



Not just a transition, a just transition

December 2023

Introduction: what is the “just transition”?

Climate change, along with measures for the green transition, will create winners and losers, exacerbating social inequalities and frustrations at local and global scales.

The concept of “just transition” addresses this challenge by decarbonising global economies in a way that is fair for both people and countries. Locally, it involves transitioning to more environmentally sustainable economies, minimising harm to workers or regions dependent on high carbon-emitting sectors and creating opportunities for decent work and green quality jobs for all. Globally, it also entails mobilising additional financial resources to assist developing countries in adapting to extreme events related to climate change, as well as in transitioning to more sustainable economic models.

The “Doughnut” metaphor by economist Kate Raworth illustrates this 21st century challenge: to meet the needs of all within the limits of the planet. We must ensure that collectively we do not overshoot our pressure on Earth’s life-supporting systems – the environmental ceiling; in parallel, we must ensure that no one falls short on life’s essentials – the social foundation. The just transition encapsulates all this.

1. Previous COPs and current initiatives

A. JUST TRANSITION AT COPS

The concept of a “just transition” was initially championed by trade unions and includes a strong commitment to social dialogue and workplace rights. The notion of just transition was included in the 2015 Paris Agreement at COP21, and it was further elaborated in the Just Transition Guidelines, established by the International Labour Organization (ILO).

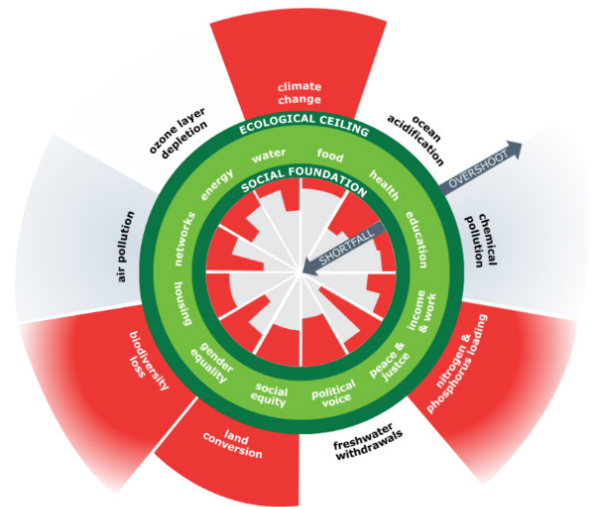
In 2018, Poland advocated for the “just transition” during COP24, which it hosted. Poland is heavily dependent on coal, with many people working in the mining sector, and so its need for a just transition is pressing. The Polish COP president called on the conference to consider the negative socio-economic impacts of the transition in a document, the Silesian Declaration on Solidarity and Just Transition.

Last year, at COP27, government and industry actors showed awareness of the existing “social dimension gap” and the need to address it. COP27 highlighted the importance of a just transition in climate change responses and included new initiatives on youth, financing and knowledge exchange. For the first time, a pavilion, hosted by the European Commission and the ILO, was dedicated to the topic of the just transition. Two main challenges were pursued.

First, tackling social aspects of the transition to net zero, with initiatives such as the launch of a new “Green Jobs for Youth Pact”. This aims to help close the skills gap in relation to green jobs for young people in developing countries. Another initiative unveiled a “Just Transition Finance Tool on Banking and Investment Activities”, developed with the London School of Economics, to help financial institutions embed a just transition dimension throughout their operations.

Second, COP27 also saw the adoption of the idea of a fund to compensate “Loss and Damage” in developing countries from events related to climate change – with many questions about what climate justice means at a global scale... Indeed,

Illustration 1: The Doughnut of social and planetary boundaries (2017)



Source: <https://www.kateraworth.com/doughnut/>

What we are facing is not just a transition, but the challenges associated with a just transition.

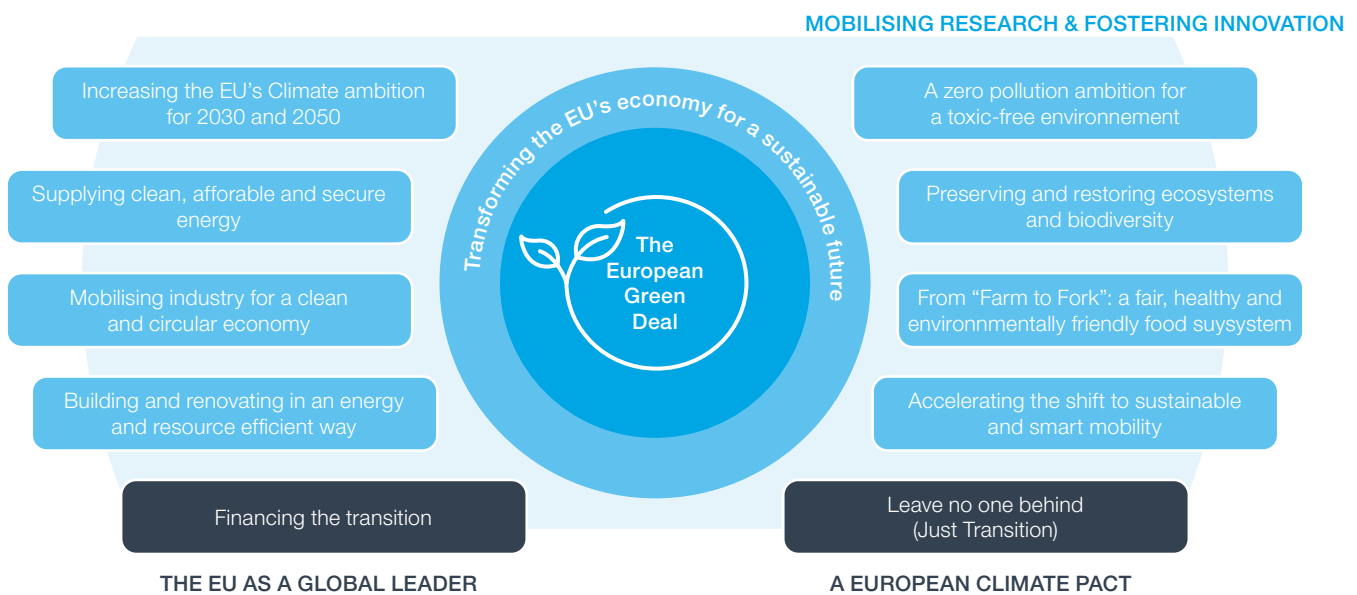


historically, G20 countries have emitted the majority of the greenhouse gases (GHGs) driving the climate crises; however, these emissions have the greatest impact on developing countries. Who should pay what? That was the question at the centre of the debates. Should financing be based on historical GHG emissions, current emissions or whether a nation has become wealthy from extracting and selling fossil fuels? Despite these questions, the idea was set in motion, and COP28 is bringing it to reality, as we shall see shortly.

B. CURRENT FRAMEWORKS: THE EXAMPLES OF THE EUROPEAN GREEN DEAL AND SOUTH AFRICA

Concrete frameworks to support a just transition have already been put in place around the world. The announcement of the European Green Deal in 2019 included pledges to “leave no one behind”. The Just Transition Mechanism, which provides targeted support intended to mobilise about €55 billion, and the Social Climate Fund, expected to mobilise some €25.4 billion in investments, are some of the EU’s main measures announced to date intended to mitigate the impact of the transition on the most affected regions, vulnerable individuals and businesses.

Illustration 2: Leave no one behind: the ambition of the Green Deal for a Just Transition



Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52019DC0640>

Another example is the “Just Transition Framework” (adopted in May 2022), a planning tool for achieving a just transition in South Africa. It sets out the policy measures and undertakings by different social partners to minimise the social and economic impacts of the climate transition and to improve the livelihoods of those most vulnerable to climate change. It is positioned at the nexus of climate development issues in South Africa and considered as a model by many countries around the world.

2. COP28: what is at stake for the just transition

A. THE ACTIVATION OF THE LOSS AND DAMAGE FUND

The opening day of COP28 in Dubai marked a significant step with the official establishment and activation of the “Loss and Damage” Fund created the year prior. The United Arab Emirates spearheaded the contributions with a \$100 million commitment to the fund, joined by Germany for the same amount. The European Union pledged an additional \$120 million, the UK committed up to £60 million, the USA offered \$17.5 million and Japan contributed \$10 million. In total, five countries and the EU have promised over \$420 million to initiate this historic fund, highlighting COP28’s early success in mobilising resources for climate-affected developing nations. However, questions remain about how this fund will be managed, who will benefit from it and when.

B. ENERGY SECTOR: AT THE CROSSROADS OF MANY JUST TRANSITION ISSUES

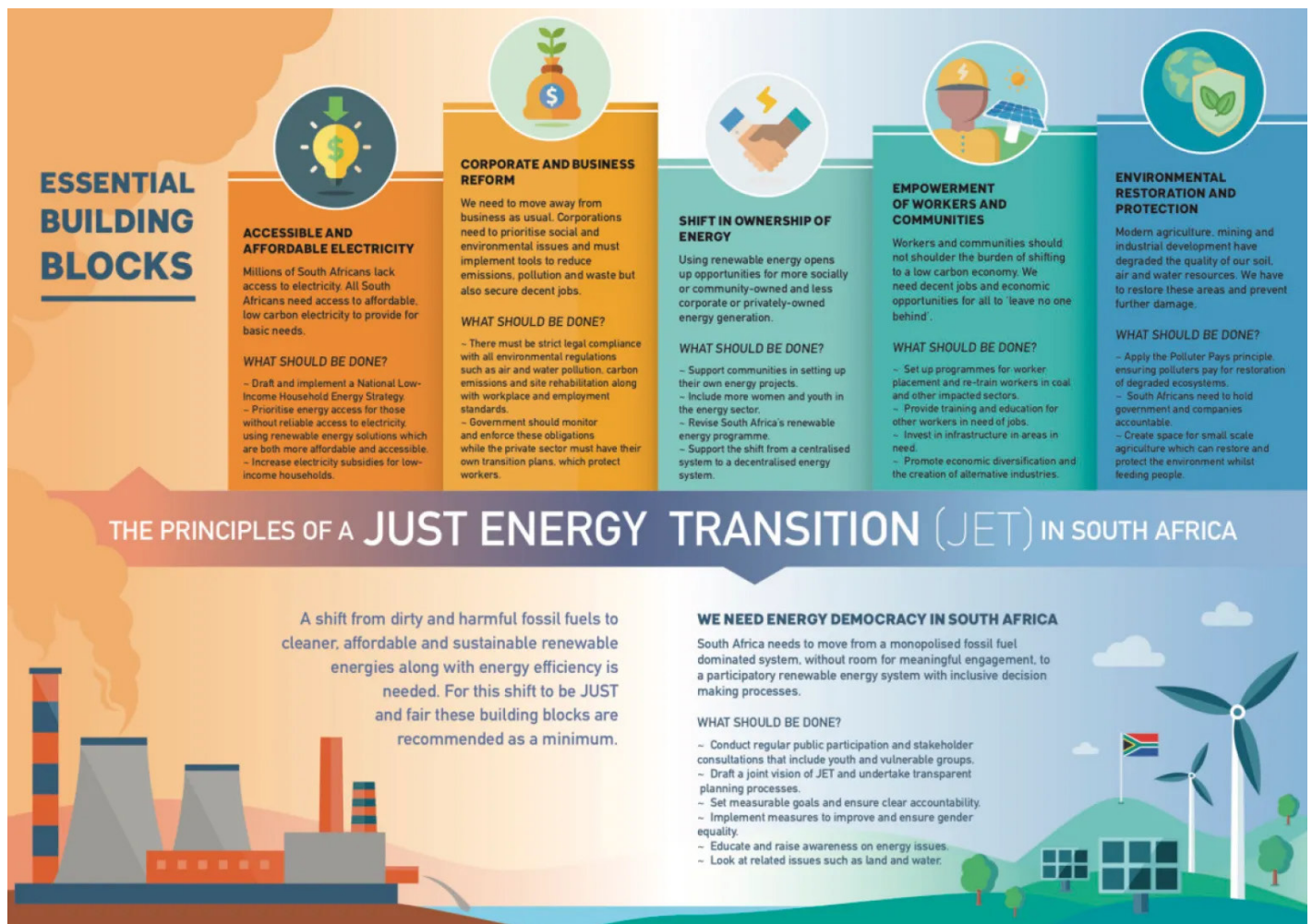
The shift towards a net-zero carbon economy is expected to generate millions of new jobs, while simultaneously leading to the disappearance of numerous others. The vast majority of existing jobs will undergo profound changes. This unparalleled restructuring wave will have varied impacts across several areas, such as skill requirements, gender, age, types of economic activities, industrial sectors and geographical regions.



With other industries such as automotive or construction, the energy sector will be one of those most affected by the drive for decarbonisation at national and global levels. Many challenges for the energy sector also relate to just transition issues:

1. Manage a just phasedown or phaseout of fossil fuels (coal, oil, etc.). In the context of the transition towards decarbonisation, how can we support the sectors, regions and workers who depend on fossil fuels? For example, in the coal-based power sector, most jobs will disappear in the EU within a decade, and the regional effects will be difficult; over 90 per cent of coal jobs are concentrated in ten regions, four of which are in Poland. For its part, South Africa needs to transition from a 90% coal-generated electricity system to one that incorporates renewable energies, such as solar and wind power. That is why the country has decided to launch a Just Energy Transition (JET) programme, which aims to make the process of shifting to a better energy system as fair and just as possible. COP28 has just seen the birth of a coalition to accelerate the phase-out of coal – the Coal Transition Accelerator. Driven by France, Canada, the EU, the United States and Indonesia, this coalition commits to launching a Coal Transition Commission tasked with unlocking public and private funding to support the transition from the existing coal fleet.

Illustration 3: Just Energy Transition in South Africa



Source: <https://90by2030.org.za/just-energy-transition/>

2. Accompany job growth related to decarbonisation. To be capable of limiting global warming to +1.5°C, renewable electricity capacity would need to triple by 2030: the transition will come with increasing demand for skills in the renewable energy sector and resource efficiency. How can this be turned into an opportunity to create quality jobs that are inclusive and respect all the essential rights of workers? How can training, reskilling and upskilling be made available to the wider workforce to ensure that nobody is left behind?

3. Ensure universal energy access. The goals of reducing GHG emissions and granting access to energy to all rapidly may be considered somewhat incompatible. In the energy sector, we can clearly see how social goals can lead to tension with climate goals. For example, 940 million people in the world (13% of the global population) do not have access to electricity. Providing them with electricity will inevitably increase emissions. How can electricity from renewable energy sources be made accessible to everyone, everywhere, from an economic and infrastructure standpoint?



4. Recognise the role and the rights of indigenous peoples. Indigenous communities often face significant challenges in the face of energy development projects. These include loss of land and forced displacement in the context of new energy projects. For instance, the Lake Turkana windfarm in Kenya, built on indigenous land without community consent, has led to forced migration, conflicts, gender-based violence, water and food insecurity, as well as the disruption of cultural and language traditions due to the influx of construction workers. Every renewable energy project must be developed in consultation with and respect for the rights of indigenous peoples.

All these issues explain why the energy sector is at the heart of an entire day on 5 December 2023 at COP28, dedicated simultaneously to Just Transition, Energy and Industry, and Indigenous Peoples. This day focuses on levers and pathways for rapid decarbonisation, job growth and economic opportunity, and just transition across the full energy and industrial value chains. It highlights the role of indigenous peoples – and reinforces the urgency of a fully inclusive approach – in the just transition.

Conclusion: key principles for a just transition

Thus, it is hoped that COP28 will succeed in establishing the just transition as the new perspective for addressing green transition challenges. It is already clear that “just transition” is one of the buzzwords of COP28. It can be heard dozens of times at every panel, and for the first time ever, the UN’s Convention on Climate Change process now includes a Just Transition Programme to be discussed. But, as Sir Robin Budenberg, chair of Lloyds Banking Group, emphasises, the net-zero transition will only be effective if seven principles are respected, and all stakeholders jointly assume their responsibilities:

- 1. Robust government policy:** we need net zero plans that ensure climate goals are delivered in a way that protects communities from disruption and harnesses opportunities.
- 2. Buy-in from companies and financial institutions:** companies need to anticipate the social risks and opportunities of the transition and incorporate them into their net zero plans. They should encourage participation by all stakeholders, including their workers and the communities where they operate.
- 3. A regional focus:** there needs to be a place-based approach to integrate just transition principles into energy, agriculture, buildings and other policies in ways that reflect the need of each region and community.
- 4. Clear sector pathways:** phasing out oil and gas and increasing renewables is absolutely key. But all sectors need net zero pathways that include just transition principles.
- 5. Mobilising finance:** we need to mobilise private finance for net zero – a fivefold increase in funding is required this decade – and we must integrate just transition principles into green finance.
- 6. Measurement and metrics:** metrics are essential to allocate capital and resources but also to avoid “justice washing” and prevent a just transition being used as an excuse for delaying action.
- 7. Global action:** developing countries will be hardest hit, and we need to mobilise finance via partnerships between developed and developing countries and prioritise efforts to crowd in private finance. A just transition has to be core to every country’s net zero plans.

Contact



Sophie Chassat

Senior VP Sustainability

sophie.chassat@accuracy.com

+33 6 67 63 62 35

Accuracy partners and professionals are available to discuss your needs and design an appropriate solution with the relevant experts.