

A socially just transformation?

Why the German G7 agenda needs a stronger social dimension

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A few days ago, the German government presented its Group of 7 (G7) agenda for its presidency in 2022, highlighting five priority areas. Founded in 1973, the G7 represents seven of the world's largest liberal democracies in terms of GDP and offers members a platform to discuss global challenges and identify collective action for sustainable development. The agenda focuses on climate action and economic recovery from the COVID-19 pandemic, aiming for a "socially just transformation" that is fostered by carbon-neutral and inclusive economic growth in low and middle-income countries. This, however, requires integrated social protection programmes that safeguard communities' and workers' livelihoods during the shift towards green energy. Integration of different social protection instruments helps societies cope with transitional problems, for example, through interlinked active labour market policies, public employment programmes, and energy subsidies, thereby combining efforts of a diverse set of national actors.

Even though the German G7 presidency agenda hints at measures to support countries with the socio-economic consequences of the transition, it lacks specific approaches and concepts on how to handle the social dimension in the adaptation process. Low- and medium-income countries will require support, for instance, to deal with increases in unemployment and energy prices, disruptions in local economies, and the training needs of low-skilled workers. The complex challenges resulting from the ambition to become carbon-neutral by 2050 will adversely affect the most vulnerable people and communities. Thus, to achieve its ambitious goals, the G7 should consider integrated social protection programmes as a cornerstone of development strategies to ensure a fair transition.

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The COVID-19 pandemic demonstrated the crucial role of social protection programmes in mitigating adverse socio-economic impacts. These programmes protected people from falling into poverty with cash and in-kind transfers, and experts recommend to further use them in green and resilient recovery plans to enhance climate change adaptation. Particularly, integrated social protection programmes have great potential to improve the capacities of countries to allow them to have a socially just green transformation. A UNICEF paper

explains that "integrated social protection creates an environment where benefits and services complement each other to adequately support human development." A DIE study highlights how a comprehensive set of programmes, including cash transfers, financial and business training, and community mobilisation for social integration, increases financial inclusion and economic empowerment compared to single interventions. Fostering such programmatic synergies in social protection programmes and also integrating universal interventions that mitigate the negative consequences of the energy transition, is a crucial step in the transition to green energy. Universal interventions have the advantage that all vulnerable households can access programmes like cash transfers, school feeding, and skill training. A universal approach also strengthens societies' acceptance of the transition process and the ability to deal with the social challenges that follow such changes.

Therefore, to achieve the planned socially just transformation to a carbon-neutral global society, the G7 as a group needs to support low- and middle-income countries in building integrated social protection programmes. As a first step, the G7 should help countries analyse the potential socio-economic impacts of the transformation process. With this information, countries can develop strategies on how to address adverse effects with a set of integrated programmes. Additional research should identify design and implementation strategies, with a specific focus on national ownership and innovative programme configurations. Countries will need a solid evidence base to learn from each other and develop context-specific solutions. As these changes and the connected research will require large investments, the G7 should provide financial resources to the countries. The Global Fund for Social Protection initiative would offer an excellent opportunity to provide countries the funds to implement integrated social protection programmes that allow a socially just green transition. The Just Transition Partnership with South Africa initiative would provide an excellent case study to showcase the potential of integrated social protection programmes.

Climate change is a global challenge and to mitigate its impact, the world must act collectively. The proposed climate action must entail integrated social protection programmes to achieve an inclusive economic transformation. Especially low- and medium-income countries will struggle to implement climate action without (further) exacerbating existing poverty and inequality in their countries. The current G7 agenda fails to address the challenges of a socially just transition comprehensively and would benefit from a clear vision of integrating different social protection and climate-change programmes into a coherent system. Otherwise, the G7 jeopardises the success of global climate action efforts, as communities will struggle to cope with the changes.