



# ► Just Transition Policy Brief

June 2023

## The role of active labour market policies for a just transition

### Key messages

- In the face of climate and environmental impacts posed by green policies and investments, active labour market policies (ALMPs) are a versatile tool to support a just transition.
- The participation of vulnerable workers in ALMPs can be enabled by providing them with income support, where feasible.
- Developing countries with limited fiscal spaces can develop an integrated framework of ALMPs and income support progressively, starting with increased policy coherence, institutional coordination and partnerships.
- ALMPs can contribute to enabling a green business environment by equipping workers with relevant skills and satisfying employers' labour force needs through employment services.
- Social dialogue, coordination and partnerships with relevant stakeholders are key to designing and implementing ALMPs that are conducive to a just transition.





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## Background

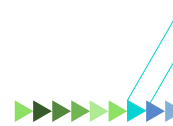
The ILO *Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All* (hereafter the Just Transition Guidelines), adopted by representatives of governments, employers' and workers' organizations in 2015, provide a policy framework and an operational tool to address environmental change in a way that advances social justice and promotes decent work creation.<sup>1</sup> This policy brief is part of a series of briefs that seek to deepen the technical and policy understanding of the application of the Just Transition Guidelines. They are mutually reinforcing and together form a body of policy guidance on the Just Transition Guidelines.

The just transition briefs are intended for use by policymakers and practitioners at all levels to provide practical information and guidance, fostering a common understanding of what is meant by a just transition in specific topic areas and providing recommendations for implementation by countries, international institutions and other actors in academia and civil society. The briefs seek, in particular, to provide guidance on just transition to ILO constituents, including workers' organizations, employers' organizations, and governments and relevant line ministries.

The briefs cover the following thematic areas: macro-economic and growth policies; industrial and sectoral policies; active labour market policies; enterprise policies; skills development; green works; occupational safety and health; social protection; rights; social dialogue and tripartism; collective bargaining; labour migration and human mobility; indigenous peoples; gender and labour; youth employment; persons with disabilities; people living with HIV; and financing a just transition.

This policy brief seeks to illustrate how active labour market policies (ALMPs) can facilitate a just transition. It advocates for an integrated approach that considers both ALMPs and income support to address adverse effects of climate change and potentially negative impacts of green policies and investments, and to facilitate the transition of workers and enterprises to new requirements in the world of work. It also unpacks the provisions of the guidelines on ALMPs and provides recommendations and examples to operationalize them. The broad implementation of just transition across all policy areas and crosscutting thematic topics requires careful consideration of the guidance provided in the ILO Just Transition Guidelines, considering the needs, priorities and circumstances of each country.

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



## Introduction

The climate crisis has become a tangible reality across regions, affecting developing and developed countries alike.<sup>2</sup> Climate change impacts the world of work in profound ways. By 2030, the ILO estimates that the global temperature rise of 1.5°C will cause total working hour losses to reach 2.2 per cent – a worldwide productivity loss equivalent to 80 million full-time jobs.<sup>3</sup> While the IPCC estimates that some effects of climate change are already irreversible,

concrete action can prevent further environmental deterioration and increase societies' adaptation and resilience.<sup>4</sup> As mentioned above, active labour market policies (ALMPs) are one of nine key policy areas in the framework for climate action in the world of work provided by the Just Transition Guidelines. This guidance for policy formulation and implementation builds on ILO knowledge and experience across the world.

## Labour market policies and their role for a just transition

Labour market policies (LMPs) provide income replacement and labour market integration measures to those seeking work, usually the unemployed, but also the underemployed and the employed who are looking for better jobs as well as young people transitioning from school to work.<sup>5</sup> LMPs are categorized as either passive or active. *Passive* labour market policies seek to provide income replacement during periods of joblessness or job search and include measures such as unemployment insurance and assistance, redundancy and bankruptcy compensation, and early retirement. In contrast, *active* labour market policies have traditionally sought to reduce unemployment and maintain individuals' attachment to the labour market by:

- i. matching jobseekers with current vacancies through direct job-search assistance or information provision;

- ii. upgrading and adapting the skills of current jobseekers in order to improve their employability;
- iii. providing incentives to individuals or firms to take up certain jobs or hire certain categories of workers; and
- iv. creating jobs either in the form of public sector employment or the provision of subsidies for employment in private sector.<sup>6</sup>

Owing to a long-standing experience of implementing ALMPs, developed countries have a well-established classification of these policies.<sup>7</sup> In developing countries, on the other hand, ALMP frameworks are often less consistent, reflecting the countries' limited resources and institutional realities. As a result, ALMPs in these countries may have a wider scope that often includes income support and other poverty alleviation measures, and there is a general tendency to merge different interventions and objectives.<sup>8</sup> This brief proposes *an ALMPs classification relevant to countries at all levels*

2 This brief uses the terms "climate crisis" and "climate emergency" interchangeably to refer to a situation in which urgent action is required to reduce or halt climate change and avoid potentially irreversible environmental damage resulting from it.

3 ILO, *The Employment Impact of Climate Change Adaptation: Input Document for the G20 Climate Sustainability Working Group International Labour Office*, 2018.

4 IPCC (Intergovernmental Panel on Climate Change), "Summary for Policymakers", in *Global Warming of 1.5°C*, edited by Valérie Masson-Delmotte et al., 2018.

5 Auer, Peter, Ümit Efendioğlu, and Janine Leschke, *Active Labour Market Policies Around the World: Coping with the Consequences of Globalization*, 2nd ed. ILO, 2008: 50.

6 Escudero, Verónica, Elva López Mourelo, and Clemente Pignatti, *What Works: Active Labour Market Policies in Latin America and the Caribbean*, ILO, 2016.

7 OECD classification of ALMPs in high-income countries include the following measures: training, business start-ups, employment incentives, employment services, rehabilitation, public works. See OECD, *Designing Active Labour Market Policies for the Recovery: OECD Policy Responses to Coronavirus (COVID-19)*, 2021.

8 Escudero, *What Works: Active Labour Market Policies in Latin America and the Caribbean*.

of development<sup>9</sup> in the context of green structural transformation<sup>10</sup> – a classification that includes employment services, employment subsidies, education and training, self-employment support and entrepreneurship promotion, and employment-intensive (investment) programmes (see figure 1).

ALMPs have developed in a manner that goes beyond strict labour market objectives to assume important social and economic roles. A comprehensive system of ALMPs can ensure the continuous upgrading of workers' skills, helping them transition from one sector to another. They

can also improve the quality of the job matching and directly or indirectly create decent and productive employment opportunities. A functional set of ALMPs is capable of sustainably improving the labour market performance of participants along with their livelihoods. What is more, they can help to maintain individuals' incomes during recessionary times through various types of programmes or top up vulnerable groups' wages with the aim of reducing poverty or inequalities.<sup>11</sup>

► **Figure 1. Typology of ALMPs to support a just transition**



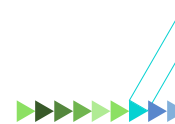
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9 This policy brief will assume the classification of ALMPs by type of intervention – building upon classifications proposed in ILO research, particularly by Auer et al. 2008, Escudero et al. 2016, and Asenjo et al. 2022.

10 This brief understands green structural transformation as a process of shifting towards higher-productivity and higher-value-added economic sectors and activities that minimize the adverse environmental consequences of these economic and social changes (UNCTAD, “Green Structural Transformation and Climate Justice”, in *The Least Developed Countries Report*, 2022: 4). However, the discussions of conceptualizing this process are still ongoing.

11 Escudero, *What Works: Active Labour Market Policies in Latin America and the Caribbean*: 51.





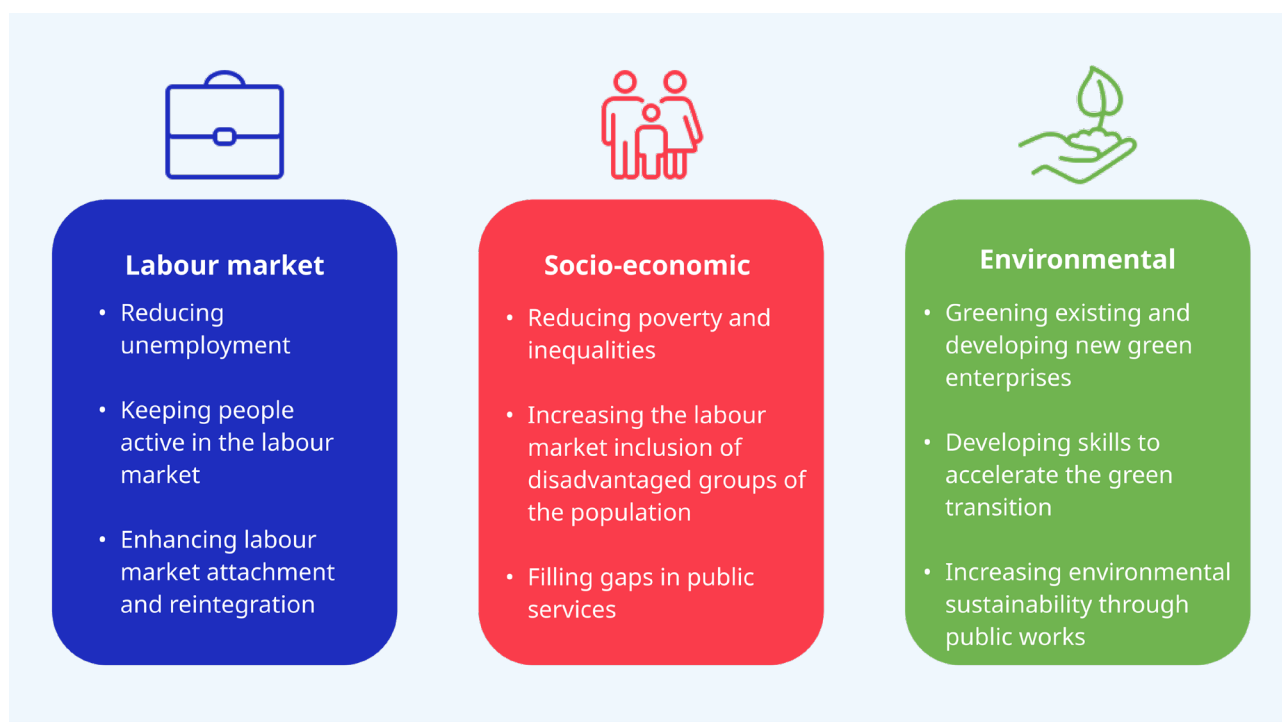
## Functions of ALMPs in the context of climate crisis and environmental deterioration

While the primary function of ALMPs has been to achieve full employment, they have been adapted in developing countries to serve secondary objectives of achieving economic and social goals such as reducing poverty and inequality.<sup>12</sup> In the context of the climate crisis, ALMPs can help meet environmental objectives that support a just transition, including climate action involving climate change adaptation<sup>13</sup> and mitigation efforts.<sup>14</sup> Figure 2 illustrates three functions of ALMPs.

ALMPs have the potential to support the transition of workers and enterprises into the green economy and be instrumental in the adaptation to and mitigation of climate change. These policies can:

- (i) improve the employability and the labour market attachment of workers, jobseekers and inactive people through training, job-search assistance, and intermediation in the green economy;<sup>15</sup>

► **Figure 2. Three functions of active labour market policies (ALMPs)**



Source: authors

12 Malo, Miguel, "Finding Proactive Features in Labour Market Policies: A Reflection Based on the Evidence", ILO Future of Work Research Paper Series 8, 2018; Escudero, *What Works*.

13 The process of adjustment to actual or expected climate and its effects (IPCC, *Climate Change 2022: Impacts, Adaptation and Vulnerability. Working Group II Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. Cambridge University Press, 2022).

14 Actions that reduce the rate of climate change, including by limiting or preventing greenhouse gas emissions or activities that remove these from the atmosphere (IPCC, *Working Group III. Mitigation of Climate Change*, 2023).

15 An economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities (ILO, *World Employment and Social Outlook 2018: Greening with Jobs*, 2018).

- (ii) support labour demand by promoting decent green jobs<sup>16</sup> through wage subsidies and create temporary employment through green works programmes while skilling workers for the green economy;
- (iii) contribute to enabling a green business environment by equipping workers with relevant skills and satisfying employers' labour force needs through employment services; and
- (iv) influence the demand and supply of labour as well as working conditions in green or greening sectors, thus easing the transition to a carbon-neutral economy and ensuring that no one is left behind.<sup>17</sup>

## Adapting ALMPs to address the climate and environmental challenges in labour markets for a just transition

The design and delivery of ALMPs must be adapted to the specific challenges posed by climate and environmental change as well as by green policies and investments. While digital provision of some ALMPs is on the rise, for example in employment services,<sup>18</sup> most ALMPs continue to be delivered through physical means, including public works and labour market training such as work-based learning. This is in part due to the nature of some ALMPs, but also to the need to ensure that people in regions with poor infrastructure, like in rural areas and in urban marginalized areas, are not excluded. However, an increase in the frequency and intensity of climate impacts is likely to affect the delivery modalities of some ALMPs. For those who have to resettle, ALMPs can help them develop relevant skills to find decent employment opportunities. For those who stay, these policies can support them to adapt their livelihoods to the changing environmental conditions or to assume more sustainable productive practices through conservation efforts such as introducing climate-smart agriculture or developing skills for green production methods. Public works programmes can be deployed to mitigate the impacts of climate events on the affected

communities or to anticipate them and minimize their impact on less-affected areas.

In addition to the role that ALMPs can play in anticipating and mitigating the impact of climate change, green policies and investments on workers and communities, they can also assume a proactive role in driving green structural transformation. Green initiatives can prioritize subsidies for entrepreneurship, self-employment and business development support. Public employment services can promote job matching and training assistance for jobseekers to work in enterprises that adhere to high environmental standards. Hiring and wage subsidies can be provided to green enterprises and businesses that support climate action towards carbon neutrality such as production of wind and solar energy systems, sustainable waste management or green procurement and logistics. In Canada, for example, training and wage subsidies for environmental jobs for youth provide wage and training funding to stimulate environmental career pathways for young people.<sup>19</sup>

16 Decent jobs that are involved in the production of environmental goods and services, directly related to the provision of such goods and services or that contribute to reducing the environmental footprint of an enterprise's production process (ILO, *WESO 2018*).

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

18 ILO, *Global Report: Technology Adoption in Public Employment Services – Catching Up with the Future*, 2022.

19 ECO Canada, "Work Placement, ECO Employment Programs", n.d.



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## Lessons for ALMPs from the COVID-19 crisis: making the case for an integrated framework

Lessons from previous crises have shown that supporting workers and enterprises is key for recovery. During the height of the COVID-19 pandemic, many countries rolled out income support measures. They were mainly delivered through social protection systems and labour market institutions<sup>20</sup> to workers, especially those in hard-hit sectors that stopped activity due to confinements to contain the spread of the virus.<sup>21</sup> Other countries took a step further and deployed measures to protect jobs and keep the labour market attachment of furloughed

and dismissed workers.<sup>22</sup> However, labour markets have shown more resilience and have recovered faster in countries where a combination<sup>23</sup> of income support and other passive and active labour market policies have been deployed.<sup>24</sup> In the context of the climate emergency, a similar approach could be considered.<sup>25</sup> On the one hand, millions of workers and enterprises have to adapt their activities to new climate conditions or migrate to other regions. Such adaptation poses numerous challenges, especially in developing countries with a limited fiscal space.

- 20 Income support, including social insurance and social assistance, are key components of social protection and frequently delivered by social protection institutions. However, income support can also be part of ALMPs and be delivered by respective labour market institution, including public employment services. For more information and examples on income support delivery by public employment services, see Duell, Nicola, and Liliana Luminita Anghel, *Greening of the Labour Market: Impacts for the Public Employment Services*, European Commission, 2021.
- 21 Gentilini, Ugo, et al., *Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures*, “Living paper” version 16, 2022; Duell, Nicola, Vetter, Tim and Nguyen, Truc, *Service Delivery by PES in the Wake of the COVID-19 Crisis*, European Commission, 2022.
- 22 ILO and OECD, *Monitoring the Impact of the COVID-19 Pandemic on Employment in the G20*, 2021.
- 23 This brief uses the terms “combination”, “coordination”, “coherence” and “integration” and their derivatives interchangeably in general, without a specific form in mind. Integration can be designed and implemented in many ways, depending on specific income support and activation measures, administrative, delivery and financing mechanisms in place.
- 24 ILO, ISSA and OECD, *Linking Income Support Measures to Active Labour Market Policies*, 2021.
- 25 The authors focus on discussing coherence between ALMPs and income support measure conducive to the labour market activation of workers, such as, for example, income support that allows participation in training programmes, while being mindful of the calls under the Global Accelerator on Jobs and Social Protection for Just Transitions to implement comprehensive, coherent and coordinated social protection and employment policies, which entails coordination between a wider spectrum of employment and social protection measures.

An integrated framework of ALMPs and income support for a just transition in developing countries can be progressively deployed according to national contexts and resources. While such framework requires investments, a starting point implies stronger policy coherence and better coordination across government, social partners, labour market institutions and social protection systems, as well as partnerships with the private sector, development agencies and international financial institutions.

On the other hand, the greening of enterprises and enterprise development in the green economy have the potential to create millions of new jobs. However, that can sometimes imply the destruction of jobs and enterprises in carbon-intensive sectors and industries. A just transition towards an environmentally sustainable economy means that the decarbonization of economies does not leave anyone behind.

## The importance of income support for participation in ALMPs

A combination of ALMPs with income support can secure jobs, improve employability and protect the most disadvantaged workers for a just transition. Workers and jobseekers in developing countries often have no access to income support measures, which makes them particularly vulnerable to labour market shocks. However, income support alone is not enough to overcome poverty and vulnerabilities.<sup>26</sup> It must be accompanied by efforts to equip workers with the skills and competencies needed to access better quality jobs.<sup>27</sup>

ALMPs, in turn, are frequently designed under the assumption that employability and employment support can ultimately engage disadvantaged groups in active job search and help them transit to decent employment. This activation pathway works to a greater extent in developed countries, largely owing to an integrated package of activation measures offered.<sup>28</sup> However, available evidence from developing economies often demonstrates that the most vulnerable groups in the labour market tend to participate less in ALMPs – even if these groups are primarily targeted.<sup>29</sup> This is usually the result of economic barriers that jobseekers

– especially youth, women, and persons with disabilities – face, including transportation, care and other costs and obstacles that do not allow them to participate in ALMPs. Without income support to cover basic needs, they simply cannot afford meaningful participation.<sup>30</sup>

The combination of ALMPs with income support has proved to be more efficient in improving labour market perspectives of the most vulnerable workers, especially women, than standalone interventions. In Mauritius, the unemployment insurance scheme is available to individuals regardless of their formalization status, but it is conditional upon participation in different types of ALMPs.<sup>31</sup> At the global level, initiatives like the Global Accelerator on Jobs and Social Protection for Just Transitions seek to support countries by amplifying the effectiveness of social protection and employment policies through coordinated design and investment strategies to enable just transitions.<sup>32</sup> An integrated framework has the potential to minimize the exclusion of vulnerable groups affected by climate change and the decarbonization of economies.

26 Veras Soares, Fabio et al., *Combined Effects and Synergies Between Agricultural and Social Protection Interventions: What is the Evidence So Far?*, 2017; Levy, Stephanie, and Sherman Robinson, "Maximizing the Economic Impact of Cash Transfers: Why Complementary Investment Matters", One Pager No. 255, International Policy Centre for Inclusive Growth, 2014; Shepherd, Andrew, Dhana Wadugodapitiya, and Alice Evans, "Social Assistance and the 'Dependency Syndrome'", Chronic Poverty Research Centre Policy Brief No. 22, January 2011.

27 ILO, *Delivering Income and Employment Support in Times of COVID-19: Integrating Cash Transfers with Active Labour Market Policies*, 2020.

28 Asenjo, Antonia, Verónica Escudero, and Hannah Liepmann, "Why Should We Integrate Income and Employment Support? A Conceptual and Empirical Investigation", ILO Working Paper 72, 2022.

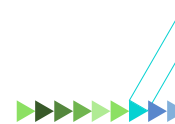
29 Asenjo et al., 2022; Escudero et al., 2016.

30 Escudero et al., 2016.

31 ILO, *What Works: Promoting Pathways to Decent Work*, 2019.

32 ILO, ISSA and OECD, *Linking Income Support Measures to ALMPs*.





## A coherent framework of integrated ALMPs and income support for a just transition

An integrated framework, combining ALMPs and income support, can be conducive to a just transition and mitigate the negative impacts of climate change and related policy and investment decisions on people and enterprises by following a three-dimensional approach. First, after initial humanitarian assistance, people affected by *sudden and severe climate impacts* such as floods or hurricanes can be protected from the immediate loss of income and maintain basic consumption as a priority, protecting against long-term loss and damage that could compromise their livelihoods and return to the labour market. Second, people and enterprises affected by the *progressive deterioration of the environment* by events such as deforestation or soil erosion can benefit from tailored income support to compensate their losses while simultaneously participating in ALMPs. That would contribute to the resilience of their livelihoods to the slow-onset effects of climate change, or to start a new, more

sustainable, income-generating activity. And third, *people and enterprises transitioning from carbon-intensive industries into low-carbon and greener activities* due to climate policies or increasing demand and investments for green goods and services can benefit from income support and incentives to participate in ALMPs. This can prevent labour market detachment and lost livelihoods of laid off workers in sectors and industries with decreasing investments, and support those that need to re-skill or up-skill to transition to the green economy.

Table 1 summarizes a *three-pronged framework integrating ALMPs and income support measures* for sudden and severe, progressive, and policy and market-driven climate-related impacts.<sup>33</sup> It outlines its key objectives, the policy balance needed between activation and income support for each type of impact, the type of interventions and the length for their deployment.

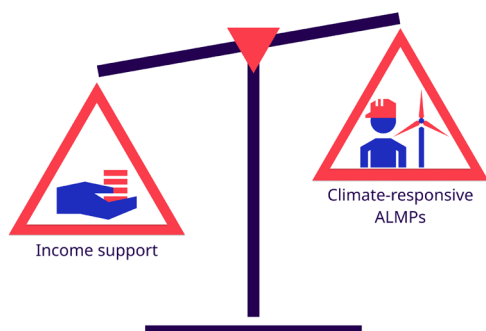
► **Table 1. Integrated ALMPs and income support framework for a just transition**

Climate-related impact	Sudden and severe (Floods, hurricanes, droughts...)	Progressive (Desertification, loss of biodiversity, coastal erosion...)	Policy and market-driven (Decarbonization of industries, conversion to organic agriculture...)
Key objectives	Emergency response (shelter, food, cash, health) and registry of skills and experience for progressive reactivation	Supporting livelihoods and labour market attachment conducive to the green economy	Decarbonization and transition to environmentally sustainable economies and social justice
ALMPs and income support balance	Stronger focus on income support than ALMPs to ensure immediate relief	Balanced income support and ALMPs	Stronger focus on ALMPs to drive the transition, income support is both an enabler and an incentive
Type of intervention	<ul style="list-style-type: none"> <li>► Income support</li> <li>► Emergency employment services</li> <li>► Employment-intensive (investment) programmes</li> <li>► Self-employment support and entrepreneurship promotion</li> </ul>	<ul style="list-style-type: none"> <li>► Income support</li> <li>► Employment services</li> <li>► Skills development</li> <li>► Self-employment support and entrepreneurship promotion</li> <li>► Intensive employment investments</li> </ul>	<ul style="list-style-type: none"> <li>► Employment services</li> <li>► Training and employment subsidies</li> <li>► Skills development for the green economy</li> <li>► Self-employment support and entrepreneurship promotion</li> <li>► Income support</li> </ul>
Length of interventions	Short-term	Medium-term	Long-term

Source: authors

<sup>33</sup> In developing this framework, the authors were inspired by the IPCC framework on climate-impact drivers for defining sudden and severe events, the framework of slow onset events proposed in the Cancun Agreement (2010) for conceptualizing progressive climate events, and by the concept of green structural transformation for defining policy and market-driven impacts.

## Sudden and severe climate-related impacts: meaningful income support and emergency ALMPs

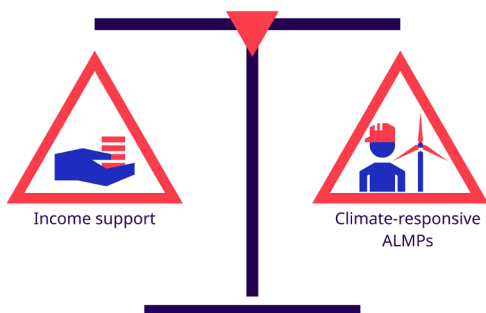


Sudden and severe climate impacts are by definition unpredictable. Climate events such as floods, hurricanes and droughts hit quickly, giving people in affected areas little time to prepare or evacuate. In this context, response time is key to contain damage and set the basis of quick and sustainable recovery. The policy balance in this type of events should prioritize income support and relief, both of them key to protecting lives and livelihoods immediately after the climate impact hits. Meaningful emergency income support contributes to mitigating the shocks on health, incomes and livelihoods, preventing the most affected groups, especially women, youth and persons with disabilities, from reverting to negative coping strategies. Moreover, the delivery of

immediate income support can help record potential beneficiaries of future activation measures.

In 2017, the World Humanitarian Summit pledged to strengthen the humanitarian-development nexus by bring the humanitarian and development spheres closer together from the very beginning of a crisis.<sup>34</sup> This entails that emergency ALMPs must be deployed as early as possible, in parallel with or immediately after humanitarian assistance, starting with emergency employment services (EES). This type of ALMP is key to build a registry of beneficiaries, capturing their skills, experience, occupations and main source of livelihoods at the time of the climate impact. With that information, EES can conduct profiling and segmentation of individuals' skills and provide tailored support. Once relief and early recovery support is provided, EES can refer individuals to other ALMPs such as self-employment support, entrepreneurship promotion and employment-intensive (investment) programmes. If required, EES can refer individuals from vulnerable groups to further social protection measures and services.<sup>35</sup> Emergency ALMPs are therefore instrumental to pave the way for mid- and long-term recovery, preparedness, and mitigations efforts, where other balances of income support and ALMPs are required. These types of interventions should be deployed as soon as possible after the climate impact with a duration of one to six months.<sup>36</sup>

## Progressive climate-related impacts: a balanced approach of income support and ALMPs

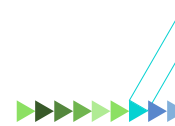


Progressive climate impacts refer to the chronological and systematic deterioration of ecosystems that affect livelihoods over time. They include events such as rising temperatures, desertification, costal erosion, and significant and sustained heat increase. Compared to sudden and severe climate impacts, progressive climate impacts do not put lives immediately at risk, but rather represent a sustained deterioration of health and livelihoods resulting directly from climate change.

34 OCHA, *New Way of Working*, 2017.

35 For more information on the role of social protection in a just transition, see ILO, "Social Protection for a Just Transition", Just Transition Policy Brief, January 2023.

36 IFRC, *Recovery Programming Guidance*, 2012.

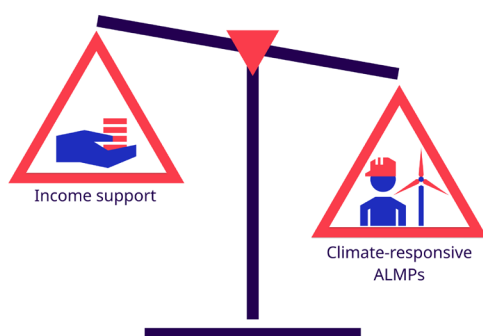


If nothing is done, they can result in the imminent destruction of jobs and enterprises, ultimately putting livelihoods of people in affected areas and economies at risk. For these type of climate events, a balanced approach of ALMPs and income support is recommended to mitigate their impact.<sup>37</sup>

A balanced approach has the primary objective of supporting livelihoods and labour market attachment conducive to the green economy. The deployment of coordinated interventions that provide income support to the most vulnerable groups can facilitate their participation in ALMPs. Among these, employment services are key to identify and register those who need income support the most. Through profiling, they can identify individuals' labour market barriers in addition to income restrictions. For example, disadvantaged groups such as women, youth and persons with disabilities, often face informational, behavioural or societal barriers as well as social responsibilities

often attributed to gender roles.<sup>38</sup> Employment services can help identify non-economic barriers that prevent disadvantaged groups from participating in other ALMPs and refer them to social protection systems and social services. Moreover, dedicated, and suitable training through ALMPs can re-skill or up-skill<sup>39</sup> workers in affected areas to transit to green jobs. Self-employment support and entrepreneurship promotion can increase the climate resilience of microenterprises, while providing guidance and support to make them green. Finally, employment-intensive (investment) programmes can help maintaining and improving critical public infrastructure, providing temporary employment opportunities, and developing specific skills for greater employability in regionally relevant occupations. Interventions with a balanced income and ALMPs support for progressive climate impacts can last between six months to three years.

## Policy and market-driven climate-related impacts: robust ALMPs deployment and tailored income support



Policy and market-driven climate impacts refer to the decisions of public and private organizations to make their activities environmentally sustainable. Governments and enterprises can take steps in that direction by progressively disinvesting in carbon-intensive industries and re-allocating capital in green sectors and in enterprises in the process of becoming sustainable. The reallocation of capital to decarbonize economies is now a key priority of governments, workers' and employers' organizations globally,<sup>40</sup> but also of many committed enterprises of all sizes. However, capital reallocation to support the decarbonization of industries and sectors will inevitably result in the destruction of a number of jobs and enterprises.<sup>41</sup> The ILO estimates that the shift to low-carbon and circular economies could

<sup>37</sup> A balanced approach means giving equal importance to income support and the ALMPs from the policy mix perspective. It does not imply equal investment in each of them.

<sup>38</sup> Camacho, Adriana et al., "Addressing Access and Behavioral Constraints through Social Intermediation Services: a Review of Chile Solidario and Red Unidos", World Bank Policy Research Working Paper 7136, 2014.

<sup>39</sup> For more information on skills development for a just transition, see ILO, "Skills Development for a Just Transition", Just Transition Policy Brief, October 2022; ILO, "Skills for a Greener Future: Challenges and Enabling Factors to Achieve a Just Transition", Skills for Employment Policy Brief, 2019.

<sup>40</sup> To date, 193 States and the European Union have ratified the Paris Agreement, thus committed to substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.

<sup>41</sup> Saget, Catherine, Adrien Vogt-Schilb, and Trang Luu, *Jobs in a Net-Zero Emissions Future in Latin America and the Caribbean*. Inter-American Development Bank and ILO, 2020.



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result in the loss of 6 million full-time jobs by 2030.<sup>42</sup> In spite of this, policy and market driven climate impacts have the particularity of being predictable. As opposed to sudden and severe, and progressive climate impacts, it is possible to estimate the transaction costs and externalities of decarbonizing industries and sectors in the medium- and long-term.<sup>43</sup> That gives policymakers and investors the advantage of being able to plan and develop relevant policies and strategies.

A robust ALMPs deployment and targeted income support can be critical for workers and enterprises affected in the decarbonization process. This approach applies ALMPs to a greater extent, and income support is more tailored to the specific needs of ALMPs participants. Its key objective is the decarbonization of industries and sectors conducive to the transition to the green economy and social justice.<sup>44</sup> Thanks to data provided by national labour market information systems and other sources,<sup>45</sup> employment services and training institutions can develop strategies to support laid-off workers, workers at risk of losing their jobs due to skills obsolescence and workers who want to re-skill

or up-skill for the green economy. Employment services can support enterprises, especially micro-, small and medium-sized enterprises (MSMEs), to hire workers with the skills they need for the green economy or refer them to training institutions. They can equally provide self-employment support and entrepreneurship promotion to start or expand a sustainable business. Training and employment subsidies contribute to underpinning the development of skills and employment in the green economy by partially financing the transition. In a context with high national debt levels and reduced fiscal space, governments and social partners should consider these subsidies as a long-term investment that can enable a dynamic green business and jobs environment. Conversely, income support in this approach is more tailored to specific profiles of workers and jobseekers affected by green structural transformation and should reach only groups that otherwise would be unable or unviable to participate in ALMPs. For example, workers at risk of losing their jobs are less likely to need income support compared to unemployed workers joining a training programme.

42 ILO, *WESO 2018*.

43 See, for example: ILO, *Reducing the Footprint? How to Assess Carbon Emissions in the Garment Sector in Asia*, 2021.

44 Supporting Member States in implementing and financing integrated policies and strategies to create decent jobs, extend social protection and facilitate just transitions is one of the core objectives of *A Global Coalition for Social Justice*.

45 Developing and least-developed countries often lack functional labour market information systems. Reinforcing them is key to ensuring that labour market institutions develop effective policies.



## Implementing a coherent framework of integrated ALMPs and income support under the Just Transition Guidelines

This section is dedicated to the implementation of ALMPs as recommended by the Just Transition Guidelines. It introduces seven recommendations for ALMPs implementation, their scope, key measures to deploy and target groups, providing national-level examples from across the world. While income

support does not explicitly figure in the ALMPs recommendations, it is integrated in the policy balance across them in line with the integrated ALMPs and income support framework for a just transition presented in the previous section.

### 1. Encourage sound labour market policies that help enterprises and workers in the anticipation of changing labour market demands in the context of the transition to environmentally sustainable economies by facilitating access to jobs, strengthening employability and training.

**Climate impact:** Policy and market-driven

**Target groups:** Workers and enterprises

**Policy balance:** A stronger focus on ALMPs than on income support

**Key objective:** Decarbonization and transition to environmentally sustainable economies

**Policy tools:** Employment services; employment subsidies; skills development for the green economy; self-employment support and entrepreneurship promotion.

**Timeframe:** Long-term

The first recommendation promotes the design of labour market policies to plan and prepare the transition of workers and enterprises to environmentally sustainable economies and societies. It primarily concerns labour intermediation (facilitating access to jobs), and skills development

(strengthening employability and training). In targeting workers and enterprises, this guideline recognizes the need of anticipating the potential skills mismatches resulting from the decarbonization of industries and the demand for job search support and intermediation.

### Philippines: the Green Jobs Act

In 2016, the Philippines enacted the Green Jobs Act to promote sustainable growth, create green jobs, and increase resilience against climate change. The act incentivizes businesses to create green jobs through fiscal and non-fiscal means, including tax deductions for skills training and tax- and duty-free import of capital goods. To support job security, the act promotes upskilling, reskilling and training in using green technologies.<sup>46</sup> It is implemented through the Green Jobs Human Resource Development Plan for 2019–2022, which views ALMPs as a driver of a socially just green transition. The plan aims to improve employment services' efficiency and effectiveness, respond to enterprises and workers' needs, extend outreach to those outside the formal labour market, and develop the skills required for the transition into the green economy. Key interventions include tailoring training and learning systems, strengthening public employment service offices, developing career guidance programs, integrating green jobs parameters in public works and public employment programs, and holding green job fairs. The Act encourages businesses to develop their employees' environmental awareness and conservation skills and hire employees with environmental skills.<sup>47</sup>

<sup>46</sup> Republic of the Philippines, the Government of Philippines, Republic Act No. 10771 | Official Gazette of the Republic of the Philippines, 2016.

<sup>47</sup> Republic of the Philippines, Institute for Labor Studies, *National Green Jobs Human Resources Development Plan 2019–2022*, 2021.

## 2. Give particular attention to unemployed workers and workers at risk of unemployment in communities and industries affected by climate change, resource degradation or structural change including those in the informal economy.

**Climate impact:** Sudden and severe, progressive, policy and market-driven

**Target groups:** Unemployed workers, workers at risk of unemployment, workers in the informal economy

**Policy balance:** According to type of climate impact

**Key objective:** Emergency response, supporting livelihoods, and decarbonization and transition to environmentally sustainable economies

**Policy tools:** Income support, (emergency) employment services; training and employment subsidies; employment-intensive (investment) programmes, skills development for the green economy; self-employment support and entrepreneurship promotion.

**Timeframe:** Short-, medium- and long-term.

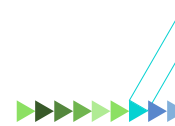
The second guideline provides specific measures to prevent unemployment among workers affected by environmental degradation, natural resource depletion, and structural shifts, with a focus on those in the informal economy. The recommended interventions are based on an integrated framework for ALMPs and income support, which includes sudden and severe, progressive and policy and market-driven impacts. These measures can be structured around sectors and industries and can integrate support for resource preservation, environmental restoration and sustainable use of natural resources into skills development and

public works programs. For example, workers impacted by sudden and severe climate change impacts, including those in the informal economy, can benefit from income support, emergency employment services, investment programs and self-employment and enterprise development support. Conversely, workers at risk of unemployment due to policy and market-driven impacts would benefit from employment services, training and employment subsidies and skills development for the green economy, self-employment and enterprise development.

### Mexico: Sowing Life Programme

Launched in 2019, the Sowing Life (Sembrando Vida) Programme has a twofold objective to address poverty through creating employment opportunities for disadvantaged people in rural areas and to combat climate change by reforesting regions suffering from environmental degradation. It includes financial and in-kind support and technical assistance and advisory services. The programme offers monthly payments of US\$250 to vulnerable small-scale farmers to establish productive agroforestry systems on 2.5 hectares. In-kind contributions in form of plants and seeds, equipment and tools are provided to support individual agroforestry production and operationalization of community nurseries and biofactories. Vulnerable agrarian population also benefits from technical assistance and advisory services in agroecology and training in solidarity economy, cooperation and social finance, through Farmer Learning Communities. Such comprehensive approach contributes to creating local jobs, securing incomes of disadvantaged people in rural areas, strengthening community cohesion, and sustainably recovering the forest cover in the country. The programme employs more than 450,000 vulnerable smallholder farmers and aims to plant the total of one million hectares of timber, fruit and spice trees by 2024.<sup>48</sup>

48 ECLAC (UN Economic Commission for Latin America and the Caribbean), "Sowing Life Programme (2019)", n.d.



### 3. Promote an efficient and effective delivery of employment services that respond to the needs of enterprises and workers in the transition to environmentally sustainable economies and extends outreach to those outside of the formal labour market.

**Climate impact:** Policy and market-driven

**Target groups:** Workers and enterprises

**Policy balance:** A stronger focus on ALMPs than on income support

**Key objective:** Decarbonization and transition to environmentally sustainable economies

**Policy tools:** Employment services

**Timeframe:** Long-term

The third guideline recommends the use of employment services to facilitate the transition of workers and enterprises into sustainable economies, including those in the informal economy. Public employment services and well-regulated private recruitment agencies can identify the specific needs of workers in industries that are shifting towards environmentally sustainable practices and ensure that their skills development aligns with these new demands. Employment services can also provide income support, refer clients to social

protection institutions and play a role in formalizing workers in emerging environmentally sustainable sectors, particularly in developing countries where informality is prevalent. By profiling workers in the informal economy, employment services can refer them to employers in the formal economy, relevant ALMPs, and social protection mechanisms. This can bring informal sector workers closer to formalization and provide enterprises in the process of becoming environmentally sustainable with skilled and experienced workers.

#### France: Online training on green and greening occupations for public employment services staff

Since 2020, *Pôle emploi*, the French public employment services, has been delivering online training to its advisors on the green economy as part of professional development and quality assurance package. Three e-learning modules aim to build the staff understanding of the impacts of green transition on jobs and labour market and define their role for job seekers and enterprises. *Pôle emploi* has also set incentives for job counsellors to apply innovative practices to assist jobseekers to find employment in the green economy and demonstrate successful cases of job-matching with green and greening occupations.<sup>49</sup>

49 Duell, Nicola, and Liliana Luminata Anghel, *Greening of the labour market – impacts for the Public Employment Services*. 2021

#### 4. Develop and support, through public and private employment service providers, tailor-made courses directly linked to specific occupations and entrepreneurship opportunities in the green economy.

**Climate impact:** Policy and market-driven

**Target groups:** Workers, self-employed and micro entrepreneurs

**Policy balance:** ALMPs greater than income support

**Key objective:** Relevant training for job and entrepreneurship opportunities in the green economy

**Policy tools:** Employment services, skills development

**Timeframe:** Long-term

This guideline recommends customized training and entrepreneurship opportunities in the green economy, with employment services – public and private – as the recommended policy tool. The choice of employment services, whether public or private, as an entry point, and not directly training institutions, responds to the need of ensuring the labour market relevance of the courses and the right profile of candidates. They have information

on vacancies and skills in demand by employers and can work with training institutions to develop courses designed to meet the skills needs of the green economy. Partnerships among labour market and social protection institutions, social partners, public institutions working on environmental issues, training organizations, and other stakeholders can create an ecosystem that facilitates a just transition.

#### Spain: Green Jobs Programme

In 2007, the Government of Spain launched the Green Jobs Programme with the aim to promote employment and boost competitiveness of the private sector through environmental transformation and greening. The programme helps enterprises identify the obstacles for green transition, particularly the skills gaps and skills mismatch, and to address them through training. While initially focusing on building green skills of workers in participating enterprises, since 2014, it expanded the scope to the unemployed, job seekers and furloughed workers resulting from new greening processes. The Biodiversity Foundation, a public entity, is responsible for implementing the Green Jobs Programme in coordination with the Ministry of Employment and Social Security, private training providers, business entities and NGOs working on environmental issues.<sup>50</sup>

50 CEDEFOP (European Centre for the Development of Vocational Training), "Green Jobs Programme (Program Emplea Verde)", n.d.



## 5. Adapt and strengthen public employment services to further develop their role as transition agents. They should provide information, guidance, matching services and training. These services can be improved by expanding innovative ways of reaching out to jobseekers.

**Climate impact:** Policy and market-driven

**Target groups:** Workers and enterprises

**Policy balance:** ALMPs greater than income support

**Key objective:** Decarbonization and transition to environmentally sustainable economies

**Policy tools:** Employment services; training and employment subsidies; skills development for the green economy; self-employment support and entrepreneurship promotion.

**Timeframe:** Long-term

The fifth guideline places public employment services as transition agents and recommends their adaptation and strengthening, to provide information, guidance, matching services, and training for the green economy. Public employment services can help workers and enterprises transit from carbon-intensive to sustainable activities. There are two main conditions to achieve that. The first one is increased investments for the modernization and digitalization of employment services.<sup>51</sup> Modern public employment services, delivered through both physical and digital channels can reach a greater number of jobseekers as well

as people with a weak labour market attachment, for example, discouraged workers laid off from decaying carbon-intensive industries. The second one consists in greening public employment services by including environmental criteria in their internal processes and in the services provided to jobseekers and enterprises. This requires capacity building, expanding their mandate to target workers at risk of unemployment, collaboration with other providers, improving their financing, strengthening their organizational structure and performance management, and integrating sustainable practices in their internal and external processes.

### Ecuador: Strengthening the Ministry of Labour to promote green jobs

In 2021, the Inter-American Development Bank launched an initiative to strengthen the Public Employment Service (RSE) and the Technical Secretariat of the National Professional Qualifications System (SETEC) to enable Ecuador to take advantage of the potential for job creation within its transition to a low-carbon and sustainable economy. The initiative aims to develop the strategy for the RSE to promote green jobs, adjust the vocational and professional guidance system to the labour market demands in green skills, redesign the contents of the public employment services technological platform, and incorporate services for the promotion of green jobs in the public employment services web portal. The project also seeks to design the SETEC institutional strengthening strategy to increase private sector confidence in the services offered and ensure the pertinence and relevance of training and certification in green sectors.<sup>52</sup>

51 ILO, *Public Employment Services Pressing Ahead with Digitalization Should Be Aware of the Digital Divide*, 2021.

52 IADB (Inter-American Development Bank), "Supporting the Strengthening of the Ministry of Labor for the Promotion of Green Jobs", TC Abstract, 2021.

## 6. Consider supporting public works and employment programmes, including initiatives linking poverty eradication and ecosystem protection, as well as those for workers affected by the transitioning to environmentally sustainable economies, including climate change, who have been laid off due to structural or technological change.

**Climate impact:** Sudden and severe, progressive, policy and market-driven

**Target groups:** Unemployed workers, workers at risk of unemployment, workers in the informal economy

**Policy balance:** According to type of climate impact

**Key objective:** Emergency response, supporting livelihoods, and decarbonization and transition to environmentally sustainable economies

**Policy tools:** Income support, (emergency) employment services; training and employment subsidies; employment-intensive (investment) programmes, skills development for the green economy; self-employment support and entrepreneurship promotion.

**Timeframe:** Short-, medium- and long-term.

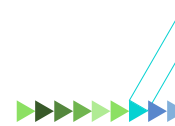
The sixth guideline encourages public works and employment programmes for several objectives. In line with the multiple functions of ALMPs, public works and employment programmes can be deployed for labour market (workers transitioning to sustainable economies), social and economic (poverty eradication), and environmental (ecosystem protection) objectives. Public works and employment programmes are typically short- to medium-term interventions that do not have the objective of permanently employing workers. They rather aim at meeting concrete objectives within a specific timeframe. However, if properly designed, they can have longer-term benefits such as developing skills relevant to local and regional labour markets,

building, or maintaining public infrastructure, and protecting and restoring ecosystems. An integrated design and implementation that includes skills development is critical for labour market activation as opposed to only providing safety nets. Policy coherence is equally important to ensure that programmes' incentives do not disturb the labour market by attracting workers that do not need them. Taking these factors into account, public works and employment programmes can be of greater relevance for workers in areas affected by all types of climate impacts, as well as in regions with industries transitioning to environmentally sustainable economies.

### Ethiopia: Productive Safety Net Programme

Launched in 2005, Ethiopia's Productive Safety Net Programme (PSNP) aims to reduce food insecurity and build resilience through sustainable economic development. It includes cash transfers, public works, and food aid programs. The PSNP promotes sustainable public works such as watershed development, land rehabilitation and community asset creation. The program provides employment opportunities for unskilled workers, cash transfers for vulnerable members, and income support. It reached 5 to 8.3 million people per phase from 2005 to 2018.<sup>53</sup>

53 EU (European Union), "Productive Safety Net Programme in Ethiopia: Multi Donor Trust Fund for Ethiopia", 2014.



## 7. Consider introducing active employment policies including, among others, well-targeted subsidies that allow workers to access education and acquire skills that improve their employability through work experience and on-the-job training.

**Climate impact:** Policy and market-driven

**Target groups:** Workers

**Policy balance:** ALMPs greater than income support

**Key objective:** Decarbonization and transition to environmentally sustainable economies

**Policy tools:** Employment services; training and employment subsidies; skills development for the green economy; self-employment support and entrepreneurship promotion.

**Timeframe:** Long-term

The seventh and final guideline recommends targeted education and training subsidies to develop skills for employability. Subsidies should target unemployed individuals – or those at risk of being unemployed – from nationally defined disadvantaged groups such as women, youth, persons with disabilities and old workers. Education and training subsidies for the unemployed must be in growing sectors and industries of the green economy, while subsidies for workers at risk of being unemployed can focus on re-skilling and upskilling workers in enterprises in the process of becoming

sustainable. For young people, subsidizing (quality) apprenticeships are one of the most effective on-the-job training modalities as they help them transitioning from education to work by developing core and technical skills, and work experience.<sup>54</sup> Through them, youth can develop their skills in sustainable enterprises in the green economy. For adult workers, subsidies for lifelong learning are essential to acquire the competencies and qualifications needed to become sustainable and competitive.<sup>55</sup>

### Slovenia: Employment incentive for green jobs

In Slovenia, the Ministry of the Environment and Spatial Planning, through its Climate Change Fund, provides funding to enterprises that operate in green and greening sectors to align their business objectives with climate and environmental goals and adhere to high environmental standards. Eligible employers receive €340 per month for a period of two years (a total of €8,160 per employee) to hire an unemployed person in a full-time green job. The wage subsidy can only be paid if a permanent employment contract is offered. Depending on the number of new employees hired in green jobs, an employer is eligible to receive up to ten wage subsidies.<sup>56</sup>

<sup>54</sup> ILO, *A Framework for Quality Apprenticeships*. Report IV (2). International Labour Conference, 110th Session, 2022.

<sup>55</sup> ILO, *Financing Life-long Learning for the Future of Work*, 2018.

<sup>56</sup> Balkan Green Energy News, "Slovenia Offers EUR 1.5 million in Incentives for Green Jobs", 22 January 2021.

## A policy and normative ALMP framework for a just transition

ALMPs require an integrated and coherent policy and regulatory framework to effectively support just transitions in coordination with the other eight pillars of the guidelines. Such framework must be based on social dialogue and requires clear institutional arrangements, alignment with relevant international labour standards (ILS), and stable and coherent public policy signals.

A number of ILS refer to ALMPs. The Employment Policy Convention, 1964 (No. 122) calls governments “to declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment” (art. 1(1)). Such policy is essential as an overarching tool that can spell out a vision to fully engage with just transitions.<sup>57</sup> The Employment Service Convention, 1948 (No. 88) refers to actions and measures to build nationally appropriate system of employment services that are capable to organize the employment market to support “the national programme for the achievement and maintenance of full employment and the development and use of productive resources” (art. 1(2)). The Human Resources Development Convention, 1975 (No. 142) requires governments “to adopt and develop comprehensive and co-ordinated policies and programmes of vocational guidance and vocational training, (...) in particular through public employment services” (art 1(1)). The Employment Policy Recommendation 1964 (No. 122) prescribes to pay special attention to “the need to develop active employment policies” in the

context of international technical co-operation (art 34(1)). These ILS require maintaining an adequate response of the employment and the labour market systems to changes in the labour market, thus providing normative grounds for instrumentalizing ALMPs for a just transition.

Key elements for a just transition should be reflected in national development plans or strategies, national employment and skills policies. Moreover, they should be mainstreamed in the strategic plans of line ministries to ensure policy alignment and promote cross-ministerial collaboration. The participation of ministries of finance is essential to guarantee the required fiscal space for their implementation, especially in times of crises.<sup>58</sup> At the local level, strengthening institutional and technical capacities of subnational authorities is important to address the changes in regional economies that guide a just transition. Availability of and access to labour market data is key to make informed policy choices, to anticipate and mitigate the employment and socio-economic impacts of environmental policies, and to evaluate impact of environmentally sustainable economic and social policies on the labour markets and the quantity and quality of employment. Cooperation between government and social partners should be promoted at all levels, including at the industry, local and enterprise levels to anticipate employment challenges and forecast skills needs associated with a just transition.<sup>59</sup>

## The role of social dialogue in crafting ALMPs for a just transition

The Just Transition Guidelines emphasise the importance of social dialogue for ALMPs. It is a key pillar to steer an integrated policy approach to link environmental, economic and social dimensions through innovative solutions and initiatives.<sup>60</sup> Designing and implementing ALMPs to support a just

transition is a shared responsibility of governments, employers and workers and other stakeholders such as civil society organizations, environmental advocates, development councils, indigenous leadership and local residents.<sup>61</sup> Together, they devise transversal and coherent actions in the context of

57 ILO, *User's Manual to the ILO's Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All*, 2021.

58 For macroeconomic and growth policies, the Just Transition Guidelines recommend “direct fiscal revenue towards social protection and active labour market policies to foster job creation and help workers to adjust to environmental sustainability policies”.

59 ILO, *Guidelines for a Just Transition Towards Sustainable Economies and Societies for All*, 2015: paras. 15-16

60 For more information on the role of social dialogue and tripartism in a just transition, see 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.

61 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.





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stable and participatory forms of governance.<sup>62</sup> The versatility of ALMPs that enables them to serve labour market, socio-economic and environmental functions implies forging social pacts at different levels. Governments, in consultation with the social partners, can foster national tripartite mechanisms to understand socio-economic and labour market

challenges posed by climate change, and formulate ALMPs with just transition objectives. Through social dialogue, they can identify declining and emerging sectors, industries and occupations in the context of green structural transformation and formulate ALMPs to support workers and enterprises.

## Conclusions

A transition to environmentally sustainable economies and societies opens new opportunities but also brings significant challenges. As climate-related impacts driven by policy and markets result in the progressive shift of capital to green industries and sectors, the livelihoods of millions of people working in carbon-intensive industries are at risk, as are MSMEs with limited resources to green their

activities on their own. In parallel, sudden and severe as well as progressive climate-related impacts are disrupting sectors most exposed to climate change, from agriculture and fisheries to tourism.

These impacts, as serious as they are, can be mitigated, and, if managed well, give rise to new opportunities. The vision of the Just Transition Guidelines is that “(...) transitions to environmentally

62 Molina Romo, Oscar, “The Role of Tripartite Social Dialogue in Facilitating a Just Transition: Experiences from Selected Countries”, ILO Working Paper 76, 2022.

and socially sustainable economies can become a strong driver of job creation, job upgrading, social justice and poverty eradication. Greening all enterprises and jobs by introducing more energy and resource efficient practices, avoiding pollution, and managing natural resources sustainably leads to innovation, enhances resilience, and generates savings which drive new investment and employment.” Making this vision a reality entails putting in place policies such as ALMPs that enable workers and enterprises to transition into sustainable economies while preventing the exclusion of the most vulnerable groups in the labour market.

Beyond the different functions that ALMPs can adopt – labour market, social and economic and environmental – their utility in the context of a just transition relies on their versatility to address multiple challenges. From providing employment services to jobseekers and employers, equipping them with in-demand labour market and entrepreneurship skills development, supplying them with wage subsidies, and involving them in employment-intensive (investment) programmes, ALMPs are instrumental in overcoming labour market challenges in the context of the climate crisis.

While the versatility and value of ALMPs is not in question, the participation of vulnerable groups in them, including women, young people, low-skilled workers and persons with disabilities, remains a challenge. Poverty, marginalization and gender-imposed roles in some societies are some of the factors that prevent these groups from participating in ALMPs and overcoming exclusion. The climate crisis exacerbates this situation as it erodes livelihoods and accentuates inequalities. A just transition means leaving no one behind. Combining ALMPs with tailored income support has the potential to reach vulnerable groups and



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promote social justice in the transition to sustainable economies and societies.

From a labour market perspective, a just transition is a shared responsibility of governments, employers and workers. Creating an enabling environment conducive to greening economies requires that each has clear roles and responsibilities. While the design of ALMPs is a task undertaken by policymakers in labour market institutions, a meaningful social dialogue between governments and social partners is essential to ensure their relevance, effectiveness and impact.

## Key recommendations

### Use ALMPs to help workers and enterprises overcome the impacts of climate change and related policy and investment decisions.

ALMPs provide various types of policy options, including employment services, training, self-employment and entrepreneurship support, and

subsidies to hire and retain employees. Their utility depends on the challenges resulting from climate-related impacts and related transition policies and investments. While training is key to equipping workers with the skills to work in the green economy, it is less so in climate-hit disaster areas where livelihoods are at risk. In this case, self-employment and entrepreneurship support as well as employment-intensive (investment) programmes

can be more relevant to rebuilding livelihoods in the short term. Nevertheless, an integrated approach to designing and delivering ALMPs conducive to anticipating and mitigating the impact of climate change and related policy and investment decisions is desirable.

### **Invest in public employment services to be the entry point to other ALMPs.**

Public employment services have the potential to identify and address the labour market opportunities and challenges of workers and jobseekers transitioning to the green economy. They can deliver tailor-made support adapted to the needs of each individual or refer them to other actors providing ALMPs such as training organizations. Public employment services can also provide individuals with income support to participate in other ALMPs and refer them to social protection institutions. Investing in public employment services to become the entry point to other ALMPs can increase the effectiveness of interventions.

### **Combine ALMPs with tailored income support as part of an integrated package.**

For many people from vulnerable groups, participating in ALMPs is not an option even when they are available at no cost. Multiple barriers, from care responsibilities to sickness or simply lack of resources to reach the place where ALMPs are delivered can prevent their participation. These

barriers are accentuated by climate change in multiple ways described in this policy brief. Providing meaningful income support and ALMPs as part of an integrated package for individuals from these groups can be determinant for their participation.

### **Partner with relevant stakeholders for the deployment of ALMPs.**

Depending on the country context, ALMPs can be delivered by government institutions, employers' and workers' organizations, international development agencies and even civil society organizations. Regardless of the implementing actor, establishing partnerships with stakeholders for the design and implementation of ALMPs can have many advantages. They include a more relevant design, increased inclusiveness, reduced transaction costs and building the capacity of local institutions and other stakeholders to increase sustainability and reduce dependency after the intervention.

### **Use ALMPs for environmental preservation and regeneration at the local level.**

Environmental preservation and regeneration efforts can greatly benefit from ALMPs. Promoting the participation of unemployed individuals from areas affected by climate change in ALMPs can help them develop green skills and green enterprises. In addition to preserving or restoring the environment, the knowledge and skills developed during their involvement in ALMPs will contribute to sustainable livelihoods beyond the interventions.



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