

Just Transition: From Aspiration to Action

Just Transition Initiative

September 22, 2020



Workshop Guidance

9:00: Welcome and Introduction

Mafalda Duarte, CEO, Climate Investment Funds (CIF)

9:10: Summary of Just Transition Initiative Research

Ben Cahill, (CSIS)

9:20: Gender and Informal Labor in Just Transitions

Moderated by **Sarah Ladislaw**, CSIS

Ana Sanchez, International Labor Organization (ILO)

Joy Clancy, University of Twente

10:05: Place-based Development Plans

Moderated by **Sarah Ladislaw**, CSIS

Barbara Rambousek, European Bank for Reconstruction and Development (EBRD)

Hubert Strauss, European Investment Bank (EIB)

Carolina Herrera, Natural Resources Defense Council (NRDC)

10:55: Closing Remarks

Just Transition Initiative

- The Just Transition Initiative is a partnership between the Climate Investment Funds (CIF) and the Center for Strategic and International Studies (CSIS), created to:

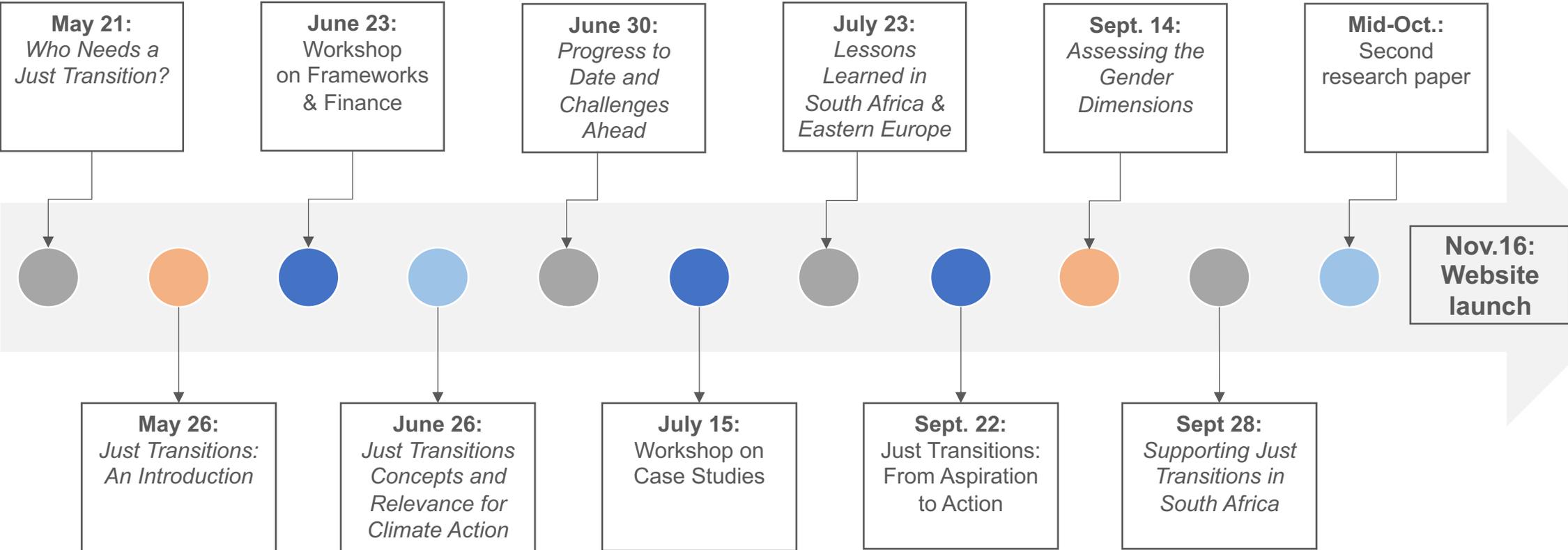
Analyze the various components and understandings of a just transition

Facilitate knowledge sharing and partnerships among stakeholders

Create policy recommendations informed by case studies, consultations and a literature review

- A key objective is to create a **public platform of resources and guidance** for a just transition, in the context of climate change mitigation and adaptation efforts.

Just Transition Initiative: Project Timeline



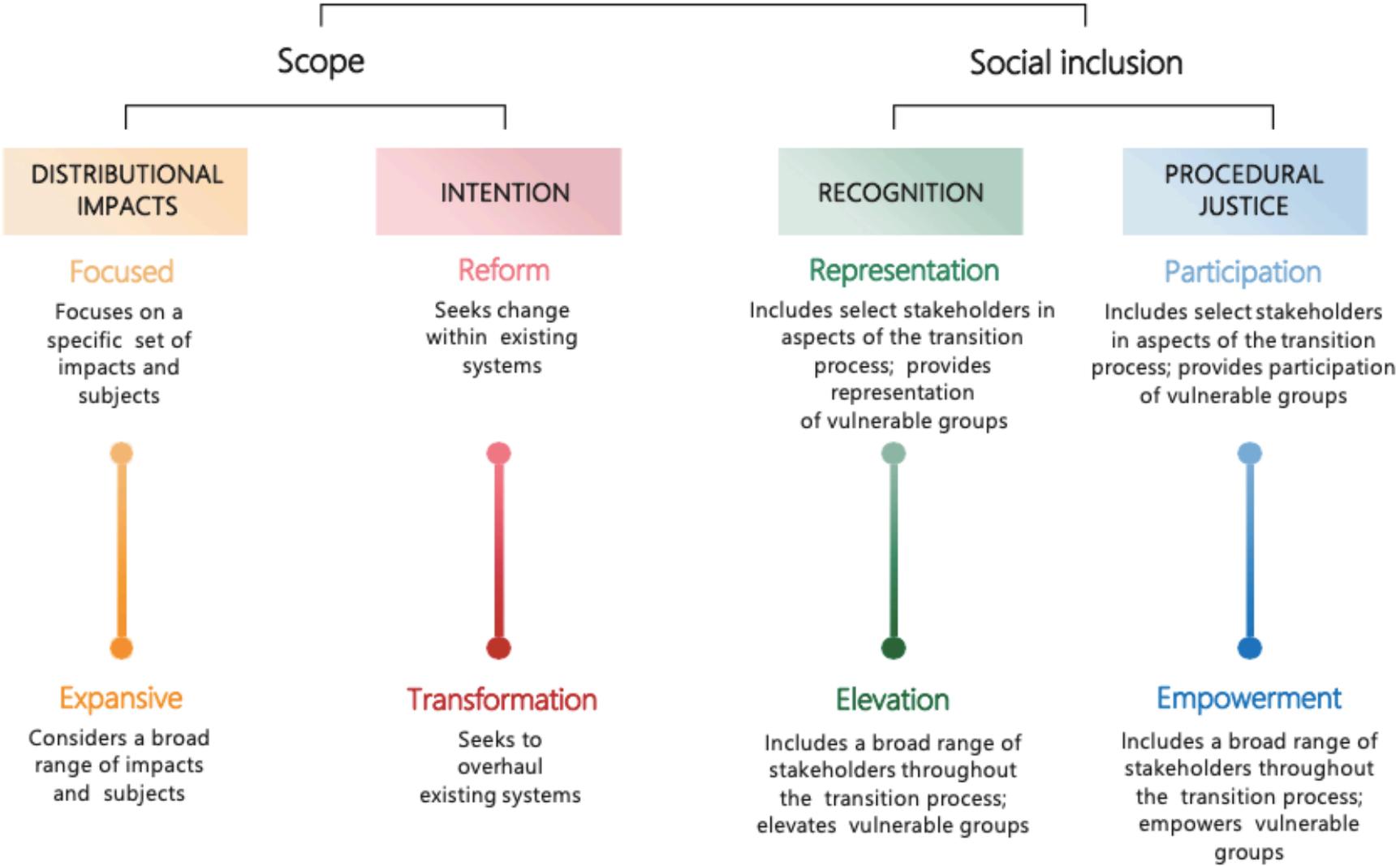
● Report
 ● Blog post
 ● Event
 ● Podcast

Just Transition Initiative Research



Just Transition Initiative: Framework

Just Transition



Just Transition Initiative: Framework

Recognition: Elevation
Procedural Justice: Empowerment

Social Inclusion

II
Scope: focuses on a specific set of impacts and subjects; seeks change within the existing systems through reform

Social Inclusion: includes a broad range of stakeholders throughout the transition process; elevates and empowers vulnerable groups

I
Scope: considers a broad range of impacts and subjects; transformational approach seeks to overhaul the existing systems

Social Inclusion: includes a broad range of stakeholders throughout the transition process; elevates and empowers vulnerable groups

Recognition: Representation
Procedural Justice: Participation

III
Scope: focuses on a specific set of impacts and subjects; seeks change within the existing systems through reform

Social Inclusion: includes select stakeholders in aspects of the transition process; provides representation and participation of vulnerable groups

IV
Scope: considers a broad range of impacts and subjects; transformational approach seeks to overhaul the existing systems

Social Inclusion: includes select stakeholders in aspects of the transition process; provides representation and participation of vulnerable groups

Intention: Reform
Distributional Impacts: Focused

Scope

Intention: Transformation
Distributional Impacts: Expansive

Enablers, Objectives and Tools

Cross-cutting Enablers	Objectives	Tools
<p>Political economy analysis</p> <ul style="list-style-type: none"> Power-mapping of key actors, influence and preferences <p>Stakeholder engagement</p> <ul style="list-style-type: none"> Consultation: interviews, surveys, discussion groups, negotiations Public outreach: transparent communication strategies 	<p>Promote decent work and labor protections: employment that delivers fair income, workplace security, equality of opportunity for women and men, and the ability to organize.</p>	<ul style="list-style-type: none"> Social dialogue Social protections (unemployment insurance and benefits, workforce redeployment, non-financial transition assistance) Skills development (vocational training and reskilling programs, national skills development) Workers' rights (labor standards including freedom of association and collective bargaining)
<p>Capacity building</p> <ul style="list-style-type: none"> Skills development and knowledge sharing between institutions and communities 	<p>Create regional development and place-based investment plans: short- and long-term plans and positive visions for sustainable development, aligned with national plans.</p>	<ul style="list-style-type: none"> Targeted industrial policy (tax incentives, subsidies, investment guarantees) Adaptation and resilience plans Infrastructure investment Skills and education assessment, and alignment with long-term plans Environmental remediation and restoration
<p>Impact analysis</p> <ul style="list-style-type: none"> Identification of pre-existing and potential inequalities and vulnerabilities via social and environmental impact assessments 	<p>Encourage decarbonization: plans aligned with the Sustainable Development Goals and 1.5/2°C Paris Agreement targets.</p>	<ul style="list-style-type: none"> Long-term decarbonization strategies and interim targets Fossil fuel subsidy reform and reallocation Energy efficiency programs (building retrofits, appliance standards, building codes, energy benchmarking)
	<p>Mobilize climate finance at scale: catalyze sufficient investment to meet the climate finance challenge.</p>	<ul style="list-style-type: none"> Dedicated just transition funds Blended finance Financial sector reforms (fiduciary responsibility, disclosure, public procurement adjustments, low-carbon indices) Green bonds and sustainability bonds

Session 1: Gender and Informal Labor in Just Transitions



Just Transition, Green Jobs and Informal economy in Latin America and the Caribbean

Ana Belen Sanchez,
Especialista Regional para América Latina y el Caribe,
Oficina Internacional del Trabajo

Content of the presentation

- Introduction of the ILO's work in Latin America on just transition and green job creation.
- Significance and challenge of the informal labor sector in the just transition discourse
- Discuss the state of just transitions efforts in Latin America, with a focus on informal sector workers and gender.
- Share concrete tools and policy guidance the ILO has developed on policy interventions (particularly if mechanisms of social dialogue, social protections, etc. do not apply to the informal sector).

► The need for a Just Transition in the LAC region: environmental challenges and the world of work

- ▣ **Air Pollution:** reduces productivity and working hours mainly in urban areas, increases chronic respiratory diseases, greater impact of COVID-19 in contaminated areas.
- ▣ **Climate change:** thermal stress causes loss of productivity, reduction of working hours and worse working conditions, increased diseases and greater risks to occupational health, greater labor migration.
- ▣ **Loss of biodiversity and damage to ecosystems:** In LAC, an estimated 64 million jobs depend directly on ecosystem services. By 2050, 2.2% loss of GDP. Greater impacts on agriculture, fishing, tourism, industry dependent on water and biodiversity inputs.
- ▣ **Natural disasters:** Years of working life lost due to environmental disasters increased from 113 to 190 per 100,000 workers (between the periods 2000-07 to 2008-15) in LAC
- ▣ **Informality** acts an obstacle to comply with environmental regulations. Illegal mining and deforestation increased during COVID-19



Only in Mexico and Central America it could represent a figure of **3.9 million climate migrants**. By 2030, **losses of 2.5 million full-time jobs** are expected in LAC in the agricultural, waste and clean, construction sector.

ILO Climate Action for Jobs Initiative



About

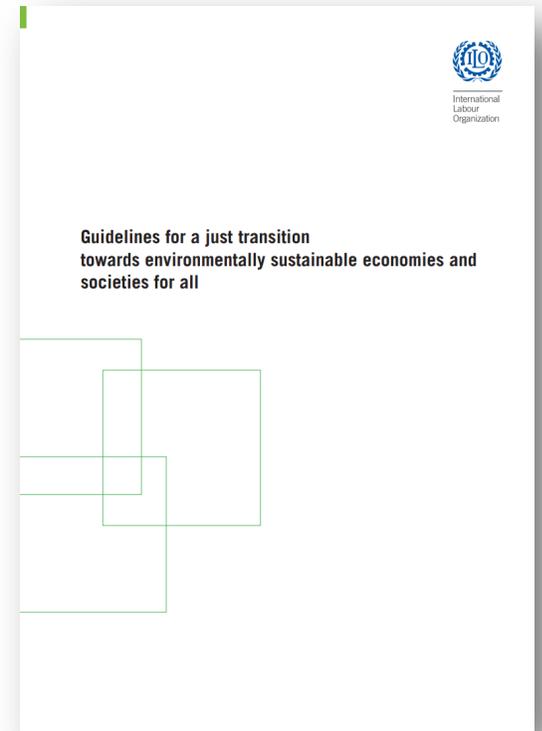
The 2015 Paris Agreement highlights a just transition and decent work as essential elements to responses to climate change. The [Guidelines for a just transition towards environmentally sustainable economies and societies for all](#), adopted by ILO constituents in 2015, offer a framework to guide this transformation.

At the 2019 United Nations Climate Action Summit, 46 countries committed to place jobs at the heart of ambitious climate action and to promote a just transition.

United Nations Secretary-General António Guterres launched the Climate Action for Jobs Initiative, spearheaded by the ILO, to help foster concrete measures. The initiative brings together governments, workers' and employers' organizations, international institutions, academia and civil society to deliver change.

Main goals

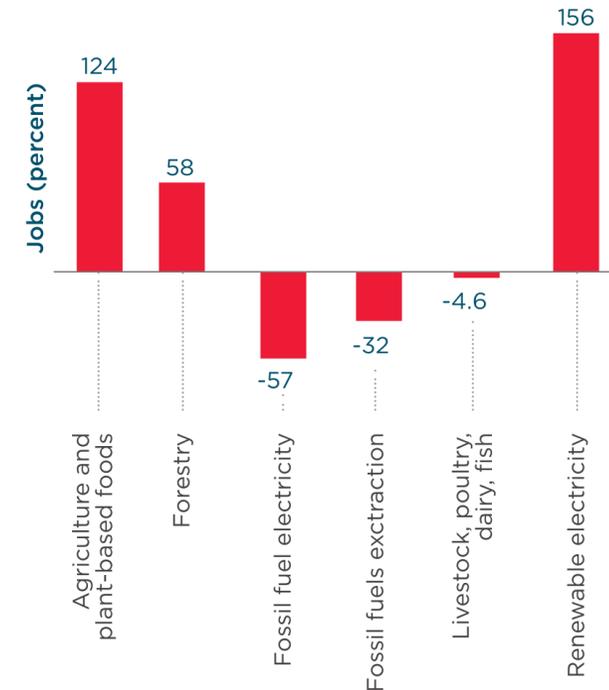
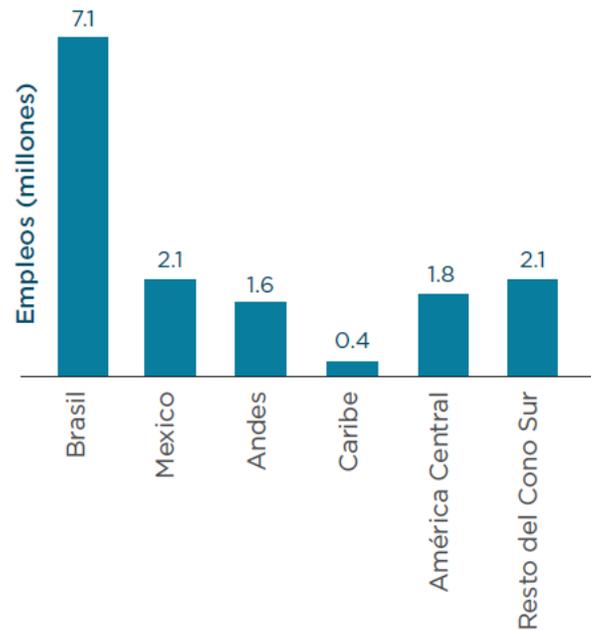
- Enable climate action with decent jobs and social justice.
- Support countries in a transition that is just and founded on broad-based support.
- Facilitate an inclusive recovery from COVID-19.



▶ A net zero economy can **create 15 million jobs** by 2030 in the LAC region **BUT** with winners and losers

All countries can create jobs on the path to net zero emissions

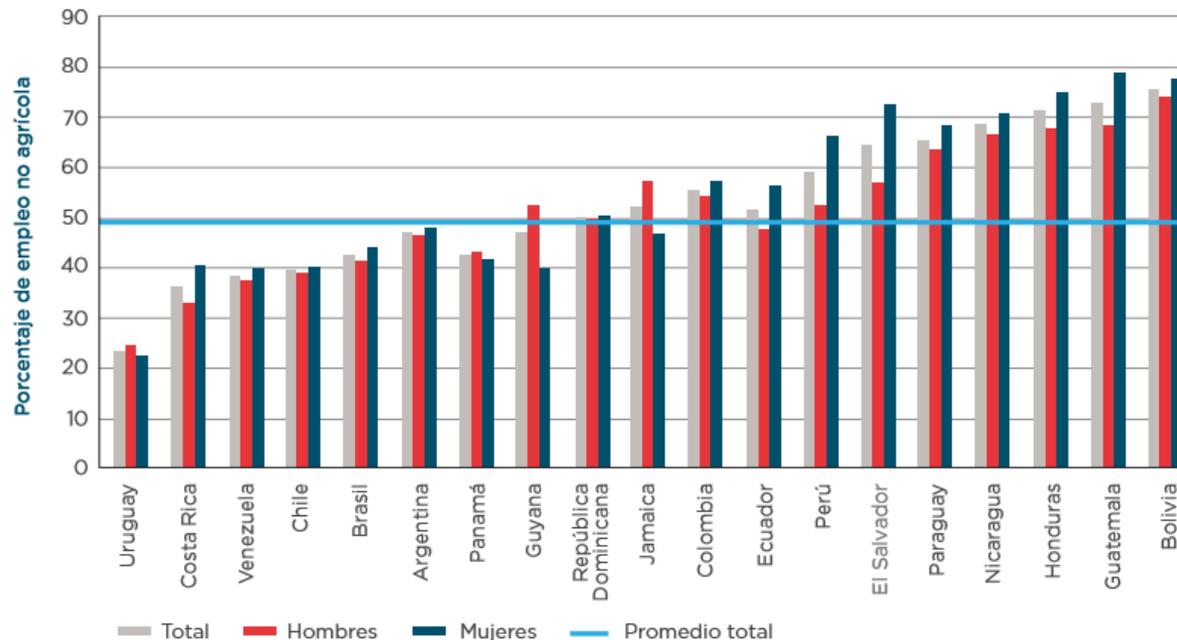
Some sectors will grow, and others will shrink on the path to net zero emissions. Informality is present in most of these sectors.



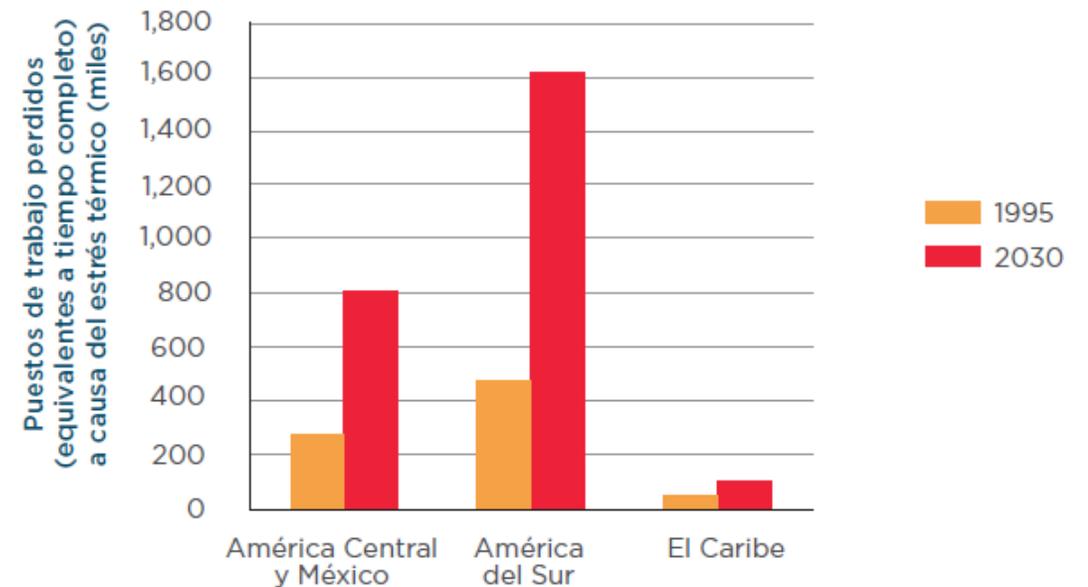
Fuente: ILO and IDB (2020): Jobs in a Net-Zero Future in Latin America and the Caribbean

► The same deficits in decent working conditions that make the region vulnerable to COVID-19 expose it to the impacts of climate change.

One out of every two jobs is informal in Latin America and the Caribbean



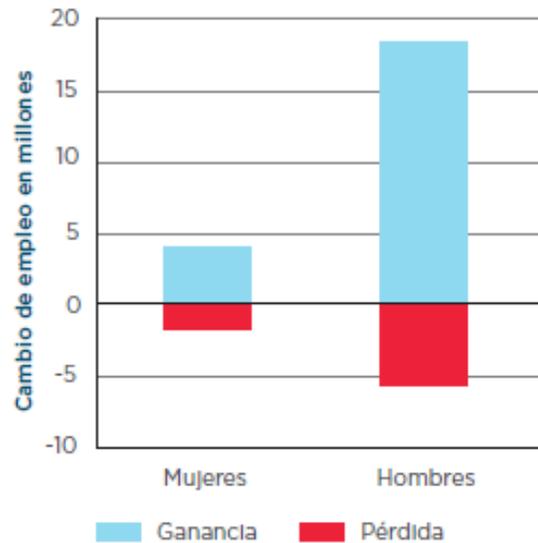
The impacts of climate change will worsen working conditions



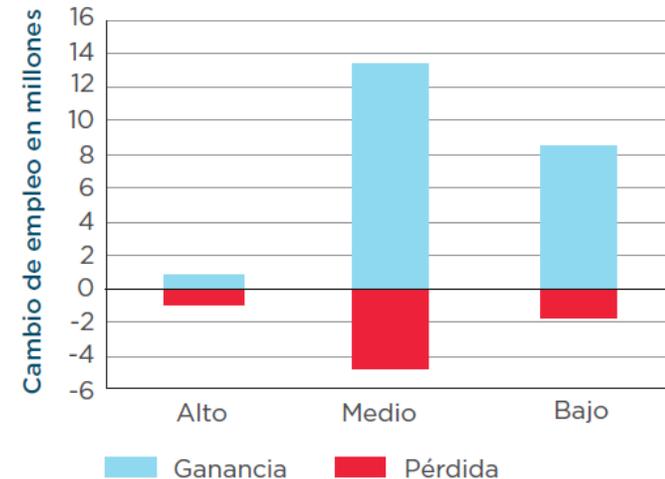
Addressing informality, promotion of gender equality and retraining of workers and companies

78 million work in one of the key sectors of the Just Transition of the economy in the region, which represents 43.7% of the total employed. 56 million are men and 22 million are women.

Panel A: Employment change by gender, 2030



Panel B: Job change by skills, 2030



Just Transition in the LAC region

- Costa Rica: JT is one of the pillars of the 2018 Decarbonization Plan
- Mexico City: 2019 Green Jobs Programme
- Colombia: 2019 Green Jobs and Just Transition Pact signed by Ministry of Labour and ILO
- Argentina: 2019 Partnering Action for a Green Economy programme focussing on just transition
- Guyana: 2019 Green Jobs Assessment of the National Strategy
- Chile: Just Transition Strategy launched in June 2020. Linked to the coal phase-out of electricity
- 2019, 11th ILO Meeting of Caribbean Ministers of Labour: need to adequate policies to address the negative social and economic impacts of climate change on the world of work

Empleos verdes en números



Addressing informality, key to ensure new jobs are decent jobs



Farming

Stopping deforestation,
promoting integration of
producers, changing diets (19
million new jobs)

Low salaries and lack of social
protection.

Long working hours and need
to improve OSH



Transport and Energy

Decarbonizing electricity
generation

Employment formalization
processes to expand public
transport

Social dialogue



Sustainable tourism

Better working conditions
particularly for women and
youth

Vulnerability to climate
shocks

Reducing waste, use clean
energy, eco and local food

► Ideas for Action Toward a Green and Fair Recovery: Boosting the Economy and Jobs with a focus on informality

- ✔ Support programs for **formalizing business and workers** by facilitating their access to social protection, in particular in agro, construction, waste, energy sectors
- ✔ **Green Jobs Creation through** public employment programs to protect or restore the environment: reforestation programs and others to provide skills and incomes to the informal economy, including migrants' communities
- ✔ Measures to improve **safety and health at work that accompany formalization programs** in sectors with environmental content (production of organic and local food, recycling services)
- ✔ **Social dialogue for workers and communities** from sectors affected during the decarbonization of the economy with the purpose of developing new skills and relocating them to other occupations
- ✔ **Industrial development** of renewable energies, development of an industrial sector related to the circular economy (industrial eco-parks, waste, energy and water efficiency use), to sustainable mobility and other green sector



Some examples of measures in line with a Just Transition

Since 2011, **Brasil-Bolsa Verde**, cash transfers to people living in extreme poverty, is conditional on sustainability practices among the beneficiaries. These are promoted to substitute unsustainable activities for others that are more friendly to the tropical forest, such as fruit gathering, latex extraction, artisanal fishing, and handicraft production with natural resources.

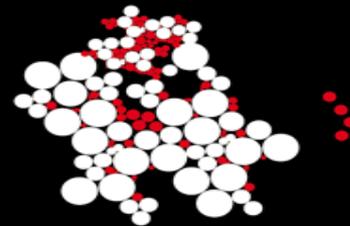
2013, ILO- The project for the **Strengthening of Integrated Training, Orientation and Labor Insertion Systems (FOIL)**, in alliance with public institutions of vocational training and employment services to design green jobs curricula and certification programs

2020, In **Panama**, the National Council of Private Enterprise (CONEP) is preparing a portfolio of green investments, by sector and by geographic area to make visible, classify and size the required financing. There is a special emphasis on green jobs and lowering the carbon footprint.

2020, **Economic recovery plan of the European Union**, a recovery plan has been designed focused on environmental criteria and thinking about the functioning of the economy and society for the following generations



Women and the Just Energy Transition



Joy Clancy & Mariëlle Feenstra
j.s.clancy@utwente.nl
m.h.feenstra@utwente.nl





Gender and Energy Nexus – what we know

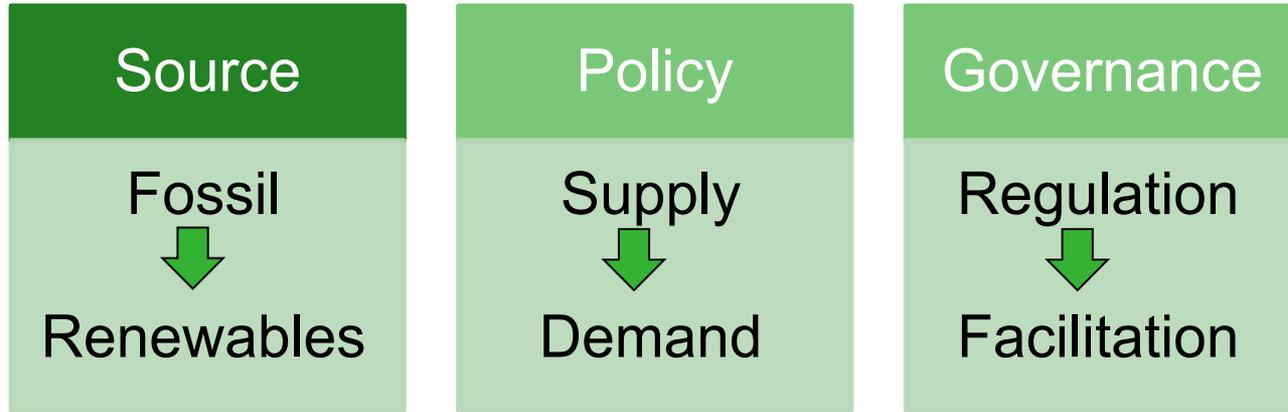
- Energy transforms women and men's lives – but not always how we expect (eg electrical appliances makes work easier but doesn't save time)
- Women and men have different energy needs – depending on the roles inside and outside the home – vary with communities and context
- Women are generally but not always in worse social, economic and political positions than men – they aren't 2 homogeneous categories – vary across range of characteristics.
- Energy access improves women's economic position which can brings other benefits – but be careful – money isn't always enough
- Energy transition enables women's businesses and creates possibilities within energy sector



Gender-dimension of energy transitions: What needs to change?

- + increasing women's involvement as decision-makers in energy policy (beware the numbers game!)
- + strong institutional framework for gender-energy nexus
- + high gender-equality in energy sector
- + getting more women in STEM (mothers matter and it's never too late)
- + acknowledging gender-gap in energy poverty eg recognition of vulnerable consumers (changing perceptions)

Energy transition ~ gender transition





What can we do?

- Take gender approach in data collection and analysis
No data – no visibility; no visibility – no interest
Asking the right questions to the right people by the right people
Understanding your target group and avoid ‘generic names’ (eg communities, consumers)
- Use gender audits/budgets
raise awareness; hold policy makers to account; change policy
- Organisational assessment
How gender aware and diverse is the organisation?



Policy recommendations

- Gender-sensitive & -responsive energy poverty policy
- Collecting sex-disaggregated data, presented intersectionally, on energy poverty
- Engendering energy poverty indicators
- Break the silo's: integral and multidisciplinary/cross-sectoral approach
- To get the energy sector's commitment stress that empowerment of vulnerable households creates potential for upscaling energy transition



Thank you for listening
Happy to respond to questions and comments

Session 2: Place-based Development Plans



EBRD's Just Transition Initiative

CIFs-CSIS event, Just Transition: From Aspiration to Action

Barbara Rambousek,
Director, Gender & Economic Inclusion, EBRD



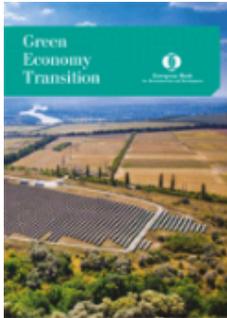
European Bank
for Reconstruction and Development

The EBRD JT Initiative sits at the nexus of the green and inclusive dimensions



The EBRD has three decades of experience in facilitating transition towards sustainable market-oriented economies through its private sector-oriented business model.

Green preserving the environment and protecting the interests of future generations



- In 2019, 46% of the EBRD's investments were green. The cumulative EBRD climate finance reached €33.4 billion with a private sector share of 62% and over 1,900 projects.
- The Bank is particularly well-positioned to: a) improve the footprint of **hard-to-abate sectors**; b) **work with local governments** on supporting environmental improvement investment and policy programmes, based on the Green Cities programme; c) support the **greening of SMEs** through intermediated finance.

Inclusive



Economic Inclusion Strategy (EIS)
2017-2021

- ensuring equal opportunity for all regardless of their gender, place of birth, socio-economic environment, age or other circumstances
- To date, EBRD's approach to Inclusion covered over 230 projects worth over €10.5 billion.
- Focus on **women, youth, underdeveloped regions, migrants, others**
 - The Bank has strong expertise in developing: a) **re / upskilling programmes** and **policy dialogues on regional inclusion** for affected workers and communities; b) **inclusive infrastructure investments** in regions; c) **credit lines for women- / youth- led SMEs**, SME advisory service

Our JT approach is guided by EBRD's local and technical experience, and global lessons learned



Strategic planning

- 1 Early engagement with a wide range of stakeholders.
- 2 Local ownership of the approach.
- 3 Interventions guided by a holistic plan based on assessment of challenges and opportunities.

Institutions to implement change

- 4 An effective institutional structure, led by regional authorities supported by capacity building in collaboration with national government.
- 5 A strong public sector response in collaboration with the private sector.

Design of specific interventions

- 6 Regional economic development strategies tailored to the local context.
- 7 Utilising GET opportunities, such as reconversion of stranded assets, eco-tourism, bio-agriculture or green buildings.
- 8 Support for workers to find new quality jobs tied to the needs of the local labour markets.
- 9 Environmental legacies addressed in line with the local regulatory "polluter pays" principles.
- 10 Focused investments in physical and digital infrastructure that strengthen regional integration with nearby economic centres.

3 JT priority themes

“ Building on its existing policy and financing activities, the EBRD will enhance its focus on just transition through three themes: ”



green economy transition



supporting impacted workers



regional economic diversification

Objectives are matched to indicators, with specific benchmarks that reflect ambition and are monitored throughout the project's life

Indicators

- Reduction in GHG emissions (tonnes per year)
- Renewable energy installed in repurposed sites (MW)
- Renewable energy production in repurposed sites (MWh per year)
- Decontaminated or rehabilitated land (hectares)
- Workers enhancing their market-relevant skills as a result of training (number of women/ men)
- Partnerships established/ strengthened between employers & education providers (number)
- Number of people accessing employment (number of women/men)
- SMEs or entrepreneurs supported by the EBRD (number)
- EBRD financing to SMEs or entrepreneurs (€ millions)
- Mobilised investment in new economic activities or sustainable infrastructure (€ millions)

Piloting strategic JT support in the Western Balkans

EBRD JUST TRANSITION DIAGNOSTIC

Just Transition
vulnerability screening and
regional assessment

Just Transition
action plan

- Identify **vulnerable sectors, assets and groups**, as well as the mechanisms that will likely affect them.
- Assess the **potential** for (i) green economy transition, (ii) supporting impacted workers and (iii) economic development.
- **Assess existing plans**, governance and stakeholder activities.

- Identify a **clear set of policy and investment activities** to address just transition challenges and promote access to opportunities.
- Include a **detailed action plan**, with identification of potential sources of funding and investment.



EBRD model

Investment

Technical
assistance

Policy
support

Targeted
concession-
ality

&

Stakeholder engagement

Links btw
private &
public sector

Participatory
stakeholder
involvement

Link to
national
institutional
context

Collabora-
tions with
other
MDBs/IFIs

The additional challenge of Covid: Building Back Better

The crisis exacerbates existing inequalities and impacts different people differently –

- **women** who shoulder the bulk of care responsibilities and are less likely to return into employment after furlough / *Kurzarbeit* schemes / access retraining
- **Youth**, whose education is interrupted – making the transiting from education into employment even harder
- **Aging** workers who miss out on life long learning / want to take fewer ‘risks’ about transiting into a new sector
- **Regions** whose economic diversification had depended upon sectors such as tourism which are now facing unprecedented challenges + migrants and their families, who see remittance transfers falling

A focus on green investments and policies is under threat given the crisis response needs / impacts

- Costly and **politically sensitive transition periods** are more difficult for governments to support in the face of a crisis that already has huge socio-economic costs
- **Investors** are less likely to invest given the uncertain economic climate



Example: Supporting JT in Poland's coal regions



Background

The Polish energy sector is about to face a major transformation as coal-fired generation assets are retired. The EBRD client in the energy sector sees a **few thousand workers impacted** by this transition - only 1/3 will qualify for early retirement at time of decommissioning.

Inclusive Impact

Inclusive Impact:

- The project will **identify the inequality implications** of the transition (assessment of skills profile and gaps) and define redeployment and reskilling opportunities and challenges.
- It will introduce **high quality, certified training** programmes for
 - **internal re-deployment** in other areas linked to distribution, asset management, digitalisation and the application of new green technologies
 - **or external job transfers** -in partnership with local education providers / job centre
- Specific **focus on women** in the workforce, with targeted training and mentoring support.
- The company will also enhance its participation in the regional economic development dialogue for the EU-funded “territorial just transition plan”. It will collaborate with the local authorities, regional development agencies, trade unions, sectoral associations and the Ministries of Energy / State Treasury.

Green

Green Transition Impact:

- With a ring-fenced investment, the project will lead to significant annual energy savings and CO2 emission reductions, and will be 100% in line with the EBRD green investments approach.



Just transitions: From Aspiration to Action

The EIB Perspective

CIF-CSIS Workshop

Hubert Strauss, Lead Economist

Projects Directorate, Regional Development Division

European Investment Bank

22 September 2020



The EU's Climate Bank

THE EUROPEAN INVESTMENT BANK IS EUROPE'S CLIMATE BANK

€1 trillion for climate action and the environment unlocked by 2030

50 % of total financing to climate action and the environment by 2025 (current level: 30%)

2020 Fully aligned with the Paris agreement by the end of the year





Just Transition = Multiple Transitions

- Energy transition
- Socioeconomic transition
- Environmental transition
- Infrastructure transition



Wider regional
development
dimension



Just Transition: wider regional dimension



Addressing affected regions' challenges:

- **Place-specific and multi-sector:** address specific economic, social and environmental challenges in vulnerable communities
- **Plan-led:** need a Just Transition Masterplan that coordinates the sectoral needs under a sound governance structure
- Build on **existing strengths**
- Avoid pitfalls of historic transition experiences

The EIB response will:

- Be Paris-aligned & in line with new EIB Energy Lending Policy
- Build on experiences in the affected regions supporting economic diversification/restructuring



Three pillars of the Just Transition Mechanism (JTM)



Source: Sustainable Europe Investment Plan, 14 January 2020, COM(2020)21 final, Figure 4

JUST TRANSITIONS: FROM ASPIRATION TO ACTION

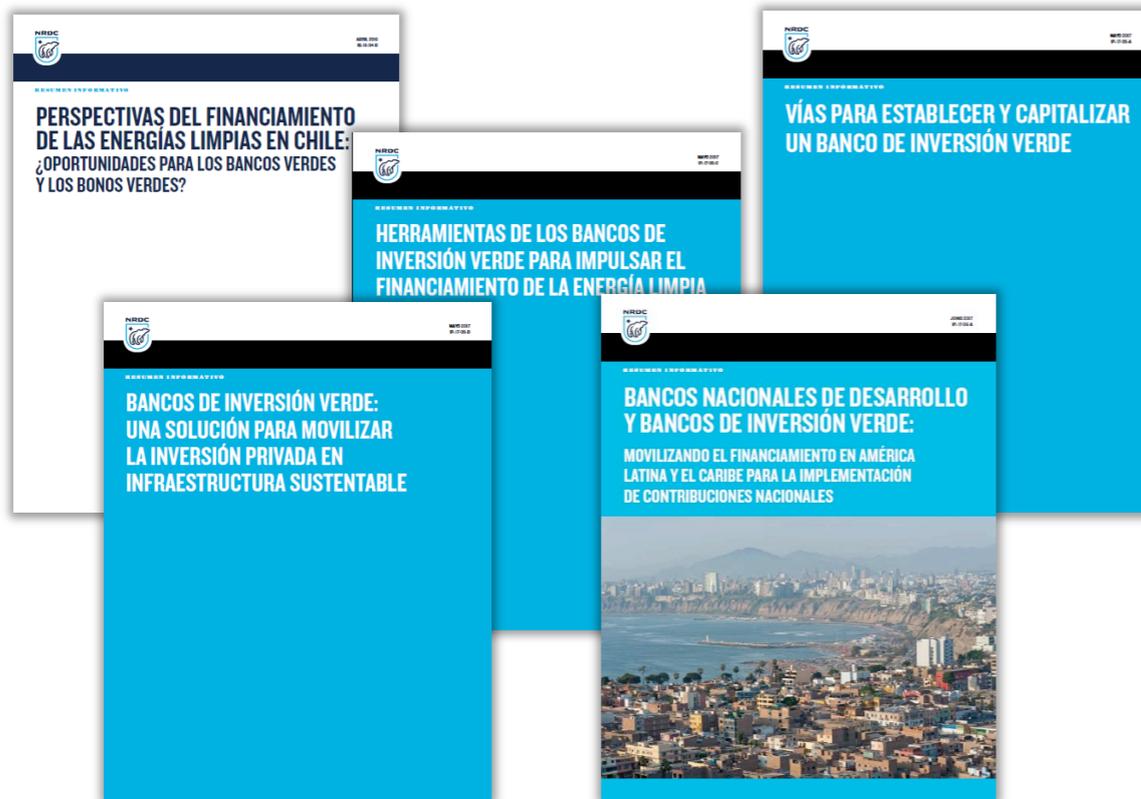
Panel 2: Place-Based Development Plans



September 22, 2020

Carolina Herrera

Natural Resources Defense Council (NRDC)



International non-profit organization with membership of 3 million.

Programmatic priorities: Energy and Climate Change, Nature, Communities & People.

International work with partners in key countries, through global forums, and / or targeting markets.

Offices in New York, Washington DC, Chicago, San Francisco, Los Angeles, Beijing and New Delhi.

Team of more than 500 lawyers, scientists and other environmental specialists.



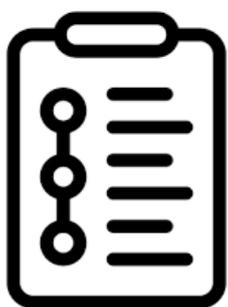
Chile: Just Transition in Energy



- 40% of electricity generation from coal
- 25% of GHG emissions from coal
- “Saturated zones” that exceed air quality standards

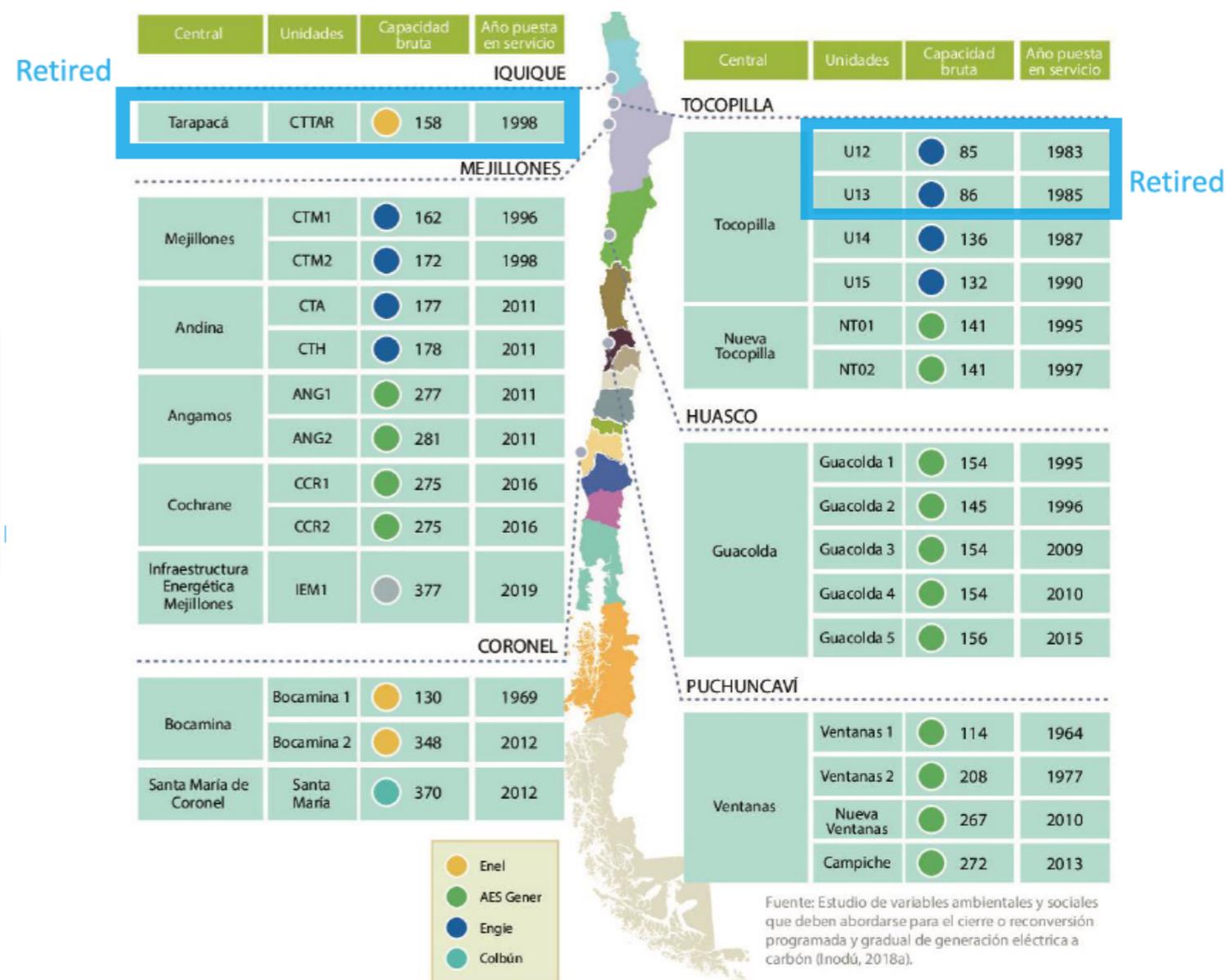


- 4,400 direct workers: contracted & sub-contracted
- 9,500 indirect workers: value chain; providing goods or services

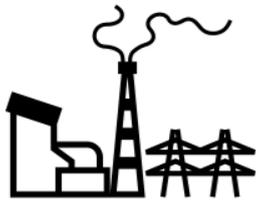


- July 2020: Just Transition Strategy process launches
- Dec 2020: First draft + Consult
- 2021: Strategy ready, provides framework for Local Action Plans
- Other strategies: Residential energy; Green Hydrogen

Coal phase out by 2040



Mexico: Clean Energy Transition



- 77% of electricity generation from fossil fuels
- 70% GHG from energy (energy & transport)
- Source of most environmental emergencies



- Robust climate & clean energy policy framework
- Early focus on technical, political, financial aspects
- Social, environmental dimensions slower

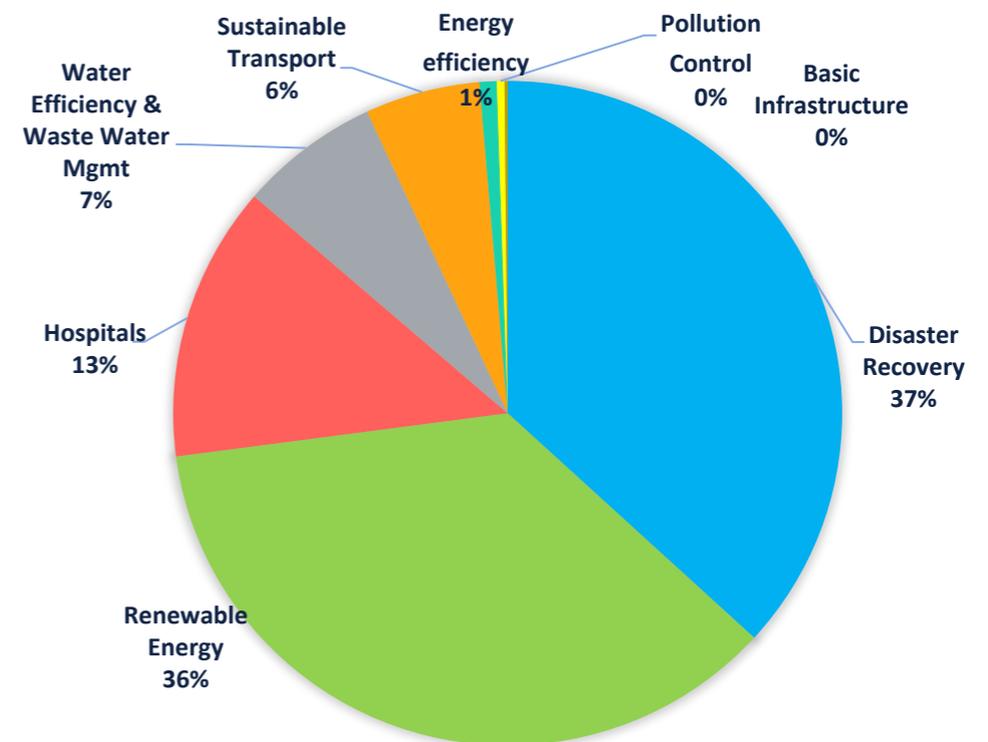


- NDB development mandate with key sectors and cities & states
- Access to climate finance (sustainable bonds & int'l funds)
- Environmental & Social Risk Mgmt Systems

Role of NDBs will be critical



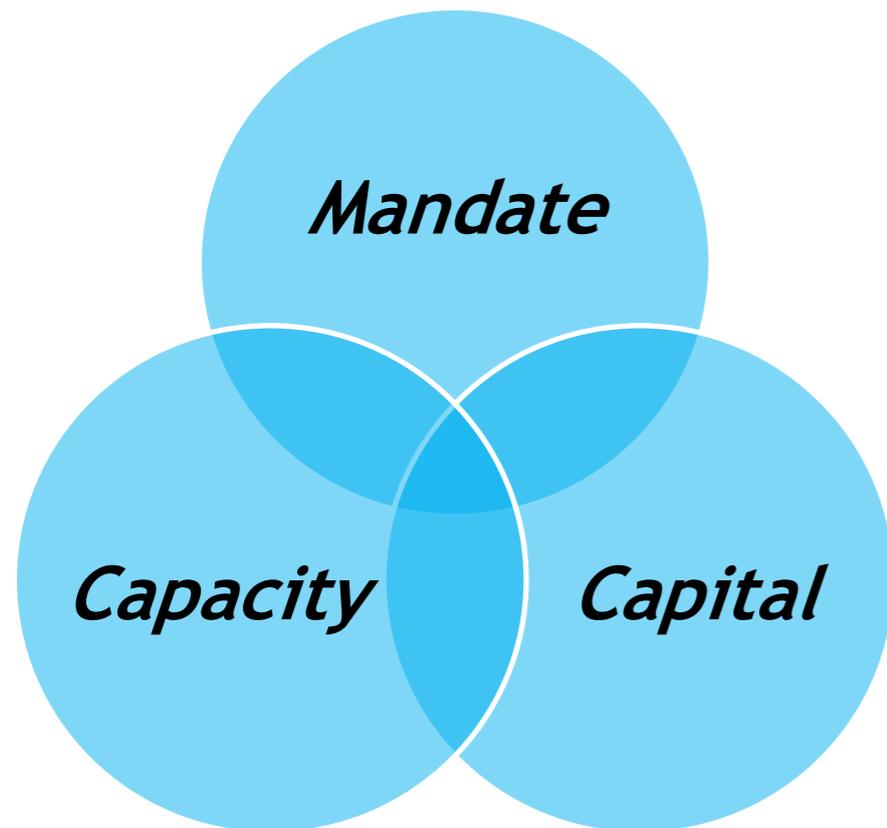
Banobras Sustainable Project Portfolio (Sept. 2019: 51,537 million MXN)



Source: Banobras

Transitioning the role of NDBs

Transforming NDBs into ‘functional green banks’ can help advance climate and SDG goals and support Just Transitions



A “green mandate” and dedicated funds for LCR projects can help absorb transaction risks.



Developing financial products is not enough, creating demand (education and marketing) & capacity also key.



Specialized personnel with capacities (technical, financial, social, etc.) focused on “green” sectors.



Catalyze new markets, not just individual projects.



Part of a broader set of solutions and policies necessary to address market barriers and attract climate capital.

Just Transition: From Aspiration to Action

Just Transition Initiative

September 22, 2020

