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A JUST TRANSITION FOR ALL OR JUST A TRANSITION?

ALEXANDER REITZENSTEIN, JENNIFER TOLLMANN, REBEKKA POPP, LUCA BERGAMASCHI, TAYLOR DIMSDALE

The decision by the Polish Presidency of the upcoming UN climate talks in Katowice (COP24) to table a Just Transition Declaration has moved the topic more visibly onto the global agenda. This raises the question: What might a global Just Transition that keeps 1.5°C within reach look like? We argue that the following four aspects need to be considered for Just Transition to be a truly global concept.

- > A transition is only just if it is a Just Transition for all. It needs to consider the effects of both the transformation through climate action, and the impacts from global warming due to inaction on all vulnerable communities and sectors.
- > A transition is only just if it is fast enough to keep 1.5°C in reach. It is a time-limited opportunity to shape the social and economic changes that will enable a successful transformation. The transition must limit future climate impacts through a preventive approach to climate risk and protect impacted communities and sectors.
- > Just Transition debates are needed in all sectors of the real economy and finance. The IPCC 1.5°C report is clear about the necessity of transformative change throughout our economic system. This will impact workers, supply chains, consumers and affected communities worldwide.
- > Climate ambition and Just Transition are not a question of either/or. Governments have the responsibility to shape change: giving citizens greater certainty about the transition while protecting them from the worst impacts of climate change.

For questions on our Just Transition Programme: alexander.reitzenstein@e3g.org



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Introduction

The Intergovernmental Panel on Climate Change's (IPCC) **Special Report on Global Warming of 1.5 °C** shed a light on the urgency for immediate climate action.¹ If the world-wide community fails to keep global warming below 1.5°C compared to pre-industrial levels, we risk breaching significant tipping points in major ecosystems such as coral reefs and the Antarctic ice sheets. Those tipping points can significantly accelerate global warming, resulting in potentially irreversible and unmanageable climate impacts on communities, economies and societies.

At the same time, the report also shows clearly that keeping temperature increases below 1.5 °C is technically and economically feasible if transformative change and deep decarbonization across all sectors of the economy start now. The extent and speed of the structural changes required are only be possible in a well-managed transition. One underpinned by strong institutions and a new social contract that can buffer the social and economic implications of the transition. Increasingly, the barriers to deep decarbonization are no longer technological but instead social, cultural or political. Consequently, deep decarbonization requires more than just a discussion of technologies for cutting emissions – it will also have to consider the social and economic implications for affected regions and communities. Dialogue with all stakeholders as well as clear political guidance and commitment are essential to provide planning security, adequate social measures and a Just Transition for workers, affected communities and investors. For this reason, the Just Transition concept – or the question of how the transition to a low-carbon economy can be achieved in a socially fair and economically successful way - has gained importance.

The decision by the Polish Presidency of the upcoming UN climate talks in Katowice (COP24) to table a **Just Transition Declaration** has moved the topic more visibly onto the global agenda.² However, insufficient consideration has been given to the conception of a global Just Transition that keeps 1.5 °C in reach. A new global understanding might need to differ from the origins of Just Transition, a discussion once focused on the future of workers in regional incumbent industries. Questions of framing, ambition and applicability are subject of **ongoing discussions**.³ Just Transition needs to be reconciled with considerations around climate justice, equity, resilience and the impacts of climate change. The IPCC 1.5 °C Report highlights the unexpected extent of climate impacts already being experienced across the world.

We argue the concept is 'under construction', with its usefulness for addressing climate change and social stability currently being tested in many places. A broader definition and concrete implementation efforts will be crucial for future developments. This briefing seeks to contribute to the debate on the relevance and usefulness of Just Transition as a global concept. In the first section, we show Just Transition is increasingly used on multiple levels of political decision-making but lacks a joint understanding of what should be achieved. The second section investigates

¹ IPCC (2018) **Global Warming of 1.5 °C**

² Climate Home News (2018) **Draft UN declaration to ensure decent future for fossil fuel workers**

³ See for example Müller (2018) **As time goes by...: The hidden pitfalls of the Just Transition narrative** and Rosemberg (2018) **The hidden pitfalls of the Just Transition narrative: A response**



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evidence of transitions. It finds many efforts are in an early implementation phase but are already producing concrete ideas and valuable lessons. The last section will pick up some of the recent debates on Just Transition and condense our position in four key arguments:

- A transition is only just if it is a Just Transition for all. It needs to consider effects of both the transformation through climate action, and the impacts from global warming due to inaction on all vulnerable communities and sectors.
- A transition is only just if it is fast enough to keep 1.5 °C in reach. It is a time-limited opportunity to shape the social and economic change that will enable a successful transformation. It must also limit future climate impacts through a preventive approach to climate risks and protect impacted communities and sectors.
- Just Transition debates are needed in all sectors of the real economy and finance. The IPCC 1.5°C report is clear about the necessity of transformative change throughout our economic system. This will have impacts on workers, supply chains, consumers and affected communities worldwide.
- Climate ambition and Just Transition are not a question of either/or. Governments have the responsibility to shape change: giving citizens greater certainty about the transition while protecting them from the worst impacts of climate change.

How has thinking about Just Transition gained in importance?

Discussions about the economic and social implications of transitions to a low-carbon economy have significantly gained traction on all levels and across many stakeholders. These efforts, however, vary significantly when it comes to depth, scope and focus.

The Just Transition concept was introduced and first used by Canadian union activists in the late 1990s. It constituted an attempt to reconcile the union movement's efforts to provide workers with decent jobs and the need to protect the environment. It was later picked up by the **International Trade Union Confederation (ITUC)**⁴ and the **International Labour Organization (ILO)**⁵ bridging discussions between the labour and climate movements. Most notably, unions highlighted there are “no jobs on a dead planet.” In recent years, more stakeholders, ranging from civil society and NGOs to governments and academia have increasingly used the concept to discuss the challenges and opportunities of a transition to a low-carbon and climate-resilient economy. These groups use a variety of definitions and focus on specific issues within the debate. Overall, most discussions centre around the transformation of the energy sector or, more specifically, the future of coal regions. There are only a few specific

⁴ For example: ITUC (2015) Climate Justice: **There are no Jobs on a Dead Planet**

⁵ For example: ILO (2016) **Guidelines for just transition towards environmentally sustainable economies and societies for all**



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examples of just transition processes in other high-carbon regions, other sectors of the real economy and **finance**⁶, or other macro trends such as automation and **digitalization**.⁷ In addition, many (institutionalized) transition processes are not explicitly referring to the Just Transition concept but do clearly consider the social and economic implications of climate policies.

On the global level, the need for a Just Transition is recognized in the **preamble** of the Paris Agreement⁸. Most Sustainable Development Goals (SDGs) directly relate to the challenges of a Just Transition. Now, the Polish Presidency of COP24 will move the spotlight on a just transition away from fossil fuels. The ‘Solidarity and Just Transition Silesia Declaration’ will likely call for a stronger focus and monitoring of national progress to protect workers and communities that rely on high-carbon industries. While this is one core element of a just transition, there is a risk that the conception is too narrowly focused on local employment issues. As such, it may neglect other impacts, for example on poorer or elderly communities. Rapid decarbonization must look beyond technology deployment to an extensive package of social measures that protect impacted communities. Representatives of the ILO point out **rapid decarbonization coupled with extensive social policies** supporting affected communities worldwide is needed.⁹ While not every lost job will be replaced, a well-managed transition can mitigate negative impacts and open up new economic opportunities. A recent ILO study found the move towards a low-carbon economy could create up to **24 million jobs**.¹⁰ A well-managed transition can help ensure that the necessary increase in climate ambition can be achieved in a socially just way. Discussion around the interplay of a Just Transition with concepts of resilience, Loss & Damage, equity and climate justice are currently underdeveloped at the global level. They will likely become of larger concern as the concept of Just Transition is increasingly discussed at the global level, including within the United Nations climate talks.

The EU plays a key role in supporting just transition across member states. In the follow-up to the Clean Energy for All Europeans Package, the EU Commission initiated the ‘**Coal Regions in Transition Platform**’.¹¹ It brings together representatives of national and regional public authorities, industry, civil society and social partners to discuss pilot projects and best practices for the transformation of coal regions in Europe. It aims at dialogue and exchange between affected regions and support for the development, finance and implementation of transformative projects. The Commission does not yet provide clear guidance on the types of projects and transitions it seeks to encourage through this platform however. This will be critical if new projects are to be linked to the next **EU Multiannual Financial Framework** (MFF).¹² In the current setup, regions, civil society, and industry present a variety of projects, some of them inspiring, but others not. A clear link between public and

⁶ Grantham Research Institute (2018) **Investing in a Just Transition**

⁷ For example: Institute of Development Studies (2017) **Towards a just transition for inclusive digitalisation**

⁸ United Nations (2015) **Paris Agreement**

⁹ Climate Home News (2018) **Draft UN declaration to ensure decent future for fossil fuel workers**

¹⁰ UNFCCC (2018) **Paris Agreement can generate 24 million clean economy jobs**

¹¹ European Commission (2018) **Coal Regions in Transition**

¹² On Just Transition and the MFF, see: E3G (2018) **Funding the just transition to a net zero economy in Europe**



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private finance to Paris-compatible projects will, however, be key to exploit the transformative potential of finance.

The consequences of climate change are set to exacerbate inequalities amongst member states. For example, Southern Europe is expected to be more exposed to climate impacts, such as heatwaves and drought, than Northern Europe, and will likely experience higher economic damages. Consequently, discussions for addressing the asymmetrical distribution of impacts within Europe will only gain in importance within the broader Future of Europe debate and for the new Commission. Political decision-makers from EU institutions and member states must provide clear political guidance for the protection of citizens from the worst impacts of climate change and the risks of unplanned, disruptive change.

On the national and sub-national level, an increasing number of initiatives and institutions shape debates on transition processes towards a low carbon economy. The **Canadian Just Transition Task Force** is one of the few explicit just transition initiatives. Various institutions such as the **German Coal Commission** are mandated to plan future climate policies and link them to supportive social and economic policies in affected regions. Together with the pilot regions of the EU Coal Regions in Transition Platform, these examples provide new insights into regional opportunities and challenges. In many other countries and regions outside North America and Europe, Just Transition is not yet used in the public debate but social and economic implications of high-carbon regions in decline are of major concern. For example, the Chinese province **Shanxi** is shifting away from coal. The Chinese government has started programs to address the social implications of the phase-out and restructure the region's industry.¹³ Often cited as a frontrunner, **Costa Rica** uses its carbon neutrality strategy as an opportunity to address multiple societal challenges, such as healthcare and gender equality.¹⁴

Are there good examples of Just Transitions?

There is no perfect blueprint for a Just Transition that can be applied across sectors and regions. It is widely accepted that politically-driven transitions need top-down political guidance along with bottom-up elements using the expertise of local stakeholders, building on regional strengths and creating visions for regional identity. Transitions are challenging, and real-life change processes will never be ideal. Early planning, stakeholder involvement and political as well as financial commitment can however significantly mitigate risks and open new opportunities.

Historical examples prove unmanaged processes of industrial decline can have devastating impacts on regional prosperity and social cohesion. On the other hand, planned transitions such as the phase out of hard coal mining in **Western Germany**¹⁵ or **South Limburg**¹⁶ (Netherlands) provide useful lessons for current transition challenges. Each managed transition process indicates 'just' elements but also falls

¹³ IISD and GSI (2017) **At the Crossroads: Balancing the financial and social costs of coal transition in China**

¹⁴ Friedrich-Ebert-Stiftung (2017) **Guiding Principles & Lessons Learnt for a Just Energy Transition in the Global South**

¹⁵ Just Transition (2018) **Just Transition is possible. The case of Ruhr**

¹⁶ Climate Home News (2017) **End of coal: Failure to see it coming will hurt miners most**



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short on some best practices. In stark contrast to the historical examples, which were mainly driven by market forces, today's imperative to rapidly cut emissions is driven by a global political consensus formalized in the Paris Agreement. For this reason, no historical example can provide a coherent framework for the upcoming unprecedented transitions. They can however, provide insights into a well-managed transition and warn of the consequences of under-managing such a transition, namely political instability, societal push-back and weakened trust in democratic institutions. As such, the exchange and learning between regions on best practices should be a focus of ongoing efforts.

Recently, E3G has brought together diverse experts from two **German and Czech lignite mining regions** to develop political recommendations for successful regional transitions.¹⁷ All agreed on a list of essentials for any successful transition that could be part of a toolbox of best practices. These include: a clear and stable political framework, bottom-up processes with all stakeholders, the use of existing strengths and infrastructure, integrated approaches for neighbouring and cross-border communities, and a joint effort to create a vision for the region. The reports of the German Coal Commission on structural change and transition measures provide many good ideas for how to create jobs in low-carbon industries. Based on social and economic analysis of all German coal regions, they also show how to position innovation as a key driver for regional development, establish support schemes for affected workers and communities, and attract private investment in disadvantaged regions. The extent to which industrial job creation, investment in infrastructure, social assistance, training and reskilling, recultivation efforts and many other policy options play a role in a transition is a regional decision.

What is essential for a Just Transition?

Just Transition is a concept being tested and further developed. A broad definition is key not only for conceptual discussions but also for the effective and fair implementation of the transition in affected regions. It should include the following key points:

1) A transition is only just if it is a Just Transition for all

Just Transitions from a high-carbon to a low-carbon economy are necessary to reduce climate risks and ensure a good future for communities affected by the impacts of climate policy and climate change. For this reason, trade unions' efforts to bridge the debate between the social and economic aspects of transitions and climate policy was essential to ensure affected regions, particularly workers in high-carbon industries, receive deserved and necessary attention and are not just left behind.

With more stakeholders getting involved and impacts becoming a lived reality across the world, the debate has rightly broadened. Just Transition now must increasingly consider impacts on local communities. For example, villages threatened by

¹⁷ Heinrich Boell Foundation/E3G/DUH (2018) **Europäische Braunkohleregionen im Wandel** (in German)



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expanding coal mines, supply chains across affected industries, and communities which are already feeling severe impacts of climate change, from farmers in Eastern Germany to fishing communities on the Marshall Islands. In line with this decision-making, a Just Transition must also consider the adaptive capacity that needs to be strengthened to protect those most vulnerable in communities. Raising awareness for all affected people and the costs of inaction will be key to creating the necessary sense of urgency to push a political framework of local and global responsibility.

2) A transition is only just if it is fast enough to keep 1.5 °C in reach

Planning a Just Transition is a time-limited opportunity to shape the changes in our societies and economies. With the ratification of the Paris Agreement, countries committed to keep the rise in global average temperature to well below 2 °C degrees and to continue efforts to maintain it under 1.5 °C degrees. The IPCC Special Report clearly shows we must accelerate the move away from fossil fuels in order to prevent the worst impacts of climate change. Overshooting 1.5 °C puts humanity at risk of breaching critical tipping points of the climate system, causing potentially irreversible damage and high economic and social costs and contributing to migration and conflicts. This would effectively mean losing control and the ability of our societies and economies to shape the future. As the trade union movement has rightly stated: **There are no jobs on a dead planet.**¹⁸

Consequently, Just Transitions should be seen as an opportunity for regions to shape their future, and for political decision-makers to ensure long-term economic, social and environmental stability. It can, however, only provide social safety and planning security if it works towards a science-based climate goal from the very beginning and is not used by incumbents to delay the process. While the necessary policies and investments are up for discussion and will differ based on political choices and regional conditions, the overall speed of the transition cannot be halted if we are to prevent the risk of unmanageable change.

3) Deep decarbonization and transition are necessary across the real economy and the finance sector

Limiting global warming to 1.5 °C is feasible and beneficial, but we must start implementing ambitious policies now. Most developed countries are expected to deliver the fastest change in their economies, but all countries must work towards carbon neutrality by 2050. One cost-effective way to cut emissions rapidly is the phase-out of coal. To be in line with the Paris Agreement, all OECD countries must **phase-out coal by 2030.**¹⁹ Due to high regional dependence on coal mining and combustion, just transition processes are already discussed in many coal regions with often strong historical ties and regional identities. However, those efforts must go further. Paris-compatible energy systems will be based on renewable energies and energy efficiency, and all high-carbon regions with dependencies on fossil fuels should

¹⁸ JTUC (2015) Climate Justice: **There are no Jobs on a Dead Planet**

¹⁹ Climate Analytics (2016) **Implications of the Paris Agreement for coal Use in the Power Sector**



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engage in early transition discussions to ensure planning security for stakeholders. Beyond energy, all economic sectors will need to come up with roadmaps for decarbonization, considering how to manage the social impacts of the transformation, as well as likely consequences of climate impacts to their sectors. Transport, heating and cooling, industry and agriculture all contribute significantly to global CO₂ emissions, and many of their supply chains are already starting to be affected by climate impacts. While transformative change will look different in each sector, all of them will need to transition soon, and stakeholders should be increasingly engaged in conversations by their political leaders about best instruments, social and economic implications, and necessary support.

Lastly, the finance sector is a crucial element of any economic transformation. **Finance and investment** choices have immediate impacts on the real economy and societies.²⁰ In Art. 2.1c, actors of the financial system are asked to align their decisions and financial flows with the goals of the Paris Agreement, particularly with decarbonization pathways and climate resilience. The finance sector has a strong incentive to get involved, both to reduce climate-related financial risks and pursue investment opportunities in the low-carbon transition. Governments have the responsibility to create a stable framework for investment decisions and enable finance stakeholders to align their business models with climate targets and provide access to capital for a just transition. This requires science-based disclosure of climate-related risks, integration of sustainability in investors' duties and the responsibilities of supervisory authorities, a clear framework for sustainable investments based on a commonly agreed taxonomy as well as financial incentives and capital raising plans for the low carbon economy. Furthermore, public investments, risk sharing policies and domestic and international subsidies need to become aligned with the Paris Agreement and the SDGs. Additionally, de-risking efforts, or access to publicly underwritten insurance, might become necessary for the just transition. - For example, farmers struggling with drought risks or small island countries exposed to higher probability of frequent hurricanes. Both will need access to capital to help them seize the opportunities of a low-carbon transition.

4) Climate ambition and Just Transition are not an “either/or” question

If our goal is to ensure a decent future for workers and communities, then this is not just a discussion on choosing either a just transition or necessary climate ambition. Organizing the change in a socially fair and economically successful way should be a core interest of the climate community. It is the only way to move from incremental to deep, transformative change without immense and justifiable societal push-back. In a context of economic and social decline, reaching the Paris Agreement will become harder. Delivering the Paris climate targets should be a core interest of labour unions and businesses. If global warming cannot be limited to 1.5 °C degrees, uncontrollable climate impacts will endanger prosperity and our very civilization. Vulnerable

²⁰ Grantham Institute (2018) [Investing in a just transition](#)



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communities are already affected, but effects will only get worse in a three, four or five-degree world.

The scientific reality proves that accelerated climate action cannot wait. Only by limiting global warming to 1.5 °C, political decision-makers can keep control over preparing citizens for the upcoming changes and protecting them from the worst impacts of climate change. If the Just Transition concept is however used by incumbents to delay rather than to shape change, as has been seen with the concept of “response measures” within the UN climate talks, it will fail to build the bridge between concerns of local workers in incumbent industries and affected communities worldwide.



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About E3G

E3G is an independent, non-profit European organisation operating in the public interest to accelerate the global transition to sustainable development. E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere.

More information is available at www.e3g.org

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