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A STUDY BY THE JUST TRANSITION INITIATIVE

# JUST TRANSITION CONCEPTS AND RELEVANCE FOR CLIMATE ACTION

## A Preliminary Framework



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## Introduction

Climate change poses unprecedented threats to the planet and society, and the scale and urgency of the climate challenge requires rapid structural changes to economic activity and governance. In recent years, there has been a growing focus on “just transitions” to help achieve the economic and social changes necessary for sustainable development while protecting workers and communities and ensuring a more socially-equitable distribution of benefits and risks. In climate policy, just transitions are increasingly recognized as a necessary condition for public support for large-scale climate action and as the only plausible path to a safe and just future.

The idea of just transitions emerged decades ago but has gained prominence over the past few years. The concept has helped solidify the connection between the three pillars of sustainable development (society, the environment, and the economy) and provides “connective tissue” between the Sustainable Development Goals (SDGs).<sup>1</sup> In 2015, the International Labor Organization (ILO) issued guidance stating that “a just transition for all towards an environmentally sustainable economy . . . needs to be well managed and contribute to the goals of decent work for all, social inclusion and the eradication of poverty.” The ILO document was an important building block for the current applications of just transitions. It more clearly defined just transitions, providing guidance on areas such as social dialogue, social protection, and labor market policies based on tripartite dialogue between unions, employer organizations, and governments. In subsequent years, just transitions have attracted attention from multilateral institutions, governments, investors, civil society, and labor groups seeking to plan for a more equitable distribution of the benefits and risks associated with contending with climate change.

However, the term “just transitions” is still unfamiliar to many, definitions vary widely, and the methods for achieving just transitions remain unclear. This paper and the broader Just Transition Initiative of the Climate Investment Funds (CIF) and the Center for Strategic and International Studies (CSIS) seek to explain the concept, including its origins and relevance to various stakeholders. We offer a preliminary framework to describe various definitions of the term “just transitions.” We also identify remaining gaps in knowledge that would help increase engagement and operationalize planning and decisionmaking.

Given the multitude of perspectives and starting points for engaging in just transitions dialogue, this effort to develop a framework is a crucial step in fostering deeper understanding and engagement among interested stakeholders. From here, the Just Transitions Initiative will undertake a review of the strategies and policies being used to bring about just transitions and analyze existing case studies to better understand what has worked, what has not worked, and what needs to be studied further.

## Origins and Evolution of the Just Transition

### LABOR ORIGINS

Most agree that the concept of just transitions originated in the U.S. labor movement. In the 1970s, the leader of the Oil, Chemical, and Atomic Workers Union, Tony Mazzacchi, realized disarmament during the Cold War threatened the livelihood of atomic workers and encouraged unions to engage in peacetime planning. As a beneficiary of the Servicemen’s Readjustment Act, designed to help World War II veterans adjust to the peacetime economy, Mazzacchi argued that the government should support wartime workers at risk of losing their jobs as a result of disarmament.<sup>2</sup>

In the 1980s, Mazzacchi adapted the concept in response to a wave of new environmental protection policies. Mazzacchi proposed a “superfund for workers” following union and employee-sponsored studies citing significant job losses as a result of increased environmental regulation.<sup>3</sup> Mazzacchi claimed “those who work with toxic materials on a daily basis in order to provide the world with the energy and the materials it needs deserve a helping hand to make a new start in life.”<sup>4</sup> He and his collaborators acknowledged that the activities associated with their industries were damaging the environment and advocated for public policies that protected the natural environment as well as workers. Their approach sought to counter the “jobs versus environment” discourse and encouraged collaboration between organized labor and environmental justice groups, marking the development of a comprehensive, multi-stakeholder strategy.<sup>5</sup>

The concept of a “superfund for workers” was later described as a “just transition” by Mazzacchi’s collaborators and was officially endorsed by various North American labor organizations in the 1990s.<sup>6</sup> While its momentum began to subside in the United States, it continued to spread throughout the global labor movement and international policy space in the early-2000s, evolving in accordance with the shifting environmental agenda.<sup>7</sup>

## **EVOLUTION OF THE JUST TRANSITION**

The labor movement’s work on just transitions has significantly contributed to the international climate debate over the last two decades. In the early-2000s, organized labor was increasingly concerned that international climate negotiations were not addressing the social and employment impacts of climate policy, which led to a coordinated effort to mainstream the just transitions concept and lobby for its inclusion in UN processes and agreements.<sup>8</sup> The concept was subsequently incorporated into the negotiating text for the Copenhagen Summit in 2009 and later the preamble to the historic Paris Agreement adopted in December 2015.

These efforts solidified the connection between the environment and employment and the SDGs more generally. These connections promoted a more integrated approach to social, economic, and environmental development within the just transitions agenda. Furthermore, the inclusion of just transitions language in these international agreements raised the concept’s prominence in the international development and environmental community, contributing to its recent traction.<sup>9</sup> A systematic literature review found that the number of academic articles focusing on just transitions of fossil fuel workers in the context of climate change has sharply increased since 2015. This increase in academic interest may be attributable to its adoption in the Paris Agreement.<sup>10</sup>

The concept of just transitions was reinterpreted within the environmental and climate justice communities.<sup>11</sup> The environmental justice movement emerged in the 1980s in protest of the unjust distribution of environmental hazards within marginalized communities in the United States.<sup>12</sup> Focused on the intersection of health, human and civil rights, and environmental conditions, the environmental justice movement became increasingly focused on the distributional impacts of climate change. As the climate justice field emerged and grew in the twenty-first century, it borrowed elements from environmental justice and began to further highlight the risks of climate change to vulnerable communities.<sup>13</sup> Various climate justice organizations adapted the just transitions concept to communicate and align their interests. Some of these groups adopted a more expansive view of just transitions, envisioning the end of the extractive economy and a transition toward sustainable local economies. But as with its earlier origins in the labor movement, just transitions definitions continued to prioritize the needs of workers and communities.<sup>14</sup>

## Definitions and Interpretations

As noted above, the concept of just transitions has gained prominence since the late-2000s as it has taken root in international climate policy, but definitions still vary widely. It is challenging to define either word in the term “just transition” due to the ambiguity surrounding definitions of “justice” as well as the scope and type of “transitions.”<sup>15</sup> As a result, the term strikes many as vague, esoteric, or even irrelevant. Unsurprisingly, institutions and interest groups approach the concept of just transitions differently and offer a unique lens or emphasis depending on their focus and perspectives.

There is no single labor, environmental, or corporate view of just transitions. Even within small subsets of actors at the national or regional level, definitions of just transitions can diverge. Even more common, perhaps, is a lack of familiarity with the term. Many concerned with social equity and sustainable development—issues at the heart of just transitions discourse—simply frame or discuss these concerns differently. Still, it is possible to discern patterns in applications and attitudes among various stakeholders, including labor and trade unions and environmental groups.

### MODERN LABOR APPLICATIONS

In a labor context, just transitions generally aim to protect and equip workers whose jobs, livelihoods, and communities are at risk from climate change or climate interventions as the world pursues more sustainable pathways.<sup>16</sup> Most studies indicate that the net impact of environmental policy measures will be positive, but “job losses are likely to occur in economic sectors, regions and communities, particularly where a dependence on fossil fuel resources is significant and where opportunities for economic diversification are limited.”<sup>17</sup> Previous economic transitions, such as the experience of U.S. workers during the China trade shock, show that migration from one industry to another does not happen easily, if at all.<sup>18</sup> Just transitions require careful, conscious planning so that workers and their broader communities are not stranded, hence the mantra, “no one left behind.”<sup>19</sup> Just transitions can also provide an opportunity to better protect workers’ rights and social welfare in the future through a healthier and more sustainable economy.<sup>20</sup>

There are a wide variety of approaches to just transitions among labor groups. For example, the Congress of South African Trade Unions (COSATU), the largest trade union confederation in South Africa, has embraced the International Trade Union Confederation’s (ITUC) climate change platform for nearly a decade. This signals COSATU’s adherence to an ambitious agenda that envisions a proactive role for unions in shaping the transition to a low-carbon economy, including active participation in national and international planning.<sup>21</sup> But other labor unions in South Africa have a more focused definition and are primarily concerned with protecting jobs, or at the very least ensuring re-employment opportunities. The position of a particular trade union in each country’s political economy invariably shapes the union’s perspectives. “Business unionists” that are more closely aligned to industry and political incumbents are more inclined to focus on narrower issues such as worker pay and collective bargaining agreements and leave questions of social equity to governments and the private sector. In contrast, “social unionists” have more expansive engagement with broader social justice concerns.<sup>22</sup> Some studies also suggest that while the term is common in the international labor movement discourse, some labor unions, often domestic ones, are less open to engaging on the topic of just transitions.<sup>23</sup>

While labor organizations were instrumental to the development and spread of just transitions in the international arena, the term evokes a range of responses. Many scholars and activists have noted deep resistance among labor groups who view “just transitions” as a euphemism for job losses and a threat to their way of life. Unions, after all, are institutions created to protect workers’ rights and livelihoods. Some

labor organizations are skeptical based on historical examples of economic transitions. One U.S. labor official stated that the coal industry knows that “workers are going through a transition, but they don’t feel that it’s just.”<sup>24</sup> Others perceive the term as a smokescreen that acknowledges negative impacts on workers and promises a way forward without offering concrete solutions in the face of job losses and depressed incomes. While some organizations avoid the term because of these negative connotations, many embrace it as a platform to unify various interest groups under a comprehensive strategy.<sup>25</sup>

## **WIDER ENVIRONMENTAL AND CLIMATE APPLICATIONS**

Conceptions of just transitions have evolved significantly since the climate justice movement first adopted elements of environmental justice approaches, widening the aperture from largely local environmental issues to global climate change.<sup>26</sup> Climate justice activists also began to incorporate issues related to energy access and intergenerational equity.<sup>27</sup> As the scope widened, many stakeholders in the climate justice movement began to feel that “global dimensions, interconnections and spillovers that characterize patterns of justice and injustice” required a different approach, one that would require stronger institutions and norms for energy governance.<sup>28</sup> As the pressure for more ambitious global climate policy began to intensify, environment and climate groups increasingly called for integrated economic, social, and environmental policy to ensure the transition would be “just and fair, maximizing economic opportunities for economic prosperity, social justice, rights and social protection for all.”<sup>29</sup>

Along with the global labor movement, a growing number of multinational environmental groups played an instrumental role in placing just transitions on the agenda in global climate accords. Rosemberg (2017) identifies three phases of incorporating jobs into climate debates through just transitions, including a fertile period from 2008 to 2014 when trade unions and environmental organizations began to focus on potential employment opportunities within the global climate agenda.<sup>30</sup> To many, just transitions policies are instrumental to the political feasibility of ambitious climate policies.<sup>31</sup> Many claim that environmental “messaging is ‘tone deaf’ to the needs and aspirations of working people” and fear that transitions without due consideration for those affected will slow or reverse climate policy measures.<sup>32</sup> Rosemberg argues that working communities could represent the “seeds of a strong climate constituency whose interests are aligned with taking proactive climate action but that will take root only when fully included in the conversation.”<sup>33</sup> In fact, research has shown that workers in “dirty industries” tend to support environmental policies if their immediate interests are not impacted by said policies.<sup>34</sup> From this perspective, just transitions can be seen as a potential bridge between the workforce and climate action by means of social fairness and inclusion.<sup>35</sup>

There is a growing consensus that achieving just transitions will require proactive, large-scale, and rapid changes involving business, labor, governments, and civil society. Some groups have adopted a bottom-up approach, communicating with local stakeholders including unions, businesses, indigenous peoples, and government officials to create strategies, while others are working in a top-down manner, relying mainly on coordination with trade unions and others.<sup>36</sup> Regardless of the approach, environmental and climate groups seem to agree that support for effective climate policy depends on more equitable processes, policies, and investments.

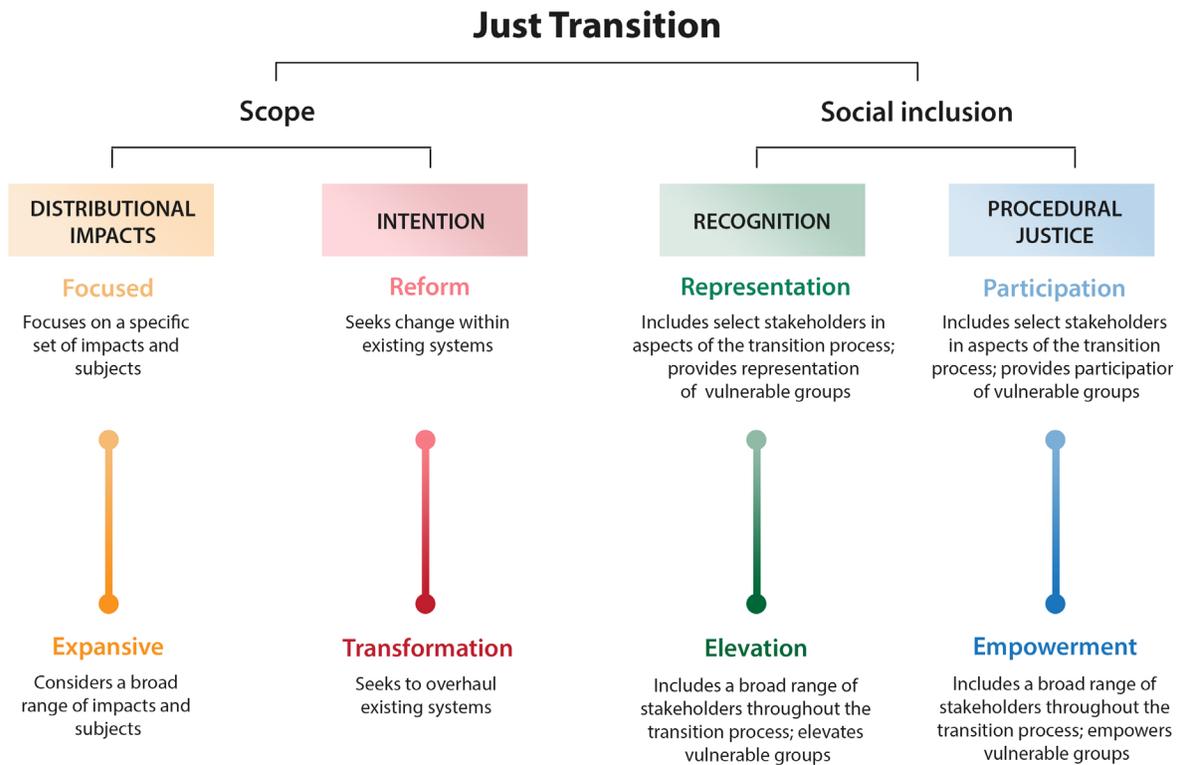
## **A Framework to Assess Just Transitions Definitions**

The severity of climate change necessitates deep and rapid changes to economic activity and society, and “business as usual” approaches will not be sufficient. However, there is no single, universally

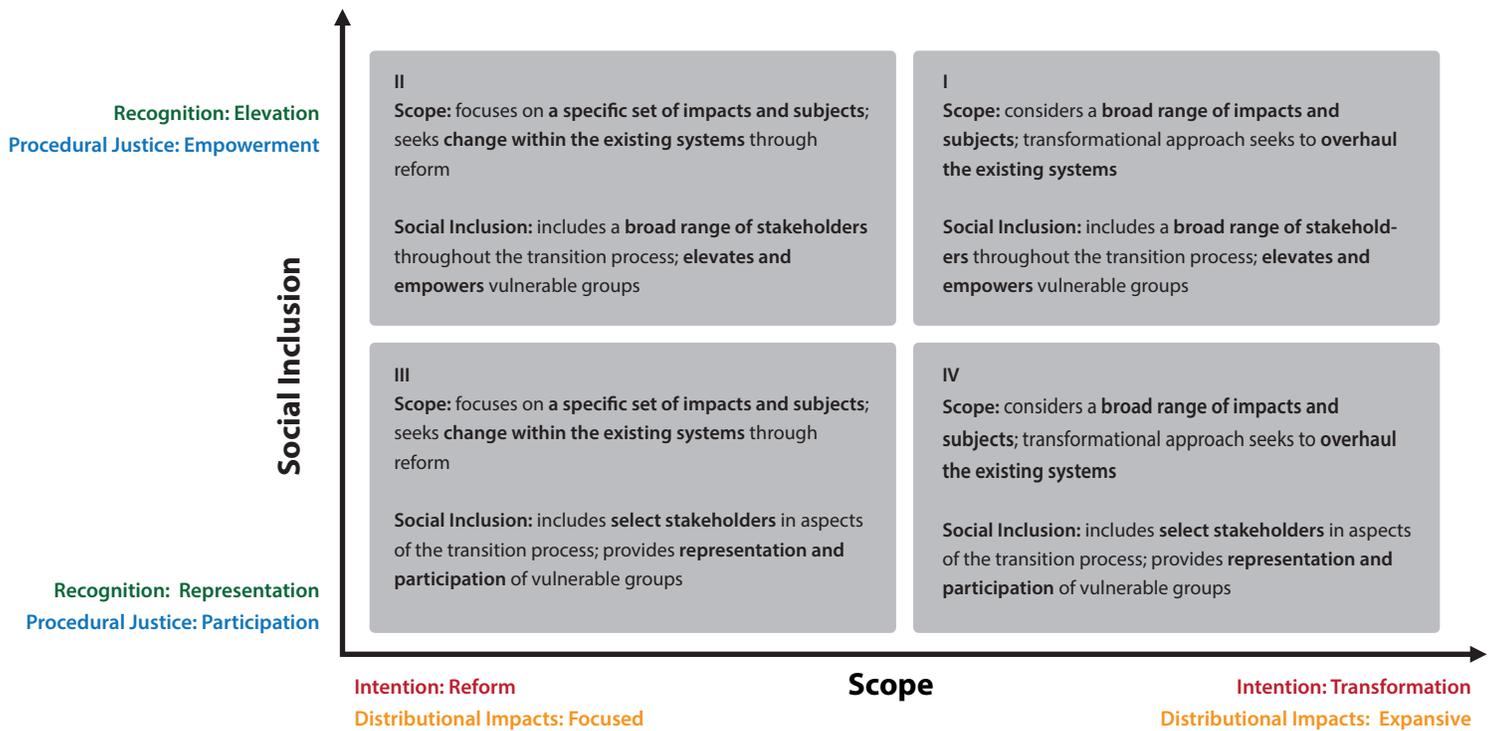
acceptable definition of just transitions to achieve and manage such changes. Because definitions vary considerably, it is important to establish core principles but also to understand the range of definitions among stakeholders and their underlying perspectives. The framework below is an effort to outline the varying definitions and illustrate where approaches, ideologies, and priorities align and diverge.<sup>37</sup> We will continue to develop this framework and expand on its utility throughout the Just Transition Initiative. The intention at this stage is not to identify an ideal definition or to offer a normative assessment; rather the goal is to describe the landscape of definitions.

Through this approach, the framework seeks to enable broader understanding and inclusive engagement in just transitions. Literature on the topic can seem somewhat esoteric and vague, especially to newcomers, in part because of its multidisciplinary and theoretical nature. The framework aims to relate the underlying disciplines of political economy and social, environmental, and climate justice in accessible and intuitive language. We hope to enable newcomers and a diverse set of stakeholders to engage in “just transitions” and to understand where their work potentially falls within the landscape of definitions. We also hope to illustrate the alignment and divergence between various interest groups and the underlying approaches, ideologies, and worldviews reflected in their respective definitions.

We use the general dimensions of scope and social inclusion to characterize definitions of just transitions. Scope encompasses the breadth of distributional impacts associated with transitions and the underlying intentions of transition planning, while social inclusion assesses the breadth and depth of recognition and procedural justice aspects. Together, these dimensions capture both the impact and process of transitions.



# Framework for Just Transitions Definitions



## SCOPE: DISTRIBUTIONAL IMPACTS AND INTENTION

Scope includes the breadth of **distributional impacts**, or what and who is directly or indirectly affected by transitions or transition planning (see “Justice Principles” explanation). These can be economic, social (e.g., cultural or gendered), or physical impacts to human and environmental well-being.<sup>38</sup> While the impacts are typically the result of structural changes driven by policy interventions or market forces, some also consider physical impacts of climate change within the scope of just transitions.<sup>39</sup> The subjects of these impacts can range from all of humanity to subpopulations, enterprises, generations, or non-human nature. However, specific subjects are typically identified according to some criteria, such as equality, morality, merit, or deservedness.<sup>40</sup> Definitions can vary from a select set to a broad range of distributional impacts and subjects. For example, a definition may focus on the economic impact on workers in the fossil fuel sector as a result of direct job loss or more broadly consider distributional impacts on consumer access to sustainable and affordable energy and food as a result of fossil fuel subsidy reform.<sup>41</sup> Broader still, a definition could also consider the potential social impact to fossil fuel workers (e.g., the potential loss of regional or personal pride).

Scope also includes the **intention**, or the ideological preference between reforming or transforming existing political and economic systems through just transitions. The pace and scale of the necessary changes to address the issues of climate change are unprecedented, but actors can differ on their approach to achieving such change through just transitions. On one end of the spectrum,

reform indicates a desire to achieve change within the existing systems.<sup>42</sup> These actors generally promote market-driven change and seek to modify rules and standards to “green” the capitalist system.<sup>43</sup> On the other end of the spectrum, transformation indicates a desire to overhaul existing political and economic systems, which are considered incompatible with sustainable development and social equity.<sup>44</sup> This approach requires profoundly different human-environment relations and alternative economic development pathways. While still concerned about workers and communities, in this context just transitions are often considered an opportunity to rectify systemic forms of oppression such as racism, patriarchy, and classism.<sup>45</sup> One example of a transformation approach is Cooperative Jackson’s platform to construct a “circular economy” that is less dependent on extractive industries and to de-emphasize economic growth as a societal virtue, instead moving in favor of sustainable methods of production and distribution of goods with more local and cooperative control.<sup>46</sup>

### JUSTICE PRINCIPLES<sup>47</sup>

Just transition scholarship borrows concepts and terminology from various justice disciplines. The framework below draws upon Schlosberg’s original radical environmental justice framework.

- Distributive justice refers to the distribution of burdens and benefits.
- Recognition considers whose interests and values are recognized and taken into account.
- Procedural justice considers which individuals and institutions are involved and have influence over decisionmaking.

A lack of recognition and procedural justice are considered justice dimensions in themselves, but they are also recognized as underlying causes of unjust distribution.

### SOCIAL INCLUSION: RECOGNITION AND PROCEDURAL JUSTICE

The social component or focus of just transitions is partially captured in the scope of distributional impacts considered. The social inclusion dimension refers to procedural inclusion in the process of achieving just transitions and, as such, captures both recognition and procedural justice. The spectrum of social inclusion reflects, in part, the number and types of groups included as well as the frequency of their inclusion, for example, in formulation and implementation of some aspect of the process to achieve just transitions. However, the dimension is also intended to characterize the degree of justice in terms of representation, capacity development, and influence.

At a minimum, **recognition** implies accurate representation. Recognition as a form of justice is grounded in the connection between recognition and social status and, by extension, between under-recognition and social subordination. Thus, at a minimum, recognition implies representation of groups vulnerable to impacts in the context of transitions (e.g., coal workers at a closing mine or indigenous communities near a proposed biofuel plantation or hydropower project). Representation should, of course, accurately capture the interests, values, and heterogeneity of these groups. Interviews and surveys are two potential tools used to help ensure accurate representation. At its fullest, recognition can elevate the “the status and power of these groups—and concomitantly, [decrease] the injustices that they may suffer.”<sup>48</sup> To do so effectively, groups need the mechanisms and knowl-

edge to express themselves independent of external influence, which is often accomplished through capacity development.<sup>49</sup>

At a minimum, **procedural justice** implies meaningful participation, including that of uniquely vulnerable populations or marginalized groups. Meaningful participation requires involvement that affords some degree of weight in the decisionmaking process. This could range from consultations through effective social dialogue to participation in formal negotiations.<sup>50</sup> At its fullest, procedural justice challenges and resists unequal power relations that afford varying levels of influence in decisionmaking processes.<sup>51</sup> In doing so, procedural justice can provide empowerment and ownership to different groups through just transition processes.

## ILLUSTRATIVE EXAMPLES

Below are examples of the four quadrants in the framework diagram above, representing the full spectrum of transitions in terms of scope and social inclusion. The examples below are meant to illustrate the various applications of just transitions. Their inclusion should not be interpreted as endorsements of these specific initiatives or their efficacy. Furthermore, as these particular examples are from the United States and Europe, the geographical scope is limited.

**Quadrant I** (top right) represents the most expansive just transitions in terms of scope and social inclusion. A variety of community-led efforts seek to develop locally based economies that promote environmental sustainability and social equity. For example, the Black Mesa Solar Project is a holistic approach to energy development led by Native American organizations referenced in the Labor Network for Sustainability's report 'Just Transition' – Just What is It? The project seeks to build large-scale, community-owned solar power atop reclaimed mine land to help displace coal power plants within the Navajo Nation and Hopi tribal lands. The project intends to provide local communities access to clean energy and send excess power to California. The broader initiative aims to develop sustainable, locally based economies that value the protection and preservation of lands, waters, air, culture, and future generations. Project revenue is meant to support sustainable businesses through the Navajo Green Economy Coalition to provide economic development and green jobs to uplift Native communities and culture.<sup>52</sup>

**Quadrant II** (top left) includes transitions characterized by social inclusion that promote ownership and empowerment but are more targeted in scope, addressing a specific set of distributional impacts within the existing social and economic structures. The case studies we encountered in our literature review thus far tend to cluster within quadrants I and III, potentially indicating a positive correlation between social inclusion and scope. While we encountered fewer examples in quadrant II, the Chicago New Era Cooperative is a potential example outside the context of climate-driven transitions also referenced in the Labor Network for Sustainability's report. This transition ultimately empowered workers in an effort to address the risk of unemployment and the lack of social protections from economic disruption seemingly caused by poor management. When the Republic Windows and Doors plant suddenly shut down for the second time in four years, the plant workers formed a cooperative with the assistance of The Working World and reopened the plant under their control. The initiative seeks to empower local industry and hopes to potentially spawn other cooperatives, stating that everyone can participate in building the economy they want.<sup>53</sup>

**Quadrant III** (bottom left) includes transition measures to mitigate a relatively targeted set of distributional impacts, such as economic impacts to workers and their communities, within the existing

social and economic systems. Examples within this quadrant often provide participation and representation of certain stakeholders. A potential example is the transition of North Rhine-Westphalia, Germany, the former “land of coal and steel.” Driven primarily by market forces, central and local government worked with both employer and employee representatives to negotiate an end to subsidized hard coal mining under the “2007 Hard Coal Finance Act.” The initiative was largely focused on coal workers and their communities and, as such, developed vocational training centers that emphasized retraining of the younger workforce to enable relocation as well as local universities to provide third-level education. These efforts, coupled with heavy investments in the renewable energy sector, helped fuel economic growth outside the coal sector.<sup>54</sup> Through this transition, the number of people employed in the services sector increased from 49 percent in 1980 to 76 percent in 2016.<sup>55</sup>

Finally, we have yet to encounter case studies that exemplify **Quadrant IV** (bottom right)—a transition that seeks transformative reform to address a broad range of social and environmental impacts through minimal forms of social inclusion. It is difficult to envision a project with such ambitious social and environmental aspirations that would be designed with minimal inclusion, but perhaps such transitions could be found in authoritarian or closed political systems.

### CONTEXT: SPACE AND TIME

The definitions within this framework can be applied at different spatial or geographical scales. Scale in this context is distinct from scope; for example, an expansive definition of just transitions with respect to scope can be applied to the greening of a city, which is relatively small in scale.<sup>56</sup> Definitions can be applied at the local, national, regional, or, theoretically, global scale. South Africa, for example, has explicitly incorporated just transitions into its nationally determined contribution to the Paris Agreement, and other national governments are increasingly focused on equitable outcomes of climate change action.<sup>57</sup> Meanwhile, on a larger scale, the European Commission has included a Just Transition Mechanism in its Green Deal Investment Plan and intends to mobilize 100 billion euros in investment from 2021 to 2027 to support impacted workers and citizens within the European Union.<sup>58</sup>

In addition to scale, it is important to recognize that different definitions within this framework can be applied during distinct time horizons (short, medium, and long term) within a single initiative or simultaneously between different initiatives within the same organization. For example, an organization may focus on direct employment impacts in the short term but develop broader strategies in an attempt to address larger economic and environmental impacts in the medium and long term. Alternatively, it may provide various opportunities for local stakeholder engagement in the initial planning phases but provide few opportunities for participation in the subsequent phases of implementation. Similarly, a single organization may adopt different definitions simultaneously for different projects or initiatives. For example, organizations that generally support broad, transformative goals may strategically choose to adopt a relatively targeted definition in a particular region or country, depending on the circumstances, such as market conditions and available policy tools.

## The Next Stage of Just Transitions Work

The concept of just transitions has gained a great deal of momentum in the past few years, with a proliferation of research efforts, case studies, guidance, and frameworks. A market-driven acceleration of the energy transition, coupled with economic, social, and environmental factors, has increased the urgency of generating just transition strategies, tools, and policies. Multilateral develop-

ment banks, institutional investors, development practitioners, governments, non-profits, and many others are working to incorporate and operationalize just transition frameworks into their institutions. For many, that means trying to understand how just transitions relate to their existing work on climate change, justice, or sustainable development, in some cases drawing on lessons learned from non-energy transitions. A greater focus on just transitions means that gaps in knowledge are becoming more apparent, and this challenge will only increase as more institutions seek to implement just transitions. Below is a brief summary of a few areas that would benefit from additional research and engagement based on a literature review conducted under the Just Transition Initiative thus far.

## **TOOLS AND STRATEGIES**

A significant portion of the just transitions literature and discourse is theoretical or descriptive in nature—setting out principles and aspirations for just transitions but not providing a roadmap for implementation.<sup>59</sup> This gap is well recognized by practitioners and advocates of just transitions. Valuable case studies by the Coal Transitions Project and the Stockholm Environment Institute, among others, are helping to fill this gap,<sup>60</sup> but empirical work on just transition policies is still lacking—especially ex-post analysis of recent policy changes and experiments.<sup>61</sup> Policymakers need more practical, granular advice on what works and what does not.

Jobs, for example, are central to the just transitions discourse. As more countries weave just transitions principles into their national development plans and nationally determined contributions (NDCs) under the Paris Agreement, one critical question is how transitions will impact employment (job creation, loss, and geographic dislocation). Just transitions efforts may seek to remediate job losses that have already occurred, create new jobs, or try to anticipate and plan for future job losses, gains, and dislocations associated with climate-related transition more precisely. The ILO's Green Jobs Assessment Institutions Network (GAIN) is a flexible tool to help governments model social and economic employment outcomes of green job policies.<sup>62</sup> Additional tools and models like this (and the underlying data and monitoring systems) are required to enable governments to plan and allocate resources properly.<sup>63</sup>

In anticipation of these changes, more research is needed on worker retraining and skills development. Many plans for just transitions envision programs to help displaced workers access advisory services, formal training, or additional education as they seek to acquire skills and qualifications to enter new sectors and industries.<sup>64</sup> But there are many unknowns about which types of retraining and assistance are most effective in light of workers' varied ages, skills, education levels, and willingness to relocate.<sup>65</sup>

## **PLANNING FOR TRANSITIONS: SOCIAL DIALOGUE AND BROADER ENGAGEMENT**

Other potential areas for exploration include strategies for effective social dialogue and broader stakeholder engagement. Social dialogue is often cited as an essential element of just transitions, but the dynamics and mechanisms vary from place to place. Some countries with corporatist systems have a natural mechanism for tripartite dialogue, including collaboration between workers and employers in cases where union representatives are directly involved in company management. This system has facilitated planning in some cases such as coal transitions in North Rhine-Westphalia.<sup>66</sup> In areas with centralized governance of mining or other industries, local communities, companies, and unions often feel that their voices are disregarded or excluded from social dialogue mechanisms

entirely.<sup>67</sup> Detailed case studies that examine the strengths and weaknesses of various social dialogue structures could provide more concrete best practices for effective and inclusive dialogue.

In terms of broader social engagement, practitioners have found that in some countries such as South Africa the term “just transitions” is widely understood, whereas in many other countries or localities the term has little resonance.<sup>68</sup> Work related to just transitions principles is often discussed and executed under a different name, such as “socio-economic resilience.” Additional research could help shed light on how to appeal to a broader range of stakeholders with various vested interests. In the meantime, these discrepancies in language make it challenging to locate relevant literature and conduct comprehensive analyses of just transitions.

### **MORE ROBUST CASE STUDIES**

There is an urgent need to develop more case studies to distill procedural elements of just transitions in different political, economic, and social contexts, especially in the Global South and on transitions outside the fossil fuel sector. Analysis of past transitions tends to draw on a relatively small number of case studies which are predominantly found in Organization for Economic Co-Operation and Development (OECD) states. In a systematic literature review of the just transitions of fossil fuel workers (in English), three-quarters of the literature was focused on transitions in either the United States, Australia, or globally. None of the articles focused on coal workers in India or Indonesia or major oil exporting states. Generally, countries in sub-Saharan Africa (aside from South Africa), Central Asia, and Latin America will undergo important changes in extractive industries, but case studies on contemporary just transitions work in these areas are lacking. Furthermore, over half the literature in the study on fossil fuel transitions specifically focused on coal, as opposed to power plants or oil production and refining.<sup>69</sup> Future case studies should aim to broaden the scope of the literature beyond coal and fossil fuel transitions more generally and examine the potential spillover effects of energy transitions into other sectors. Mapping explicit and implicit just transition initiatives in several countries would help illuminate regional and contextual trends in these gaps and enable comparative analysis to distill practical guidance.

Future case studies should also seek to provide empirical evidence on the distributional impacts of transitions and policy responses. The existing case studies tend to focus on economic impacts, as opposed to social and gendered impacts.<sup>70</sup> A recent study by the Stockholm Environment Institute illustrates the comingled nature of positive and negative impacts in the implementation of low-carbon energy transitions.<sup>71</sup> Additional exploration is required to better understand the full range of impacts and their linkages.

### **FINANCE**

Financing just transitions will be a critical challenge in the coming decades, and there is much work to be done on both public and private finance. The scale of infrastructure investment required to execute transitions, along with the social investment to enable workers to achieve just transitions, creates a natural role for large-scale public finance. Multilateral development banks and other institutions are increasingly engaged in just transitions work, but many are in the relatively early stage of framework and strategy development.<sup>72</sup> Given the urgent need for climate finance, a key question is whether governments and multilateral bodies can develop new financing instruments, building on the example of green bonds. More broadly, numerous non-market

interventions could better align financial systems with climate goals, including new financial regulations and financial standards, adjustments to fiduciary and liability laws, and changes to public procurement rules to prioritize climate metrics.<sup>73</sup>

Private investors may not be entirely fluent in the language of just transitions, but they have been grappling with its underlying issues. Environmental, social, and governance (ESG) factors are now a critical driver for institutional investors, who have a fiduciary responsibility to account for climate risks and face strong pressures to engage on social issues. The Principles for Responsible Investment is one initiative that encourages investors to embed ESG factors in their own investment policies. The just transitions lens is a useful way for investors to consolidate these factors and more actively address the social aspects of climate policy in their investment strategies and core operating practices.<sup>74</sup>

## Conclusion

Policies to address climate change are increasingly urgent, but they must ensure that workers and communities are not neglected, and indeed that they contribute to and benefit from current and future transitions. The growing momentum behind just transitions shows the concept resonates with governments, policymakers, investors, civil society, and labor groups who want to ensure both sustainable development and social equity. It is important to ensure a common understanding of just transitions for those involved in climate policy and climate finance, but the next stage of work will be to advance solutions and apply lessons learned. The Just Transition Initiative aims to contribute to this effort as we convene stakeholders to share ideas, identify priorities for additional research, and provide concrete advice and guidelines for those working to advance just transitions.

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