive and environmentally sustainable economies and societies for all.

## Expected outcomes of the general discussion

31. As agreed by the ILO Governing Body at its 344th Session (March 2022), the general discussion at the 111th Session of the Conference is expected to produce conclusions that will provide further guidance for the Organization. ILO constituents are expected to:
- confirm the need for urgent action to promote and accelerate a just transition towards environmentally sustainable economies and societies for all at the global, regional, national and sectoral level;
  - reaffirm the guiding principles and key policy areas of the *ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all*;
  - discuss the key role of industrial policies and technology in tackling climate and environmental change while promoting decent work;
  - adopt a road map of key elements for more concerted, coherent and better coordinated pathways towards environmentally sustainable economies and societies, leading to decent work and social justice, including:
    - (i) promoting inclusive, sustainable and job-rich economies;
    - (ii) ensuring social equity;
    - (iii) managing the process;
    - (iv) financing a just transition.
  - equip the International Labour Office with guidance on how to strengthen its support to constituents in simultaneously addressing climate and environmental change, advancing social justice and promoting decent work, including through knowledge-sharing, policy advice, development cooperation, capacity development, global engagement and partnerships.
32. This discussion at the International Labour Conference comes at a time when the global population has reached 8 billion; concurrent health, food, energy and climate crises are causing unprecedented suffering; and the multilateral system is under increasing pressure. It is crucial to bear in mind the strong warning in the Preamble to the ILO Constitution that injustice, hardship

and privation to large numbers of people can "produce unrest so great that the peace and harmony of the world are imperilled" and the clear statement that "universal and lasting peace can be established only if it is based upon social justice".

33. This is a crucial moment for ILO constituents to accelerate a transition towards environmentally sustainable economies and societies that is socially just and leaves no one behind. The ILO and its Member States have a unique opportunity not only to address decent work challenges and opportunities that are of concern today, but also to tackle some of the deepest structural issues that perpetuate social inequalities and severely impact human and ecological systems. If we act now, there is still time to attain social justice and lasting peace within the ecological limits of our life-sustaining planet.

## Chapter 1. Employment, economic and social impacts of a just transition towards inclusive and environmentally sustainable economies and societies

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### 1.1. Social and economic impacts of policies to address climate and environmental change

34. Climate and environmental policies are key to tackling climate and environmental change. However, they may have adverse social and economic impacts, particularly on the most economically disadvantaged and vulnerable groups. To avoid such unintended effects and to harness the opportunities for decent work, the formulation and implementation of climate and environmental policies must be underpinned by social justice and equity.
35. Climate and environmental policies target key sectors of the economy, notably energy, land use and agriculture, transport, industry and waste, and have far-reaching and profound implications for the world of work. However, each set of policies is handled by a different government ministry, which means that they are not always coordinated, coherent or aligned with other policies and priorities of ILO constituents.
36. By integrating social justice considerations into environmental and climate policies, governments can harness their potential positive impacts and mitigate any negative effects. It is encouraging that employment and other socio-economic priorities are referenced in some nationally determined contributions. This reflects the growing recognition that climate policies have an impact on labour markets and social and economic development, and vice versa.
37. Yet, most climate and environmental policies do not systematically make use of social and employment promotion instruments and do not build on participatory processes with social dialogue and consultations. Supporting policies, which are often formulated and implemented in parallel, need to be considered coherently. These include macroeconomic, sectoral or industrial, social and employment policies, such as sustainable enterprise creation, employment-intensive investment, skills training, social protection and social dialogue. Such policies for a just transition play an important role in enhancing social justice in the response to the climate and environmental crisis.

#### 1.1.1. Impacts on employment and economic sectors

38. A global package of climate and environmental policy measures has the potential to produce a net global increase in employment across all sectors. ILO research estimates that a combined shift to low-carbon and circular economies may result in the creation of some 100 million jobs by 2030, as compared to a business-as-usual scenario. However, without a corresponding set of supporting social and economic policy measures, unplanned and abrupt job losses in carbon-intensive and polluting sectors are likely. Some 78 million jobs may be destroyed, relocated or redefined, which highlights the need for strong policies to manage the transition. An additional 20 million jobs could be created through nature-based solutions. <sup>28</sup>

<sup>28</sup> ILO, *Skills for a Greener Future*, 142 and 188; ILO, UNEP and IUCN, *Decent Work in Nature-based Solutions 2022*, 203.



39. Climate and environmental policies induce an economy-wide structural transformation within and across economic sectors such as energy, industry, transport, agriculture, marine and forestry, pollution management and recycling. These policies not only directly impact the sectors themselves but also indirectly affect the supplying industries. They therefore fundamentally alter the structure of countries' economies, business environments and labour markets. 29
40. Importantly, the labour market may be unable to transition to new industries and business models if the appropriate skills are not available, social protection is lacking and communities and regions are not supported through coherent structural, industrial and macroeconomic policies. Such policies are therefore of paramount importance in fast-tracking the labour market transition, including through investments in skills development and lifelong learning, social protection and by actively involving communities and ILO constituents as part of the solution. Further, there is outcomes vary substantially across industries, country income groups and regions, which highlights the need for country analyses to inform national policy responses. 30
41. Despite structural differences between countries, investments in nature-based solutions, renewable energy and other clean technologies create more jobs than fossil fuel investments. Due to a higher wage share in overall costs, they bolster the aggregate income and spending of workers, which has multiplier effects. Investing in energy-efficiency retrofits for buildings creates 2.8 times as many jobs compared to fossil fuels. Investing in ecosystem restoration creates 3.7 times as many jobs as oil and gas production per US\$1 million of investment. 31 The relatively high job intensity of ecosystem restoration underscores the important role that nature-based solutions play in promoting both environmental sustainability and job creation.

### 1.1.2. Impacts on inequality

42. Climate policies also affect broader social equity, as global energy and income inequality are intertwined. The energy transition will require energy subsidy reform and carbon pricing policies, often in the form of taxation, to discourage the use of fossil fuels and reach net-zero emissions by 2050. The resulting cost increase for households is regressive, meaning that low-income groups, and women in particular, are disproportionately affected, as they spend a larger share of their income on energy and related basic goods, notably food, housing and transport. Countries have experienced increased social deprivation and inequality and have faced social unrest and conflicts arising from energy price increases, which has led climate measures being delayed or withdrawn. 32
43. While multidimensional inequality is a key factor hindering climate action and slowing the energy transition, the climate and environmental crisis is worsening inequality. Importantly, social and energy inequalities within countries appear to be greater than inequalities between countries; national policies must therefore recognize that the unequal consumption pattern of a small group of the population is contributing disproportionately to domestic emissions. 33
44. Addressing inequality is thus a key prerequisite for a successful energy transition. The imperative of promoting social justice should underpin policies that protect poorer households and shift the

<sup>31</sup> ILO, *Greening with Jobs*, Chapters 1 and 2; ILO, *Skills for a Greener Future*, Chapter 1.

<sup>32</sup> ILO, *GAII Training Guidebook: How to Measure and Model Social and Employment Outcomes of Climate and Sustainable Development Policies*, 2017.

<sup>33</sup> ILO, *Global Employment Trends for Youth 2022: Investing in Transforming Futures for Young People*, 88.

<sup>34</sup> IRENA, *Renewable Energy and Jobs: Annual Review 2022*, 68.

<sup>35</sup> Lucas Chancel, Philipp Bothe and Tancrède Voituriez, *Climate Inequality Report 2023*, World Inequality Lab, 2023, 5.

### 41 Something to think about

How can "ecosystem-based approaches" enhance climate adaptation efforts?

Ecosystem-based approaches, such as restoring wetlands and forests, can enhance climate adaptation by providing natural buffers against climate impacts.

burden of higher energy prices to high-income earners who are responsible for most emissions. Progressive carbon pricing, akin to a progressive income tax, could address the underlying income and energy inequality. 34 Revenues from such carbon pricing could be invested in social protection, skills development and economic diversification. For example, such policies are envisaged under the Just Transition Fund of the European Union (EU). 35

## 1.2. Technology and transformations across economic sectors

45. Climate and environmental policies focus on the economic sectors and industries that are key to reducing emissions and environmental pressures and also to fostering economic growth and social development. Many of them are transforming already, due to the proliferation of new technologies, which create both opportunities and challenges for advancing climate action and decent work simultaneously. The socio-economic impacts of technological advances and transformation across economic sectors must be viewed in the overall economic context. It is also useful to distinguish between direct effects (within sectors), indirect effects (across supplying sectors) and induced effects (on income).

### 1.2.1. Energy and utilities

46. The energy and utilities sector is responsible for over 70 per cent of global greenhouse gas emissions, yet the direct job effect of climate policies on the sector is comparatively small, with a projected net gain of some 1 million jobs globally by 2030. However, if indirect employment effects in supplying sectors are included, the renewable energy industry has the potential to create some 43 million direct and indirect jobs by 2050. 36 This is due to the need to produce clean energy technology, build green infrastructure and retrofit buildings. The induced employment effect amounts to an additional 8 million net jobs by 2030, notably through the savings from spending on petrol in the shift to cheaper electricity, and the additional income of workers, which will further increase demand and create jobs in the service industries. However, this will be accompanied by a restructuring, with losses of up to 8 million jobs in the coal, oil and gas production industries. 37
47. The social, economic and technological impacts of sustainable energy policies are country-specific. Country studies from the Philippines, Indonesia, India, Türkiye and Zambia show that emerging economies could accelerate economic growth and employment creation by shifting towards renewable energies. Notably, wind and solar technology are now cost-competitive and reduce fossil fuel imports, which often weigh negatively on trade balances.
48. Recent ILO research on the employment impact of phasing out coal in South-East Asia underlines the need to maintain employment in regions where coal production is concentrated, as job losses would create resistance and slow down implementation of the energy transition. Assessments of the potential for green jobs in India, Indonesia, the Philippines and South Africa show that a renewable energy policy to phase down coal combined with a policy on wind turbines and solar manufacturing could create more jobs than would be lost in coalmining. However, there will be major geographical shifts from coalmining regions to the areas with significant solar and wind resources where new green industries will invest. Thus, the projected job gains assume large-

#### 46 Think about

How can investments in green infrastructure, such as renewable energy projects, drive significant employment opportunities?

<sup>34</sup> Chancel et al., *Climate Inequality Report 2022*.

<sup>35</sup> For more information, see European Commission, "The Just Transition Mechanism: Making Sure No One is Left Behind".

<sup>36</sup> IRENA and ILO, *Renewable Energy and Jobs: Annual Review 2021*, 52.

<sup>37</sup> ILO, *Global Employment Trends for Youth 2022*, 96-97.

scale reallocations and are conditional on supporting measures being put in place for impacted workers and their families, including measures related to job placements, skills development and adjustments of training programmes for new jobs, such as in renewable energy and related industries. Moreover, if people and communities are excluded and the rights of indigenous peoples ignored, resistance will hamper the pace of the transition. 38

49. The International Energy Agency has found that digital technologies are also playing an important role in the transformation of the energy sector. 39 Oil and gas companies have been early adopters of such technologies, but they also hold significant potential in the renewable energy sector, including in aspects such as enabling grids to better match energy demands, providing smart charging for electric vehicles and facilitating distributed use of energy resources such as household solar panels. However, digital technologies can have high energy consumption requirements that contribute to emissions; these could potentially be mitigated using artificial intelligence software. Nevertheless, in 2020, data centres and data transmission networks alone, which serve as the key infrastructure for digitalization, were responsible for nearly 1 per cent of energy-related greenhouse gas emissions.

### 1.2.2. Transport

50. The transport sector, in particular road transport, is a major source of greenhouse gases, accounting for some 25 per cent of global emissions. It is also a major source of black soot and local air pollution, which result in some 8 million deaths globally every year. The introduction of a voluntary or mandatory target of 50 per cent of all vehicles to be fully electric in industrialized and car-manufacturing countries by 2030 would not only reduce emissions but also create a net total of almost 10 million jobs across all sectors globally. 40
51. The public transport sector provides an opportunity for new, more environmentally sustainable jobs as well as more affordable, equitable and cleaner transport for everyone, particularly in developing countries where the poorest individuals rely on public transport systems.
52. Similar to the energy transition, job creation across the supplying industries is much larger than the direct employment effect in the transport sector (an increase of only 0.7 million jobs). This is produced mainly by a structural shift to increased use of more economical electric vehicles and the electrification of transport and public transport services. Reduced fuel consumption has particularly strong positive effects on employment in oil-importing countries, as money saved from refuelling cars and lorries is spent on other services. Industries that produce electrical machinery, appliances and batteries stand to gain from the transition, whereas a reduction in employment is expected across the fuel value chain and in the traditional automotive industry. If countries with a strong manufacturing base for cars with internal combustion engines fail to seize opportunities to switch to the production of electric vehicles, they will face a reallocation of jobs to those countries that are pioneering the shift towards electric transport. As the electrical and battery industries are currently mostly based in Asia, the majority of the jobs created under current projections will be in that region. 41

<sup>38</sup> Maria Antonia Tigre et al., *Just Transition Litigation in Latin America: An Initial Categorization of Climate Litigation Cases Amid the Energy Transition*, Columbia Law School, January 2023.

<sup>39</sup> International Energy Agency (IEA), *Digitalization & Energy*, 2017.

<sup>40</sup> ILO and United Nations Economic Commission for Europe (UNECE), *Jobs in Green and Healthy Transport: Making the Green Shift*, 23.

<sup>41</sup> ILO and UNECE, *Jobs in Green and Healthy Transport*, 23.

53. Industrial policies in traditional car-manufacturing countries are being geared to adapt to such projected global employment restructuring. For example, recent policies implemented in the United States of America through the Inflation Reduction Act, which earmarks \$369 billion to scale up a domestic green industry and road infrastructure, are already altering the socio-economic impacts by attracting massive investments in battery and electric car manufacturing (see box 4 below). Similar measures have been adopted in China and are being taken as part of the European Green Deal of the European Commission.
54. Along with the growing policy support for electrification, there are serious concerns regarding the battery supply chain and environmental pollution from materials such as lithium, cobalt and nickel, which are used not only for batteries in cars, buses and e-bikes, but also in digital devices such as smartphones or laptops. 42 For instance, an increase in demand for lithium may result in shortages as early as 2025, which may require expansion in mining projects. 43 In some countries, however, the mining of such materials has also resulted in labour issues such as child labour, hazardous working conditions and impacts on indigenous peoples' livelihoods. 44 This underscores the need to apply a just transition framework in promoting battery manufacturing, reuse and disposal.

### 1.2.3. Agriculture and forestry

55. About 1.2 billion jobs rely directly on the effective management and sustainability of a healthy environment, in particular those in farming, fishing and forestry. Environmental degradation threatens critical ecosystem services and the jobs that depend on them. Workers from lower-income countries, rural workers, people in poverty, indigenous peoples and other disadvantaged groups are affected most by environmental degradation and the impact of climate change. Conversely, they can reap major benefits from climate action through improved farming, fishing, forestry and **biodiversity conservation**. Some countries have in fact succeeded in improving labour market outcomes, creating jobs while building natural assets, restoring lands and decoupling growth from environmental destruction and carbon emissions. 45
56. Country assessments from Africa show that agriculture is the largest employer and also the sector most impacted by climate change. At the same time, with the majority of rural households relying on charcoal and firewood for cooking, it is also the sector with the highest emissions, driven by deforestation and change in land use. Policies for nature-based solutions, alternative energy sources, and climate-smart agriculture, agro-processing and forestry could reverse deforestation and loss of agricultural productivity, and thus serve as a powerful development engine in Africa.
57. Sustainable food systems and strong forest protection could generate over \$2 trillion annually in economic benefits, create millions of jobs and improve food security, while supporting solutions to address climate change. 46

#### 55 Did you know...

Integrating biodiversity conservation into development planning can help protect ecosystems and the services they provide, contributing to sustainable development.

<sup>42</sup> John H.T. Luong et al., "A Paradox over Electric Vehicles, Mining of Lithium for Car Batteries", in *Energies*, 15(21), 7997, October 2022.

<sup>43</sup> Ian Shine, "The world needs 2 billion electric vehicles to get to net zero. But is there enough lithium to make all the batteries?" *World Economic Forum*, 20 July 2022.

<sup>44</sup> United States Department of Labor, "List of Goods Produced by Child Labor or Forced Labor", 28 September 2022; Amanda Maxwell and James Blair, "Exhausted: How We Can Stop Lithium Mining from Depleting Water Resources, Draining Wetlands, and Harming Communities in South America", *MDC*, 26 April 2022.

<sup>45</sup> ILO, *Greening with Jobs*, introduction and Chapter 1.

<sup>46</sup> UN, *Our Common Agenda*, 2021, 59.

58. In Zimbabwe, for example, a shift to climate-smart agriculture production could add some 100,000 net jobs by 2030 in agro-processing, organic fertilizer production, pest control, farm management and post-harvest activities. 47
59. As wood fuel is a major energy source in Africa, with most of the population cooking on firewood and charcoal (up to 90 per cent of households in most sub-Saharan countries), forestry is the sector that produces the highest emissions and also negatively impacts agricultural productivity. In Nigeria, for example, where forests provide over 70 per cent of the country's total primary energy, 25 million people, mostly women, are engaged in firewood collection and charcoal production, spending between 30 minutes and four hours a day on it. That is equivalent to some 750,000 full-time jobs, but with very poor working conditions. In comparison, the oil and gas industry provides only around 70,000 jobs, but they are well paid. An investment scenario of a switch to alternative cooking energy combined with reforestation and a climate-smart agricultural production system could generate around 3 million net jobs across the economy, compared to almost none from investing in highly capital-intensive offshore oil and gas. 48
60. In Latin America and the Caribbean, a transition to a net-zero-emission economy could create 15 million new jobs by 2030. But this transition would also end 7.5 million jobs in fossil fuels and animal-based food production. However, these lost jobs would be more than offset by 22.5 million new job opportunities in other sectors key to the transition. Shifting to more sustainable plant-based foods would also create jobs and reduce pressure on the region's unique biodiversity while achieving the same GDP growth rates as in a business-as-usual scenario up to 2030. 49
61. Digital technologies in the agricultural sector offer important opportunities for strengthening resilience, for instance through weather-informed agronomic advice. 50 In Colombia, scientists drew on weather and crop data to provide advice that enabled rice farmers to avoid US\$3.6 million in drought-induced losses. 51 Digital technologies can also facilitate increased productivity and better access to market information, extension services, distribution networks and funding opportunities. 52 However, the digital divide remains a significant concern in terms of equality. For example, globally only 37 per cent and 24 per cent of farms of under one hectare were found to have access to 3G and 4G mobile network services, respectively. 53 In view of the existing inequalities in access to technology, digital innovations need to be accessible and affordable to small-scale farmers, with due consideration to women in rural areas. In this regard, promoting rural connectivity and skills development, especially digital literacy, are priorities. 54
62. Along with modern technologies, the traditional knowledge of indigenous peoples is vital for climate action in agriculture and forestry. 55 In the Amazon region, for instance, more than twice as much stored carbon was lost outside indigenous and protected territories compared to inside

## 60 Something to think about

How can the projected creation of 15 million new jobs by 2030 in Latin America and the Caribbean offset the loss of 7.5 million jobs in fossil fuels and animal-based food production?

By 2030, the shift to sustainable plant-based foods can create jobs in agriculture, food innovation, and supply chains. It supports biodiversity by reducing the environmental impact of livestock farming and can maintain GDP growth by expanding into new markets, driving exports, and fostering technological advancements in sustainable food production.

## 61 Something to think about

How can digital technologies in agriculture, which helped Colombian rice farmers avoid US\$3.6 million in drought-induced losses, be leveraged to improve rural connectivity and digital literacy, especially for women?

<sup>47</sup> ILO and United Nations Development Programme (UNDP), *Zimbabwe Green Jobs Assessment Report: Measuring the Socioeconomic Impacts of Climate Policies to Guide NDC Enhancement and a Just Transition*, 21.

<sup>48</sup> ILO and UNDP, *Nigeria Green Jobs Assessment Report: Measuring the Socioeconomic Impacts of Climate Policies to Guide NDC Enhancement and a Just Transition*, 2021, 16.

<sup>49</sup> ILO and Inter-American Development Bank, *Jobs in a Net-Zero Emissions Future in Latin America and the Caribbean*, 2020, 12–13.

<sup>50</sup> Jim Stephenson et al., *Digital Agriculture to Enable Adaptation: A Supplement to the UNFCCC NAP Technical Guidelines*, CCAFS Working Paper No. 372, 2021.

<sup>51</sup> CCAFS, "Cracking Patterns in Big Data Saves Colombian Rice Farmers' Huge Losses", 2016.

<sup>52</sup> Nikola M. Trendov, Samuel Varas and Merg Zeng, *Digital Technologies in Agriculture and Rural Areas: Status Report*, FAO, 2019, 94.

<sup>53</sup> Zia Mehrabi et al., "The Global Divide in Data-Driven Farming", in *Nature Sustainability* 4, 154–160, 2021.

<sup>54</sup> ILO, *Advancing Social Justice and Decent Work in Rural Economies*, Policy Brief, October 2022, 9.

<sup>55</sup> ILO, *Indigenous Peoples and a Just Transition for All*, *Just Transition Policy Brief*, November 2022, 9.

such territories. 56 Indigenous women are often the custodians of traditional knowledge. However, traditional knowledge and skills often lack recognition, and challenges remain in realizing indigenous peoples' rights. 57

### 1.2.4. Waste, recycling and a circular economy

63. The ILO estimates that a global shift towards a more **circular economy** could add a net total of between 7 and 8 million new jobs by 2030 compared to a business-as-usual scenario. The net gain masks significant labour market frictions and restructuring needs, as nearly 78 million jobs would be created (including in mid-skill occupations in sales, repair and recycling) while almost 71 million would be lost. Male-dominated occupations face the greatest impact and hence the greatest need for reskilling and upskilling so that workers may benefit from new job opportunities. This also suggests that current gender-based occupational segregation is likely to persist and women will be employed in only a fraction of the jobs created. Thus, the sector transition is likely to perpetuate traditional gender stereotypes, unless remedial measures are taken, such as skills training, respecting rights and ensuring equal opportunity and treatment. 58
64. **Waste management is another sector where digital technologies hold significant potential to increase efficiencies and protection, such as through semi-autonomous waste collection vehicles, digital ID tags for waste bins, and in the treatment and handling of waste. 59**
65. Despite this potential, the management of e-waste itself remains a challenge. Over 54 million metric tonnes of e-waste was generated in 2019, of which only 17.4 per cent was officially documented as properly collected and recycled. 60 The generation of e-waste is emblematic of unsustainable consumption and production patterns. Waste is regularly shipped to developing countries, where workers in the informal economy are engaged in the sector; this poses serious environmental and health risks to workers, communities and the biodiversity. 61 Pollution from plastics remains a significant challenge, as only 9 per cent of plastic waste is recycled. Plastic leakage in developing countries has been increasing, while resources and infrastructure for waste management tend to be constrained. Moreover, the sector also faces inequalities related to gender, race and caste, among others, and workers are sometimes stigmatized and lack the most basic safety equipment. 62

<sup>56</sup> Wayne S. Walker et al., "The Role of Forest Conversion, Degradation, and Disturbance in the Carbon Dynamics of Amazon Indigenous Territories and Protected Areas" in *PNAS*, 117(6), January 2020, 3015–3025.

<sup>57</sup> ILO, *Implementing the ILO Indigenous and Tribal Peoples Convention No. 169: Towards an Inclusive, Sustainable and Just Future*, 2019, 23.

<sup>58</sup> ILO, *Skills for a Greener Future*, 24.

<sup>59</sup> Holger Berg et al., *Digital Waste Management*, European Environment Agency, 2020, 33; UNDP, "Going Digital to Handle the Tide of Medical Waste in Indonesia", blog post, 27 July 2022.

<sup>60</sup> Vanessa Forti et al., *The Global E-Waste Monitor 2020: Quantities, Flows, and the Circular Economy Potential*, 23.

<sup>61</sup> ILO, "From Waste to Jobs: Decent Work Challenges and Opportunities in the Management of E-Waste in Nigeria", ILO Sectoral Policies Department Working Paper No. 322, 2019, and "From Waste to Jobs: Decent Work Challenges and Opportunities in the Management of E-Waste in India", Working Paper No. 323, 2019.

<sup>62</sup> Sukhadeo Thorat, *Challenges and Policies to Address the Persisting Problems of Sanitation Workers in South Asia: Background note to the workshop on decent work for sanitation workers in South Asia*, ILO, 2021, 2; Dan Leif, "There is no diversity: The racial inequities in recycling leadership" in *Resource Recycling*, 2 February 2021.

### 63 Did you know...

Circular economy models are systems designed to minimize waste and make the most of resources. Unlike the traditional linear economy, where products are made, used, and disposed of, a circular economy focuses on reusing, repairing, refurbishing, and recycling materials to create a closed-loop system. Circular economy models focus on minimizing waste and maximizing resource use, contributing to environmental sustainability and economic resilience.

### 64 Think about

How can technology and transformations across economic sectors, including energy, transport, and waste management, advance a just transition?

### 1.3. Opportunities and challenges for decent work and sustainable development

66. The type and breadth of policy responses to the climate and environmental crisis present two main challenges for the world of work. The employment challenge is that the transition will cause jobs to be lost, relocated and transformed at the same time as new jobs are created; this is increasingly well understood and planned for. The socio-economic challenge, which is only starting to be recognized, is that a transitional increase in the global price of energy raises the cost of basic necessities, such as food, health and housing. This is impacting low-income earners most, as they spend a larger share of their income on energy and related goods, thereby increasing pre-existing gender, income and wage inequality within and between countries.

#### 1.3.1. The employment challenge and opportunity

67. In terms of the scale of the employment challenge, it is estimated that only around 2 per cent of global employment will be directly altered by a structural transformation towards carbon-neutral and sustainable industries and economies – far less than from the transition in information and communication technologies. 63

68. One of the sectors most affected is the energy sector and the related mining and supplying industries in coal, oil and gas. According to the latest estimates by the International Energy Agency, nearly 40 million people worldwide work in jobs related to clean energy, representing 56 per cent of total employment in the energy sector. This means that, for the first time ever, jobs in clean energy outnumber jobs in producing, transporting and burning fossil fuels. 64 Further clean energy jobs and extractive activities will be required to meet the demand for critical minerals used in renewable energy production and electric vehicle manufacturing (in particular, copper, lithium, nickel, cobalt and rare earth elements). However, new extractive projects driven by growing demand from the renewable energy sector also risk displacing or altering local communities, degrading local water supply and ecosystems, affecting livelihoods in sectors that depend on a healthy environment, and contributing to child labour and other decent work deficits.

69. In order to ensure that the energy transition does not lead to new forms of social inequality, exclusion and environmental degradation, sectoral policies must ensure respect for the rights of workers and indigenous peoples, notably those in mining of minerals critical for technology products and renewable energy and those involved in processing e-waste (such as decommissioned solar panels and turbines).
70. In addition, the phasing out of coal (and petroleum) carries socio-economic implications that extend beyond the relatively small share of workers in those industries. Many coalmining and oil- and gas-rich countries and regions lack economic diversification and alternative job opportunities. The challenge is compounded by the remoteness of some mining regions, and the sense of identity that many communities derive from mining, oil and gas.
71. The impact on the agriculture, forestry and fisheries sector will be extensive, given that it is directly dependent on the availability and quality of natural resources and ecosystems. Climate change and biodiversity loss, deforestation and degradation are putting at risk the income and food security of 40 per cent of global workers who rely on a stable and healthy environment. Furthermore, today's food systems – which are based on industrial agricultural production that

#### 68 Something to think about

How can the development of “renewable energy projects” contribute to job creation and economic growth in the region?

Investments in renewable energy can create significantly more jobs per dollar spent compared to fossil fuel investments.

<sup>63</sup> ILO, *Skills for a Greener Future*, 24.

<sup>64</sup> IEA, *World Energy Employment*, 2022, 19.

results in deforestation – contribute up to one third of greenhouse gas emissions, up to 80 per cent of biodiversity loss and up to 70 per cent of freshwater use, while failing to provide millions of people with a nutritious diet. Livestock production for meat consumption, to which 70 per cent of all agricultural land is dedicated globally, is linked to widespread environmental degradation and growing food insecurity. Meanwhile, unsustainable and destructive fishing practices are driving the collapse of global fish stocks, leading to long-term economic and employment losses and threatening the livelihoods of fishers and fishing communities. 65

72. Impacts related to climate change, such as changing rain patterns and increasing temperatures, are exacerbating sustainability challenges in the sector, pushing farmers into poverty and increasing the risk of social conflict, forced displacement and gender-based violence.
73. Providing food security and nutrition for a growing world population therefore requires an economic development strategy that adopts a just transition approach in the agro-food sector to transform food systems for the benefit of farming communities, workers, food consumers and the environment. Such an approach is critical to ensuring decent work on farms and along the entire agro-food supply chain, as well as to addressing the interlocking challenges of climate change and biodiversity loss through **climate-smart agricultural practices** and massive investment in nature-based solutions.
74. Climate change hits farmers, fishers, and workers in rural and low-lying coastal areas particularly hard, which increases conflict and forced migration. The lack of protection for migrants and the barriers to decent work in host communities within countries or across borders risk further increasing inequality. The lack of regular pathways and protection force people into irregular migration and into precarious, low-paid jobs.
75. Providing people at high risk of the impacts of climate change with access to decent work opportunities abroad can enable them to build their resilience through livelihood diversification, skills development or through investment of remittances into adaptive activities. Hence, policies on labour migration, climate adaptation and disaster risk reduction must be better aligned with employment policies, and be developed through social dialogue.

### 1.3.2. The socio-economic challenge and opportunity

76. There is a risk of worsening social equity, in particular due to energy transition policies. As energy is an input in fertilizer production, food processing, transport, cooking and heating, the increasing cost of energy raises the price of food and other basic needs. Low-income households are impacted disproportionately. As food, transport and housing account for a large share of expenditure in low-income households, but a much lesser share in high-income households, an increase in energy prices is worsening inequality. 66 As a result, millions could be pushed into poverty, access to employment opportunities could become even more unequal, and gender, income and wage inequality could worsen. Political instability, social unrest, conflict and opposition to climate policies could arise. In turn, this undermines the feasibility of climate action.
77. For the energy transition to be just – from a social, equity and income distribution perspective – it must acknowledge and address income and energy inequality simultaneously. One example of a successful policy is progressive carbon pricing schemes in which revenues are re-invested in social

#### 73 Did you know...

Sustainable agricultural practices can improve food security by increasing productivity and resilience, while also reducing environmental impacts.

<sup>65</sup> ILO, *Sectoral Policies for a Just Transition*, 14.

<sup>66</sup> IRENA, *Renewable Energy and Jobs*.



protection systems that ensure income security, for example through cash transfers as part of the implementation of energy price and subsidy reform. 67

78. To address inequality, findings from the World Inequality Lab suggest that profound transformations of international and national tax regimes will be necessary to increase the progressivity of taxes and ensure that efforts to address the climate and environmental crisis are shared equally across populations. 68

### 1.3.3. A Global Coalition for Social Justice

79. The scale and outcomes of social and labour market transitions will depend not only on each country's economic structure and the quality of the business environment, industrial sectors and skills availability, but first and foremost on the policy choices and type of responses. Bold government responses, developed in consultation with employers' and workers' organizations and built on the three pillars of sustainable development – economic growth, social development and environmental protection – are urgently needed. If well managed, they can turn the planetary crisis into an opportunity to reduce global inequality, create decent jobs and ensure a just transition for all.
80. The potential gains in decent work and poverty reduction can only be achieved if climate action policies and social policies are designed and implemented in a coherent, mutually reinforcing manner. A decisive response to the global ecological crisis can only be socially feasible if it is grounded in social justice, ensuring a fair distribution of the benefits and the burden across society. This calls for authoritative guidance from ILO constituents, deploying the unique tripartite approach of the Organization to seize the historic opportunity to advance social justice. A Global Coalition for Social Justice could contribute to addressing the planetary crisis and rebalancing the unequal development between and within countries for generations to come.

<sup>67</sup> Charzciel et al., *Climate Inequality Report 2022*, 81.

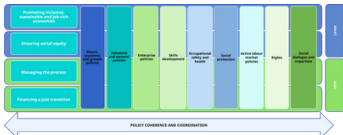
<sup>68</sup> Charzciel et al., *Climate Inequality Report 2022*, 130.

## □ Chapter 2. Policies and action to advance a just transition

### 2.1. Action framework for a just transition

- 81.** Building on the ILO Guidelines for a just transition, which were adopted by representatives of governments and employers' and workers' organizations in 2015, this chapter will review the key policy areas where urgent action is required to achieve socially, economically and environmentally sustainable outcomes, and will consider key processes and various financing frameworks for their implementation. There are four main elements:
- promoting inclusive, sustainable and job-rich economies;
  - ensuring social equity;
  - managing the process;
  - financing a just transition.
- 82.** These central elements define the policy dimensions that would ensure a just transition (the "what"). Moving towards economically, socially and environmentally sustainable societies requires us to promote inclusive economies that provide decent jobs for all, while staying within the resource limits of our planet. Ensuring that all people who are willing and able to work also have access, without discrimination, to decent job opportunities is key to human-centred development and achieving social equity, which in turn are also fundamental to accelerating climate and environmental actions. At the same time, ensuring social equity will also require providing protection for those at risk of falling behind in the transition and tailored measures to harness their potential.
- 83.** The elements also cover the process and mechanisms for a just transition (the "how"). Well-designed policies form the basis for a just transition, but unless they are well coordinated, include all the relevant stakeholders and are financed, they will remain unimplemented. Given the acute state of climate change, environmental degradation and the multiple crises that are changing the world of work, there is an urgent need to design, implement and fund policy action that brings about sustainable change and socially equitable outcomes.

Figure 1. ILO Guidelines for a just transition: Action framework



84. The central elements encompass all the policy areas outlined in the ILO Guidelines for a just transition, which each contribute in a distinct yet interrelated manner (Figure 1). For instance, macroeconomic and growth policies not only contribute to the promotion of job-rich economies, but, if designed well, are also an integral element of social equity in that they promote sectoral policies that open up job opportunities to those currently excluded, and create an enabling environment for sustainable enterprises. Such policies also extend social spending to those most in need. For these policies to gain ownership and popular support, it is crucial that they are developed through social dialogue. Progressive and green taxation can be designed as part of the policy package to create a conducive environment for green investment and to obtain the resources necessary to finance the change.
85. Managing the process of transition will require coherence across the policy areas, and effective institutional coordination to plan and implement the changes, aligned with evidence-based monitoring and evaluation frameworks. The Employment Policy Convention, 1964 (No. 122), calls for a coordinated approach to economic and social policies to promote full, productive and freely chosen employment. In the context of a just transition, the dual challenge is to incorporate employment considerations into environmental policies while ensuring environmental sustainability in economic and employment policies. These underlying principles for a just transition are anchored in the policy areas presented in the ILO Guidelines.

## 2.2. Key policies for a just transition

86. Achieving a just transition requires determined policy action that puts a human face on policies and integrates climate and employment targets into a coherent policy framework. Evidence shows that, if well designed, a progressive climate and environmental policy can also be beneficial for employment and equity targets. A transition towards climate neutrality can generate net employment, although this varies significantly across sectors.<sup>69</sup>

<sup>69</sup> ILO, *Greening with Jobs*, 53.

## 2.2.1. Macroeconomic and growth policies for sustainable economies

87. Macroeconomic policies offer an important steering mechanism towards achieving goals in reducing carbon emissions and promoting a just transition. 70 Macroeconomic policy instruments can, for instance, induce investment in renewable energy, new technology and green production practices, and boost investments into human capital and the skills needed for the transition. Well-designed, green, inclusive and gender-transformative macroeconomic policies can increase the resilience of the economy to the impact of climate shocks and facilitate the transition in labour markets by promoting the creation of green jobs and equal employment opportunities across all sectors, targeting gender equality by industry and occupation. 71
88. The main components of macroeconomic policies that have a bearing on a just transition consist of fiscal policy and monetary policy instruments. In the green fiscal policy domain, making the polluter pay the social cost of emissions through carbon pricing is a key means of addressing market failures leading to excessive emissions. Yet, for political economy reasons, it can be difficult in many countries to remove price distortions such as subsidies on fossil fuel. Governments around the world still invest around half a trillion dollars annually into artificially lowering the price of fossil fuels — more than triple the amount allocated to renewable energy. 72

### Box 2. Carbon pricing with considerations of a just transition

**Carbon pricing instruments**, especially carbon taxes, can be effective instruments to change behaviour towards climate-friendly outcomes. In practice, however, managing an emissions pricing scheme that covers most emissions and is progressive can be technically challenging, particularly if the underlying causes of market failures giving rise to emissions remain and are not effectively addressed. Rather than taxing emissions directly, many countries have chosen to implement emissions trading schemes that set quantitative allowances for emissions. The best-known example is the EU Emissions Trading System, which has been operational since 2005. More recently, China launched its national scheme, which is estimated to cover one seventh of global carbon emissions.

In a context where the theoretical conditions for perfect markets do not exist, externalities occur and market failures that drive environmental damage happen, a well-managed carbon pricing scheme should send price signals to the market to move towards green technologies, while protecting low-income households from undue cost implications. Carbon taxation policies can and should be combined with additional public expenditures, enhanced delivery of public services, and support through green subsidies as well as social protection to compensate for the welfare losses and avoid negative distributional effects. Carbon tax schemes should be carefully designed so that they do not have a disproportionately negative impact on, for example, small and medium-sized enterprises and rural communities. Furthermore, they could be used to reduce the incidence of distortionary and regressive labour taxes and thereby reduce inequality and maximize the benefits of reform.

89. Besides green taxes, other direct and indirect taxes (such as value added taxes) are important policy tools to ensure that sufficient resources are available to fund social and economic spending for a just transition. Creating sufficient fiscal space for the necessary investment in public goods (such as smart grids, ecosystem restoration and essential basic infrastructure for electric charging) and social spending (for example, in social protection to ease the transition) is an important part of a green policy package. As governments are major consumers of goods,

<sup>70</sup> This section draws heavily on ILO, *Greening Macroeconomic Policies: Current Trends and Policy Options*, Just Transition Policy Brief, November 2022.

<sup>71</sup> ILO, *Gender Equality and Green Jobs*, Policy brief, 2015.

<sup>72</sup> Jocelyn Timperley, "Why fossil fuel subsidies are so hard to kill", *Nature*, 20 October 2021.

### 87 Something to think about

What measures can be taken to promote "gender equality" in emerging green sectors?

Targeted initiatives such as providing training and addressing barriers to employment can significantly enhance women's participation in green jobs.

### 82 Did you know...

Carbon pricing instruments, such as carbon taxes or cap-and-trade systems, generate revenue that can be reinvested in sustainable development projects, supporting a just transition to a low-carbon economy.

services and works, promoting sustainable procurement policies offers a way to incentivize further use of green technologies and to promote innovation. Recent experience with the historic stimulus packages in response to the COVID-19 pandemic has shown that fiscal stimulus can be, but is not always, used to direct public and private **investment towards a green transition**. Taken together, public investment and procurement, taxation and targeted subsidies are all part of the macroeconomic policy toolbox for pricing climate and environmental externalities and bringing about more equitable outcomes.

**Box 3. Fiscal stimulus packages to build back better?**

Fiscal stimulus is a common policy measure to boost economies and employment as a response to economic crises. They sometimes include environmental objectives. During the COVID-19 crisis, unprecedented stimulus packages were launched, especially in middle- and high-income countries, to counteract the economic downturn. While recovery spending could have been better aligned to sustainability goals to “build back better and greener”, there have been efforts in several countries to stimulate job-rich sustainable growth.

In France, the “France Relance” programme aims, in the short term, to regain the pre-pandemic level of economic activity and reduce unemployment and, in the longer term, to accelerate a green transition by improving business competitiveness, promoting social and territorial cohesion and investing in skills and jobs. The plan has an overall budget of €100 billion, including the country’s Recovery and Resilience Plan financed by the EU.

In Indonesia, the Green Recovery Roadmap seeks to stimulate job creation and growth by promoting the green economy. At the strategic level, the road map seeks to integrate a green recovery in development planning and budgeting processes and to secure funds for long-term green-economy initiatives. At the programmatic level, it includes incentives for micro, small and medium-sized enterprises in waste management, the installation of solar panels in buildings and support for increasing plantation crop productivity and farmer incomes while avoiding deforestation.

90. As noted in the ILO Guidelines for a just transition, coordinated fiscal and monetary policies to facilitate a transition towards green economies are an invaluable part of the just transition toolbox. Yet, the impact of such policies on sustainable enterprise development and on different groups on the labour market depends on the sectoral distribution of investments. Hence, careful country-specific analysis of the conditions and transmission mechanisms is needed prior to drawing conclusions on the appropriate mix of policies for each country.

## 2.2.2. Industrial and sectoral policies that harness technological innovation

91. Moving towards low-carbon economies, more careful stewardship of the environment, and sustainable production and consumption practices will mean that some sectors will decline, others will grow, and many will transform through new technologies and new modes of production and work. To address the opportunities and challenges arising from the move towards low-carbon, climate-resilient, circular and digital economies, ILO Member States are increasingly formulating and implementing corresponding industrial and sectoral policies or strategies. 73, 74 Targeted industrial policies are used not only for economic development purposes but also to

<sup>73</sup> Industrial and sectoral policies or strategies refer to interventions or government policies that are designed to improve the business environment or to alter the structure of economic activities towards specific sectors, technologies or tasks.

<sup>74</sup> During the period 2013–18, at least 84 countries across continents issued industrial policy statements or explicit policy frameworks for industrial development: United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2018: Investment and New Industrial Policies*, 2018, 128.

### 89 Did you know that...

How can technology and transformations across economic sectors, including energy, transport, and waste management, advance a just transition?

### B3 Something to think about

Can fiscal stimulus packages to contribute build back better in the process of a just transition?

Fiscal stimulus refers to government measures, such as increased public spending or tax cuts, aimed at boosting economic activity. In the context of a just transition to a green economy, fiscal stimulus can be applied by providing subsidies or tax incentives for businesses to adopt sustainable practices.

respond to myriad contemporary challenges, such as fostering business transformation for sustainable production, creating jobs and reducing poverty, participating in the technological revolution and in global value chains, promoting efficient and clean energy and greening the economy. 75

92. While traditional industrial and sectoral policies and strategies have focused more narrowly on growth, productivity and the protection of domestic industries, there is currently greater recognition that industrial policies need to be designed to bring about a transition that is ecologically and environmentally sustainable, and to advance the employment, skills and innovation needed for the transition. Many countries also indicate that they see economic diversification and energy diversification as key elements in their NDCs, as part of their climate actions. In recent years, some countries, such as the United Kingdom of Great Britain and Northern Ireland, 76 have also included transition goals in the response to the COVID-19 pandemic.

93. When formulating and implementing sustainable and inclusive sectoral and industrial policies and strategies, governments, employers and workers should pay special attention to the regions, communities, enterprises and workers whose livelihoods might be most impacted by the adoption of new technologies and the transition to greener and circular modes of production. 77 These strategies should acknowledge that the sectoral composition of the workforce is highly gendered, and thus gender-transformative policies are needed to allow equal access to jobs and to strengthen mobility across sectors for both women and men. Similarly, the inclusion of persons with disabilities, ethnic minorities, indigenous peoples and other under-represented groups in policy dialogue around the transition of sectors is a key strategy in ensuring a just and inclusive transition. 78

□ **Box 4. Using industrial policy to combat climate change in the United States**

In the United States, the Inflation Reduction Act of 2022 is intended to accelerate the transition to clean energy and a safer environment while generating jobs and improving access to affordable energy. The Act includes climate-related investments of up to \$391 billion, focusing on clean energy development through technology, manufacturing, and innovation, as well as energy efficiency in buildings, clean transport, pollution reduction and improved resilience of communities. The cumulative climate, energy and environmental investments in the Inflation Reduction Act are projected to create more than 9 million jobs over the next decade and to reduce emissions by 40 per cent by 2030. The Act also advances the Justice40 Initiative, which pledges to deliver 40 per cent of the overall benefits of climate, clean energy, infrastructure, and related federal investments to disadvantaged communities that are disproportionately affected by pollution and environmental hazards.

### 2.2.3. Enterprise policies and enabling environment for change

94. The private sector plays an indispensable role in a just transition by creating new decent jobs, introducing and investing in new technologies and adopting business practices that foster more sustainable economies. Governments can create an enabling environment for sustainable

<sup>75</sup> José Salazar-Xirinachs, Ingrid Nübler and Richard Kouzi-Wright, *Transforming Economies: Making Industrial Policy Work for Growth, Jobs and Development*, ILO, 2014, 1.

<sup>76</sup> Government of the United Kingdom, "PM Outlines His Ten Point Plan for a Green Industrial Revolution for 250,000 Jobs", press release, 18 November 2020.

<sup>77</sup> For one example of a practical application, see Government of Canada, "Task Force: Just Transition for Canadian Coal Power Workers and Communities", 11 March 2019.

<sup>78</sup> ILO, *Sectoral Policies for a Just Transition*, 4.

### 93 Something to think about

What is the role of "gender-sensitive policies" in promoting an inclusive green transition?

Gender-sensitive policies ensure that women's needs and perspectives are considered, promoting gender equality and empowering women in the green economy.

enterprise development, entrepreneurship, productivity growth and innovation by reforming the regulatory framework to encourage private investment in the green economy, support new demands of social equity and thereby promote a new ecosystem of small, medium-sized and large enterprises that can take advantage of the new opportunities and generate employment. As the business community is becoming increasingly active in a just transition, conducive policies are required to facilitate and regulate the business environment to ensure a mutually reinforcing interaction between private and public actors towards socially desirable outcomes.

**Box 5. Private sector action for a just transition**

Individual companies are increasingly being expected to take action towards a just transition. In 2021 the World Benchmarking Alliance, a non-profit organization, along with an advisory group that involved the International Organisation of Employers, the International Trade Union Confederation and the ILO, developed indicators to measure such action. The climate and energy benchmark included 100 oil and gas companies, 50 electric utilities companies and 30 automotive manufacturers.

The purpose of the benchmark is to stimulate company-level action, but businesses can also contribute to environmental and social goals through collaboration and partnerships. In one example, in a disadvantaged area in Northern Sweden that is heavily dependent on the steel and mining industries, a mix of public and private companies joined forces to invest in and develop a fossil-free steel project which created employment opportunities.

95. However, the quality of the business environment can vary greatly by region and country. Factors such as economic stability, government regulations, access to capital and resources, infrastructure, and the availability of skilled labour can all affect the overall strength of the business environment and either facilitate or hinder a just transition in a given region or country. A joint study conducted by the ILO Bureau for Employers' Activities and the International Organisation of Employers (IOE) shows that nearly 70 per cent of enterprises recognize that the increasing environmental and disaster risks have a considerable impact on their operations.<sup>79</sup> Moreover, a recent survey by the World Economic Forum shows that societal and environmental risks dominate the short- and medium-term considerations of the world's academic, business, government, civil society and thought leaders.<sup>80</sup> By fostering a supportive business environment and taking climate and environmental action jointly with just transition measures, governments can mitigate these risks and encourage entrepreneurship, innovation, green jobs and inclusive economic growth, which in turn benefits society.
96. Besides the risks in the external environment, enterprises are facing barriers in their immediate business environment. According to World Bank enterprise surveys, access to finance continues to be the main barrier for enterprise development, especially in sub-Saharan Africa, followed by corruption.<sup>81</sup> Lack of access to finance, limited skills (including digital, technological and management skills) and insufficient information on how to pursue market opportunities are still major constraints, especially for micro and small enterprises, to both entering green markets and greening their business processes. This traps enterprises in low productivity cycles and limits their growth and uptake of green business practices.
97. These surveys, however, do not cover informal economic units, which are dealing with a distinct set of constraints. The informal economy comprises more than half of the global labour force and more than 90 per cent of micro and small enterprises worldwide, which face challenges in

<sup>79</sup> ILO and IOE, *Changing Business and Opportunities for Employer and Business Organizations*, 2019, 45.

<sup>80</sup> World Economic Forum, *The Global Risks Report 2023*, 18th Edition, 14.

<sup>81</sup> See <https://www.enterprisesurveys.org/en/data/exploretopics/biggest-obstacle>.

reaching a minimum efficient scale and economic viability. Thus, engaging with informal workers and economic units will be an important element of achieving the goals of a just transition. To this end, it is important to raise awareness of the links between measures for a just transition and formalization strategies and to ensure that the specific challenges faced by workers and micro and small economic units in the informal economy are tackled. 82

98. Moreover, it has been demonstrated that gender equality and diversity within enterprises and support organizations can have a significant impact in combating climate change. 83 To harness the power of women as agents of change for a just transition within such entities, policies should aim at achieving gender balance at all enterprise levels and encourage the implementation of green policies and practices. International labour standards provide relevant frameworks to promote gender equality in the workplace. 84

□ **Box 6. Green jobs strategies to leverage sustainable enterprises**

Efforts to maximize job opportunities in the transition to sustainability have commonly been structured through green jobs policies. Countries such as Argentina, Côte d'Ivoire, Ghana, Mauritania and Senegal have developed national green enterprise and jobs strategies or action plans to tackle concerns over unemployment, especially among youth, while advancing environmental goals. They typically have a strong emphasis on enterprise development and skills.

In Ghana, the Ministry of Labour and Employment Relations formulated a national Green Jobs Strategy, in consultation with the social partners, multiple line ministries, civil society and academia. Building on Ghana's National Employment Policy adopted in 2015, which identified greening among emerging opportunities for employment creation, the strategy has four components: policy coordination and capacity-building; skills for green jobs; green enterprises; and sustainable financing.

In the Philippines, the Green Jobs Act of April 2016 aims to promote sustainable growth, create decent jobs and build resilience against climate change. It mandates various government offices to promote green jobs in their respective sectors. The Act has a strong focus on enterprise development and skills. It introduced a range of financial incentives to encourage enterprises to create green jobs and provide relevant training, and provides for support services to micro, small and medium-sized enterprises, particularly on clean technologies. The Act includes provisions for the development of training regulations and qualifications frameworks, to facilitate the certification of skilled and professionals in green occupations and envisages the design of a National Green Jobs Human Resource Development Plan.

99. The ILO Guidelines for a just transition underline the need for comprehensive policy frameworks that are based on social dialogue and that provide an enabling environment for sustainable enterprise development. Financial incentives (such as grants, low-interest loans and tax incentives), green public procurement policies, enterprise formalization, and the upskilling of both managers and workers to support innovation can pave the way for a just transition to environmentally sustainable economies. However, avoiding any negative impact on growth and welfare also means that labour market frictions must be managed and that the required investments in green transition must supplement rather than crowd out other investments.

**99 Something to think about**

How can "financial incentives" support the transition to a green economy?

Financial incentives, such as subsidies and tax breaks, can encourage investments in renewable energy and other green technologies.

<sup>82</sup> ILO, *A Decent Transition: Formalization and the Shift to Environmental Sustainability with Decent Work*, 2022, 17–18.

<sup>83</sup> Yener Altunbas et al., *Does Gender Diversity in the Workplace Mitigate Climate Change?* Working Paper Series No. 2650, European Central Bank, February 2022.

<sup>84</sup> These include the Equal Remuneration Convention, 1951 (No. 100); the Discrimination (Employment and Occupation) Convention, 1958 (No. 111); the Violence and Harassment Convention, 2019 (No. 190); the Workers with Family Responsibilities Convention, 1981 (No. 156); and the Maternity Protection Convention, 2000 (No. 183).



## 2.2.4. Reskilling and upskilling for changing labour markets

- 100.** Skills play a twofold role in a just transition, as they serve as both an enabler for growth and as a buffer against negative impacts from climate and environmental change and other global crises. The availability of relevant skills supports economic growth, employment and enterprises policies, and industrial and structural transformation. Skills attract investment and help in greening businesses and deploying new technologies, including clean and digital technologies. Such measures, in turn, boost productivity, including in micro, small and medium-sized enterprises, and enhance job growth. Skills development also plays an important role in levelling the playing field in the green and digital transformation. Access to skills development for greener jobs facilitates an inclusive and just transition, and increases the employability of workers and the adaptability of enterprises to pursue new green ventures. Training that targets women, young people and disadvantaged groups supports their eventual uptake of green jobs. Increasing reskilling opportunities is also key to providing alternative livelihoods for those in climate-vulnerable areas (such as coastal communities and wetlands) and decreasing the chances of forced displacement. The availability of relevant skills and access to training is dependent, however, on massive investments in **education and training** for new jobs arising with the green transition, as well as on reskilling and upskilling to support workers from declining industries to make a smooth transition to growing industries. <sup>85</sup> It is particularly important to invest in workers' acquisition of a set of portable, core, semi-technical and technical skills, as such skills can be transferred across occupations and industries and increase workers' employability.

### Box 7. Greening with skills in India

In India, the Skill Council for Green Jobs was established in 2015 by the Government under the National Skill Development Mission and is promoted by the Ministry of New and Renewable Energy and the Confederation of Indian Industry. Its governing council includes representatives of government ministries and employer bodies as well as individual employers. Its objective is to identify skills needs within the green business sector and to implement industry-led, collaborative skills and entrepreneur development initiatives. It also runs green skills development programmes.

- 101.** Despite recent progress, skills development and lifelong learning systems in many countries are still constrained by a lack of coherent policies and policy coordination, supply-driven approaches, insufficient financial allocations and incentives, inadequate investment in infrastructure, limited human resources and capacity, and insufficiently targeted measures. <sup>86</sup> These challenges call for a joint effort and shared responsibility by governments, employers and individual workers' representatives to build more effective, relevant and inclusive skills development and lifelong learning systems, with education and training institutions delivering demand-led training courses and the social partners playing a strategic role in shaping the quality and quantity of their supply. <sup>87</sup>

<sup>85</sup> A recent review of US and UK labour market data showed that low-carbon jobs are systematically more skills-intensive than other jobs. Low-carbon jobs also require higher-level information technology and cognitive skills, which are also in high demand due to the ongoing digital transformation. The emerging skills gap resulting from the low-carbon transition is therefore larger and broader than previously considered: Misato Sato et al., *Skills and Wage Gaps in the Low-Carbon Transition: Comparing Job Vacancy Data from the US and UK*, CCCEP and Grantham Research Institute, January 2023, 15.

<sup>86</sup> ILO, *Shaping Skills and Lifelong Learning for the Future of Work*, I.LC.109/VI, 2021, and resolution concerning skills and lifelong learning.

<sup>87</sup> ILO, *Skills Development for a Just Transition*, Just Transition Policy Brief, October 2022, 10.

### 100 Did you know...

Education and training programs are essential for reskilling workers to meet the demands of new green jobs, ensuring they are not left behind in the transition.

### 101 Something to think about

How can "inclusive policy frameworks" ensure that marginalized communities benefit from the green transition?

Inclusive policy frameworks can ensure marginalized communities benefit by mandating that a portion of green jobs and renewable energy investments are directed specifically to these marginalized communities, providing training programs, and facilitating community ownership of renewable energy projects.

102. Aligning skills development policies with macroeconomic, industrial, sectoral, employment, digital, labour migration, climate and environmental change, and enterprise policies in a more integrated manner and facilitating systematic policy coordination and social dialogue at the planning, design and implementation stages are crucial in enabling the development of green enterprises and improving skills relevance and matching. It is also essential to build effective labour market information systems and skills anticipation and monitoring systems to better understand the employment effects and changing demand for skills of the green economy. Good-quality and reliable analyses and data on supply and demand related to green jobs will enable skills development policies, strategies, and programmes to be adapted more effectively for better job matching.
103. To equip the current and future workforce with the relevant skills, it is vital to identify and anticipate skills needs for the green transition, to collect related labour market information and subsequently to deliver skills training through education and training at all levels, particularly technical and vocational education and training. 88 Successful individuals in a greener labour market will need a good combination of occupational and technical skills, such as engineering and installation, construction and energy efficiency, repair and maintenance, sales and marketing, and also core skills, such as collaboration, communication, systems thinking and problem-solving.
104. Empowering enterprises and industries to engage in the greening agenda is imperative, as the transition to resource-efficient and lower-carbon processes begins at the workplaces. Enterprises – especially micro and small enterprises – require support in developing their skills for the green economy, as they often lack the capacity and resources to provide training on their own. In particular, quality apprenticeships can increase the relevance of learning to the world of work and support the growth of sustainable enterprises. 89
105. Providing equitable access to skills and lifelong learning for all individuals at all stages of their lives and careers, with targeted measures to meet the needs of disadvantaged and vulnerable groups, including those in the informal economy, will increase the chances of advancing a just transition. The use of digital learning solutions, extended financing, validation and recognition of skills and all forms of prior learning, increased opportunities for apprenticeships, and the role of trainers and teachers and their pedagogical skills are important aspects in enhancing the inclusiveness of education and training. In addition, recognition of the traditional knowledge and skills of indigenous peoples plays a vital role in advancing climate mitigation and adaptation efforts.
106. Boosting the skills needed for the economy of tomorrow requires increased investments in entire education systems. This includes directing domestic resources and mobilizing support from international cooperation. Innovative mechanisms for financing skills development and lifelong learning, such as tax incentives, levy-grant systems, training vouchers and individual learning accounts, are essential for incentivizing participation in lifelong learning and enhancing the productivity of enterprises, particularly micro, small, and medium-sized enterprises. It is equally important to ensure that all workers have the time and financial support (paid educational leave) they need to balance their work, family and lifelong learning needs throughout their careers. In addition, public-private partnerships for green jobs and skills development, and tripartite sectoral skills bodies at the national and sectoral levels could be useful for catalysing innovative

### 105 Think about

How can the traditional knowledge of indigenous peoples, which helped reduce carbon loss in the Amazon, be integrated into broader climate action strategies in agriculture and forestry?

### 106 Something to think about

How can "public-private partnerships" drive the green transition?

Public-private partnerships can leverage resources and expertise from both sectors, fostering innovation and facilitating the implementation of green projects.

### 106 Something to think about

What role does "international cooperation" play in advancing global green transitions?

The ILO has made efforts for a just transition, including promoting policy frameworks that support green jobs, facilitating social dialogue between governments, employers, and workers, and providing technical assistance and capacity-building to member states.

<sup>88</sup> ILO, *Greening TVET and Skills Development: A Practical Guidance Tool*, 2022, vii.

<sup>89</sup> A second standard-setting discussion on quality apprenticeships will take place at the 111th Session of the International Labour Conference.

approaches and improving the relevance and effectiveness of lifelong learning systems and their financing.

## 2.2.5. Occupational safety and health in a just transition

- 107.** Climate and environmental change present a significant threat to occupational safety and health (OSH) through the increased risk of occupational injury, disease and death. Workers are often the first to be exposed to the effects of climate change, for longer durations and at greater intensities than the general public, and are often exposed to conditions that the public can choose to avoid. 90 Exposure to increasing global temperatures will elevate workers' risk of heat-related occupational illnesses and injuries, and will increase the duration, frequency and intensity of heat stress. In addition, climate and environmental change will increase workers' occupational exposure to hazardous chemicals, air pollution and infectious and vector-borne diseases. Numerous health effects in workers have been linked to climate change, including cancer, cardiovascular disease, respiratory conditions and effects on their psychosocial health. 91 The health of workers in developing countries with a large workforce in the informal economy, inadequate safety regulations and highly physically demanding jobs is particularly at risk, and they are the workers least able to adapt to the consequences of climate and environmental change and take remedial action.
- 108.** Taking occupational safety and health into consideration is critical to a just transition, as risks may arise not only due to environmental changes, but also in new work processes or hazardous materials used in the transition. While work processes that promote greener practices and avoid direct use of harmful chemicals may reduce OSH risks by reducing workers' exposure to hazardous substances with the use of automation and robotics, other processes and materials may increase risks. Workers may be exposed to toxic heavy metals in the life cycle of solar panels specifically as e-waste, or to mercury in energy-efficient compact fluorescent lamps. The mining rush for cobalt, an essential part of lithium-ion batteries, has led to significant OSH risks for workers from vulnerable populations.
- 109.** All jobs, including green jobs, should be decent, safe and healthy. To ensure a safe and healthy future for all workers and also their families and communities, OSH policies represent a fundamental dimension of a just transition. Governments, in consultation with social partners, can ensure that OSH risk assessments consider new risks arising from greening processes and identify adequate prevention and protection measures, based on the principles of elimination and control of hazards. OSH standards will need to be adopted and implemented, and, when necessary, new standards should be developed. Training on applying OSH standards is needed, and labour inspectorates must have adequate capacity to monitor compliance. OSH policies and programmes should be coordinated among agencies and the competent authorities to ensure policy coherence, and should be continuously improved in the light of new challenges.

### 108 Something to think about

How are occupational safety and health critical to a just transition?

Occupational safety and health are crucial to a just transition because they protect workers from new risks in emerging industries, ensuring safe and fair job conditions as industries shift towards sustainability.

<sup>90</sup> Max Kiefer et al., "Worker Health and Safety and Climate Change in the Americas: Issues and Research Needs", *Rev Panam Salud Publica*, 2016; 40(3):192–197.

<sup>91</sup> Haruna M. Mada, Walter Leal Filho and Aprajita Mishra, "Impacts of Climate Change on Outdoor Workers and Their Safety: Some Research Priorities" in *International Journal of Environmental Research and Public Health* 16(18), 17 September 2019.

**Box 8. Protecting workers from heat-related stress in Cyprus**

To protect workers from emerging risks, Cyprus has developed a code of practice on heat stress of workers. It provides guidance on how to implement the legislation in order to reduce the risks of heat-exposed workplaces and to create safe, healthy and productive work environments. It describes measures to protect workers from heat stress in both indoor and outdoor settings, for instance by monitoring workplace air temperature and humidity and adjusting work practices accordingly to ensure that workers are safe and healthy.

## 2.2.6. Social protection to shield people from the adverse impacts and promote participation in the transition

110. Social protection is mostly considered for its role in cushioning adverse impacts throughout the transition or providing compensation to those at risk of falling behind. At the same time, social protection can actively facilitate a transition to sustainable, inclusive, and job-rich economies. A combination of contributory schemes (mainly social insurance) and non-contributory tax-financed schemes (in cash or in kind) have been instrumental in macroeconomic stabilization during times of crisis and transition, and have often been effectively combined with active labour market interventions.
111. Similarly, the long-term success and acceptance of climate policies and a just transition will depend on whether and how people are supported in the face of intensified risks, adverse impacts and new work requirements. Providing protection against the abrupt loss of livelihoods prevents the social unrest that can sometimes lead to a transition policy being abolished. In Indonesia, for example, as part of major reforms including the abolition of fossil fuel subsidies traditionally used to alleviate poverty and stabilize prices, the government introduced cash transfers and expanded healthcare, including by launching a national health insurance scheme to provide healthcare access to the entire population and covering the contributions of those unable to pay them.<sup>92</sup>
112. When they are applied systematically as part of policy packages and measures, social protection systems for all that are built to protect people from a sudden loss of their livelihoods and to promote recovery from shocks and transitions can address or even prevent adverse impacts of a just transition. Social protection can also give people the financial leeway and incentives to make sustainable, green decisions and investments or to avoid harmful practices (for example, overuse of natural resources such as firewood). A secure financial base can also support income diversification and promote innovation and the adoption of new technologies, particularly when coupled with behavioural change interventions or asset transfers. Social protection also provides the necessary security for entrepreneurial risk-taking, especially in new sectors or those affected by the transition. Finally, social protection provides people with the resources to take the time to develop their skills and access new, decent employment opportunities.
113. As part of comprehensive policy packages, social protection systems can and must also meet the needs of children, their caregivers, young people, people with disabilities or chronic illnesses, refugees and migrant workers regardless of legal status, and older persons who are also at risk of the adverse effects of climate change and climate policies. Such effects may include higher costs to meet basic needs, such as food, energy, housing and transportation. In line with the Social Protection Floors Recommendation, 2012 (No. 202), guarantees should ensure at a minimum that

### 112 Did you know...

How can comprehensive social protection measures be integrated into just transition strategies to shield people from adverse impacts and promote their participation?

<sup>92</sup> Organisation for Economic Co-operation and Development (OECD), *Setting a Sustainable Path toward Universal Health Coverage*, Indonesia Policy Brief, October 2016; Government of Indonesia, *Indonesia's Effort to Phase Out and Rationalise its Fossil-Fuel Subsidies*, 2019.

all in need have: (1) access to essential health care, including maternity care; (2) basic income security for children, providing access to nutrition, education, care and any other necessary goods and services; (3) basic income security for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and (4) basic income security for older persons.

114. Gender-transformative social protection helps to promote women's employment and increase their bargaining power and thus makes it possible for more women to participate in the formal economy and to engage in decent work. A just transition to a low-carbon economy is an opportunity to enhance social protection, particularly as regards climate-related risks, with appropriate systems that are inclusive and gender-responsive. Such systems can recognize, reduce and redistribute the unpaid care work traditionally performed by women and thus transform gender norms.
115. In times when individuals move between jobs, sectors, locations or life phases, social protection fulfils an important function in bridging the misalignments in the labour market that are expected to be challenges for a just transition. These include *temporal* misalignments (where there is time between job losses and job creation), *spatial* misalignments (where job losses and gains are not in the same country, region or community), *educational* misalignments (where the requirements of new jobs do not match the skills workers developed in declining sectors) and *sectoral* misalignments (where job losses and gains affect different sectors of the economy, with further implications for skills). These misalignments can be addressed with different sets of social protection policies, including unemployment protection, continuation of health insurance coverage, early pensions and severance pay, cash or in-kind support, covering (or subsidizing, waiving or reimbursing) costs such as transportation, accommodation or subsistence costs, and other ways of providing people with the resources needed to re-enter the labour market. A closer alignment of entitlements to social protection, lifelong learning and support in the transition can smooth life and work transitions and support labour market mobility. Many of these measures can be addressed through social dialogue at the political level or in collective agreements.

□ **Box 9. Recent social protection policies to support workers in transition in Australia and China**

Following plant closures in Australia's automotive industry, the government introduced a package of measures, combining assistance to affected firms with social protection to displaced workers and those at risk in local supply chains to help pay for work-related items, training and new job support while linking them to dedicated job service providers. Such measures aim to avoid or bridge anticipated misalignments in the labour market, support employability and promote sustainable livelihoods.

In China, efforts to combat flooding, soil erosion and deforestation and to promote forest conservation included logging bans and other measures that resulted in large numbers of people losing their forestry-dependent incomes. Displaced workers in the formal economy received support in the form of job training, placement services and unemployment benefits for those who needed them. In addition, households in affected regions (such as those dependent on firewood or farming) and on erosion-prone sloped land received subsidies and cash benefits linked to afforestation activities. Social protection schemes, especially if climate-sensitive, can also reduce vulnerability to climate-related shocks and contribute to poverty reduction.

### 2.2.7. Active labour market policies facilitate the transition

116. Active labour market policies work in tandem with social protection policies as a key tool to improve labour market efficiency, especially in times of transition. They seek to reduce unemployment and maintain individuals' attachment to the labour market by matching jobseekers with current vacancies, supporting them in upgrading and adapting their skills,

providing incentives to individuals or enterprises to take up certain jobs or hire certain categories of workers, and creating jobs, either in the form of public sector employment programmes or the provision of subsidies for private sector work.<sup>93</sup>

□ **Box 10. Public employment programmes can support poverty reduction while contributing to environmental goals**

Public employment programmes play a key role with a social protection function in assisting vulnerable workers and populations. Flagship programmes – such as the Mahatma Gandhi National Rural Employment Guarantee Scheme in India, the Expanded Public Works Programme in South Africa and Ethiopia's Productive Safety Net Programme – annually support millions of people through social protection by providing income security and mobilizing them to do paid work in the management of natural resources. Such programmes can help to protect workers who are vulnerable to or impacted by climate change, while contributing to climate change mitigation and adaptation through investments in green works.

- 117.** Active labour market policies serve various functions. In the context of climate action, they facilitate the movement of workers into vacancies or new occupations in order to advance a just transition. In times of crisis, they, in combination with employment-intensive approaches that ensure income support, are effective means of supporting labour markets, workers and enterprises. 94 An integrated framework of active labour market policies and income support can be instrumental in mitigating climate impacts, including sudden and severe impacts (such as floods, hurricanes and fires), progressive impacts (such as desertification, coastal erosion and increasing heat) and policy- and market-driven impacts (such as the planned reallocation of capital from high- to low-carbon activities).<sup>95</sup> For each type of climate impact, a different balance between active labour market policies and income support is required. The array of tools for each scenario range from emergency employment services, employment-intensive investment programmes, skills and entrepreneurship training, and subsidies for training and employment.

## 2.2.8. Upholding labour rights and standards in the transition

- 118.** Labour rights form a key part of the framework to address the challenges of a just transition for all, as they provide a legal basis upon which actions can be designed and applied. International labour standards address concerns raised by a just transition, such as promoting environmental protection at the workplace through standards on workers' safety and health, ensuring that workers have rights to participate in the decision-making, receive information and be consulted, and protecting workers in sectors affected by the transition through skills training and social protection.<sup>96</sup>
- 119.** For the transition to a greener economy to be just, there needs to be distributive justice, which recognizes that those displaced by the transformation of an economic sector should not be left on their own to confront their economic losses. In this context, the rights to non-discrimination, to adequate standards of living and to decent work should serve as core principles. In addition, a

### 117 Did you know that...

How can "inclusive labor markets" facilitate a just transition?

Inclusive labor markets that provide equal opportunities for all individuals can help ensure that the benefits of the green transition are widely shared.

<sup>93</sup> This section draws from ILO, *What Works: Active Labour Market Policies in Latin America and the Caribbean*, 2016, 50.

<sup>94</sup> See, for example, ILO, ISSA and OECD, *Linking Income Support Measures to Active Labour Market Policies*, 2021.

<sup>95</sup> ILO, "The Role of Active Labour Market Policies for a Just Transition", Just Transition Policy Brief, forthcoming.

<sup>96</sup> For a comprehensive overview of environmental sustainability and international labour standards, see ILO, *Greening with Jobs*, Chapter 3.

just transition maximizes the positive social impact of moving to a sustainable economy. This means that participatory rights and skills development also play an essential role.

120. International labour standards can provide an understanding of the rights involved in a just transition and policy solutions and tools on ways to exercise such rights. For example, workers affected by the transition have participatory rights under international labour standards on freedom of association, the right to organize and the right to bargain collectively, and on consultation and cooperation at the enterprise level between workers, employers and governments. Taken together, these standards can strengthen the just transition process by providing the legal foundation for action.
121. From the perspective of international labour standards, the policy area of rights for a just transition is not limited to workers and communities affected by transition policies but extends to protecting workers, the workplace environment and the general environment, through measures that promote broader environmental sustainability in the world of work. More specifically, international labour standards have extended the protection of workers and the working environment to include the natural, living environment through regulation and protection of occupational safety and health, thus recognizing the inextricable link between human health and the health of the overall environment.

### 2.2.9. Social dialogue and tripartism as a vehicle towards social cohesion

122. The transition towards job-rich and sustainable economies requires strong social consensus, supported by institutions and inclusive processes. Social dialogue plays a crucial role in designing policies to promote social justice and policies to achieve social, economic and environmental progress. Collective bargaining can contribute to the policy process through the inclusion of relevant clauses in collective agreements.
123. Social cohesion is an important element in a well-managed transition. Social dialogue provides a way for employers and workers to express their interests and perspectives on all policy issues that impact the world of work, including topics such as climate change and a just transition. Most countries have taken measures to address the challenge of climate and environmental change and prepare for it – at times, but not always, in consultation with the social partners. More systematic involvement of the social partners in the formulation, implementation and monitoring can pave the way for increased ownership of policies on a just transition.<sup>97</sup> Negotiations on the nationally determined contributions under the Paris Agreement on climate change present another important opportunity for effective tripartite discussions on a just transition in the world of work.
124. Developing the capacities of the social partners so that they have a sound grasp of climate-related issues, and their consequences for the enterprises and the workers they represent, is essential for effective social dialogue on a just transition. In addition to social dialogue, inviting other relevant stakeholders to consultations, such as women's groups and organizations for indigenous peoples, migrants and forcibly displaced populations, or persons with disabilities, can bring in a wider range of experiences and perspectives, thereby enriching the tripartite discussion and benefiting more people and groups in society.
125. Where it results in the inclusion of relevant clauses in collective agreements, social dialogue is an important mechanism to drive measures at the enterprise, sectoral, interprofessional and

#### 123 Something to think about

How do social dialogue and tripartism support a just transition and enhance social cohesion?

Social dialogue and tripartism facilitate collaboration among governments, employers, and workers to address the challenges of a just transition, promoting fair labor practices and inclusive policies that protect workers and communities, thus strengthening social cohesion during the shift to sustainable industries.

<sup>97</sup> ILO, *The Role of Social Dialogue and Tripartism in a Just Transition Towards Environmentally Sustainable Economies and Societies for All*, Just Transition Policy Brief, August 2022.

national levels towards a low-carbon economy. For instance, collective bargaining can be used to negotiate environmental commitments in collective agreements which, if turned into instruments, become mandatory clauses that could be challenged in court in the event of non-compliance. 98 Other tools for social dialogue can be used to complement such agreements in cases where vulnerable populations, such as foreign workers in irregular situations, in crucial economic sectors such as mining are less likely to be unionized, which means that they are less likely than national workers to make their voices heard about their working conditions. 99

**Box 11. Experience with social dialogue to foster a just transition**

Social dialogue has been used to formulate just transition policies and frameworks in several countries. In Germany, the Commission on Growth, Structural Change and Employment was established by the Federal Government to generate consensus on the phase-out of coal and advance a just transition. It was comprised of representatives from the energy industry and from business, trade unions, local administrations, academia and environmental organizations. The process involved a range of expert meetings, consultations, field visits and deliberations. The Commission produced a report with recommendations that informed policymaking, including investments in coal regions and significant social protection and labour market interventions for affected workers and communities.

The energy sector has been particularly advanced in terms of collective agreements between employers and unions. In Italy, for example, several energy companies and trade unions have signed agreements on a just transition to govern processes of change associated with decarbonization, with provisions ranging from reskilling, upskilling and redeployment, to early retirement and social dialogue processes. Dialogue is considerably more challenging in sectors with high levels of informality; however, there are cases where it has played an important part. In Argentina, cooperatives have been key in the organization of informal waste-pickers, and following various alliances a national confederation of workers in the informal economy was established. Negotiations with the local government resulted in the legal recognition of workers and measures to improve working conditions and support services.

125. Collective agreements have been concluded to ensure decent wages and working conditions, skills training and retraining and active labour market policies to support workers during labour market transitions. 100 Collective agreements include a wide range of topics related to a just transition, such as environmental clauses and provisions on occupational safety and health, use of teleworking arrangements, benefits in kind for workers to use sustainable transport, the right of workers to refuse to perform tasks that would be an offence under environmental legislation, the protection of workers during climate disasters, employers' and workers' duties to address climate change, training on a just transition, whistle-blower protection, monitoring and assessment clauses, and green procurement practices.
127. Despite the importance of a just transition, only 23 per cent of the agreements analysed by the ILO addressed environmental aspects. Although clauses dealing with environmental aspects are more common in agreements in high-income countries, particularly in Europe, they can be found in other regions as well. 101 The presence of clauses on a just transition greatly depends on the characteristics of the collective bargaining system in each country. A bargaining system with central coordination by trade unions might favour the incorporation of such clauses, enabling

**B11 Did you know that...**

Local governments are crucial in enacting policies that promote sustainability at the community level, addressing local environmental and social challenges.

**126 Did you know...**

Sustainable transportation systems, such as public transit and cycling infrastructure, can reduce traffic congestion, lower emissions, and improve public health.

<sup>98</sup> Juan Estebano Gutiérrez and Paolo Tomassetti, *Labour and Environmental Sustainability: Comparative Report, Agreement, 2020*, 18.

<sup>99</sup> Myline Coderre-Proulx, Bonnie Campbell and Isaiaka Mandé, *International Migrant Workers in the Mining Sector*, ILO, 2016, 24.

<sup>100</sup> ILO, "The role of collective bargaining for a just transition", Working paper, forthcoming.

<sup>101</sup> ILO, *Social Dialogue Report 2022: Collective Bargaining for an Inclusive, Sustainable and Resilient Recovery*, 2022, 93.



unions to broaden negotiations and regulate specific working conditions related to climate change.

## 2.3. Designing, managing and financing an inclusive and just transition

128. Achieving the agenda on environmental and climate change goes hand in hand with human development. Achieving both simultaneously requires efficient governance and policy coordination with an emphasis on social equity.

### 2.3.1. Policy coordination and inclusiveness

129. In the current context of multiple crises and complex political realities, there is no shortage of policies and action plans. Still, many are underfunded and unimplemented. Investing in sustainable development is often treated as a short-term cost rather than a long-term investment. However, inaction gives rise to high costs that only become payable in the medium to long term. Yet, even in the short term, investing in sustainable development does not need to be detrimental to economies. The World Bank estimates that, taken together, countries can reduce emissions by 70 per cent without a significant impact on economic growth, if policies are well designed and financing is available.<sup>102</sup> This would require financing from private and public sources amounting to, on average, 1.4 per cent of GDP.
130. The burden of financing is, however, not equally divided between countries; in lower-income countries, financing needs can exceed 5 per cent of GDP. As domestic sources are not sufficient to cover the cost, effective policy action is dependent on developed countries honouring their obligations under article 4 of the UNFCCC and article 9 of the Paris Agreement, to which all ILO Member States are party. Under article 4(7) of the UNFCCC, the extent to which developing countries will implement their commitments under the Convention will depend on the extent to which developed countries fulfil their commitments to provide financial resources and transfer of technology to developing countries. In addition to direct costs related to mitigation and adaptation, financing will be needed to cover the social cost of reskilling, enhanced social protection and other measures to ensure that the process is just and inclusive. Thus, coordination of actions and obligations at the national and international levels is key for Parties to the Convention to deliver on their promises.
131. Policy coherence is key to a just transition, as it leverages synergies and mitigates divergences across different policy fields, between climate and labour policies, and also across the nine policy areas of the ILO Guidelines for a just transition. Well-functioning coordinating mechanisms can foster effective planning and implementation of policy measures among different government departments and institutions. As shown below, several countries have established integrated strategies, intergovernmental commissions and multistakeholder platforms to foster such institutional coordination and to achieve policy coherence.
132. Managing a transition towards inclusive, sustainable and job-rich economies requires strong social consensus, supported by coherent and agile governance systems, capable institutions and inclusive processes. Strong partnerships are needed to achieve social consensus that enables an inclusive social and economic transformation, underpinned by legislative and regulatory reforms and their enforcement. Institutions at both the national and local levels must therefore acquire

<sup>102</sup> World Bank Group, *Climate and Development: An Agenda for Action*, November 2022, 39.

new capabilities to lead and enable an inclusive process of change and stakeholder engagement. 103

133. Inclusive processes also require a conscientious effort to include different groups on an equal footing. For example, addressing issues related to equal pay for work of equal value, work-life balance and preventing and dealing with violence and harassment could transform gender roles and provide more opportunities for women. Furthermore, instilling positive attitudes towards the capacities of persons with disabilities and integrating universal access and universal design principles would not only address barriers to their inclusion but also contribute towards designing inclusive societies for all. 104
134. The Indigenous and Tribal Peoples Convention, 1989 (No. 169), provides important guidance on the participation and consultation of indigenous peoples in decision-making processes, which contributes to ensuring their rights, providing legal certainty for economic activities and encouraging responsible investment. It also serves to support indigenous peoples' traditional knowledge, their role in natural resource management, and development of indigenous-led enterprises, all of which are key for climate action and a just transition. 105 Moreover, addressing intersecting forms of discrimination and "invisibility" in climate and other environmental actions and policies 106 remains fundamental. Inclusiveness in decision-making processes across the local, national, regional and international levels is therefore critical.

□ **Box 12. Civil society organizations taking action for social justice**

Civil society groups are increasingly advocating for social justice in climate processes. For instance, a just transition and green jobs were prominently featured in the Global Youth Statement at COP26. Similarly, the Women and Gender Constituency has been advocating for a just transition at multiple climate conferences. **Advocacy** also builds bridges between such groups and employers' and workers' organizations, which is supported further by ILO training on a just transition.

Indigenous peoples and their organizations have a significant stake in addressing climate and environmental change and play an important role in advancing a just transition. At the international level, indigenous peoples' traditional knowledge is increasingly being recognized as vital to climate action. The Local Communities and Indigenous Peoples Platform under the UNFCCC process, for example, includes "Climate change policies and actions" as one of the three pillars of its work plan for 2022–24. One national example is in Canada, where indigenous women of the Kainai First Nation, custodians of environmental management knowledge, led a project in collaboration with scientists and practitioners to increase the climate change knowledge and skills of their community. At the sectoral level, the Right Energy Partnership with Indigenous Peoples is an indigenous-led, multistakeholder partnership aiming to increase renewable energy systems that respect human rights and to leverage indigenous peoples' contributions to developing solutions.

135. Effective implementation of policies also requires active monitoring and follow-up so that they can be adjusted as needed. In 2013, the 19th International Conference of Labour Statisticians adopted the first international statistical standard to support the measurement of green jobs in official statistics at the national level. 107 The standard facilitates the development of a

<sup>103</sup> Inter-Agency Task Team, *Global Accelerator on Jobs and Social Protection for Just Transitions*, updated.

<sup>104</sup> ILO, *Persons with Disabilities in a Just Transition to a Low-Carbon Economy*, Policy brief, October 2019, 7.

<sup>105</sup> ILO, *Indigenous Peoples and a Just Transition for All*.

<sup>106</sup> ILO, *"Nothing About Us Without Us": Realizing Disability Rights through a Just Transition Towards Environmentally Sustainable Economies and Societies*, Just Transition Policy Brief, November 2022.

<sup>107</sup> ILO, *Guidelines concerning a statistical definition of employment in the environmental sector*, 19th International Conference of Labour Statisticians, 2013.

**134 something to think about**

How can "sustainable land management" practices improve food security and environmental health?

Sustainable land management practices, such as agroforestry and conservation agriculture, can enhance soil health, increase crop yields, and reduce environmental degradation.

**B12 Notice this!**

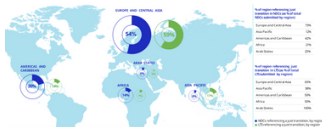
Youth advocacy involves young people actively working to influence public policy and decision-making processes on issues that affect their lives and communities, and can influence environmental policy-making by bringing attention to urgent issues, proposing innovative solutions, and mobilizing public support for sustainable policies.

comprehensive system of statistics on employment in the environmental sector to provide an adequate statistical base for different data users. However, increased use of the standard is needed to monitor the transition towards a green economy and the levels of and trends in green jobs. If relevant data is collected and used to inform decision-making, the standard can support the planning, design and evaluation of aligned environmental and labour market policies, including the impact on the number of people employed in the environmental sector and their skill levels.

### 2.3.2. Policy coordination in practice

136. Integrated goals on employment, equity, and environmental sustainability serve as a powerful engine of sustainable development. Climate policies have begun to offer an entry point for including the employment and social dimensions of climate action. An increasing number of countries have incorporated references to a just transition or green jobs in their nationally determined contributions under the Paris Agreement. As of 31 October 2022, 65 of the 170 countries that had submitted updated NDCs included references to a just transition. 108 Employment and social impact assessments have informed the development of NDCs in several countries, such as Nigeria and Zimbabwe, and supported the design of implementation measures.
137. The uptake and extent of social dialogue processes in the development of NDCs is still uneven across countries. Nevertheless, in several cases, social dialogue has informed the design of NDCs and provided a platform of engagement for the social partners. In Costa Rica, for example, the development of the NDC was grounded in consultations with the social partners and in the engagement of other stakeholders. These processes contributed to an NDC that specifically takes gender and inclusion into account. As countries embark on the implementation of their NDCs, they are looking at applying elements of a just transition. Countries such as Colombia, for example, have started developing national strategies to guide implementation of a just transition.

□ Figure 2. A just transition in short-term and long-term climate planning



Note: LTS = Long-term mitigation strategies. Source: UNDP, *How Just Transition Can Help Deliver the Paris Agreement*, 12.

138. In addition to NDCs, considerations of a just transition have started to be reflected in domestic climate legislation. In Ireland, for example, the Climate Action and Low Carbon Development (Amendment) Act of 2021 refers to “the requirement for a just transition to a climate-neutral

economy which endeavours, in so far as is practicable, to (i) maximise employment opportunities, and (ii) support persons and communities that may be negatively affected by the transition". The Act is the legal basis for the revised Climate Action Plan, launched in December 2022. 109 The Plan includes a section on ensuring a just transition, which is guided by four principles: pursuing an integrated, structured and evidence-based approach to identify and plan the response to just transition requirements; equipping people with the right skills to be able to participate in and benefit from the future net-zero economy; sharing the costs so that the impact is equitable and existing inequalities are not exacerbated; and undertaking social dialogue to ensure that impacted citizens and communities are empowered and are core to the transition process. The just transition framework is being progressively integrated into the annual Climate Action Plan cycle and sectoral policymaking.

139. Implementing just transition commitments and provisions in climate or other policies requires effective policy coordination and coherence across different sectors, policy areas and levels of government. In South Africa, the Presidential Climate Commission was established in December 2020 and was tasked with overseeing and facilitating a just transition to a low-carbon, climate-resilient economy and society. 110 The Commission set out to develop a just transition framework through extensive consultations with business, unions and community constituents as a means of fostering coordination and coherence in its just transition planning. The framework sets out a vision for a just transition in South Africa, its guiding principles based on the Bill of Rights of the South African Constitution, and its key policy areas, governance arrangements and finance. In addressing governance arrangements, it presents the roles of national and subnational governments and the social partners. The breadth of the policy areas covered – human resource development and skills development; industrial development, economic diversification and innovation; and social protection – underlines the ambition for coherence in the country's diverse economic and social fabric.
140. In several countries, the localized impacts of the transition towards sustainability have meant a strong focus on subnational policies and planning, often in relation to regions dependent on coal. In Spain, the impacts of the closure of coal mines and coal-fired power plants were first addressed through sectoral agreements among the government, trade unions and the companies that owned the mines and power plants. 111 These included a range of short-term support measures for workers, and provisions for redeployment and relocation. The sectoral agreements were complemented by more comprehensive measures: a Just Transition Strategy, an Urgent Action Plan and a set of Just Transition Agreements. The Just Transition Agreements provide a vehicle of coordination and set out a mix of measures to improve the affected workers' skills and employability, provide protection in the form of non-contributory and contributory social protection (such as social assistance and social insurance, respectively) increase the employment of displaced workers in environmental restoration, and establish an employment improvement service. A second important component of the policy mix is the economic diversification of the areas and regions concerned. Measures include the promotion of enterprise development in activities such as the circular economy, rural tourism and the agri-food industry, and investment in renewable energy projects, infrastructure and public services. The framework has a strong focus on subnational action, but is designed to ensure coordination across multiple levels of government.

### 139 Did you know that...

How can "community-based initiatives" contribute to sustainable development?

Community-based initiatives empower local populations to take ownership of development projects, ensuring that they are tailored to local needs and conditions.

### 140 Something to think about

What is the impact of "sustainable tourism" on local economies and environments?

Sustainable tourism can boost local economies by attracting visitors while minimizing negative environmental impacts and preserving cultural heritage.

<sup>109</sup> Government of Ireland, *Climate Action Plan 2023: Changing Ireland for the Better*, 68–70.

<sup>110</sup> Presidential Climate Commission, *A Framework for a Just Transition in South Africa*, June 2022.

<sup>111</sup> Government of Spain, *Towards a Just Energy Transition: Executive Report*, July 2022.

### 2.3.3. Roles of the social partners

- 141.** Employers' and workers' organizations play a vital role in advancing a just transition through social dialogue and supporting their members in informing policies and negotiating agreements. Their advocacy work, which contributes to policy debates and decision-making, helps to voice their members' concerns and priorities on the environmental and climate change agenda and on policies related to a just transition. Safeguarding decent work, promoting sustainable economic development and ensuring that the social partners are involved in policy processes are among the recurrent themes in advocacy initiatives at the international, national, sectoral and local levels.
- 142.** The social partners participate in the international climate policy arena. For example, at the meetings of the Conference of the Parties to the UNFCCC, the International Trade Union Confederation (ITUC) is active in the trade union group of non-governmental organizations (NGOs), and the International Organisation of Employers (IOE) works with other employers' organizations and business and industry NGOs. Advocacy efforts by the social partners are instrumental in raising issues of decent work in international climate processes and supporting the alignment of references and definitions with the ILO Guidelines for a just transition.
- 143.** In their advocacy work at the national level, the social partners may undertake public campaigns, carry out studies, present position papers and contribute business or labour analyses to climate policies and just transition plans. The capacity among social partners to engage in climate action and a just transition varies, but there are a number of such initiatives by workers' and/or employers' organizations in a range of countries, such as Australia, Belgium, Brazil, Burundi, Canada, Colombia, Finland, Germany, India, Japan, the Netherlands, Spain, South Africa, Sweden and the United Kingdom.
- 144.** Social partners' initiatives are closely grounded in the specific realities that workers and employers are facing in each country, including the fear of job losses in the transition to low-carbon economies. For example, in South Africa, the Congress of South African Trade Unions has developed a Just Transition Blueprint for Workers across three key sectors to help workers to navigate negotiations on a just transition at the national, sectoral and workplace levels. The Blueprint and related toolkit include good practices and policy proposals and will be used by the Congress and its affiliates in negotiations on climate-related policies. Likewise, employers' organizations have undertaken initiatives on climate, such as the position paper of the *Mouvement des Entreprises de France* on the European Commission's Fit for 55 package, and the Japanese Business Federation's voluntary action plan for establishing a sound material-cycle society.
- 145.** Employers' organizations have been expanding the services they offer on environmental and climate issues to respond to emerging needs of their members. For example, the National Employers' Association of Colombia has been implementing a biodiversity initiative that guides the private sector on how to integrate biodiversity into their operations, and also offers opportunities for **intersectoral dialogue**, capacity-building, exchange of experiences and promotion of the formulation and implementation of policies and instruments to increase corporate environmental performance. Similar examples have been seen in Denmark, Egypt, Ghana, Kenya, South Africa and the United Republic of Tanzania, among others.
- 146.** Workers' organizations are similarly taking action to respond to their members' needs on the ground. In Burundi, for example, workers in the informal economy comprise over 95 per cent of the workforce and are disproportionately exposed to the effects of climate change. Therefore, the Trade Union Confederation of Burundi has prioritized work on adaptation measures at both the workplace and the national levels. Local representatives are trained on the use of a vulnerability assessment tool that can be applied to individual trades and workplaces and on the formulation

#### 145 Did you know...

Cross-sectoral collaboration brings together diverse expertise and resources, enabling more comprehensive and effective sustainability initiatives.

#### 146 Did you know...

How can "climate adaptation strategies" be incorporated into development planning?

and negotiation of adaptation interventions. With support from the General Confederation of Liberal Trade Unions of Belgium, the Trade Union Confederation of Burundi set up mechanisms to ensure that localized adaptation measures are exchanged among representatives and fed into national climate change plans.

147. Given the strong sectoral dimension of the transition, the social partners have also been pursuing sector-specific initiatives. Approaches include assessments and knowledge development, advocacy efforts, sectoral strategies, sectoral and enterprise-level agreements and support services, which are complemented by international experience-sharing.
148. The significant focus on the energy transition in policymaking is mirrored in the considerable number of energy-related initiatives by social partners that are tailored to specific country contexts. For example, the Australian Council of Trade Unions is advocating for a National Energy Transition Authority with tripartite governance. At the local level, the Victorian Trades Hall Council and its affiliate, the Construction, Forestry, Maritime, Mining and Energy Union, established the Earthworker Smart Energy Cooperative, which focuses on energy-efficiency retrofitting. Its aims are to deliver energy savings, while providing employment and ensuring that the economic benefits of the energy transition go to the workers, particularly women and those at a disadvantage, and their communities.
149. One area that receives significant attention from social partners and governments in the context of a just transition is skills development. In the United Kingdom, for example, workers and employers collaborated with the government in developing an Energy Skills Passport to assist offshore oil and gas workers in acquiring transferrable skills to find work in the offshore renewables sector. In South Africa, Business Unity South Africa and partners are tackling the skills and investment dimensions of the coal phase-out by developing finance blueprints for various clean energy solutions and evaluating employment and skills needs for the transition.
150. The need to decarbonize the transport sector and improve its sustainability has become increasingly apparent. The measures required will have significant knock-on effects in the maritime industry, which employs almost 2 million seafarers and transports approximately 90 per cent of global trade. At the level of international policy, the International Maritime Organization has adopted, as part of its pollution prevention treaty, mandatory measures that aim to significantly reduce carbon intensity and the greenhouse gas emissions produced by international shipping. At COP26, the International Chamber of Shipping, the International Transport Workers' Federation and the UN Global Compact joined forces to establish the Just Transition Maritime Task Force, which aims to drive maritime decarbonization while supporting a just transition for the maritime workforce.
151. Initiatives involving social partners in the circular economy are on the rise. Sectoral initiatives in countries such as Argentina, Colombia, Mexico, Peru and Uruguay have advanced the Decent Work Agenda and the circular economy. For example, in Uruguay, employers have developed a new virtual market for waste and by-products, while in Peru, the government has been working with social partners on improving occupational safety and health among workers in the informal economy in the e-waste sector.
152. Social partners are also active in a range of other sectors, including: education; public services; the construction sector in the EU; sustainable agriculture in the EU, Ghana and Malawi; and textiles in Bangladesh, Cambodia, Indonesia and Viet Nam.
153. Given the complexity of the impacts of the transition on the world of work and the rapid changes that their members face, employers' and workers' organizations play an important role in international knowledge development and capacity-building. The ITUC has established a Just

Transition Centre to provide trade unions with guidance materials, training and technical support on their engagement in plans, policies and campaigns on a just transition. The IDE has been developing knowledge products and established a Just Transition Task Force and the Employers' Alliance for **Green Skills** to support its members on key employers' issues linked to climate change and a just transition.

### 2.3.4. Financing a just transition

154. Delivering a just transition depends on sound policies being accompanied by financing strategies, and financing flows that are consistent with just transition goals. Much like the **Sustainable Development Goals** to which it contributes, achieving a just transition, requires access to affordable, long-term and **stable sources of financing** and their effective use. 112 The Sharm El-Sheikh Implementation Plan states that "about USD 4 trillion per year needs to be invested in renewable energy up until 2030 to be able to reach net zero emissions by 2050, and ... a global transformation to a low-carbon economy is expected to require investment of at least USD 4–6 trillion per year".
155. The variety and scale of financing requirements linked to a just transition, fiscal space constraints, increasing debt vulnerabilities for many developing countries and deteriorating conditions in global financial markets call for an effective combination of various sources of finance – public and private, domestic and international. A range of players in the financial ecosystem are key to enabling adequate financing for a just transition. 113
156. Governments play a vital role. They can facilitate instruments across just transition policy areas and incorporate a just transition in their financing and investment strategies, including through developing Integrated National Financing Frameworks and allocating public funds. In addition, they have the power to influence and improve the quality of the business environment to support sustainable enterprise development. Macroeconomic policies are an important element of financing for a just transition. 114 They shape the macroeconomic context and can contribute to mobilizing funds (including through environmental or carbon taxes, for instance) or to creating fiscal space (through reform of fossil fuel subsidies, for example) which can be used for environmental and social goals and to ensure equitable distributional outcomes. Domestic public finance plays a key role in several of the policy areas discussed above, and appropriate financing options need to be explored and pursued. 115
157. Public finance is not the sole source of finance for a just transition: there is also significant scope for leveraging private sector finance, particularly for the financing of enterprises engaged in sustainable and low-carbon economic activities, undertaking decarbonization pathways or strengthening their resilience. In recent years, there has been remarkable growth in sustainable finance. 116 Private sector finance currently comprises a significant portion of finance flows that are consistent with a pathway towards low greenhouse gas emissions and climate-resilient

<sup>112</sup> UN, Inter-agency Task Force on Financing for Development, *Financing for Sustainable Development Report 2022*, 18.

<sup>113</sup> The annual SDG financing gap is estimated to be at least US\$3.9 trillion (OECD, *Global Outlook on Financing for Sustainable Development 2022: No Sustainability Without Equity*, 23). Estimates suggest that to avoid the worst impacts of climate change, at least US\$4.2 trillion in annual finance flows is needed by 2030 (Climate Policy Initiative, *Global Landscape of Climate Finance: A Decade of Data: 2011–2020*, 2022, 4).

<sup>114</sup> See section 2.2.1 above.

<sup>115</sup> UNCTAD, *Trade and Development Report 2019: Financing a Global Green New Deal*, 26.

<sup>116</sup> According to UNCTAD, *World Investment Report 2022*, the value of sustainability-themed investment products (including sustainable funds and sustainable bonds) in global financial markets amounted to US\$5.2 trillion in 2021, up 63 per cent from 2020.

#### 153 Something to think about

What is the importance of "green skills development" for the future workforce?

Developing green skills ensures that the workforce is prepared for emerging job opportunities in the green economy, promoting economic resilience.

#### 154 Did you know...

The Sustainable Development Goals (SDGs) are a set of 17 global goals established by the United Nations in 2015 to address a range of critical issues including poverty, inequality, health, education, climate change, environmental degradation, peace, and justice. They aim to achieve a better and more sustainable future for all by 2030. The SDGs provide a comprehensive framework for achieving sustainable development, addressing economic, social, and environmental dimensions.

#### 154 Something to think about

How can "green financing mechanisms" support the transition to a sustainable economy?

Green financing mechanisms, such as green bonds and climate funds, can provide the necessary capital for investments in sustainable projects.

#### 157 Did you know...

According to UNCTAD, *World Investment Report 2022*, the value of sustainability-themed investment products (including sustainable funds and sustainable bonds) in global financial markets amounted to US\$5.2 trillion in 2021, up 63 per cent from 2020.

development, 117 which presents an extraordinary opportunity. Similar opportunities to invest in nature-based solutions exist but are currently underexploited. 118

158. Private sector financial service providers can make a significant contribution to financing for a just transition by incorporating a just transition perspective in their sustainability strategies and in their operations. 119 Some actors, especially investors, are beginning to take steps in this direction, but efforts are still at an early stage. Impediments to scaled-up action include the market infrastructure and regulation of sustainable finance, which are still largely focused on achieving environmental objectives and less on social objectives, whereas promoting a just transition depends on integrated management of social and environmental goals and the relationship between them.
159. The uptake of just transition considerations by private sector players can be strengthened by developing and enhancing sustainable finance frameworks so that they take into account and promote the objectives of a just transition, including through including social requirements and incentives in addition to climate targets. 120 In order to boost the role of the private sector in financing for a just transition, it is important to build the capacity of financial sector practitioners, for instance through awareness-raising and practical guidance and tools, 121 and to support financial innovation and experimentation, accompanied by a thorough impact assessment.

#### Box 13. Backing up policies with financing and investment in the European Union

The Just Transition Mechanism of the EU seeks to address the social and economic impacts of the transition. It is linked to Territorial Just Transition Plans developed by EU Member States and focuses on the regions, industries and workers that will face the greatest challenges. It has three pillars:

- (1) a Just Transition Fund of €19.2 billion in current prices, which is expected to mobilize around €25.4 billion in investment;
- (2) a scheme for private investments under the InvestEU programme providing a budgetary guarantee, which is expected to mobilize €10–15 billion in mostly private sector investment and will include advisory support;
- (3) a public sector loan facility will combine €1.5 billion in grants financed from the EU budget with €10 billion in loans from the European Investment Bank, to mobilize €18.5 billion of public investment.

The Just Transition Mechanism is part of the European Green Deal, which aims to make Europe the first climate-neutral continent by 2050. The package of measures range from ambitiously cutting greenhouse gas emissions, to investing in research and innovation, through to preserving Europe's natural environment. Supported by investments in green technologies, sustainable solutions and new businesses, the European Green Deal seeks to contribute to a new EU growth strategy and aims to set a path for a transition that is socially just. The plan seeks to mobilize more than €1 trillion from both the public and the private sector.

<sup>117</sup> Private actors provided around half of total climate finance, an average of US\$318 billion per year, in 2019–20: Climate Policy Initiative, *Global Landscape of Climate Finance*, 11.

<sup>118</sup> UNEP, *State of Finance for Nature 2022: Time to Act – Doubling Investment by 2025 and Eliminating Nature-Negative Finance Flows*, 39–40.

<sup>119</sup> Brendan Carran et al., *Making Transition Plans Just: How to Embed the Just Transition into Financial Sector Net Zero Plans*, London School of Economics and Political Science, Grantham Research Institute on Climate Change and the Environment, October 2022, 26; UN, Department of Economic and Social Affairs, "Financing Sustainable Development", forthcoming.

<sup>120</sup> ILO, *G20 Sustainable Finance Working Group Input Paper: Finance for a Just Transition and the Role of Transition Finance*, 2022, 17–19.

<sup>121</sup> For example, ILO and LSE Grantham Research Institute, *Just Transition Finance Tool for Banking and Investing Activities*, 2022.



160. Despite the growth in private sector finance in the climate and environmental area, developing countries and emerging economies host only a small fraction of the private sector finance intended for climate action. 122 If a transition is to be just, equality and inclusion in access to finance must be addressed.
161. Official development assistance can support financing for a just transition through its multiple channels, ranging from climate and environmental funds to multilateral development banks and bilateral agreements. Official debt swaps and the voluntary rechanneling of special drawing rights to developing countries to support the goals of a just transition may be considered. International public finance can also be used as leverage, as it can reduce the perceived risk and thus incentivize private finance to flow to and within developing economies.
162. Given their development mandate and their increasing attention to climate change, international financial institutions can play a meaningful part in financing for a just transition, both through their own financing activities and in their collaborations with other financial institutions and clients. Finance from **international financial institutions** typically comes with concessional terms, including technical assistance for clients (including private sector businesses and financial institutions), which helps to reduce the risk and cost of finance and increase the effectiveness of the funds.
163. Several multilateral development banks have started to tackle the employment and social dimension of the climate transition, and some have established targeted initiatives. The potential contribution of multilateral development banks to financing for a just transition can be increased if considerations of a just transition are systematically integrated in their strategies, if employment and decent work aspects are incorporated in their lending and investment processes, including those for climate-related and environmental projects, and if awareness-raising and capacity-building on a just transition are conducted among partner financial institutions. 123
164. Given the scale of the climate transition that is needed, various actors must act in unison to finance a just transition from different sources. The different mandates, risk tolerance, financial return requirements and investment horizons, as well as differences in the social impact sought, can produce synergies that can help to expand the financial resources available to fund a just transition. To enable blended finance solutions that leverage international development finance to attract additional private sector capital, instruments such as guarantees, equity and concessional loans can contribute to reducing or transferring perceived investment risks, improving the risk-return profile for private investors and lowering the cost of funds for projects that are aligned with a just transition in developing countries. 124
165. Climate and environmental funds play an important role in the financing of climate action in developing countries. The guidance from COP27 to the Board of the Green Climate Fund calls for strengthened support for a just transition. There are several levers that could enable climate and environmental funds, such as the Green Climate Fund, the Global Environment Facility and the Adaptation Fund, to make a significant contribution to a just transition, including: carrying out systematic ex ante and ex post assessments of the employment and social impacts of projects; supplementing project funding with funding for just transition measures, when required; and

<sup>122</sup> It is estimated that approximately 43 per cent of formal small and medium-sized enterprises in developing countries have an unmet financing need, totalling almost US\$4.1 trillion: International Finance Corporation, *Banking on SMEs: Driving Growth, Creating Jobs*, September 2022, 11.

<sup>123</sup> UN, Department of Economic and Social Affairs, "Financing Sustainable Development", forthcoming.

<sup>124</sup> UN Inter-agency Task Force on Financing for Development, *Financing for Sustainable Development Report 2022*, 84-86.

### 162 Something to think about

How can "international financial institutions" support a just transition in developing countries?

International financial institutions can offer loans, grants, and technical assistance to developing countries, helping them finance and implement sustainable development projects.

establishing targeted funding windows. The decision of COP27 to establish a loss and damage fund could also play a key role in supporting a just transition by providing resources to help developing countries that are particularly vulnerable to the adverse effects of climate change to effectively address the economic and non-economic losses and damage arising from climate change, such as extreme weather and slow onset events.

## 2.4. Lessons and perspectives

166. 166. A just transition has been gaining traction in the policy and institutional landscape over the last decade and since the development of the ILO Guidelines for a just transition. This trend is underpinned by an **increasing recognition of the employment and social impacts of climate and environmental policies and the economic transformations** they bring about. It is also based on the growing acknowledgement that ensuring that the transition is just is not only a moral imperative, but also a necessary condition for the scale and ambition of changes required.
167. Despite the increasing uptake of the notion of a just transition among countries and other stakeholders, the integration of economic, social and employment considerations in climate policies is happening unevenly. This is resulting in a **lack of policy coherence** between many NDCs and climate instruments on the one hand and economic and social policies on the other. Moreover, social dialogue and labour rights have sometimes been left out of policies, which undermines the underlying principles of a just transition. At times, even the environmental sustainability dimension itself has been inadequate to meet the climate and environmental challenges. This can undermine the credibility of a just transition and hinder substantive progress. Hence, there is a need to accelerate efforts in the context of the ILO Guidelines for a just transition.
168. The notion of a just transition still largely consists of general commitments or short references in policy documents, which have not yet been fully articulated or translated into comprehensive measures and implementation. This may signal, among other things, a lack of a commonly agreed understanding of the concept, given its relative newness. Therefore, **accelerated concrete action is urgently needed** to avoid any dilution of the principles and features of the just transition policy framework, including through “green-washing”, and loss of momentum and trust among stakeholders. Capacity-building and advocacy tailored to the specific and evolving needs of governments and social partners can contribute substantially to supporting constituents in accelerating and scaling up efforts, as can international experience-sharing that fosters learning.
169. Experience across countries and regions illustrates how a just transition is being advanced through different instruments. Some of these are explicitly labelled as just transition policies, while others advance employment, equality and climate goals but without an explicit categorization. Some countries are developing dedicated overarching strategies at the national and/or local level, others are mainstreaming just transition objectives across different policy domains, and others still are pursuing a combination of these. Nevertheless, both approaches are instrumental and need to go hand in hand to meet context-specific needs. **A just transition is implemented through specific policy measures**, for instance in skills development, social protection and enterprise policies. At the same time, **integrated frameworks, strategic plans or coordination mechanisms are essential to ensure coherence and impact** across policy fields and measures and to make effective use of resources.
170. Social dialogue has been conducive to the development of several processes and policies related to a just transition. These cases show the critical value of **generating consensus on priorities and action through social dialogue throughout policy development and planning**. Actors beyond government and the social partners, including indigenous peoples, youth and communities, also have a substantive stake in the transition. Adequate consultation mechanisms

need to be put in place to ensure that currently excluded groups are included, which means that sufficient time and resources must be allocated for the process.

- 171. Gender equality and labour rights** are enshrined in the notion of a just transition but are often **not integrated** or are insufficiently addressed in policies related to a just transition; hence, it is **critical** to strengthen their **mainstreaming** and, where appropriate, develop targeted instruments. In addition, structural factors that are the root causes of discrimination and inequality must be tackled through measures that go beyond those linked to a just transition. As a just transition involves substantial changes to societal and economic structures, it also provides an opportunity to redefine gender norms and include all genders as actors of change to maximize the benefits and accelerate the transition towards more equal and sustainable societies.
- 172.** The energy transition, particularly the coal phase-down, has been at the forefront of debates on a just transition. At the same time, it is crucial to recognize that a **range of other sectors are part of the transition to sustainability and also need to be addressed in policies**. Furthermore, delivering a just transition away from coal for the workers and regions dependent on the coal industry requires an **economy-wide approach**.
- 173.** There is increasing recognition of the role of **social protection as a facilitator of a just transition**. Rethinking the function of social protection and related active labour market policies can result in proactive policies to mitigate the risk of disruption from by the changing nature of jobs as workers move between sectors, tasks and occupations. As part of forward-looking policies that consider the projected skills needs and prepare newcomers for the labour market of tomorrow while allowing current workers to enhance their employability, a new mix of policies is needed, covering education systems, skills training and occupational skills combined with support for individuals to grasp such opportunities.
- 174.** To date, policies related to a just transition policies have been largely focused on avoiding and addressing the negative impacts of climate mitigation policies and strategies or on leveraging economic and employment opportunities in the green economy. Given the pace of change, increased attention needs to be paid to **adaptation and responses to climate change** and other environmental challenges, including the **loss of biodiversity** that is changing the conditions for workers and enterprises. A just transition is a whole-of-society approach, where current "business as usual" modes of production and consumption must be adapted to avert the long-term consequences of climate change.
- 175.** The role of the private sector in managing climate and environmental risks is gaining further recognition. Enterprises have adopted innovative approaches that develop new and greener technologies and business practices. Smart use of incentives, the creation of an enabling environment to **harness the potential of private sector actors**, and policy and regulatory practices to ensure due diligence – to prevent and mitigate the actual and potential adverse impacts of business activities on people and planet – form a policy mix that can unleash the potential of the private sector to drive a just transition.
- 176. Social partners have played a key role in advancing a just transition** at the international, national, sectoral, local and enterprise levels. They undertake advocacy, contribute to policy development through social dialogue and provide support to their members and affiliates in responding to emerging priorities. However, institutional and technical capacities vary, and the needs of workers and employers evolve in line with fast-paced changes in economies and labour markets. It is therefore essential to enhance **capacity development** for social partners that is relevant and responsive to their needs, and for governments to promote the creation, development and formalization of dialogue mechanisms and structures at all levels.

### 171 Something to think about

How can gender equality be ensured in a just transition, particularly in the renewable energy sector?

### 171 Something to think about

How can "gender mainstreaming" in energy policies support sustainable development?

Gender mainstreaming in energy policies ensures that women's needs and perspectives are considered, promoting gender equality and enhancing the effectiveness of sustainable development efforts.

177. A range of **other non-State actors** have made commitments or undertaken initiatives on a just transition, which can contribute to advancing and scaling up action. Indigenous groups, youth groups and women's groups that are currently bearing the brunt of the negative consequences of climate and environmental change are raising their voices to demand more equal outcomes. It will be important for the tripartite constituents to find ways of incorporating in their social dialogue the concerns of groups currently excluded from discussions of policy priorities.
178. It is well recognized that **financing is essential** to deliver a just transition. Various sources of finance are needed - public and private, national and international. Ensuring coherent **links between just transition policies and financing frameworks** is vital to achieve impact at scale and to mobilize investments that can support the goals of a just transition.
179. The adoption and implementation of policies and initiatives for a just transition are still at an early stage, and there is a lack of agreed core indicators and measurement criteria. This means that impacts cannot yet be evaluated substantively and systematically. It will be critical to build a solid basis of comparable metrics, which will require, among other aspects, collection of data on the key variables to be determined. Agreed and transparent **monitoring and evaluation frameworks** can help to track progress, extract lessons learned and take corrective actions, and are as such an important instrument to ensure accountability.

## Chapter 3. Action by the ILO

180. Action by the Office is guided by the ILO Guidelines for a just transition at both the global and the national levels. The work of the Office focuses on three areas of critical importance: (i) advancing research on and understanding of the impacts of climate and environmental change and related policies on employment and social equity; (ii) forging policy responses from the world of work and supporting capacity development for ILO constituents to ensure decent work and social justice for all, including by leveraging development cooperation as a means of providing support to constituents; and (iii) engaging in relevant global processes and building strategic partnerships.

### 3.1. Advancing research on and understanding of the impacts of climate and environmental change and policy responses on employment and social equity

181. Over the past decade, the ILO has mobilized its technical expertise and strategic partnerships to produce a breadth of evidence-based research and to develop practical tools and guidance for constituents and other users related to green jobs and a just transition. At the global and regional levels, seminal research products include the reports *World Employment and Social Outlook 2018: Greening with Jobs and Working on a warmer planet: The impact of heat stress on labour productivity and decent work* and, together with the Inter-American Development Bank, *Jobs in a net-zero emissions future in Latin America and the Caribbean*. Other reports include *Skills for a greener future: A global view based on 32 country studies* and *Greening Enterprises: Transforming processes and workplaces* and, together with the United Nations Environment Programme (UNEP), *Decent Work in Nature-based Solutions 2022*, as well as reports on various sectors. Such knowledge products have been instrumental in advancing understanding of the nexus between decent work and the environment and in making the case for the imperative of a just transition in international and national policy processes.
182. At the country level, ILO research has helped to establish the evidence base for policy advice through its employment and social assessments of the impacts of climate policies, which have informed policy choices and policy formulation. The Green Jobs Assessment Institutions Network has become a key vehicle in providing assistance to countries while strengthening the capacity of national and regional research institutions. Research conducted by the Office has thus made notable achievements in strengthening the understanding of the employment and social impacts of climate and environmental change and policy responses. However, given the breadth and complexity of the issues and the evolving needs of constituents, there are still knowledge gaps and unmet needs. At the global level, these include the need for more systematic and in-depth research on the nexus between the environment and decent work in key sectors and themes, such as: agriculture and food systems; forestry; the circular economy; technology development and transfer; economic diversification; and aspects of loss and damage. It is also important to strengthen and update knowledge on policy measures relevant to a just transition to reflect current practices and extract lessons learned through policy reviews, case studies and impact evaluations.
183. At the national level, as constituents embark on or continue to adopt policies and initiatives for a just transition, the demand for country-level assessments of the employment and social impacts of environmental policies is constantly on the rise; efforts in this field therefore need to be scaled

#### 182 Did you know...

How can "innovation and research" drive the development of sustainable solutions?

Investing in innovation and research can lead to the discovery of new technologies and practices that enhance sustainability and reduce environmental impacts.

up. The availability of basic labour market data needs to be increased to facilitate the ex ante and ex post assessments and evaluations required. Research has to be grounded in constituents' needs and priorities at the country level. Issues receiving increasing attention include skills assessments, gendered analyses, enterprise policies, localized impacts of the energy transition, OSH risks, and the impact on decent work and employment of adaptation and biodiversity measures.

184. In response to increasing demand from constituents for practical guidance on the design and implementation of just transition policies, the ILO has developed several manuals and action-oriented knowledge products. These have taken the form of a series of guidance for social partners, policy briefs across policy areas relevant to a just transition, and thematic tools, including recent tools on greening technical and vocational education and training, financing for a just transition and facilitating access to green jobs. These materials contribute to generating understanding and provide users with pointers for action; they also serve to orient and support technical assistance and capacity-building for constituents. The materials cover a range of issues, but do not yet cover all policy areas in the same depth; as constituents' needs evolve, it will be important to have materials that cater to those needs.
185. The ILO website provides a channel for the Office to disseminate knowledge and for users to access research and tools relevant to a just transition. Given the growing number of products and the increasing interest in the topic, however, there have been calls for a knowledge-sharing platform that could serve as a user-friendly repository. A further means of sharing knowledge are the Just Transition Forums, which have provided an international platform for constituents and partners to discuss emerging issues and responses, and exchange good practices and lessons learned.

### 3.2. Policy advice and capacity development for ILO constituents

186. ILO action to promote decent work contributes to advancing a just transition by maximizing opportunities to achieve environmental goals alongside social and economic goals and by addressing the risks to the world of work associated with environmental challenges and responses. To this end, the ILO provides its constituents with policy advice in several areas.
- (a) Comprehensive employment **policy frameworks**, including Decent Work Country Programmes: ILO Member States are increasingly recognizing the need to integrate environmental sustainability considerations in comprehensive employment policies and strategies. The ILO has supported Member States in mainstreaming environmental sustainability in employment policies through increased policy coherence between employment and environmental goals and solid coordination mechanisms to enable actors working on the environment and on employment to cooperate.

#### Box 14. Supporting employment and economic policymaking in Namibia

The ILO has supported Namibian constituents on sound employment policymaking, including through stand-alone employment policies, pro-employment macroeconomic policies and budgeting. As Namibia aims to establish the green hydrogen sector, the ILO is assisting with an employment impact assessment in the sector to contribute to advancing progress on energy, industrial development and employment goals in an integrated manner.

- (b) Climate change and environmental policies, including nationally determined contributions under the Paris Agreement and the long-term goals for net-zero emissions: The ILO is

#### 186 Did you know...

Policy frameworks that set standards for fair wages and safe working conditions can ensure that jobs in the renewable energy sector are decent and equitable.

engaging with an increasing number of countries to undertake assessments and rapid situational analyses of their climate policies from the perspective of decent work and a just transition. Based on such analyses, the ILO has supported constituents in engaging in dialogue with ministries of the environment and of economic development to encourage them to consider labour market policies, employment creation and social protection in their enhanced NDCs and implementation instruments, in line with the ILO Guidelines for a just transition.

**Box 15. Catalysing tripartite efforts to promote decent work in the blue economy in Comoros**

In Comoros, climate change and environmental degradation are threatening the islands' ecosystems and marine environments and also key economic sectors and the jobs that depend on them. Through its voluntary core funding and by leveraging a partnership with the United Nations Environment Programme and the Food and Agriculture Organization of the United Nations, the ILO is seeking to develop the capacities of its tripartite constituents to adopt policy measures and programmes that promote decent work in the blue economy, with a particular focus on the fishing sector.

- (c) Integrated green jobs strategies: The ILO has been responding to a growing interest among Member States in developing national green jobs policies as one of the means of leveraging the employment generation potential of a green economy and promoting decent work. ILO support has enhanced coordinated action across line ministries and among the social partners and has improved policy coherence.
- (d) Thematic policies in fields such as skills, social protection, 125 green enterprise development, green works, occupational safety and health, and social dialogue: Guided by the relevant ILO instruments, the Office has been responding to constituents' specific needs and priorities to assist them in devising policies and programmes that help enterprises and workers to navigate challenges and opportunities in the transition.

**Box 16. Entrepreneurship and skills development in Zimbabwe**

Through the Green enterPRIZE Innovation and Development in Zimbabwe project, which was funded by the Swedish International Development Cooperation Agency and ran from 2017 to 2021, the ILO promoted sustainable enterprise development by strengthening business development services for innovative green businesses and expanded access to skills for green jobs with a particular focus on young people.

- 187.** The ILO combines its policy advice with capacity development for constituents at the national level while also promoting learning and experience-sharing across countries. The International Training Centre of the ILO organizes a range of training programmes on various aspects of a just transition, and integrates sessions on environmental sustainability and a just transition in several other courses. The training programmes are available in virtual, blended and face-to-face formats. Over the 2021–22 period, more than 700 policymakers, practitioners and youth representatives enhanced their ability to formulate programmes and influence policies and decisions for a just transition.

<sup>187</sup> For social protection, the ILO's work is guided by the resolution concerning the second recurrent discussion on social protection, which calls on the ILO to "support Member States in developing social protection policies that facilitate just transitions to environmentally sustainable economies and societies" – through social protection advice and assessments, and as part of just Transition Strategies and policy packages.

**B16 Something to think about**

How can "green entrepreneurship" foster innovation and economic growth?

Green entrepreneurship encourages the development of new, sustainable businesses that create jobs and drive economic growth while addressing environmental challenges.

**187 Something to think about**

What role do "youth engagement initiatives" play in advancing sustainability?

Youth engagement initiatives empower young people to take action on sustainability issues, fostering a new generation of environmental leaders.

188. The ILO has progressively provided support to 55 countries – often through thematic or time-bound assistance, and at other times through comprehensive, longer-term support programmes. As an increasing number of Member States are expressing interest in promoting a just transition, the demand for policy advice is expected to grow accordingly. In addition, an increasing number of countries have moved from the stage of raising awareness of the nexus between employment and the environment and the key principles of a just transition, to designing and implementing fully fledged policy instruments.
189. This trend is expected to grow, in particular due to the action taken by countries to achieve just transition goals that they have included in their NDCs. Action includes the development of national just transition strategies, the integration of considerations of a just transition in various policy areas and investment plans, and the design and implementation of specific policy instruments and programmes. These developments call for more comprehensive and larger-scale approaches to technical assistance to provide effective, **holistic support** for constituents. Furthermore, the increased demand for policy advice on a just transition requires more specific and tailored support that expands and deepens technical assistance, in a manner that is responsive to national circumstances.

### 3.2.1. Development cooperation programmes and projects across the ILO

190. The ILO aims to achieve a just transition, green jobs and environmental sustainability through dedicated and mainstreamed approaches. Altogether, 111 projects and interventions funded by voluntary contributions are contributing to a just transition, environmental sustainability and resilience. 126 They are supporting country priorities and the results defined in the ILO programme and budget, including various dimensions of a just transition, in areas such as enterprise development, employment promotion and skills development, social protection, social dialogue, occupational safety and health, and equal opportunities and treatment. The majority of the projects and interventions either have a global coverage or are active in Africa, where most of the voluntary funding has been allocated (see figure 3). About 83 per cent of the projects and interventions are funded by multi-bilateral donors. Other intergovernmental organizations, in particular the European Commission and the UN, are funding 7 and 5 per cent of the projects and interventions, respectively. 127 The Office also allocates resources from the regular budget supplementary account to interventions that support a just transition. 128

#### 189 Something to think about

How can “holistic approaches” ensure that economic transitions are inclusive and sustainable?

Holistic approaches consider the interconnections between economic, social, and environmental factors, promoting balanced and inclusive growth.

<sup>126</sup> Source: Development Cooperation Dashboard, accessed on 20 January 2023; an actual total of 111 projects and interventions operating in multiple countries and regions was counted for the period 2020–23.

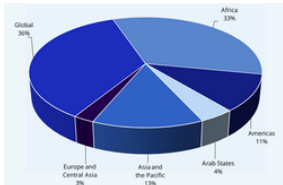
<sup>127</sup> Based on allocations for those projects and interventions, 2020–23.

<sup>128</sup> Note on methodology: The development cooperation projects and interventions contributing to various aspects of a just transition across the outcomes of the *Programme and budget for the biennium 2022–23* are funded by voluntary contributions, sourced by extrabudgetary development cooperation (XDC) and regular budget supplementary account (RBSA). They include:

(a) projects and interventions linked to policy output 3.3, “Increased capacity of Member States to formulate and implement policies for a just transition towards environmentally sustainable economies and societies”; (b) projects that include, mainstream and integrate just transition dimensions as part of policy outputs 1.4, 3.1, 3.3, 3.4, 3.5, 4.2, 4.4, 5.1, 5.2, 5.3, 6.2, 6.4, 7.2, 7.3, 8.1, 8.3; (c) projects contributing to a just transition as part of enabling outcomes A.1 and A.6; and (d) Junior Professional Officers and staff on secondment.

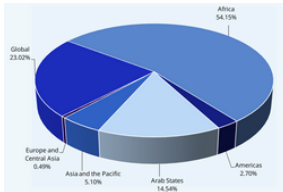


Figure 3. ILO development cooperation projects and interventions contributing to various dimensions of a just transition, by region, 2020-23



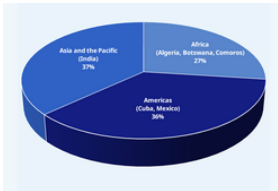
Note: Interventions and projects operating in multiple regions and multiple countries are counted in each of the geographical areas they cover. The geographical cumulative total number is 120, with an actual total number of 111 projects and interventions. Source: ILO Development Cooperation Dashboard, accessed on 20 January 2023.

Figure 4. Voluntary funding of ILO development cooperation projects and interventions contributing to various dimensions of a just transition, by region, 2020-23



Note: Based on extrabudgetary development cooperation (IEOC) and regular budget supplementary account (RESA) allocations with a total allocation of US\$178 million for 2020-23. Source: ILO Development Cooperation Dashboard, accessed on 20 January 2023.

□ Figure 5. Regional breakdown of interventions and projects contributing to a just transition under policy output 3.3, with allocations from the ILO core voluntary funding, 2020–23



Source: ILO Development Cooperation Dashboard, accessed on 20 January 2023.

191. Global partnership agreements, such as the ILO's partnerships with France and with the Swedish International Development Cooperation Agency, have been an important means of delivering development cooperation. They have played a vital role in providing demand-driven support to countries and in supporting the development of global knowledge and guidance in areas of strategic importance. Their relatively long-term time frame has enabled assistance to be provided to countries throughout the policy cycle, and the combination of international and local components has created opportunities for innovation and multidisciplinary collaboration across the Office.
192. Development cooperation projects are designed and implemented through various arrangements and cover a wide range of policy subjects. Multistakeholder partnerships and alliances have become a key instrument of development cooperation for the Office. The ILO Development Cooperation Strategy 2020–25 129 emphasizes the value for the ILO of engaging closely with funding partners and with the UN system in joint programmes and large-scale partnerships. The Partnership for Action on Green Economy (PAGE), which was launched in 2013, involves the ILO and four other UN agencies, which are assisting 22 partner countries in their transition to an inclusive green economy by providing assessments, policy advice and capacity-building. 130 PAGE is supported by eight funding partners and works across the UN system through the UN resident coordinator network, thus giving effect to the "One UN" approach. Since

<sup>129</sup> ILO, *ILO Development Cooperation Strategy 2020–25*, GB.340/POL/6, Governing Body, 340th Session, Geneva, October–November 2020.

<sup>130</sup> The United Nations Environment Programme, the United Nations Development Programme, the United Nations Industrial Development Organization and the United Nations Institute for Training and Research. PAGE receives financial contributions from the European Union, Finland, Germany, Norway, the Republic of Korea, Sweden and Switzerland. For more information, see <https://www.un-page.org/>.

2013, the initiative has mobilized close to US\$90 million in financial contributions, pledges and in-kind support through the UN Multi-Partner Trust Fund Office, an independent, transparent and pooled funding mechanism for sound administration and accountability.

**Box 17. Working with waste collectors in the informal economy in Senegal**

In 2019, the ILO established a partnership with Women in Informal Employment: Globalizing and Organizing (WIEGO) to help informal waste-pickers from the Mbeubeuse waste disposal site in Senegal organize into cooperatives to improve their working conditions. The partnership involved a socio-economic survey, technical studies on waste streams and value chains, and dialogues and consultations with the workers, the main national institutions involved in waste management, and UN agencies under the Partnership for Action on Green Economy (PAGE).

- 193.** The Climate Action for Jobs Initiative, announced by the UN Secretary-General at the Climate Action Summit in September 2019 and spearheaded by the ILO, helps countries to create quality jobs while simultaneously delivering on climate and environmental goals and supporting those affected by the shift to sustainability. The Initiative focuses explicitly on promoting a just transition and rallies a coalition of nearly 50 countries that have made a formal commitment to put in place national plans and strategies. It is built as a multistakeholder alliance that brings together tripartite constituents, UN agencies and multilateral development banks and leverages the expertise of knowledge partners. The Initiative provides policy, technical and programmatic support to partner countries to achieve ambitious climate change mitigation and adaptation goals, while delivering quality employment and social protection based on social dialogue and advancing gender equality.

**Box 18. Supporting the integration of a just transition in nationally determined contributions**

The ILO supported several countries in incorporating the principles of a just transition when developing, revising and implementing their nationally determined contributions by providing assistance on assessments, capacity-building and policy advice. The countries have included Antigua and Barbuda, Argentina, Colombia, Costa Rica, Côte d'Ivoire, the Dominican Republic, Niger, Nigeria, Türkiye and Zimbabwe. Support was provided through a variety of projects and funding, including ILO regional funding, the ILO-France partnership, the ILO's partnership with the Swedish International Development Cooperation Agency, and collaboration with the United Nations Development Programme under its Climate Promise.

- 194.** The ILO's development cooperation portfolio covers a range of areas where projects have embedded elements related to environmental sustainability and a just transition. These include enterprise development projects (such as the Sustaining Competitive and Responsible Enterprises programme (SCORE) 131) and projects with a sectoral approach, such as ProAgro 132 and the Decent Work in the Garment Sector Supply Chains in Asia project. 133 Environmental considerations have been integrated in projects on employment-intensive investment programmes through green works in countries such as Burkina Faso, Lebanon, Tunisia and Madagascar. Green works and enterprise development in green economic sectors have also been included in programmes under

<sup>131</sup> The SCORE programme is funded by the Norwegian Agency for Development Cooperation and the State Secretariat for Economic Affairs of Switzerland.

<sup>132</sup> The ProAgro Morocco – Promotion of Decent Work in Agribusiness – project was designed under a special initiative of the German Parliament and is funded by the German Federal Ministry for Economic Cooperation and Development.

<sup>133</sup> The Decent Work in the Garment Sector Supply Chains in Asia project was funded by the Swedish International Development Cooperation Agency.

the Partnership for improving prospects for forcibly displaced persons and host communities (PROSPECTS) and similar programmes. In addition, PROSPECTS includes interventions in enterprise development in sectors related to the green economy. The ILO also takes part in development cooperation projects that seek to protect and empower populations affected by climate change by improving governance of labour migration and mobility, particularly in Pacific Island countries and within the Inter-Governmental Authority on Development region.

195. Social protection projects have integrated elements that contribute to a just transition through policy-oriented research and capacity-building, such as under the project “Accelerating progress on SDG target 1.3 – Social protection systems and measures for all”, 134 including support in Colombia, Egypt and Indonesia. With regard to occupational safety and health, some technical assistance projects, particularly the Vision Zero Fund, have developed pilot interventions for addressing climate risks, particularly in relation to heat stress. 135
196. In the development cooperation portfolio on skills, the ILO has provided support on a just transition through dedicated projects and as part of broader approaches. Technical assistance is delivered through projects such as Skills Development for the Renewable Energy Sector in Zambia, Skills for Energy in Southern Africa, 136 and Skills 21 in Bangladesh. 137

### 3.3. Global engagement and partnerships

197. The ILO contributes to a variety of multilateral and regional processes on climate and environmental change, including Multilateral Environmental Agreements, and participates in the UN Environment Management Group, meetings of the G7, the G20 and the BRICS countries, 138 issue-based coalitions, and other relevant international policy processes and platforms.

#### 3.3.1. The ILO’s contribution to UN processes on climate and environmental change

198. The ILO participates in relevant UN climate change conferences under the UNFCCC as a UN agency with observer status. The Office contributes substantively to negotiations, including through formal submissions that promote the integration of decent work and a just transition, the gender dimensions of climate change responses and the rights of indigenous peoples. It also collaborates with the presidencies of the Conferences of the Parties on outcomes related to a just transition, for example on the Solidarity and Just Transition Silesia Declaration at COP24 and on the Supporting Conditions for a Just Transition Internationally at COP26.
199. Most recently, the ILO played an active role at COP27 in Sharm el-Sheikh, Egypt, in November 2022, where it hosted, together with the European Commission, the first ever Just Transition Pavilion. The Pavilion brought together key partners, such as the ITUC, the IOE and the Secretariat of the UNFCCC, and hosted some 40 events with more than 30 partnering organizations, ranging from government representatives, employers’ and workers’ organizations, academic institutions,

#### 196 Something to think about

What is the role of “renewable energy education” in promoting sustainable development?

Renewable energy education can raise awareness and build the capacity needed to implement and maintain renewable energy systems.

<sup>134</sup> The project is funded by the German Agency for International Cooperation (GIZ).

<sup>135</sup> Donors include the European Commission, France, Germany, Norway, Sweden, the United Kingdom and the United States, and private sector donors.

<sup>136</sup> These projects are funded by the Swedish International Development Cooperation Agency.

<sup>137</sup> The project is funded by the European Union.

<sup>138</sup> Brazil, the Russian Federation, India, China and South Africa.

civil society and youth organizations. 139 In addition, the ILO delegation promoted the social dimensions of climate change at more than 100 engagements over the two weeks. The Pavilion included a Just Transition Knowledge Hub, which featured exchanges between practitioners, stakeholders and ILO experts.

#### Box 19. Contributing to the Task Force on Displacement

The ILO was one of the UN agencies in the Task Force on Displacement, which was responsible for developing a set of recommendations under the Warsaw International Mechanism for Loss and Damage Associated with Climate Change for “integrated approaches to avert, minimize and address displacement related to the adverse impacts of climate change”.

200. The ILO participates regularly in the sessions of the United Nations Environment Assembly, where it promotes the integration of decent work and social justice objectives in the setting and implementation of the global environment agenda. The ILO also actively participates in the UN Strategic Approach to International Chemicals Management and engages its constituents in policy formulation, including elements related to climate change and a just transition. Furthermore, the ILO contributed to the development of the UN Common Approach to Biodiversity and is a partner of the UN Decade on Ecosystem Restoration. At the regional level, the ILO contributes to action through various means, including through issue-based coalitions of the UN, and engages with regional groups and institutions such as the Association of Southeast Asian Nations and the African Union to give effect to the priorities of a just transition.

### 3.3.2. The ILO's engagement in leading policy platforms

201. A just transition has become prominent on the agenda of major policy forums, such as meetings of the G7, the G20, the BRICS countries and the Climate Vulnerable Forum. In this context, the ILO provides technical and analytical support at the request of countries participating in these forums. For example, in 2022 the ILO produced the *Employment and just transition to sustainability in the BRICS countries* paper for the BRICS Employment Working Group under China's presidency. Under Indonesia's presidency of the G20 in 2022, the ILO contributed the *Finance for a Just Transition and the Role of Transition Finance* paper to the Sustainable Finance Working Group. Also in 2022, under Germany's presidency of the G7, the ILO and the OECD jointly produced several reports, including *Promoting a just and inclusive green transition* and *The impact of the 30s on G7 labour markets: Key issues*. Through an agreement with the secretariat of the Climate Vulnerable Forum, the ILO is supporting the integration of decent work and a just transition in the Climate Prosperity Plans that several Forum member countries are producing.

### 3.3.3. Strategic partnerships

202. In addition to the partnerships mentioned earlier, the ILO has entered into collaboration agreements with several UN agencies and international organizations working in the field of sustainability. These include the secretariats of the UN Framework Convention on Climate Change, the UN Convention to Combat Desertification, UN-Energy, the International Union for Conservation of Nature and the International Renewable Energy Agency. The ILO launched, with the United Nations Environment Programme and the United Nations Children's Fund (UNICEF), a Green Jobs for Youth Pact, and is also involved in partnerships with key private sector actors. In

addition, the ILO is involved in a range of global and regional initiatives, UN joint programmes, and **multistakeholder partnerships**.

- 203.** The Global Accelerator on Jobs and Social Protection for Just Transitions, launched in September 2021 by the UN Secretary-General, signals the UN system's collective response for addressing the multiple challenges that threaten to erase the progress made in development in recent decades. The aim is to help countries to create 400 million decent jobs (including in the green, digital and care economies) and to extend social protection coverage to the 4 billion people currently excluded from any form of social protection. Furthermore, the Global Accelerator will serve as one of the bases for the ILO Director-General's proposed Global Coalition for Social Justice, which has prioritized stronger multilateral coordination and support to Member States in implementing and financing integrated policies and strategies to create decent jobs, extend social protection and facilitate just transitions.
- 204.** At the UN Climate Change Conference (COP26) in Glasgow in November 2021, the first Just Energy Transition Partnership was launched, with a Political Declaration on the Just Energy Transition in South Africa committing a group of countries to mobilize an initial amount of approximately US\$8.5 billion to support South Africa's pathway to low emissions and climate-resilient development, decarbonization of its electricity system, and the development of new economic opportunities. At COP27 in Sharm el-Sheikh, in November 2022, South Africa published an implementation plan for its Just Energy Transition Partnership, outlining priority investment needs requiring US\$98 billion in funding. The G20 leaders' summit held in Bali, Indonesia in November 2022 announced a Just Energy Transition Partnership for Indonesia, with a funding commitment of US\$20 billion over 3 to 5 years, to be mobilized in part through public funding and in part through the private sector. Just Energy Transition Partnerships have also been announced for other countries, including India, Senegal and Viet Nam.
- 205.** Just Energy Transition Partnerships are considered to be innovative partnerships that are country-led and mobilize coordinated and tailored international support for emerging economies that are heavily dependent on fossil fuels in achieving ambitious and just energy transitions. They combine domestic resource mobilization with international financing, involving both public and private sector finance, including through multilateral development banks. However, several questions and concerns have been raised, including the risk of undermining multilateral efforts towards climate mitigation by focusing on only a few key countries, which may discourage action by others. In addition, decarbonization pathways involving natural gas and other fossil fuels as transition fuels have been questioned. Nonetheless, the recognition of the massive structural, economic and social transformations required, and the alignment of financing to enable just transitions, is a positive development. The ILO has been involved in policy discussions concerning Just Energy Transition Partnerships, including within the UN system.
- 206.** An increasing number of institutions have started to take action in fields relevant to a just transition. The Office has been developing and strengthening partnerships with key players to enhance its reach and impact concerning a just transition. Given the growing interest and increasing number of initiatives, it is important to pursue and step up collaborations in a strategic manner. For example, international financial institutions are influential actors that have started to engage in the employment and social aspects of the transition; strengthening engagement with them would provide a significant opportunity to enhance support to countries. Through its technical expertise, its tripartite constituency and its ongoing policy support to Member States, the ILO would be able to deliver policy advice and technical support to complement financing from international financial institutions and contribute to joint programmatic interventions in countries of common interest, while promoting an understanding of a just transition on the basis of the ILO Guidelines.

## 202 Did you know...

Engaging multiple stakeholders, including governments, businesses, and communities, can foster collaboration and ensure that diverse perspectives are considered in the transition process.

### 3.4. Lessons and perspectives

- 207.** Action taken by the ILO since the adoption of the ILO Guidelines for a just transition in 2015 and the progress achieved have resulted in several lessons learned and recommendations, including from internal and independent evaluations of ILO development cooperation projects. The main lessons learned on policy advice, development cooperation, partnerships and international engagement are provided below.
- 208. The importance of a country-driven and tailored approach for a just transition:** In order to be effective and inclusive, interventions need to be firmly grounded in the country and local contexts, based on an understanding of constituents' needs and of the concerns of vulnerable groups, and anchored in national institutional and **policy frameworks**. This is key to ensuring ownership and sustainability.
- 209. The value of integrated approaches to development cooperation:** A prerequisite for realizing a just transition is improved policy coherence and coordination of action across different policy areas. This is particularly important as countries give effect to their commitments by developing policies and strategies related to a just transition. Development cooperation projects that enable integrated support for the planning and design of instruments across different fields will therefore become critical, as will support on policy implementation. This will require more comprehensive interventions and consequently a need to scale up funding.
- 210. Fostering tripartism as a core element of development cooperation projects:** The active involvement and engagement of tripartite constituents in the design, implementation and evaluation of new initiatives and projects contributes to increasing the effectiveness of project implementation. Fostering social dialogue rather than ad hoc consultation processes should be an integral component of projects.
- 211. Combining country-level and global interventions:** Country-level assistance is typically strengthened when it can leverage the latest global insights, state-of-the-art tools adapted to local contexts, and international experience-sharing. Conversely, global knowledge development and tools can be greatly enhanced by local knowledge, good practices and applications at the country level.
- 212. Working within UN joint programmes for increased operational effectiveness and benefits for countries:** Drawing on the complementary expertise of UN agencies, strengthened collaboration and synergy through pooled funding mechanisms, and alignment with the reform of the UN development system increases the effectiveness of operations and results in benefits for countries. The UN Multi-Partner Trust Fund has proven useful in allocating financial resources to implementing entities and administering interventions transparently.
- 213. Mainstreaming a just transition in the ILO's work:** The ILO has increasingly been integrating environmental sustainability and just transition considerations in projects across various areas of its work that provide significant support to constituents. In order to maintain and strengthen this trend and leverage expertise across the Office, adequate provisions for staffing, including technical backstopping, is required.
- 214. Expanding partnerships and diversifying resource mobilization:** While existing projects have made significant contributions to advancing a just transition, funding gaps remain and are expected to increase as a result of increasing demand (as more countries embark on just transition policies) and an increasing need for more comprehensive types of assistance on planning and coordinated action across different policy areas. Addressing such gaps will require increased and diversified funding. On the one hand, it will be important to strengthen bilateral

#### 208 Something to think about

Effective policy frameworks provide the necessary regulations and incentives to support green initiatives, ensuring their sustainability and success.

#### 209 Something to think about

What are the benefits of "integrated planning approaches" for sustainable urban development?

Integrated planning approaches that consider environmental, social, and economic factors can lead to more resilient and sustainable urban areas.

and multilateral public funding partnerships and enhance dialogue with funding partners for the identification of opportunities and design of projects. On the other, it will require increased efforts to leverage project funding linked to international climate and environment finance mechanisms such as the Green Climate Fund, the Global Environment Facility and the Adaptation Fund. Collaboration with international financial institutions and multilateral and regional development banks on programmes and project implementation can provide a vehicle to expand technical assistance to countries and link it to financing initiatives. Opportunities for project funding from foundations such as the European Climate Foundation and the Bill & Melinda Gates Foundation could also be explored.

- 215. Such intensified resource mobilization efforts may entail expanding partnerships** with other UN agencies and national entities that are already accredited to funds such as the Green Climate Fund and the Global Environment Facility, while continuing efforts to seek accreditation. It will also require investment in building the human and institutional capacities of the Office and the ILO constituents in the drafting, design and implementation of quality project proposals for international financial institutions, multilateral development banks and other competitive funding mechanisms.
- 216. Strengthening strategic engagement** in international policy processes and platforms: contributing to international processes is vital to advance understanding, foster commitments and trigger action on a just transition. It complements country-level support and can generate opportunities for experience-sharing, learning and joint initiatives.