

Just Transition in the PMI

July 05, 2022



Just Transition and Climate Action

“Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities”

– Paris Agreement

“While in its broadest accepted usage, Just Transition refers to the fair transition from a fossil-based economy to a low-carbon or decarbonized world, different stakeholders associate the term with a variety of worldviews and strategies.”

- UNRISD

“A just transition seeks to ensure that the substantial benefits of a green economy transition are shared widely, while also supporting those who stand to lose economically – be they countries, regions, industries, communities, workers or consumers.”

- EBRD

Just Transition in the PMI

- Focus on low-carbon transitions triggered through the application of a price on carbon
- Direct and indirect impacts on direct or indirect stakeholders
- Can cover different sectors (not only energy) depending on scope and coverage of a jurisdiction's carbon pricing policies
- Impacts of carbon pricing can create benefits
- To avoid negative impacts, understanding them in detail facilitates the definition of measures to ease them and development of a necessary framework to address them and track the progress
- Carbon pricing can serve as one of the enabling policies and support generating funds to ease transitions and/or accelerate climate action

Just Transition is a process that requires continuous adjustments tailored to specific contexts. No one solution fits all.

Different context, different dimensions

Dimensions

- Different economic sectors impacted
- Labor / workforce shifts
- Gender impacts
- Local and regional effects
- Impacts on minorities, indigenous peoples, other disadvantaged groups

Interventions

- Multi-stakeholder consultation processes
- Analytical work on distributional effects to inform decision-making
- Capacity building to create new opportunities
- Development of revenue distribution and utilization plans
- Formulation of gender and any other sectoral policies
- M&E to track the progress

Different context, different dimensions

Results / KPIs

- **Specific to Just Transition dimensions** with implementation of a carbon pricing policy, e.g. jobs created/lost in a sector;
- **Design process of a carbon pricing policy:** e.g. incorporation of JT assessment into upstream policy analysis work (e.g. identification of affected stakeholders; distributional effects throughout the economy or jurisdiction; mitigation measures identified)
- **Policy making process:** e.g. number of policies/strategies including a participatory process; timelines or including Just Transition provisions

Just Transition in PMI country proposals (examples)

Country policy frameworks

- JT in climate policies:
 - NDC, Long-term Strategy, Climate Change Laws, Green Growth strategies
 - Integrated mitigation and adaptation policies
- JT in sectorial policies:
 - Energy sector policies/ strategies
- JT in economic and development strategies
- Different government agencies involved:
 - Ministry for Environment, sectorial ministries (e.g. Energy), Ministry for Labor
- Links to SDGs
- JT relevance recognized, specific policies to be developed

Just Transition in PMI country proposals (examples)

Dimensions in focus	<ul style="list-style-type: none">• Focus on transition of work force• Focus on impacts of vulnerable population• Public-private dialogues, community involvement• Inclusive of territorial, intergenerational, ethnic, gender diversity• Education• Sectorial focus, e.g. energy, agriculture and forestry
Planned interventions in the PMI	<ul style="list-style-type: none">• Transversal JT considerations among activities• Socio-economic analyses of distributional impacts of CPIs• Consultations with interest groups• Capacity assessment and building• Identify investment needs• Development of framework to support the dimensions of focus• Definition of performance indicators and monitoring of progress

Just Transition in PMI country proposals (examples)

Expected results

- Create a shared understanding of JT considerations in the context of carbon pricing policies
- Identification of vulnerable populations and sectors
- Identification of Co-benefits and opportunities for revenue recycling
- Options for mechanisms to protect vulnerable groups in transition
- Strategy for carbon pricing policy to support broader just transition
- Improved design of carbon pricing instrument (e.g. ETS, Offsets)

Thank you.

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