



# ITUC Economic and Social Policy Brief: The Role of Social Protection in a Just Transition



# The Role of Social Protection in a Just Transition

## The issue...

Climate change and the policies intended to mitigate it have a significant impact on people's direct environments, lives, jobs, incomes and communities all across the globe. Low income people are especially at risk of being affected by the consequences of climate change, as they often live in the most threatened areas, however they are also the ones least able to protect themselves against these risks.<sup>1</sup> Overall, it is estimated that over 100 million people could be pushed into extreme poverty as a result of climate change by 2030. A sound social protection scheme could reduce this number drastically to 20 million.<sup>2</sup> Moreover, major industrial transformations occurring as a result of climate change policies, such as the phase-out of high-carbon industries, will leave many workers at risk of losing their jobs. Environmental and socio-economic risks are strongly interconnected, as the figure below shows; therefore, **adequate universal social protection is an essential component of the just transition to a sustainable, zero-carbon economy.**

## Direct effects of climate change

Climate change has a wide range of consequences, including extreme temperatures, rising sea levels, floods and droughts. These increasingly common **extreme weather conditions can make it impossible to work for extended periods of time.** This leads to working hours being shortened in order to avoid negative health consequences, such as heat stress, especially for outdoor workers for example in agriculture, forestry and construction. This puts workers at risk of losing (part of) their income. The number of days a year that extreme temperatures, storms and floods make work impossible is increasing; it is estimated that in 2030, **2 per cent of working time will be lost due to heat** worldwide. Working times in Southern Asia and Western Africa will be impacted most significantly; by 2030 respectively 4.8% and 4.6% of working time will be lost in these regions.<sup>3</sup>

Globally, 66 per cent of hours lost will be from agricultural workers, because the nature of their work makes

## Just transition explained

Just Transition requires an economy-wide process that produces the plans, policies and investments that lead to a sustainable future with full employment, decent work and social protection.<sup>A</sup> An effective Just Transition process requires social dialogue between governments, employers, and unions to develop the measures that build trust and guarantee secure income support for affected workers, skills training and redeployment services. Just Transition is a key requirement of the Paris Agreement and is further defined by the International Labour Organization's global labour guidelines for Just Transition.

A. ILO (2017) [Just Transition - Where Are We Now and What's Next? A Guide to National Policies and International Climate Governance](#)

them extra vulnerable to environmental influences.<sup>4</sup> **Agricultural workers tend to be especially under-protected** against the social risks that this poses, as they are often not included in traditional contributory unemployment and work-injury schemes as their work is considered 'informal'.<sup>5</sup>

**Changing weather conditions also make crop failure more common, leading to food insecurity and higher food prices.** The 2007-2010 drought in Syria caused crop failure for 75 per cent of agriculture-dependent households and resulted in up to 3 million people falling into extreme poverty. Similarly, by 2030 nearly half of the world's population will live in areas of high water-scarcity.<sup>6</sup>

## Effects of policies mitigating climate change

To prevent climate change from causing even more damage in the long term, drastic policy changes will be necessary. However, some policies are likely to have an impact on the employment and livelihoods of many workers. The phase out of high-carbon industries

1 ILO (2016) [Protecting people and the environment: Lessons learnt from Brazil's Bolsa Verde, China, Costa Rica, Ecuador, Mexico, South Africa and 56 other experiences](#)

2 World Bank Group (2016) [Shockwaves: Managing the impacts of climate change on poverty](#)

3 ILO (2018) [World Employment and Social Outlook 2018: Greening with jobs](#)

4 ILO (2018) [World Employment and Social Outlook 2018: Greening with jobs](#)

5 ILO (2017) [World Social Protection Report 2017-19: Universal social protection to achieve the Sustainable Development Goals](#)

6 ILO (2018) [World Employment and Social Outlook 2018: Greening with jobs](#)

will affect the jobs of workers in these industries. Just Transition therefore requires both protection for these workers and investment in their communities to sustain their future. This is possible. The European Commission has estimated that new EU jobs created in the power and energy efficiency sectors will number 823 000 between 2026 and 2030, on the basis of a 40% emissions cut by 2030 accompanied by a move to a 30% renewable energy share.<sup>7</sup> **This will however require policies to ensure income security and job transition measures for these workers, as well as skills development measures.**

If not accompanied by social protection programmes, the phase out of policies that encourage fossil fuel consumption, such as fuel subsidies, may also affect the disposable income of poor and vulnerable households, who tend to rely on such subsidies the most. This was, for example, the case in Egypt.<sup>8</sup> The development or expansion of social protection benefits to accompany reforms aimed at reducing subsidies for fossil fuel consumption can mitigate these negative effects on low-income households.

Finally, the transition to a zero-carbon economy also has direct effects on some forms of social protection in the form of stranded assets. For instance in the United States, the declining number of operating coalmines has affected multi-employer pension plans, that rely on employer contributions for their income. Fewer coal mines means lower employment levels leading to lower contributions. A complete closure of the sector would result in the collapse of the pension fund.<sup>9</sup>

## Policy measures...

A just transition requires a social protection system that prevents poverty and social exclusion for those that lose (part of) their income or employment due to the effects or mitigation of climate change. Social protection can also help people deal with the direct impact of climate change, such as floods and droughts.

Adequate and universal social protection as set out in ILO Convention **102 on Minimum Standards of Social Security** and **Recommendation 202 on Social Protection Floors** protects people from falling into poverty and social exclusion in case of unemployment or injury. This can support communities that rely on fuel intensive industries when these are scaled down. Policies in line with ILO **Recommendation 204 on the Transition from the Informal to the Formal Economy** can contribute to the extension of social protection to workers in the informal economy.

<sup>7</sup> European Commission (2014) [A policy framework for climate and energy in the period from 2020 up to 2030](#). Benefits will also be experienced in terms of jobs related to innovation and exports of low-emission technologies, for example in the transport sector.

<sup>8</sup> ILO (2018) [World Employment and Social Outlook 2018: Greening with jobs](#)

<sup>9</sup> ETUC (2018) [A Guide for Trade Unions: Involving Trade Unions in Climate Action to Build a Just Transition](#)

## Social protection explained

Social protection systems consist of policies that help people manage social risks in order to prevent poverty and maintain decent incomes and living standards. These include unemployment benefits, maternity benefits, sickness and disability benefits, child benefits, old-age pensions, survivors' benefits and social assistance. These are underpinned by vital public services including health, education and care services. Social protection is recognised internationally as a human right, is enshrined in international labour standards and is a core objective of the UN Sustainable Development Goals.<sup>B</sup>

B. See for instance the Universal Declaration of Human Rights and the International Covenant on Social, Cultural and Economic Rights, ILO Convention 102 on Social Security and Recommendation 202 on Social Protection Floors, and SDG target 1.3 on social protection.

In addition to social protection, **active labour market policies (ALMP)** can also make the transition to **low-carbon jobs easier**, for example by offering training in new skills, providing job search assistance or by providing relocation grants when it is not possible to find a fitting job in the area.<sup>10</sup> In this respect, it is essential that ALMPs are truly used as an addition on top of adequate social protection and not as a replacement.

**Public Employment Programmes (PEP)** can also be part of an active labour market policy, by directly creating employment, such as the MGNREGA employment guarantee scheme in India that contributes to drought-proofing and flood management especially in marginalised communities.<sup>11</sup> PEPs - in this context often referred to as 'Green Works' - can target multiple objectives at the same time, including income security, poverty reduction and the provision of public goods (e.g. climate protection). The main way in which PEPs can contribute to environmental protection is if the employment created focuses around reforestation, and water and soil conservation. However, the multiplicity of objectives, makes trade-offs between environmental and social objectives a possible challenge.<sup>12</sup> The special roles and needs of indigenous people should moreover be acknowledged, with job guarantees and social protection ensured in this regard.

Finally, **Payment for Environmental Services (PES)** programmes, which usually have a primary environmental objective, can also contribute to a just transition by supporting the livelihoods of low-income groups. One prominent example is the Bolsa Verde programme in Brazil, where households living in extreme poverty in rural areas receive income in exchange for

<sup>10</sup> ILO (2018) [World Employment and Social Outlook 2018: Greening with jobs](#)

<sup>11</sup> ILO (2018) [World Employment and Social Outlook 2018: Greening with jobs](#)

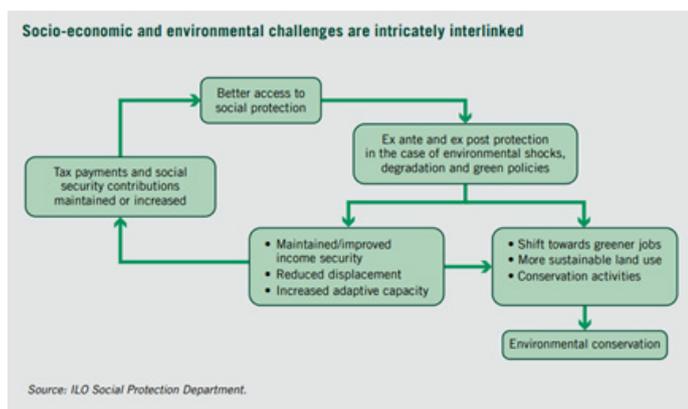
<sup>12</sup> ILO (2018) [World Employment and Social Outlook 2018: Greening with jobs](#)

maintenance and sustainable use of natural resources<sup>13</sup>. That being said, PES schemes are not always accessible to low-income people; solar energy subsidies, for example, tend to benefit primarily middle and upper income households.<sup>14</sup> It is important, therefore, that PES programmes be designed so that low income people are not excluded. Moreover, such programmes should be considered as a complement to universal social protection systems, not a substitute.

In all of these policy measures, **trade unions have a key role to play**. Unions are involved in negotiations for social protection reforms, sitting on tripartite or multi-stakeholder social security boards. Unions are also key players in the design and delivery of active labour market policies, and in the establishment of public employment programmes.

Furthermore, trade unions may conclude firm or sector-level **collective agreements** with employers to ensure adequate social protection for workers affected by climate change and the policies trying to mitigate it. One example is the agreement concluded between unions and ENEL, a large Italian electricity and gas supplier, following the announced closure of 23 coal-fired plants – which managed to reallocate workers as well as provide early retirement options for some workers with limited prospects to find new employment.

That being said, while such provisions are helpful, they are not sufficient on their own to fully ensure a just transition for such workers and need to be part of a larger policy package as outlined in the **ILO's Guidelines for a Just Transition**<sup>15</sup>. These guidelines set out a comprehensive mix of policies that governments and social partners must employ in order to guarantee a Just Transition, which include macroeconomic, sectoral, and enterprise policies that ensure jobs, rights and decent work; occupational safety and health; social protection; skills development policies; active labour market policies; and social dialogue and tripartism. Such policies can complement and reinforce each other to ensure environmentally sustainable economies, decent work opportunities, and thriving communities.



13 See for instance [Bolsa Verde: Improving Livelihoods and Conserving Forests](#)  
 14 See ILO (2015) [Payment for Environmental Services and Social Protection](#)  
 15 ILO (2015) Guidelines for a just transition towards environmentally sustainable economies and societies for all

## Examples of social protection policies contributing to a just transition

**United Kingdom:** Since 2013, the Energy Company Obligation scheme is an energy efficiency scheme that helps combat fuel poverty by subsidising insulation measures for low-income households to save energy and reduce their electricity bills. In addition, the most vulnerable receive a £140 energy subsidy.<sup>A</sup>

**India:** Since 2005, the Mahatma Ghandi National Rural Employment Guarantee Act (MGNREGA) seeks to improve the rural infrastructure, augment land and water resources, and strengthen the livelihood resource base of the rural poor by providing adults at least one hundred days of guaranteed unskilled wage employment per year. Yearly, about 70 million households participate in this programme.<sup>B</sup>

**Egypt:** Since 2014, the Egyptian government has drastically reduced fuel subsidies that mainly benefitted the rich, and allocated more resources towards health, education and social protection. Most notably, they extended the coverage social protection programmes for poor families, older people, orphans and disabled people.<sup>C</sup>

**Philippines:** After Typhoon Haiyan struck the country in 2013, the government swiftly expanded the DILEEP programme. This provided those affected by the storm with up to 30 days of wage employment and social protection in the form of temporary income support and health and accident insurance.<sup>D</sup>

A. See [Government delivers on manifesto pledge with £6 billion package to help end fuel poverty and drive innovation in energy efficiency](#) (2018) and [About the ECO scheme](#) (2018)  
 B. Indian Institute of Science (2013) [Environmental Benefits and Vulnerability Reduction through Mahatma Gandhi National Rural Employment Guarantee Scheme](#)  
 C. Makdissi, P. (2018) [Subsidy reforms and social justice: Lessons from Egypt](#)  
 D. ILO (2015) [Social Protection and Climate Change: How did the Philippines combine emergency relief with lasting protection after Haiyan?](#)

## Union demands

- Governments should ensure adequate and accessible social protection for all, including for workers in the informal economy in line with Convention 102 on Social Security, Recommendation 202 on Social Protection Floors and Recommendation 204 on the Transition from the Informal to the Formal Economy
- Social partners must be consulted when developing policies for a low-carbon economy, including on industry policy planning, in order to ensure a just transition policy that guarantees decent jobs and livelihoods
- Governments, in cooperation with social partners, should provide income support, skills training and redeployment services for workers who lose their jobs as a result of the transition to a zero-carbon economy
- If Payment for Environmental Services programmes are in place, low income groups should not be excluded.

### Further readings and useful links...

AFD-ILO Portal on [Social protection and climate change: Greener economies and just societies](#)

ETUC (2018) [A Guide for Trade Unions: Involving Trade Unions in Climate Action to Build a Just Transition](#)

ILO (2015) [Guidelines for a just transition towards environmentally sustainable economies and societies for all](#)

ILO (2016) [Protecting people and the environment: Lessons learnt from Brazil's Bolsa Verde, China, Costa Rica, Ecuador, Mexico, South Africa and 56 other experiences](#)

ILO (2018) [World Employment and Social Outlook 2018: Greening with jobs](#)

ITUC (2017) [Just Transition - Where Are We Now and What's Next? A Guide to National Policies and International Climate Governance](#)