

Briefing paper

Supporting just transitions through social protection

Key roles for philanthropy

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This briefing paper is part of a series supported by the Laudes Foundation and ClimateWorks Foundation. It builds upon *Climate-responsive social protection: a primer for philanthropy* (McCord et al., 2025) and is one of three briefing papers aimed at informing philanthropic support to advancing climate-responsive social protection. The two companion papers can be found here:

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Executive summary

This briefing paper looks at how philanthropies can contribute to ensuring a just transition to net zero through the extension of social protection to address poverty and income security. It describes the concept of the ‘just transition’ and how social protection can contribute to it, identifies the main constraints to extended social protection provision, and identifies key roles that philanthropies could play to promote an effective and sustainable social protection contribution to the just transition.

Policies to promote decarbonisation and the attainment of net zero will have a range of direct and indirect adverse effects on poverty and on labour markets, exacerbating the impacts of climate change itself. The concept of the just transition addresses this challenge, and is a key component of the vision set out in the 2015 Paris Agreement, which commits governments to reducing emissions in order to achieve net zero, while also ‘taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities’ (UNFCCC, 2015). Since then, the concept has gained increasing prominence within global climate governance, with a focus on managing the social and economic impacts of moving to more sustainable and resilient economies and societies, addressing inequality and exclusion while also promoting sustainable development.

Social protection has been identified as a key policy lever that can be used as part of a set of policies to contribute to a just transition: promoting income security in response to price and employment shocks through transfers and subsidies; enhancing employment opportunities during structural changes through reskilling and direct employment; and also addressing wider climate shocks and stresses. However, achieving this is contingent on the existence of a functioning social protection system that can be scaled up and extended as required to compensate for net zero impacts and to meet just transition needs, and also on the alignment of national systems with climate policies and impacts. National systems are still under development in many countries, limiting their potential to support those already facing climate risks or to respond to the climate and net zero policy impacts that will significantly increase demand for social protection in the coming decades.

Achieving a just transition will require a significant extension of social protection provision, recognising that whole economies are affected by climate change, rendering investment in adequate core provision (financing, institutional capacity, policy development, programme design and operational systems) a prerequisite for effective income security provision. Hence while social protection has the potential to play the key role in ensuring a just transition, realising a significant impact is contingent on ensuring sustainable financing flows and enhancing the operational capacity of national social protection systems, as well as aligning climate and social policies – three major challenges.

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Philanthropies can respond to these challenges by:

1. building capacity for social protection policy and programme development that support just transitions, potentially financing additional technical and capacity support or supplying technical advice.
2. enabling social dialogue and stakeholder participation in policy processes, to promote the engagement, voice and representation of workers, small-business owners, cooperatives, and other affected communities in social protection, climate and just transition policymaking.
3. promoting policy integration and institutional coordination needed for effective just transitions, including ensuring alignment between the climate, energy, labour market, industrial, social and financial sectors.
4. producing research and evidence, including case studies and the documentation of innovative models of social protection delivery and good practices.
5. promoting and piloting programme innovation, including pilots, that complement national systems, or which could be taken or scaled up by the government or other private sector entities.
6. providing skills development, training and employment programmes for workers, business, civil society and government to plan for a just transition.
7. orienting business practices, including Environmental, Social and Governance (ESG) and Corporate Social Responsibility (CSR), in support of the just transition through employment and social protection practices.
8. providing philanthropic finance to catalyse change in those low- and middle-income countries where populations are likely to be adversely affected by the net zero transition.

Philanthropies should learn lessons from experiences to date to enhance the impact of interventions and consider:

- promoting philanthropic coordination to enhance transparency and impact
- funding initiatives that other financing institutions cannot support due to legal, political or fiduciary constraints
- bridging research and implementation by funding the gap between analysis and action and turning policy ideas into innovative or pilot programmes
- investing in national systems development and capacity to ensure these take an inclusive approach to provision, ensuring that provision is not limited to labour market concerns but extends to populations indirectly affected by the transition
- enhancing the quality of new jobs created in the sectors they represent, ensuring they are decent and include social protection provision
- ensuring that the supply of inputs offered, such as skills training, is well aligned with emerging opportunities.

1 Introduction



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Section 1

Climate change is predicted to have significant adverse effects on employment, incomes and poverty, undermining progress on the Sustainable Development Goals (SDGs) with projected impact including: the loss of 80 million jobs due to heat stress by 2030; workers facing increased climate-related injury, disease and death; an additional 130 million people moving into poverty within the next decade; up to 216 million people facing internal migration by 2050; and 1.2 billion jobs that are dependent on healthy ecosystems being adversely affected by climate-related effects (ILO, 2023a). In addition to these climate change impacts, climate change mitigation policies aimed at achieving net zero by reducing emissions in line with the Paris Agreement (UNFCCC, 2015) are also likely to significantly affect poverty, with the contraction of employment in carbon-intensive sectors and associated industries, and carbon pricing and subsidy reductions increasing the cost of key commodities and services such as transport, food and fuel. The concept of the just transition is a response to this challenge, requiring the creation of

environmentally sustainable economies in a way that is fair and inclusive to everyone concerned – workers, enterprises and communities – by creating decent work opportunities and leaving no one behind. Maximizing the social and economic opportunities of climate and environmental action, while minimizing and carefully managing any challenges, including through effective social dialogue and stakeholder engagement and respect for the fundamental principles and rights at work (ILO, 2023a).



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Section 1

The impact of net zero policies on employment and prices will be driven not only by domestic net zero policies, relating to industrial restructuring and increased carbon pricing, but also by changing patterns of demand for fossil fuel exports over time (OECD, 2025a; World Resources Institute, 2023). This is a major concern for many developing countries, with fossil fuel exports accounting for \$146 billion in sub-Saharan Africa in 2018, compared to agricultural exports of only \$48 billion, and with South Sudan, Angola, Nigeria, Chad and the Republic of the Congo relying on fossil fuels for more than 50% of their exports (96% in the case of South Sudan) (Moerenhout, 2021). Most of these fossil fuel exports go to countries with net zero targets, and if the anticipated reduction of oil demand is realised, this low-carbon energy transition will directly impact the fiscal capacity of exporting countries (ibid). The countries most directly affected by the transition to net zero will be those in which extractive industries play a major economic and employment role, notably those reliant on fossil fuel exports (including coal, oil and gas) or with coal-based economies. However, poor countries without oil and gas reserves but with relatively fossil-fuel-intensive economies, such as Pakistan, Kenya and India, are also likely to face challenges in terms of energy security and vulnerability, with adverse implications in terms of prices, labour market disruption and economic growth. The situation will be particularly serious for countries with a limited capacity to diversify their economies towards low-carbon-intensity sectors in the short term, such as Nigeria, the Republic of Congo or Angola (Chatham House, 2020).

In these various ways, the domestic net zero policies and changes in the patterns of global fossil fuel demands are likely to have significant adverse impacts on prices and employment, affecting some populations directly and others indirectly, as the overall effects on gross domestic product (GDP) and government revenue are likely to be felt economy wide, at least in the short term. Mechanisms will be needed to address the impacts on poverty, and social protection has been identified as one key policy lever for achieving this (ILO, 2023a). Social protection potentially has a key role to play in limiting the negative impacts of net zero and contributing to just transitions by ensuring that those worst affected are supported through a range of social protection instruments, including income transfers and active labour market policies, to compensate for the adverse effects of economic and industrial restructuring, energy subsidy reform and carbon pricing.

1.1 Scope of this briefing paper

This briefing paper focuses on the net zero transition and decarbonisation aspects of the just transition, exploring the role of social protection in contributing to a just transition and how philanthropic inputs might enhance this. It considers how social protection can respond to the potentially negative impact of net zero policies on employment and prices and focuses on: the poverty and labour market dimensions of the just transition challenge; how social protection can contribute to just transition processes; the major initiatives currently under way around the world; and the role that philanthropies can play in promoting successful private sector engagement with these processes. It highlights examples of how philanthropic and private sector support has already helped to expand social protection to support just transitions, and how philanthropic investment could help take this to scale.

2 The just transition



Image: Noel Mallia/Shutterstock.com

Section 2**2.1 Introduction to the just transition concept**

The concept of the ‘just transition’ emerged from concerns about how environmental and economic change would affect jobs, incomes and social stability and became part of global climate policy with its inclusion in the 2015 Paris climate change agreement (UNFCCC, 2015). Since then, the concept has gained increasing prominence within global climate governance, and accommodates transformation across the entire economy and society, entailing structural change in production systems, industrial strategies and community livelihoods.

A just transition entails managing the social and economic impacts of moving to more sustainable and resilient economies and societies, addressing inequality and exclusion while also promoting sustainable development. It is a key component of the vision set out in Paris, which commits governments to reducing emissions in order to achieve net zero emissions while also ‘taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities’ (UNFCCC, 2015). The just transition relates to all economic sectors affected directly and indirectly by climate change – not just the energy sector – and to urban and rural areas alike (ILO, 2023d). While decent work¹ and workers’ rights are central to the just transition, it also includes: (1) the wider equity challenges relating to the anticipated technological, economic and social transition that climate change will engender (UNFCCC, 2025b), and (2) the need to address the fundamental socio-economic challenges set out in the UN’s Agenda 2030² and captured in the SDGs. In 2015, the ILO produced the *Guidelines for a just transition towards environmentally sustainable economies and societies for all* (known as the ILO Just Transition Guidelines) to support policymakers to manage the transition to low-carbon economies while also achieving their Nationally Determined Contributions³ (NDCs) and SDG targets (ILO, 2015).⁴

Achieving a just transition requires the development and implementation of a range of social, economic and institutional arrangements to ensure that the shift to low-carbon economies does not deepen inequality, marginalise workers and communities, or erode social cohesion. It also enables pre-existing, non-climate driven inequalities to be addressed.

1 International Labour Organization, ‘Decent Work and the 2030 Agenda for Sustainable Development’ (<https://www.ilo.org/topics-and-sectors/decent-work-and-2030-agenda-sustainable-development>).

2 United Nations, ‘Sustainable Development Goals’ (<https://sdgs.un.org/goals>).

3 Regularly updated country reports are required under the Paris Agreement (UNFCCC, 2015). These NDCs outline and communicate countries’ post-2020 climate actions to reduce national emissions and adapt to the impacts of climate change (McCord et al., 2025).

4 The ILO Just Transition Guidelines were designed to support policymakers in incorporating the just transition into government decision-making and provide a ‘policy framework and a practical tool to help countries [...] manage the transition to low-carbon economies and can also help them achieve their Intended Nationally Determined Contributions (INDC) and the 2030 Sustainable Development Goals’ (ILO, 2016). These guidelines were designed to ‘promote decent work on a large scale [and ensure that social protection exists where needed, these guidelines]... also include mechanisms for social dialogue among governments, workers and employers’ organizations throughout policy making processes at all levels’ (ibid).

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The just transition concept now occupies a central position in international climate and development policy, and there is a recognition that climate action will entail not only technological change but also major social and economic restructuring. Multiple national and international initiatives are under way to support the decoupling of growth and emissions and to address the social and economic implications of the transition, among them those that promote the extension of social protection. However, resources to finance this extension are increasingly constrained. Both domestic finance and Official Development Assistance (ODA) for climate and social protection financing are under growing strain as governments face competing expenditure priorities, including rising defence and security spending.

This combination of high political ambition and constrained fiscal space presents a challenge. Investing in the development of social protection systems and demonstrating the effectiveness and affordability of social protection instruments is critical to address the social justice dimensions of the transition, nationally and internationally. Although currently limited,⁵ philanthropic finance could play a key role in unlocking support for the development of both the innovative social protection responses required, and the social protection systems on which they are dependent.



Photo credit: Loner Nguyen/Shutterstock.com

5 Of the estimated philanthropic funding for climate mitigation of between \$9 and 16 billion in 2024 (Desanlis et al., 2023), the amount allocated to supporting just transition initiatives is unknown and will represent a much smaller subset. Moreover, the regions that need the most support in making the transition from fossil fuel reliance received the lowest shares of philanthropic funding: between 2019 and 2023, combined giving to Africa, Asia, Oceania and Latin America represented only 20% of foundation funding allocated to single countries or regions, compared with 60% for the United States and Europe (Esmaeili et al., 2024: 4).

Section 2**2.2 Institutional support and initiatives**

Since 2015, a number of key initiatives, declarations, policy guidance and strategies have been developed to support progress towards a just transition, and these have highlighted the central role of social protection. Key examples include:

- Signing of the Just Transition Declaration at COP26 in 2021, which calls for ‘adequate, inclusive and sustainable social protection for those in need’ as a key component of the net zero journey (UNFCCC, 2021).
- Establishment in 2021 of the Just Energy Transition Partnerships (JETPs) initiative (UNRISD, 2023), an innovative donor-supported financing mechanism to support energy transition, with explicit commitment to the just component of the transition.⁶
- Establishment of the UNFCCC Just Transition Work Programme (JTWP) at COP27 in 2022 to support equitable economic shifts and address social, economic, and environmental dimensions of climate action linking with SDGs, and NDCs and highlighting the need to include social protection to mitigate negative transition impacts (UNFCCC, 2023).
- Creation of the 2022 G20 Transition Finance framework (UNDP, 2023).
- Publication of European Investment Bank (EIB)’s *Global approach to a just transition and just resilience* in 2023 (EIB, 2023).
- A philanthropy-financed mapping of 600 just transition initiatives in Europe, Africa, Latin America and Southeast Asia in 2024, spanning four major sectors – built environment, fashion, finance and capital markets, and extractives – financed by the Laudes Foundation, Wallace Global Fund and Ford Foundation (Climate Horizons, 2024).
- Development in 2024 of a ‘Just Transition Gateway’, by the ILO, to serve as an online repository of policies, legislation and business practices on just transition from different countries, designed to help governments learn from existing experience to strengthen NDCs in terms of just transition and decent work (ILO, 2024a).

However, in terms of both net zero and also the justice of the transition, progress has been extremely limited at national levels. Recent analysis suggests that on the basis of current national climate action plans only a 12% decrease in global greenhouse gas emissions is likely by 2035 (against a 2019 base), compared to the 55% reduction need to keep below 1.5° Celsius warming (UNFCCC, 2025a). Moreover, approaches for achieving a transition that is just are fragmented and uneven, often lacking alignment with broader climate objectives, and the extent to which social protection approaches are currently used varies significantly, resulting in duplication, confusion and initiatives that overall ‘fail to advance social equity’ (CAN International, 2025).

6 JETPs have experienced shortcomings related to the ‘just’ elements with concerns relating to funding and inclusion: with much grant (rather than loan) funding being delegated to philanthropy; the very low proportion of funding going to activities relating to justice, such as skills development, economic diversification and social investment; and the exclusion of many key stakeholders affected by the transition from participation in the process (UNFCCC-KCI, 2025).

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Key challenges include: the lack of a common framework and vocabulary, meaning that just transition principles are interpreted differently across institutions and sectors, limiting clarity, comparability and effectiveness; the fragmented and siloed nature of interventions, to the detriment of integrated cross-sectoral solutions; the inadequate scale and fragmented nature of international support in terms of the non-debt inducing public finance, technology transfer and capacity building required to address the lack of fiscal and policy space to drive a just transition in many countries; and poor integration with climate objectives resulting in some just transition approaches lacking direction and ambition and running parallel to climate policies (CAN International, 2025).

The failure to progress on the just components of the transition was addressed at COP30 in Belém, Brazil. Here it was agreed that a just transition mechanism, known by civil society organisations as the ‘Belém Action Mechanism for a Global Just Transition’ (BAM), would be developed (ETUI, 2026; UNFCCC, 2025b). This mechanism is intended to ‘enhance international cooperation, technical assistance, capacity building and knowledge sharing, and enable equitable, inclusive just transitions’ (UNFCCC, 2025b). It will be further elaborated at COP31 in Antalya in 2026. It is hoped that this will transform just transition principles into a coherent, practical and actionable framework under the UNFCCC and the Paris Agreement, identifying barriers, opportunities, international support and international enabling conditions to realise a coordinated just transition across sectors, countries and communities (CAN International, 2025).

At COP30, 44 parties also signed the ‘Belém Declaration on Hunger, Poverty, and Human-Centered Climate Action’ (UNFCCC, 2025c) which calls for social justice, hunger and poverty alleviation to be at the core of climate strategies, attempting to reinforce the justice component within the transition discourse (see Box 1).

Box 1 The ‘Belém Declaration on Hunger, Poverty, and Human-Centered Climate Action’

The Belém Declaration highlights the key role of social protection in realising the just transition, noting that ‘social protection systems are weakest where they need to be strongest: in communities facing poverty, hunger, and high exposure to climate change’. It recognises that ‘inclusive social protection systems that can adapt to changing needs, prepare for future risks and respond quickly during crises are one of the most efficient and effective strategies to build resilience, reduce vulnerability, and protect human life and dignity’ (UNFCCC, 2025c: 1). It also identifies the need to ‘Use social protection to support just transitions and address adverse social and economic impacts resulting from transition policies by connecting income support with skills development and access to decent work’ (ibid). This is to be achieved by promoting research, building evidence and promoting innovation in social protection as a ‘key policy area for a just transition, enabling inclusive adaptation, mitigation, and loss and damage response’.

Source: UNFCCC (2025c: 2).

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3 The role of social protection in facilitating a just transition

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Section 3



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3.1 What is social protection?

Social protection may be defined as the

set of policies and programmes aimed at preventing and protecting all people against poverty, vulnerability and social exclusion, throughout their life cycle placing a particular emphasis on vulnerable groups. This means ensuring adequate protection for all who need it, including children; people of working age in case of maternity, sickness, work injury or for those without jobs; persons with disability and older persons. This protection can be provided through social insurance, tax-funded social benefits, social assistance services, public works programs and other schemes guaranteeing basic income security and access to essential services (**SPIAC-B, 2019**).

The main social protection instruments are social assistance, social insurance and active labour market policies.⁷

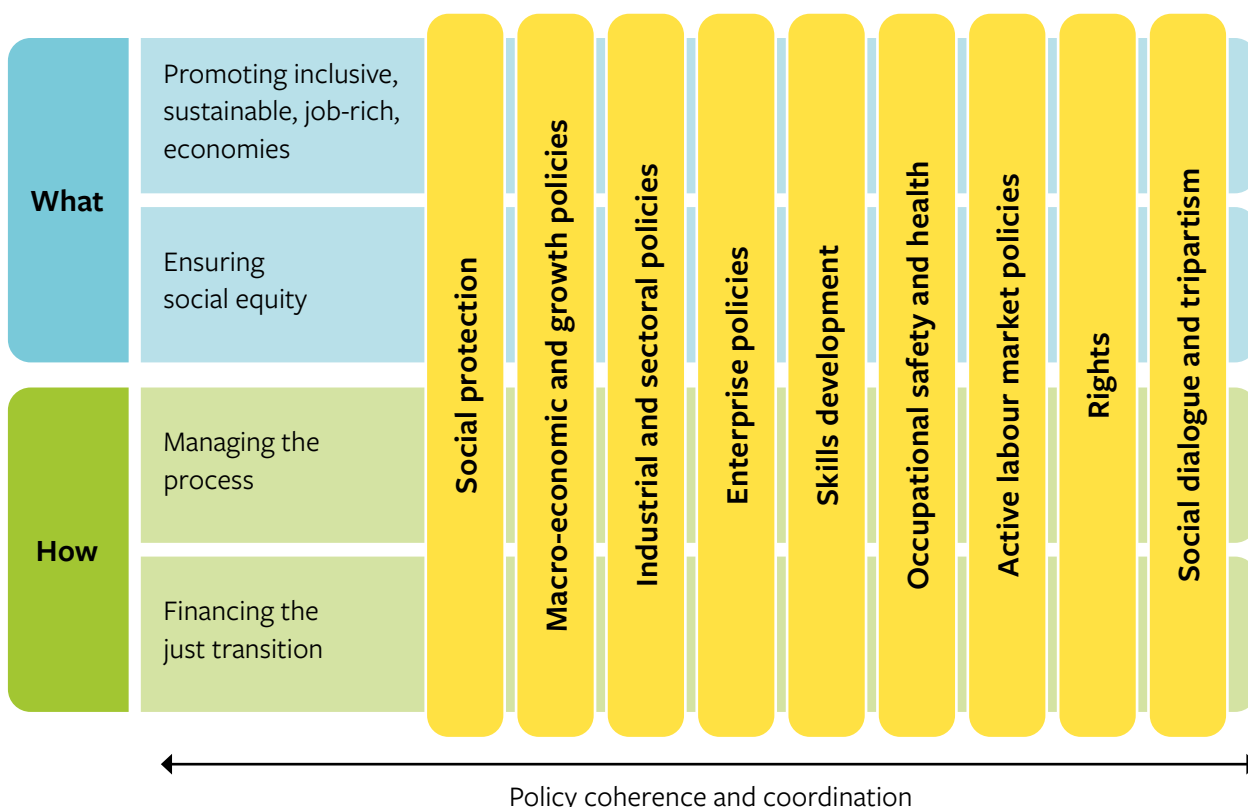
7 Active labour market policies are publicly financed interventions intended to improve the functioning of the labour market by inducing changes in labour demand and labour supply. The policies focus on stimulating employment and job creation through, for example, public works schemes, hiring subsidies, vocational training and retraining, and the promotion of small and medium enterprises and self-employment (ILO, 2015; ILO, 2022).

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3.2 How social protection can address the poverty and equity challenge

Social protection is a key policy area as part of a multi-sectoral framework required to reach a just transition (see Figure 1).

Figure 1 Social protection as one of the set of just transition policies



Source: adapted from ILO, 2023a.

The ILO (2015) guidelines on just transition, developed by governments, unions and employers, highlight the key role of social protection as part of the just transition policy package, recommending that countries ‘promote innovative social protection mechanisms that contribute to offsetting the impacts of climate change and the challenges of the transition on livelihoods, incomes and jobs’ and also:

promote and establish adequate social protection systems providing healthcare, income security and social services, in line with international labour standards [...] also with a view to increasing resilience and safeguarding populations against the impacts of economic and environmental vulnerabilities and shocks (ILO, 2015).

Different types of social protection can be mobilised to address these challenges. The main categories of instrument relevant to net zero impacts are described in Table 1.

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Table 1 Social protection instruments

Category*	Examples
Social assistance	Cash and in-kind transfers, fee waivers and subsidies that are paid without requiring any prior contribution from the recipient
Social insurance	A range of social transfers, including old-age and unemployment insurance, which are dependent on prior contributions from the recipient
Active labour market policies	Skills training, job subsidies, job search services and job creation programmes, including public works programmes
Social care services	Child and adult care and support, protection services

Source: adapted from McCord et al. (2025).



Photo credit: i_lam_zews/Shutterstock.com

Cash transfers, in-kind transfers or subsidies, and unemployment benefits can be deployed to help affected populations cope with price impacts and job losses, while active labour market policies such as wage subsidies, retraining for new green employment options, livelihoods diversification and job-search skills, as well as government employment initiatives can be used to

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address the labour market and employment challenges. Where climate mitigation policies involve restricting access to natural resources on which some depend for their livelihood, as for example in the ‘REDD+’ initiative,⁸ cash transfers can also be used to provide compensation. Options are summarised in Table 2 and discussed in more detail below.

Table 2 Social protection contributions to the just transition

Transition impact		Social protection response			
Increase in price of goods and services	Compensate price increases through direct transfers	Increase in value of existing cash transfers	Extend cash transfers to new affected populations	Introduce new cash transfer	Reduce cost of basket of goods and services
					Provide universal or targeted subsidies for specific goods (e.g. alternative fuels)
Employment/ livelihoods disruption	Compensate for lost income by providing income security	Extend eligibility criteria for receipt of pension and/ or unemployment benefits: <ul style="list-style-type: none"> • reduce minimum contribution period • reduce age of entitlement • extend period of entitlement of unemployment benefits 	Introduce new pension/ retirement schemes to cover affected populations	Provide cash transfer compensation for the impact of restricted access to natural resources on livelihoods	Enhance access to alternative decent employment
					Skills training for employment in emerging green sector
					Implement state sponsored employment e.g. public works programmes, potentially producing climate related assets and services, e.g. natural resource management and ecosystems restoration

Source: authors.

8 An initiative to reduce emissions from deforestation and forest degradation in developing countries developed under the UNFCCC (UNFCCC, 2016).

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Social assistance can be used to compensate for increases in the cost of basic goods arising from the increases in energy prices due to the removal of fuel subsidies or other domestic or external carbon pricing policies, or the disruption of fossil fuel supply chains. Fuel price rises typically affect the price of transport and food, and in many instances these impacts have been found to be regressive, having a higher impact on the poor.⁹ Social assistance in the form of cash transfers can be targeted to particular populations, or provided universally, in order to make subsidy removal or carbon price-induced fuel price increases politically acceptable and ensure people are not made worse off as a result of the reforms.

Social assistance in the form of subsidies is an alternative option to compensate for price rises and enhance the ‘just’ aspect of the transition. Examples might include: subsidised transportation services; subsidies for alternative fuels; or subsidies for other goods or services consumed by the poor (such as food or healthcare) in order to reduce the overall basket of costs and limit the impact of price rises on poverty.

Social insurance can help compensate for labour market disruption and loss of employment. For those already enrolled, existing unemployment and old age pension eligibility criteria can be revised to allow reduced years of contributions or reduce the age of retirement so that support is extended and available to workers affected directly and indirectly by net zero policies. In this way, existing national social protection systems can be used as a basis both for extending provision to newly affected groups, or to provide additional support to those already in receipt of transfers.

Active labour market policies provide the key mechanisms for supporting labour market transitions – particularly in terms of providing reskilling and retraining for employment in alternative employment, and potentially also through job subsidies to support employers to absorb the costs of the transition to low-carbon production modalities and diversification. They also have the potential to provide direct state-sponsored employment, at scale through public works programmes,¹⁰ pending the development of alternative sectoral opportunities.

3.3 How social protection can address the challenge of net zero policy acceptability

As well as performing key functions relating to poverty and employment, social protection is also essential to ensure the acceptability of energy transition policies, compensating populations for their negative impacts, and in this way increasing the likelihood of successful implementation of net zero policies and sustained political support, serving as a ‘facilitator of, not just a buffer

9 See discussion in McCord and Costella (2023) and detailed impact studies such as Gasior et al. (2023), which illustrate differential impacts in a variety of contexts.

10 Programmes that provide state-sponsored employment for the working-age poor who are unable to support themselves due to low incomes, the seasonality of rural and urban livelihoods, or the inadequacy of market-based employment opportunities (McCord et al., 2025).

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for, a just transition' (ILO, 2023a; Malerba, 2022). In this way, social protection can contribute to building credibility and legitimacy within national transition processes, as part of the critical process of building broad-based coalition support and acceptance of changing energy and labour market futures.

3.4 Challenges to the extension of social protection as a response to net zero

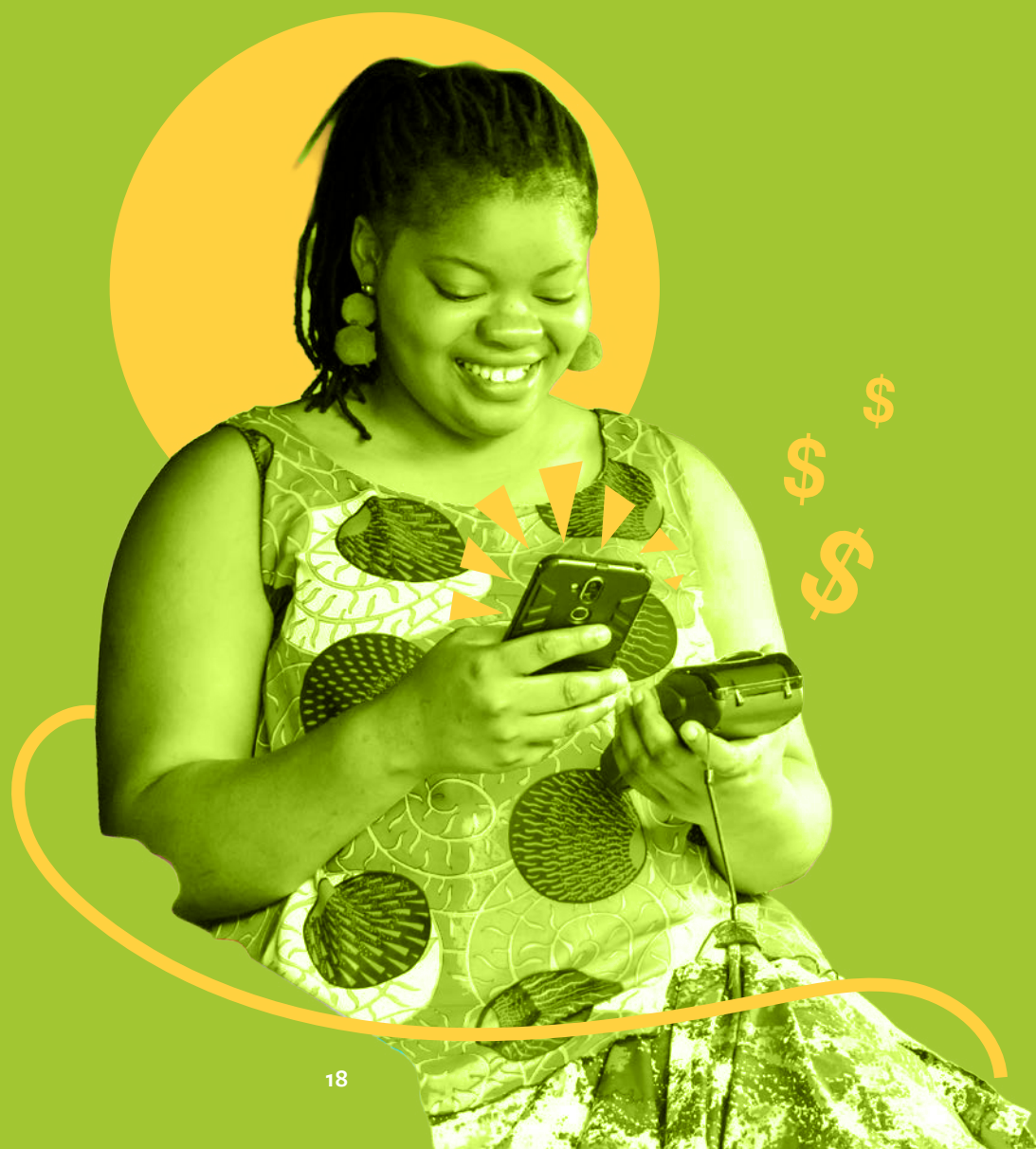
Implementing social protection is contingent on having in place a functioning social protection system that can be scaled up and extended as required to compensate for net zero impacts and to meet just transition needs. This, however, is not the case in many affected countries. National social protection systems are still under development in many settings, limiting their potential to support those already facing climate risks, and to respond to the climate and net zero policy impacts that will significantly increase demand in the coming decades.

Less than 10% of populations in the 20 most climate-affected countries are covered by any form of social protection, and only 25% in the 50 most climate affected (ILO, 2024b). Overall, less than 50% of the global population is covered (ILO, 2024b). Moreover, for those who are covered, transfer values are low, with social assistance transfers representing just 11% of the income of poor households in low-income countries, with an extremely limited impact on poverty reduction (World Bank, 2025). This reflects an estimated gap between current expenditure and that needed to provide basic social protection for all of \$0.56 trillion per year in low- or middle-income countries, without including climate or transition impacts (Cattaneo et al., 2024).

Achieving a just transition will require a significant extension of provision, recognising that whole economies are affected by climate change, but it will not be possible to extend services for those affected by net zero policies without having functional systems in place. This renders investment in adequate core provision (financing, institutional capacity, policy development, programme design and operational systems) a prerequisite for social protection to be able to provide income security and access to healthcare as part of a just transition. However, in the context of decreasing international financing for the sector, in line with geopolitical changes driving broader reductions in ODA (OECD, 2025b), and climate-driven reductions in GDP growth which are likely to limit domestic fiscal space, the potential for extended social protection provision as a component of the just transition is contingent on innovative financing options (see Panwar et al., 2026).

Hence, while social protection has the potential to play the key role in contributing to a just transition, its impact is contingent on ensuring sustainable financing flows, enhancing the operational capacity of national social protection systems, and aligning social protection and national climate policies. The remainder of this briefing paper explores pathways for addressing these challenges to the extension of social protection provision as a part of the just transition, and identifies entry points for philanthropies to support and accelerate this process through strategic and catalytic interventions.

4 Roles for philanthropy in developing social protection systems that support just transitions



Section 4

The effective application of social protection instruments, including social assistance, social insurance, and active labour market policies to support a just transition, will require the strengthening of social protection systems and the inclusion of transition-specific challenges in programme design. Philanthropies may be well placed to play a role in promoting this strategic reorientation.

4.1 Requirements for developing social protection systems that support just transitions

To play a significant role in supporting just transitions, existing social protection systems will need strengthening, and their design will require explicit linkage to climate analysis and national climate policies. Priority requirements include:

- **Requirements to ensure the strengthening of existing social protection systems:**
 - 1. extension of coverage**, to ensure the inclusion of those without access to social protection and also non-traditional populations affected by climate policies or climate change, who might not otherwise be covered
 - 2. strengthening of administrative capacities** (registries, payment mechanisms etc.), to enable efficient administration and delivery of support along with scale-up as necessary
 - 3. adequate financing** to ensure the extension of coverage to new groups, affected workers and communities.

- **Requirements to enhance transition-specific challenges:**
 - 4. alignment with net zero and national climate policies, including NDCs, as well as national labour and industrial policies** to ensure that social protection is integrated with net zero policy implementation and supports those identified as directly and indirectly affected, in order to compensate for impacts on jobs, livelihoods and prices, and provide relevant skills training for engagement in alternative work opportunities
 - 5. strategic programme design based on employment, climate and just transition analytics**, so that just transition considerations inform programme design choices, such as eligibility and targeting criteria, transfer values and instrument selection.

By addressing these five requirements, social protection will be better placed to respond to the range of poverty challenges inherent in the net zero process and to support a just transition process.

4.2 Roles for philanthropy in developing social protection that supports just transitions

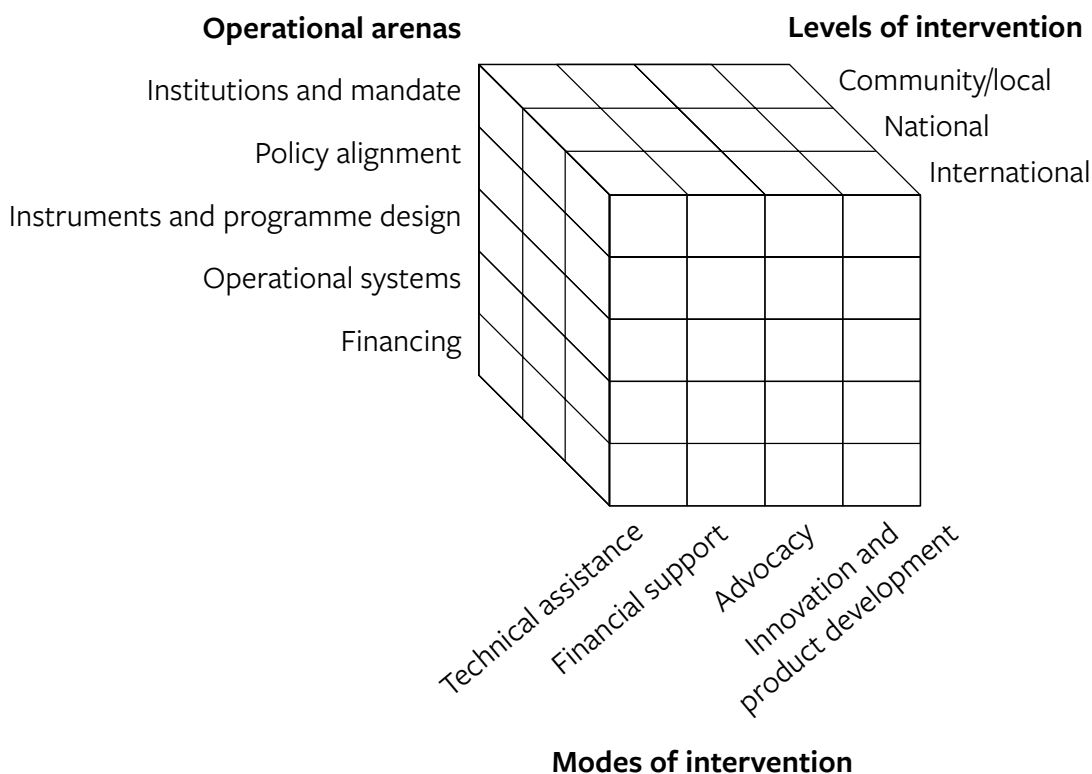
Philanthropies have the potential to play a catalytic role in supporting these developments. Their flexibility allows them to fund innovation and processes that are not adequately supported through public budgets. There is an urgency to address and advance the social protection aspects of the just transition, which still have legitimacy and political traction, although the

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resources required to implement such provision to scale are increasingly uncertain. Strategic philanthropic engagement at this stage has the potential to support emerging systems, demonstrate workable models of social protection and economic adjustment, and ensure that climate transition policies remain socially inclusive as they move from planning to implementation – to ensure no one is left behind.

Philanthropic support to social protection, including to support just transitions, can be implemented across a range of operational arenas, with diverse modes and levels of intervention, as illustrated in Figure 2. There are already numerous examples of where philanthropies have supported just transitions at different levels (local, national and international), including through support to social protection. National initiatives include support to workers affected by the transition – including skills development, capacity building, promoting voice and participation in dialogues – and support to government and civil society actors. Internationally, the focus is on advocacy around just transitions and creating a learning space for philanthropies and donors to share ideas and best practice, co-develop initiatives and drive forward progress (see examples below).

Figure 2 A preliminary framework for philanthropies to support social protection



Source: McCord et al. (2025).

There are a wide range of interventions that philanthropies can provide to support the requirements set out above for extending social protection provision in support of a just transition. Table 3 provides a summary of the core interventions that philanthropies can provide in developing social protection systems that support just transitions. These interventions can be

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implemented across a range of operational arenas, with diverse modes and levels of intervention, as outlined in the table and aligning with Figure 2 above. Each of these interventions is discussed in turn below, with examples of philanthropic investment where available.¹¹

Table 3 Philanthropic interventions to develop social protection systems that support just transitions

Intervention	Operational arenas	Modes of intervention	Levels of intervention
1. Building capacity for policy and programme development	Policy alignment; Institutions and mandate	Technical assistance	Community/local; National; International
2. Enabling dialogue and participation in policy processes – engagement, voice and representation	Institutions and mandate; Instruments and programme	Advocacy	Community/local; National; International
3. Promoting policy integration and institutional coordination	Policy alignment; Institutions and mandate	Technical assistance	National
4. Producing research and evidence	Instruments and programme design	Technical assistance; Advocacy	Community/local; National; International
5. Promoting programme innovation	Instruments and programme design	Innovation and product development	Community/local; National
6. Providing skills development and training	Operational systems	Technical assistance	Community/local; National
7. Orienting business practices, including Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR), in support of the Just Transition	Operational systems; Institutions and mandate; Financing	Advocacy; Technical assistance; Innovation and product development	National; International
8. Catalytic financing	Financing; Instruments and programme design	Financial support; Cross-cutting	Community/local; National; International

Source: authors.

¹¹ The examples cited are based on publicly available material – for information on the current status of these initiatives readers should contact the implementing agencies directly.

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Building capacity for social protection policy and programme development

Philanthropies can support governments in the development of appropriate social protection policies and programmes that support just transitions, potentially financing additional technical and capacity support or supplying technical advice.

Philanthropies can contribute to the development of national and state-level social protection and just transition policies, particularly where technical and financial capacity is constrained. At the national level, they can support government policy and programme development, act as catalysts for reform, and help fill gaps in provision that require flexible finance or specialist expertise and technical advice (McCord et al., 2025). Unlike traditional development finance institutions (DFIs), philanthropies can also fund politically sensitive institutions and functions.

In South Africa, philanthropies and businesses have helped strengthen the state capacity to develop and implement just transitions policies. Yellow Woods (a Johannesburg-based private investment group) financed staff within the Presidency of South Africa to support social protection and labour market initiatives linked to the just transition, including financing aspects of the ‘Presidential Employment Stimulus’ – a major public programme that has created job opportunities for over 1 million direct beneficiaries across South Africa (The Presidency, 2022) – and analytical work related to the Social Relief of Distress grant. This support does not replace public spending or ODA, or support parallel initiatives outside government, but compensates for chronic capacity shortages in government, particularly in analytical and programme-management roles.

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Internationally, at COP27, a coalition of climate philanthropies¹² announced the launch of a three-year, \$500 million commitment to ‘accelerate a just and equitable energy transition in low- and middle-income countries’ (PR Newswire, 2022), illustrating the role that philanthropy has already identified for itself in supporting programming in this area.

Enabling social dialogue and stakeholder participation in policy processes

Philanthropic support can be used to promote the engagement, voice and representation of workers, small-business owners, cooperatives, and other affected communities in social protection, climate and just transition policymaking, including financing trade unions’ policy positions and training.

The transition to net zero will reshape the structure of economies and the nature of labour markets unevenly. Rising commodity prices, job losses in high-carbon sectors, and structural shifts in production will put existing jobs and livelihoods at risk and will alter the very nature and distribution of poverty. Yet those who are most affected are not always included in decision-making processes. Philanthropies have an important role to play to ensure that those affected by the transition to net zero have the opportunity to participate meaningfully in climate and just transition policymaking to ensure their voices are heard and needs are met, and that no one is left behind. This can be achieved through supporting social dialogue between workers, employers and government as well as fostering participation from cooperatives and other affected communities. This requires working with and through civil society organisations, trade unions, employer organisations and ‘other key stakeholders to ensure equity is better accounted for in low carbon transitions’ (IPCC, 2022).

The Global South Just Transition Fund, launched in 2023 with a \$20 million investment from the IKEA Foundation and Laudes Foundation (ClimateWorks Foundation, n.d.), supports workers impacted by renewable energy transitions in Indonesia, South Africa and Vietnam and India. The Fund aims to:

engage workers and communities who depend on high-carbon industries to shape decisions in policy-making spaces that affect their lives. It complements other philanthropic and multilateral efforts, such as the Global Energy Alliance for People and Planet (GEAPP), and can bolster clean energy investments in the Global South.

The initiative will: identify affected groups and analyse the economic impact these groups will face to provide a holistic view of just transition plans; convene national and international dialogues with government, labour unions, technology providers, utilities, and civil society to

12 Ballmer Group, Bloomberg Philanthropies, Children’s Investment Fund Foundation, Good Energies by Porticus, Growald Climate Fund, High Tide Foundation, Oak Foundation, Sequoia Climate Foundation, and Three Cairns Group.

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encourage participatory development of just transition plans; promote broad discussions about just transitions at the local, national, and global levels; and amplify community-driven efforts to communicate effectively by quantifying the economic and social benefits of Just Transition policies, then demand government action. **(ClimateWorks Foundation, 2023)**

Capacity building is a critical component of enabling social dialogue and participation, and recognising this, philanthropic funding in South Africa also helped set up the Just Transition Labour Centre, a worker-led hub ‘supporting labour and working-class communities in navigating the just transition’ (TIPS, 2025) and trade unions to engage in complex negotiations about energy restructuring, labour market adjustment and social protection. While the Centre was supported politically by the Presidency and involved all the major trade union federations, funding was a major obstacle due to political sensitivities and DFI fiduciary constraints. This gap was filled by ClimateWorks Foundation and the African Climate Foundation, who were able to provide the flexible, non-project-tied resources required to make the institution viable. This case illustrates the comparative advantage of philanthropy: the ability to fund politically sensitive institutions that are essential for inclusive governance but that are not fundable by conventional DFIs.

Overall, scaling civil society efforts is important as ‘they continue to be driving forces for a just transition’ (PR Newswire, 2022). Philanthropies can support the participation of civil society, trade unions and other actors in policy dialogue to strengthen the inclusion of affected workers, communities and businesses in these processes.

Promoting policy integration and institutional coordination

Philanthropies can support policy integration and institutional coordination needed for effective just transitions.

Achieving a just transition to net zero requires alignment between the climate, energy, labour market, industrial, social and financial sectors, but the institutions and policies that manage these are often fragmented, with different policy frameworks/documents and technical and financial capacity. Philanthropies can play an important role in strengthening coordination across these sectors and their relevant institutions. Examples include creating networks and platforms for sharing evidence and supporting cross-learning and partnerships to promote policy and programme integration and coordination. In this way philanthropies can help ensure approaches to achieve net zero are accompanied by social protection measures that will support those affected by these changes. For instance, philanthropies are already supporting JETPs to ensure the technological content is matched with adequate social content:¹³

13 For further discussion of the role of social protection and philanthropies within JETPs, see the primer on social protection, climate and philanthropies in this series (McCord et al., 2025).

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Philanthropy can help ensure the successful implementation of JETPs; however, the work to secure a just transition is much more expansive than the JETP framework. It is critical to centre justice in the global energy transition, and much more funding and engagement are needed. (Esmaeili et al., 2024: 11)

Examples of philanthropic engagement to promote policy integration and institutional coordination to ensure the just component of the transition are set out below:

At the national level, the Independent Philanthropy Association of South Africa (IPASA) offers an example of how philanthropies are addressing the challenge of fragmented and poorly documented just transition initiatives. IPASA was set up in 2015 to promote philanthropic coordination at a time when South African philanthropy was ‘largely operating in silos’ and poor collaboration ‘limited the potential for transformative change’ despite the allocation of significant funding (Ndunge, 2025). IPASA provided a platform for funders to share experiences, learn, and provide ‘members with the infrastructure to align strategies, pool knowledge, and co-invest in solutions that achieve greater scale and sustainability’ (ibid). IPASA’s intention is to demonstrate that ‘philanthropy when done strategically can be a powerful engine for sustainable social change’ (ibid).

At the regional level, the Philanthropy Asia Alliance launched the Just Energy Transition (JET) Community at the Philanthropy Asia Summit 2025, to create new partnerships and co-develop initiatives for job creation, workforce reskilling, better health outcomes, and stronger, more resilient communities (Philanthropy Asia Alliance, 2025). Co-led by the Tara Climate Foundation, Bloomberg Philanthropies, and other philanthropic organisations, the objective of the JET Community was to galvanise philanthropic leadership and accelerate Asia’s shift towards clean, inclusive, and people-centred energy solutions (ibid).

Internationally, The Just Transition’s Donor Alliance (JTDA) was set up in 2024 as a learning and action space for funders globally on just transitions. Funded by the Laudes Foundation in partnership with the IKEA Foundation, the JTDA aimed to ‘establish a set of principles to broadly capture the core elements of just transitions, drive a common understanding of what good looks like and ensure that all transitions are just and happen at pace and scale’ (Mehra, 2024b). At New York Climate Week 2024, over 70 philanthropic leaders and non-profit leaders, including the IKEA Foundation, Ford Foundation and ClimateWorks Foundation, met as part of the JTDA to ‘learn from each other and ensure transitions are just and happening at pace and scale’ (Mehra, 2024a). The Laudes Foundation, Wallace Global Fund, and Ford Foundation also commissioned a global mapping and trend analysis on just transition initiatives to inform future philanthropic engagement, identifying over 600 initiatives in Europe, Africa, Latin America and Southeast Asia which attempt to create good jobs, promote skills development and support communities in the transition across four key sectors: built environment, fashion, finance and capital markets, and extractives (Laudes Foundation, 2024).

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Producing research and evidence

Philanthropies can directly fund applied research, including case studies and the documentation of innovative models of social protection delivery and good practices, in order to strengthen the evidence base for policymaking and investment decisions.

Research to map needs and capacities can help match demand with supply more efficiently and reduce fragmentation. Philanthropies can help generate information, for example, on country-level needs in relation to social protection and just transition, potential job losses and income shocks, appropriate policy instruments (e.g. cash transfers, active labour market policies, social insurance), as well as on which organisations have the technical capacity to respond and which social protection initiatives are already working and can be promoted in different contexts.

Philanthropic funding can also help support the development of a knowledge, data and analytical infrastructure. Data systems, analytical tools and modelling on labour markets and skills are needed to accelerate evidence-based policymaking and dissemination of good practice. Philanthropies have supported the development of different scenarios for industrial sectors, key gaps and opportunities in social protection measures for workers (Lawreniuk and Nuon, 2021), and opportunities to accelerate just industry transitions (Rathi et al., 2025). National studies supported by the Laudes Foundation include:

- In Bangladesh, in partnership with H&M Foundation, exploring scenarios that could guide Bangladesh's textile and apparel and construction industry development in line with demographic and climate changes. The study identifies 'opportunities to accelerate just industry transitions both through direct grant-making and multistakeholder collaboration' and is aimed to be a 'guide for policymakers, industry leaders, financial actors, and civil society in Bangladesh, and among financial, business, and development partners globally, to inform their own plans and contributions in Bangladesh' (Rathi et al., 2025).
- In Cambodia, in collaboration with Oxfam Cambodia, to assesses the 'status of contributory social security protections for workers in the garment sector' (Lawreniuk and Nuon, 2021: 6). The study intends to 'serve as a resource for those working on improving social protection provision in pursuit of a just and sustainable recovery' (ibid: 6).

Liz McKeon from the IKEA Foundation suggests that:

learning from real-life, place-based experiences should be harnessed more widely to future actions... We need to begin creating and sharing a library of knowledge of what is working. Our role [as philanthropies] is to elevate what can be transferred and shared between communities in different countries. (Mehra, 2024b)

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Promoting and piloting programme innovation

Philanthropies can support programme innovation, including pilots, that complement national systems, or which could be taken or scaled up by the government or other private sector entities.

Philanthropy can support the development and implementation of programmes, tools and pilot innovative projects that help deliver social protection and a just transition. This includes investing in skills development aligned with green technology innovations, creating employment and new economic opportunities in sectors like renewable energy, and adopting measures to protect the income security of workers whose livelihoods are threatened by the transition away from carbon-intensive businesses (McCord et al., 2025: 13).

Providing skills development and training

Philanthropies can support skills training and employment programmes for workers, business, civil society and government to plan for a just transition.

As part of the transition to net zero, informal or low-skilled workers who have previously worked in energy-intensive sectors, like coal mining, may lack the human physical, and financial capital to transition into new green jobs, and may require simultaneous retraining and income support. Philanthropies can support in a number of ways, including (ClimateWorks Foundation, 2025: 14):

- providing direct support to skills development and vocational training, helping workers to acquire new skills and transition into green jobs
- supporting training schemes for government staff to plan for a just transition
- promoting learning and knowledge sharing between actors on best practices
- supporting (international) public–private partnerships to match green skills gaps.

Examples of such interventions include the Renewable Energy Solutions for Africa (RES4Africa), a foundation and network supported by large European energy companies (including EDF and ENGIE) which channels corporate contributions into skills training and employment programmes in African energy sectors (RES4Africa Foundation, 2025).

Orienting business practices in support of the just transition through employment and social protection practices

Philanthropies can help align corporate ESG and CSR practices with social protection and adherence to international labour standards in their own institutions during the transition process.

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Business practices should be in line with guidelines such as the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (updated in 2022) which provides guidance to multinational and national enterprises on social policy and inclusive, responsible and sustainable workplace practices (ILO, 2022). This framework emphasises that the core operations of businesses (how they produce, who they employ, how supply chains are managed) are as important as any philanthropic initiative or ESG/CSR activities conducted outside the core business model. This could also be used to link corporate ESG/CSR activities to national climate goals. The framework represents a rare but significant instance where ESG/CSR and climate policy are formally connected at the national policy level.

The Global Business Network for Social Protection Floors, launched in 2015, illustrates this approach (ILO, 2021; 2023c). The network, which is a collaboration between the ILO, the International Organization of Employers (IOE), and L'Oréal, includes multinational enterprises, employers' organisations and private sector foundations. It aims to provide an international platform for enterprises to:

- share experiences and best practice on the role of social protection in mitigating future crises within business continuity plans
- promote the role of enterprises in supporting the development of national social protection floors in line with SDG 1.3: the implementation of nationally appropriate social protection systems and measures for all (UNDESA, n.d.)
- guide enterprises in providing adequate social protection to their employees through compliance with national social security legislations and implementing social protection packages for their employees
- document the impact of social protection on business performance and building business cases for social protection, as well as promoting the role of social protection.

A regional example of promoting good social protection practices is offered by the Eni Foundation's initiative, in partnership with ILO, which aims to improve occupational safety and health and access to social protection for workers in the agri-business sectors in Kenya, Côte d'Ivoire and the Republic of Congo (ILO, n.d.; Eni Foundation, 2025). The five-year project was initiated in 2023 to support government, employers' and workers' organisations to develop and implement strategies on occupational safety, health and access to social protection for workers in the agri-business supply chain. The collaboration builds on a shared approach based on partnership, capacity building and the promotion of human rights across the value chain.

At the national level, ILO's ACCEL Africa project ('Accelerating action for the elimination of child labour in supply chains in Africa') in Côte d'Ivoire, has piloted an innovative approach to extend Universal Health Coverage to vulnerable cocoa farmers, in a context where only 6% of households were covered by social protection. The project worked with the national health insurance fund, *La Caisse nationale d'assurance maladie* (CNAM), cooperatives, cocoa exporters and health centres to extend and strengthen existing national health coverage through the

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Couverture maladie universelle (CMU) Programme. Working in partnership with cocoa exporters, such as OLAM International, companies contributed financially on behalf of the vulnerable producers they work with. By April 2023, nearly 7,000 cocoa farmers from 18 cooperatives joined the CNAM community health centres and were integrated into the network of CMU providers and CMU insurance cards were distributed. More exporters have expressed an interest in participating in the initiative, with two signing formal partnership agreements with the CNAM to finance the contributions of their producers (ILO, 2023b). This example demonstrates how philanthropies could work with existing programmes or pilot new projects to help scale social protection mechanisms.

Catalytic financing

Philanthropic financing can be used to catalyse domestic and international financing.

Philanthropic finance can be used to catalyse change in those low- and middle-income countries where populations are likely to be adversely affected by the net zero transition. An example of philanthropies helping to accelerate investment in green energy transitions is the Global Energy Alliance for People and Planet (GEAPP), which was established in 2021 at COP26 to accelerate ‘investment in green energy transitions and renewable power solutions in developing and emerging economies worldwide’ (GEAPP, 2021). GEAPP is a coalition of major private philanthropies and corporate foundations, including the Rockefeller Foundation, IKEA, Bezos Earth Fund, Gates Foundation and Mastercard Foundation. Over the next decade it aims to unlock \$100 billion in public and private capital to tackle the issues of power, climate and jobs simultaneously. The Alliance aims to generate employment opportunities by ‘creating, enabling, or improving 150 million jobs’. It also opened a Global Call for Transformational Country Partnerships, inviting developing and emerging economies to apply for technical support and funding to advance ecosystems of clean energy projects’ (GEAPP, 2021). The key concern here is to ensure that such jobs are climate-resilient, decent and include access to social protection.

5 Conclusions



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There is potential for philanthropies to address some of the challenges currently limiting the justice component in net zero transitions internationally. Potential philanthropic contributions in this area include:

- **Promoting philanthropic coordination.** The sector needs to enhance its own performance in terms of coordination, with initiatives such as shared registries, stakeholder mappings and enhanced transparency as central strategies for addressing this challenge.
- **Funding the unfundable.** Financing initiatives that other international financing institutions cannot finance, due to legal, political or fiduciary constraints. This may include funding for: civil society institutions, research or research institutions serving politically sensitive actors (e.g. unions).
- **Bridging research and implementation.** Philanthropy is uniquely positioned to fund the gap between analysis and action – turning policy ideas into innovative or pilot programmes that public donors or governments can later scale up.
- **Promoting an inclusive approach to social protection.** Ensuring that the social protection needed for the just transition is not limited to labour market interventions but also entails the extension of coverage to populations indirectly affected by the transition through investment in national systems development to ensure an inclusive approach.
- **Ensuring new jobs are climate resilient, decent and include social protection provision.** Using ESG/CSR to enhance the quality of new jobs created in the energy transition and ensure these are climate resilient and provide access to social protection, subsidising contributions, demonstrating good practice and introducing innovative approaches.
- **Matching supply with demand.** Ensuring green skills and other retraining programmes are well aligned with emerging employment opportunities.

Overall, philanthropies can play a key role in shaping just transition processes alongside conventional development agencies, ensuring that the ‘just’ element is not overlooked or deprioritised. They can support governments and multilateral agencies to push forward the critical role of social protection to address the impoverishment and inequities arising from the social and economic dislocation associated with the decarbonisation of the global economy. If aligned with local demand, coordinated with public donors, and grounded in a broad conception of social protection, philanthropy can act as a catalyst for equitable climate transitions.

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