

# **Towards COP 28 – EESC contribution #2**

# Just transition work programme



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In its <u>Resolution on COP27</u>, adopted in 2022, the EESC stressed that we are living through a climate emergency, highlighted that policy decisions need to respond to science and scientific information, and called on the European Commission and the EU Member States to take a leadership role and to update the nationally determined contribution (NDC) following the Glasgow Climate Pact. The key messages from the 2022 Resolution remain valid. The EESC also expresses concern on sustained violation of human rights and freedoms as reflected in the <u>Joint Statement: UAE Human Rights Record</u> <u>Ahead of COP28 by Human Rights Watch</u> and calls on the UAE government to comply with its obligations under international human rights law.

In 2023, the EESC decided to focus on three specific contributions on i) the implementation of climate action on food and agriculture, ii) just transition and iii) climate finance, which will be submitted to the Commission as an input to the negotiations. This is the second of the three contributions.

#### 1. Context

In the last years, the notion of the Just Transition has boomed with a proliferation of research, initiatives and projects about managing the social and employment transition to decarbonise the economies in a fair and equitable manner.

In the UNFCCC context, the adoption of the <u>Sharm el-Sheikh Implementation Plan</u> (SHIP) represents a significant advancement to operationalise a just transition that had been anchored in the process seven years ago, when the <u>Paris Agreement</u> affirmed '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'.

The EESC welcomes the decision taken (1/CMA.4) to establish a work programme on just transition for discussions of pathways for achieving the goals of the Paris Agreement and expects this will provide a better understanding of the social dimension of climate change policies, allow reinforcing the social justice dimension of the negotiations and therefore enable accelerating the implementation of the climate change agenda.

Ahead of the UNFCCC COP28, the EESC has prepared this contribution to provide input into the **Just Transition Work Programme (JTWP)** discussions. The purpose is to provide elements and recommendations where European civil society has concrete proposals for action.

#### 2. Key recommendations for the new Just Transition Work Programme

To ensure that the JTWP discussions allow for a better understanding of the social dimension of climate change policies in order to address the social aspects in a fair manner, the EESC expects the EU to proactively engage in the process and to onboard the following general recommendations.

#### Reflections on the objectives and modalities of the Just Transition Work Programme

On the purpose and modalities of the Just Transition Work Programme, the EESC considers the following points should be embedded in the works:

#### > Developing a mandate for a comprehensive development of pathways to just transition

The EESC notes that just transition, green jobs and decent work considerations are being addressed in different UNFCCC streams in particular in four regards: COP27 Cover Decision, the Sharm el-Sheikh Implementation Plan; Decision -/CP.27 - Intermediate review of the implementation of the gender action plan; Decision -/CMA.4 - Report of the forum on the impact of the implementation of response measures; and Decision -/CMA.4 - Guidance to the Green Climate Fund, and believes that <u>the JTWP has to be granted a mandate that builds on and completes the relevant workstreams under the convention, identifies existing knowledge gaps and provides guidance and mechanism to effectively implement pathways towards a just transition.</u>

#### > Promoting knowledge sharing for capacity building while covering information gaps

The EESC acknowledges there is limited experience in developing and implementing of industrial policies for a just transition and that most of just transition policies have focused on the energy transition. There is no one-size-fits-all approach: policies and programs need to be designed in line with the conditions in each country, including its stage of development (the level of informal economy), the range of economic sectors, and the types and sizes of its enterprises, paying particular attention to micro and small and medium size enterprises.

Information and knowledge sharing on just transition is already taking place in different UNFCCC streams. Therefore, it seems logical to start by identifying and proposing to cover the gaps, thus defining the role that the JTWP will play and the added value it will provide. The JTWP could analyse the experiences developed so far on the institutional framework and governance of the just transition policies, the role of social dialogue and stakeholder involvement, and the mechanisms of social protection and social security schemes to support affected workers, companies and communities.

It would also be helpful to analyse the different strategies and practices for financing just transition, public and private policies, investments in skills and technology transfer.

In this regard, at the EU level, the EESC recommends that the European Commission undertake a granular mapping and analysis of the transition's impacts on employment and skills in the different countries, regions and sectors, including on subcontractors and the downstream value chains (<u>NAT/843</u>), and aligning the European Semester with the SDGs as an effective way to promote a new economic model that is "sustainable and inclusive (NAT/903).

#### > Providing guidelines and advice for the implementation of just transition

Considering that the UNFCCC as the main global forum for multilateral discussion on climate change reviews the implementation of the Convention, the Kyoto Protocol and the Paris Agreement respectively, and adopts decisions to further develop and implement these three instruments, the EESC believes that the mandate of the JTWP has to serve the establishment of policies, measures and instruments to realise the just transition.

Observing, on the one hand, the increased recognition of just transition priorities in policy discussions, and, on the other hand, the proliferation of programmes, initiatives and funds promoted by international financial institutions, public authorities and private funds that use the term "just transition", the EESC believes it is necessary to set guidelines, criteria and indicators to define what just transition means in practice, considering the different context and realities (be it sectors or regions, etc.).

The EESC is concerned that the term just transition might become an empty assurance or simply a concept that entails a technological transition but does not incorporate the social and labour aspects. Naming initiatives as just transition projects when they are not conducive to social justice, and if the workforce, companies and community dimensions are not at the core of the action, might simply contribute to creating an empty assurance, and feed scepticism towards environmental and climate policies. The focus should be on effective implementation, including the involvement of all stakeholders.

#### > Fostering a framework for international cooperation on just transition

In the sites of the climate change negotiations, a series of initiatives were promoted amongst Parties, such as the Just Energy Transition Partnership (JETP), which was forged at the COP26 Climate Summit in 2021 between South Africa and France, Germany, United Kingdom, United States, followed by the EU's Just Energy Transition Investment Plan (JET IP). In 2022, the JETP with Vietnam with the International Partners Group was announced, and in the same year at the G20 leaders' summit in Bali, Indonesia's JETP deal was also announced.

The JTWP could serve as a framework for this nascent cooperation mechanisms to provide coordination and a governance mechanism.

#### Scope and elements of a Just Transition Work Programme

#### Ensuring a rights-based approach

As part of the guidance and guidelines that the JTWP should put forward, the EESC stresses that it is imperative to anchor it on social justice and a rights-based approach. The development of pathways to a just transition ought to be fully inclusive of the workforce, companies, communities, and the people on the ground.

The EESC is firmly convinced that the way in which justice is delivered is through rights. The goal is to ensure that climate action is not only effective in reducing greenhouse gas emissions, but also promotes social justice, reduces inequality, protects the rights and well-being of all people and the integrity of the natural ecosystems.

To avoid endless discussions on what a rights-based approach means, the EESC believes that the ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all

(2015), recently endorsed by the International Labour Conference, should be the central reference for policy-making and a basis for action.

In this regard, as key principles of a rights-based approach in a just transition, the EESC stresses:

- Social dialogue and collective bargaining: as tools to ensure well-functioning industrial relations, workers' rights, and anticipation and management at the company level to develop the full potential of the transition.
- Community engagement: involving communities in planning and decision-making to create more comprehensive and effective strategies.
- Enabling environment: fostering an enabling environment through supportive policies, incentives, and clear regulatory frameworks as a principle for a just transition.
- Skills: better anticipation of skills needs and potential skills mismatches; and promotion of skills and lifelong learning in line with identified labour market needs as enablers for a just transition.
- Support, compensation, and social equity: providing social safety nets for workers and communities, particularly the most vulnerable and marginalized populations, that face economic hardships due to the transition. Addressing, among other policy areas, active labour market policies, job placement services, unemployment benefits, and support for small businesses.
- Long-Term Planning: addressing macroeconomic policies, developing long-term industrial and sectoral strategies and policies, and providing an enabling environment for sustainable enterprises.
- Transparency and Accountability: establishing transparent mechanisms to monitor and evaluate the progress of the transition, ensuring that commitments are met, and that the benefits of the transition are distributed fairly.

# Bringing relevant actors on the table of the JTWP and the development of the pathways to just transition

The EESC fully shares the approach that 'sustainable and just solutions to the climate crisis must be founded on meaningful and effective social dialogue and participation of all stakeholders' reflected in the paragraph 50 of decision 1/CMA.4.

The EESC calls to enshrine this approach both in the governance modalities of the JTWP and in the development of the pathways to just transition by Parties. More precisely, the EESC proposes that one representative of the different civil society major groups – business and industry, environmental groups, farming and agriculture, consumers, community representatives, indigenous populations, local governments and municipal authorities, research and academic institutes, labour unions, women and gender and youth groups (SOC/753)– are granted a seat in the defined institutional arrangements.

The EESC calls to ensure that the development of the pathways to just transition by Parties is based on social dialogue and involvement of civil society organizations.

# Focusing on implementation

It is clear that all countries need a just transition and it is time to develop the notion of just transition into our climate policies. The EESC is convinced that just transition dimensions must be addressed fully by UNFCCC Parties in their NDCs and long-term plans for net zero, in the design of such plans and their implementation and reporting.

This requires the involvement of the social partners and civil society organizations in discussing and implementing the NDCs. For example, at the EU level, the EESC also calls to ensure that National Energy and Climate Plans contain just transition strategies.

# > It is about the energy sector, but it is more than just the energy sector

Ensuring a just transition is important for all countries at all levels of development. It is also important for all economic sectors – not just the energy supply sector – and in urban and rural areas alike.

The EESC supports the approach that <u>the JTWP covers the just transition pathways in the context of</u> <u>economic sectors</u> put forward by the informal note by the co-facilitators, <u>including amongst others</u> <u>energy</u>, <u>industry</u>, <u>construction</u>, <u>agriculture</u>, <u>land use and forestry</u>, <u>and waste as well as tourism</u>.

## Adaptation and mitigation

Existing policies, strategies, and initiatives for just transition mainly focus on the adverse social outcomes associated with climate change mitigation policies. However, there is not much literature and limited experience regarding the implications of just transition strategies when it comes to considering climate impacts and the effects of adaptation policies.

The EESC believes that <u>the JTWP should be extended to consider climate impacts and the effects of</u> <u>adaptation interventions</u>. Considering how climate impacts and adaptation actions attempt to address them affect people differently (distributional effects), and what would be necessary to cushion the effects and avoid rising inequalities.

## Financial support

The EESC emphasizes that adequate funding is the backbone of successful just transition policies and acknowledges that providing such funding is challenging due to various economic, political, and social factors. Beginning with the need to ensure political will, financing a just transition requires addressing economic constraints, allocating resources effectively, reconciling short-term and long-term goals, mobilizing private sector involvement, addressing lobbying and special interests, and managing uncertainty while relying on capacity building and international cooperation.

In this context, the EESC is concerned that many countries are struggling to manage their limited fiscal space due to economic challenges, debt burdens, or other financial constraints. Consequently, they face significant difficulties in developing and implementing comprehensive just transition schemes. Apart from specific considerations on debt relief, the EESC believes that existing and new strategies should be explored to advance just transition efforts. These strategies could include integrating just transition considerations into existing development plans and policies, leveraging existing programs, prioritizing specific sectors or regions that are most vulnerable to economic and environmental changes, and ensuring stakeholder engagement.

There is no one-size-fits-all solution, but <u>the EESC believes that the JTWP could reflect and promote</u> <u>innovative solutions to fund just transition policies</u>, such as green bonds, fossil fuel subsidy reform, diversification of revenue streams, tax incentives, public-private partnerships (PPPs), international funding and aid, and technology transfer.

While public finance is a foundational element for supporting a just transition, the EESC acknowledges that it is not sufficient on its own. The private sector plays a crucial role in implementing just transition strategies. Its involvement is essential, and mobilizing private resources requires a multifaceted approach that involves creating enabling environments through regulations and incentives, showcasing successful case studies, fostering collaboration between businesses and other stakeholders, and aligning business goals with broader sustainability objectives. The JTWP can also contribute to these efforts.

In conclusion, the EESC is mindful of the potential for the JTWP to become overly comprehensive and thus hinder its effective delivery. To mitigate this risk, the <u>EESC underscores the importance of bestowing the JTWP with a focused mandate that both builds upon and finalizes the pertinent workstreams within the convention</u>. This includes identifying existing gaps in knowledge, as well as offering comprehensive guidance and mechanisms aimed at adeptly implementing pathways toward achieving a just transition.

## Related EESC opinions and documents:

- EESC Resolution: Jointly tackling an existential threat social partners and civil society for the implementation of ambitious climate action
- NAT/864 Social dialogue within the green transition
- NAT/843 'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality
- <u>SOC/753 Young people's role in the green transition</u>
- ECO/553 Reshaping the EU fiscal framework for a sustainable recovery and a just transition (owninitiative opinion – Gr II)
- ECO/526 Public sector loan facility and amendment to the Just Transition Fund
- ECO/504 Just Transition Fund and amendments to the Common Provisions Regulation
- <u>CCMI/191</u> Sustainable recycling, use of secondary raw materials and Just Transition in the <u>European ferrous and nonferrous metal industry</u>
- NAT/765 The sustainable economy we need (own-initiative opinion)

#### Other reference documents:

- ILO submission to the Global Stocktake 'Advancing climate action together with a just transition supporting decent work for all' (March 2023)
- ILO report VI for ILC <u>Achieving a just transition towards environmentally sustainable economies</u> and societies for all (2023)

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