

23 Jobs and skills for a just transition

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The climate crisis is exacerbating negative labour market dynamics, eroding livelihoods and accentuating inequalities. This chapter discusses employment and skills policy responses for a just transition, focusing on how tackling inequalities in the world of work reinforces and amplifies efforts to reduce broader societal inequalities and climate change and green transitions risk deepening labour and workplace inequalities and sharing the example of Iraq's decent work strategy. It finds that carefully designed and targeted employment and skills policies will be a central plank of whole-of-government policy packages aimed at implementing a just transition promotes inclusive societies and workplaces.

Key messages

- Policy interventions in the world of work can both contribute significantly to just transitions and reduce poverty and inequalities, with a focus on employment and skills having high potential for impact.
- Understanding the complex interactions between the labour market, climate change and environmental sustainability is thus fundamental to identifying appropriate policy intervention options and comprehensive and integrated policy solutions.
- The green transition is an opportunity to invest in skills and lifelong learning that will improve livelihoods and development outcomes. Green transition job strategies and structural transformations are also opportunities to redress gender inequality and informality now and in the future.

Tackling inequalities in the world of work reinforces and amplifies efforts to reduce broader societal inequalities

Persistent and growing inequalities undermine social justice, the crucial principle and objective that can accelerate progress towards the Sustainable Development Goals and guide just transitions (Global Coalition for Social Justice, 2024^[1]). Tackling inequalities broadly involves distributing and redistributing resources, opportunities and benefits. Policy interventions in the fields of taxation and social protection systems are one proven path to bring about such shifts. Policies focused on the world of work are another. Work is a key mechanism through which both distribution of opportunities and redistribution of benefits are mediated.

Policies generating employment, regulating labour markets and supporting labour institutions can prevent income inequalities, thus influencing the quantity and quality of jobs. They can also help strengthen equal opportunities and treatment in the labour market, which leads to greater gender equality and equity between different groups in society. Other supportive policies to reduce inequalities include pursuing universal social protection, promoting the formalisation of the informal economy,¹ fostering productivity growth, investing in skills and supporting conditions for decent work. Other forms of inequality that originate outside the world of work such as unequal access to quality education, health or housing can also be mitigated – or magnified – in the world of work.

With persistently high informality in low- and middle-income countries, rising poverty and the climate crisis, it has become critical to focus on work- and labour-related interventions. In 2023, wage increases failed to keep pace with inflation even in most Group of Twenty (G20) countries, which experienced lower levels of inflation than emerging market and developing economies. The number of workers living in extreme poverty² grew by about 1 million globally to a total of 241 million workers and those living in moderate poverty³ increased by about 8.4 million to a total of 423 million (ILO, 2024^[2]). Despite global progress in reducing informal employment, more than eight in ten employed people in Africa were in informal employment in 2023 as were nearly two-thirds in Asia and the Pacific and more than half in Latin America and the Caribbean. In many regions, women continued to be distinctly disadvantaged across labour market variables, particularly in Arab and North African countries (ILO, 2024^[2]).

Both climate change and green transitions risk deepening labour and workplace inequalities

The climate crisis risks deepening inequalities. As different sectors and value chains will face different risks, the impacts on different segments of the working population will vary. Poor people, for example, tend

to rely to a larger extent on agricultural incomes and ecosystem services for their livelihoods and are thus more prone to climate-induced income shocks that affect these income sources (Chancel, Bothe and Voituriez, 2023^[3]). The rise in global temperatures caused by climate change will increase the occupational health risk of heat stress for all workers but particularly those in agriculture, natural resource management, construction, refuse collection, emergency repair work, transport, tourism and sports. Heat stress is projected to reduce both global gross domestic product by USD 2.4 trillion and total working hours worldwide by 2.2% by 2030 (ILO, 2019^[4]).

The green transition also may exacerbate inequalities when, for example, structural transformations in enterprises and workplaces displace workers and cause job losses. They may also create new jobs. For instance, the International Labour Organization (ILO) (2023^[5]) has projected that the shift to low-carbon and circular economies may lead to the creation of an additional 100 million jobs by 2030, including 20 million jobs through “nature-based solutions”. At the same time, without supportive social and economic policy measures, there could be widespread unplanned and abrupt job losses in carbon-intensive and polluting sectors and some 78 million jobs destroyed, relocated or redefined (ILO, 2023^[5]). Spatial inequalities could also be exacerbated, with some regions impacted acutely, for example by the closure of fossil fuel-related industries.

Policy interventions in the world of work offer a key entry point to bring together the green transition, poverty and inequalities reduction agendas, and broader development goals. The ILO has published guidelines to help countries develop integrated strategies for a just transition towards environmentally sustainable economies and societies. The guidelines explicitly recognise that the green transition presents opportunities to achieve social objectives as “a new engine of growth, both in advanced and developing economies, and a net generator of decent, green jobs that can contribute significantly to poverty eradication and social inclusion” (ILO, 2015^[6]). As an example, Iraq’s new national strategy to prevent and reduce inequalities in the world of work is one of the first to be developed based on these guidelines (Box 23.1).

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Box 23.1. Addressing inequalities in the world of work and achieving a just transition: Iraq's new national strategy aims to do both

Iraq is transitioning from dependency on humanitarian assistance to durable solutions and sustainable development, making it especially urgent for the Iraqi government to address inequality in opportunities, wealth, outcomes and treatment. Recognising this, the International Labour Organization (ILO) worked with Iraq to develop the 2024-28 Iraq National Strategy to Prevent and Reduce Inequalities in the World of Work (ILO, 2024^[7]) building on the successful 2019-23 Decent Work Country Programme in Iraq (ILO, 2019^[8]). For example, the Central Bank of Iraq and Al Thiqa microfinance institution, in collaboration with the ILO, have operationalised a financial inclusion initiative expanding access to much needed finance for business development, particularly for internally displaced persons and refugees. In addition, in 2022, the Labour Force Survey, the first in over a decade, was finalised by the Central Statistical Organization and the Kurdistan Region Statistics Office with the support of the Ministry of Planning and the ILO, and will be instrumental in developing evidence-based and country-specific policies.

The Labour Force Survey provided informative data for the development of the national inequality strategy, finding that Iraq has one of the lowest employment-to-total-population ratios in the Middle East: only about one-third of the working age population (15+) were employed in Iraq in 2020/21 and almost a quarter of the labour force is either unemployed or underemployed, while the number of persons with informal jobs was 5.7 million (66.6%) of total employment. Age is also a variable: young people have lower access to jobs (26.5% of youth aged 15-24 are in the labour force compared to 45.8% of adults) and alarmingly high rates of unemployment (35.8%, compared to 11.2% for the adult – 25+ years old category – unemployment rate). This confirms that a large percentage of the unemployed are new entrants to the labour market.

Iraq's strategy supports the development of a new Decent Work Country Programme with five strategic pillars and two cross-cutting objectives: gender equality and non-discrimination. The pillars include: **employment** for women, youth and other vulnerable groups and a dedicated objective of achieving a just transition to reduce the impacts of environmental changes on employment and harness the potential to create decent work in a greener economy; **education** that promotes equal opportunities in accessing quality education, training and adequate skills for all, in particular for disadvantaged groups, including by promoting equitable digital and entrepreneurial learning; **labour rights protection** focused on ensuring adequate protection for all workers, in particular by promoting compliance with laws and regulations regarding fundamental principles and rights at work in all sectors, by promoting social dialogue and supporting social partners in collective bargaining; **transition** to a formal economy, protecting workers in the informal economy, and strengthening the ability of individuals and enterprises; and expansion of **social protection**.

Sources: ILO (2024^[7]), Iraq National Strategy to Prevent and Reduce Inequalities in the World of Work (2024-2028); ILO (2022^[9]), Comprehensive and Integrated ILO Strategy to Reduce and Prevent Inequalities in the World of Work, <https://www.ilo.org/resource/gb/346/follow-resolution-concerning-inequalities-and-world-work-2021-comprehensive>; ILO (2019^[8]), Decent Work Country Programme for Iraq (2019-2023) .

Green transition job strategies and structural transformation are opportunities to redress gender inequality

In the long term, the green transition is likely to create economies with more formal and recognised employment and training structures, higher working standards, and environmentally sustainable economic and social development (ILO, 2022^[10]). But structural transformation processes are not gender-neutral. Indeed, gender-blind climate and environmental policies are likely to reproduce or exacerbate existing gender inequalities in employment (ILO, 2019^[11]). For instance, occupational segregation impacts women's ability to benefit from new job opportunities. However, lower prevalence of women in high-emissions sectors may mean that they are less exposed to employment losses than men. Women already face barriers to enter high-productivity sectors, including gender stereotyping, that limits their access to marketable skills and education.

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Gender-responsive job creation strategies can address gender inequalities through the right macroeconomic, sectoral and active labour market policies (Esquivel, 2023^[12]). The policies that lead to gender-equitable structural transformation vary from country to country. But common among them is a focus on channelling investment to support women as producers, wage earners and unpaid carers, including via ensuring decent working conditions and access to social protection. Industrial policies should take the different starting points and positions in the economy of men and women into account and focus on using transition processes to rebalance where possible.

Inclusive strategies to build new green skills should target informal workers and disadvantaged groups

Developing the right skills in the workforce is critical not only for a successful and sustainable green transition,⁴ but also to ensure that it is just and equitable. While skills-building should be part of a wider policy package⁵ to ensure that transitions do not exacerbate inequalities, it is a practical and feasible intervention that can be rolled out at scale and over time as part of wider social protection interventions.

Transition policies must take into account pre-existing unequal access to quality and relevant education and training, which results in lower levels of education, lower incomes and a higher probability of ending up in informal employment (Psacharopoulos and Patrinos, 2021^[13]; ILO, 2021^[14]). Investing in skills for greener jobs and a transition to formality also advances social justice and reduces inequalities that can be exacerbated by green transitions. Low-skilled adults, for instance, tend to be less likely to be upskilled than colleagues who are skilled or highly skilled (ILO, 2024^[15]).

Policy responses should combine a variety of mechanisms: financial and non-financial mechanisms to remove barriers to education and training, which can reduce drop-out rates; increasing the availability of second-chance programmes; ensuring that the recognition of prior learning is embedded in career development systems for all; and safeguarding that reskilling and upskilling are targeted at those the most affected by restructuring and transitions (ILO, 2023^[16]; Lange, Hofmann and Di Cara, 2020^[17]). Active labour market programmes, in particular for women and young people, are most effective in improving labour market outcomes when they combine skilling with other support measures (ILO and World Bank Group, 2022^[18]).

Some examples are emerging of strategies for technical vocational education and training and the reskilling and upskilling of workers being integrated into green transitions processes (ILO, 2019^[19]; 2022^[10]). Zimbabwe's Green enter PRIZE programme, for instance, launched new technical vocational education and training curricula focused on climate-smart agriculture and renewable energy – key parts of the country's green economy – with the aim of stimulating the market for new products and expanding employment opportunities (ILO, 2022^[10]).

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Public support for quality skilling largely overlooks workers and learners in the informal economy. Better technical, vocational, core and business skills lead to productivity gains, and investment in inclusive skills training is important to promote transitions to formality and reduce inequalities (ILO, 2023^[20]). Informal apprenticeships also provide employable skills to young people in countries with large informal economies, and multi-pronged strategies to transition these systems towards quality apprenticeships, including to promote equality and social inclusion, are needed. Benin, Ghana, Kenya and the United Republic of Tanzania are among the countries that have taken important steps to include informal apprenticeships within national skills development systems (ILO, 2024^[21]).

Integrated approaches combining transition policies and skills should be based on stronger partnerships with employers and workers. Policy makers and development actors should also keep in mind linkages with digital transformations, promoting digital literacy and digital skills training alongside wider access to devices and the Internet (ILO/African Development Bank, 2023^[22]).

Tackling inequalities and climate change

The world of work can be affected by inequalities generated within it – inequalities of opportunity, outcome and treatment, to name just a few. Other forms of inequality – unequal access to quality education, health or housing – originate outside it. But together they can be mutually reinforcing, exacerbating different dimensions of inequality. Climate change and policies to address it through green transitions can also exacerbate inequalities in the workplace and beyond. Employment impacts of just transitions will vary across sectors and countries depending on a number of factors, especially sector and country vulnerability and adaptability to climate change.

Understanding the complex interactions between the labour market, climate change and environmental sustainability is thus fundamental to identifying appropriate policy intervention options. To have meaningful impact, policy solutions and green transitions must understand and consider these interactions. Partnerships must be in place between actors working across different dimensions to capitalise on their individual comparative advantages and strengths.

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Notes

¹ Formalisation results from a complex, long and gradual process. It is important to develop and monitor progress and develop and adjust policies and interventions at the level of intermediary objectives and activities, all of which contribute in a co-ordinated way to building the intended final impact. For more

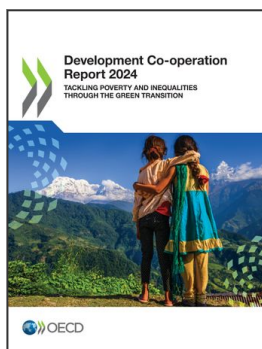
information on transitions, see: <https://www.ilo.org/resource/brief/transition-informal-formal-economy-theory-change>.

² Extreme poverty is defined as living on less than USD 2.15 per day per person in purchasing power parity (PPP) terms.

³ Moderate poverty is defined as living on less than USD 3.65 per day per person in PPP terms.

⁴ See also <https://www.ilo.org/publications/ilo-strategy-skills-and-lifelong-learning-2030>.

⁵ Others include, for example, place-based strategies focusing on local economy stimulation after the closing of a major fossil employer.



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