



Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 160 member organisations from 35 European countries, representing over 1.700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

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Position paper on Just Transition for those depending on fossil resource extraction and combustion

Executive summary

A just transition means delivering the socio-economic transformation required to address climate change, whilst reducing inequalities in the most affected regions and ensuring the costs and benefits of the transition are spread fairly. This must include timely action that will contribute to achieving its fair share a net zero greenhouse gas emissions economy by 2040 in the EU and globally by 2050, while ensuring that the transition is happening with the support of local communities and that it will create new, decent and sustainable jobs. Funding for the just transition should be based on reliable and ambitious transition plans and go to those directly affected instead of supporting old fossil-based business models. All relevant stakeholders, including people already affected today by the climate crisis should have a place at the "just transition table". Companies should also take responsibility for the consequences of their operations. CAN Europe also supports the concept of providing financial support as a necessary tool by governments and companies to help the regions affected to transition away from unavoidable job losses. Social friction and marginalisation by the less-empowered should be reduced as much as possible to achieve social justice as well as maintain and grow support for the global and European transformation towards 100% renewables and a net zero emissions economy.

Why do we need a Just Transition?

CAN Europe's membership, based on the social and economic opportunities of the net zero-emissions transition and the growing evidence of extreme impacts of climate change, supports the Paris Agreement's call to limit temperature rise to 1.5°C as the only acceptable threshold to avert dangerous climate change. To achieve this, based on recent science and the equity principles that underpin the Paris Agreement, the European Union would need to

reduce its greenhouse gas emissions by at least 65% by 2030 with the aim to achieve net zero emissions by 2040.

The transition to a climate neutral economy is no longer a distant possibility, **it is a necessity**. In Europe the energy transition is already taking place but still needs to be accelerated. It is in the hands of today's decision-makers, but also in the hands of EU citizens to put the EU on track towards climate neutrality and ensure a just energy transition.

Just transition means a timely transition towards a net zero emissions and climate-resilient economy that aims to maximize benefits and minimize hardships for workers and the communities impacted by the transition, through active political engagement on the basis of multi-stakeholder cooperation. The transition towards a net zero emissions economy brings also an opportunity to redress past harms and bring justice to people and whole communities that for the past decades have suffered the consequences of fossil fuel use. Just transition describes both where we want to go and how we get there. Just transition needs to be a principle, a process and a practice.

The just transition is not limited to communities and workers connected to fossil fuel extraction and use. A full decarbonisation of the economy affects almost all industrial and agricultural sectors. The just transition must therefore be expanded to all other sectors, such as the automotive sector and the buildings sector.

1. The challenge ahead

The choice our society is facing is whether to actively shape this transition towards a net zero emissions and climate-resilient economy or let it happen for them. Workers in high-carbon industries and their trade unions face a major dilemma in this process as they will have to shoulder a significant part of the burden in the transition to a sustainable economy. The 'Clean Planet for All' Communication from the European Commission¹ highlighted the risk that sectors and regions (often those already most disadvantaged) might suffer the burden and negative impacts of the transition. Therefore pro-active, regional redistributive transition strategies and plans will be needed to ensure the clean energy transition is sustainable, positive and fair for all.

Given that many of the high-carbon industries which are generally highly unionised, are severely challenged by the zero emission transition, many of the victories over decades of labour advocacy are at stake as well. As these industries are often regionally concentrated, entire regions could lose important parts of their economic base but also historic socio-economic structures and the basis for their regional identities. At the same time, the degree of unionisation in the rising clean technology sectors is paltry, and many of these jobs are still precarious. It is crucial to realise the social benefits of low-carbon development as well as

¹ *A Clean Planet for all. A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy*, European Commission, eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0773

other sustainable economic activities, while making the transition just and fair for those who stand to lose out the most.

However not all high-carbon industries are affected in the same way. Coal mining and coal power generation will have to be phased out as they are incompatible with climate change challenges and health standards. Coal will therefore need to be phased out fastest while the phase out of other fossil fuels must follow. Some of the current high-carbon sectors can reshape their business models and realise new market opportunities presented by the transition, but this will require innovation and forward-looking business planning.

Just transition does not mean only attracting new investors. What is needed is an integrated approach which takes into account all relevant components such as:

- public policies (especially social and structural policies),
- participation of the public and proactive engagement of all relevant stakeholders,
- core factors of socio-economic development (research and innovation, education, SME development, infrastructure and digitalization),
- appreciation of local industrial heritage and identity.

The just transition has to be an inclusive process that takes into consideration not only the welfare of workers but the welfare of whole communities undergoing the transition. They must be a part of the solution in this transition process. Local potential and needs are best known by those who are in contact with communities on a daily basis, therefore local representatives of different local stakeholders must be active participants in the just transition process. A just transition towards an environmentally sustainable economy needs to be well managed and to contribute to the goals of decent work for all, social inclusion and the eradication of poverty.

Stakeholders at the local and regional level should be empowered to shape the transition process and strategies for their communities, because they are the ones who will be most affected by it.

Core stakeholders are: workers and their communities, local and regional authorities, trade unions, civil society organizations, businesses and academia. Mining and generating companies should also, where appropriate, be part of the dialogue, but must not be allowed to hinder progress towards a just transition to climate neutrality, neither can it be a bailout for polluting companies.

2. A chance for all stakeholders to shape the transition

Fossil regions and their communities have for decades contributed to industrialisation and economic growth in Europe. This was achieved with great sacrifice of individuals and whole communities. For example, coal miners had to endure dangerous and unhealthy working conditions, communities had to suffer from locally-high emissions levels, lost regional ecological stability and diversity.

CAN Europe especially recognises the legitimate concerns of high-carbon sector workers in this process and is committed to co-operate with unions in order to minimise the hardships of the already ongoing net zero emissions transition to workers and their communities.

Local authorities in the communities and regions affected are the elected representatives of the people. They have the legal right and obligation to ensure quality of life for citizens and stability of communities. It is of utmost importance to make them a crucial, pro-active player in the transition process.

Unions are forces of societal change that understand the potential and the benefits of collective action. Many trade union umbrella organisations already fully support the goal of decarbonising the European economy as an expression of their broader social mandate of empowerment and change. The European Trade Union Confederation (ETUC), for example, is embracing the shift to a low-carbon economy. Their focus is on ensuring a just transition that creates quality jobs and opportunities for workers, as well as prospering economy.

While the success of the just transition, requires governments to show leadership, it is also important for other actors such as – businesses, private investors, workers and their unions, NGOs, civil society, academia and communities to engage in a constructive dialogue and shape the transition process. CAN Europe recognises that the transition requires dialogue and understanding of different needs at all levels and it intends to continue the dialogue and where possible, cooperation with all relevant actors supporting the just transition.

Just Transition for those affected by fossil fuel extraction and use

People around the world have a fundamental human right to adequate, clean and healthy air, water, land, food, education, and shelter. These rights are under threat by fossil fuel extraction happening in many parts of the world, but which are being extracted for consumption in Europe. Moreover many communities who have been the casualties of the fossil fuels extraction are now also most vulnerable to the impacts of climate change. This is particularly relevant to the Global South.

- While assessing what is just, the costs that people are made to pay during the extraction and burning of fossil fuels must be noted and taken into consideration.
- The rights of people and communities particularly affected by climate change, who already struggle to access their rights to water, food, shelter, livelihood, and culture must be noted and taken into consideration. It is the responsibility of current generations to introduce a paradigm shift from short-term to long-term thinking. This shall ensure a sustainable world for all also for young and future generations and to secure their rights to live in a safe and healthy environment.

3. Key elements of the just transition

While developing and implementing a just transition, the following principles should be respected:

1) Ambition: Long-term decarbonisation objectives must underpin the transition

Europe needs to contribute its fair share of the effort needed to limit temperature rise to 1.5°C, and hence needs to fully decarbonise and reach net zero greenhouse gas emissions by 2040, in line with the scientific findings in the IPCC's Special report on Warming of 1.5°C². Moreover to be on a 1.5°C path, OECD countries should phase out coal energy by 2030 the latest, phase out gas by 2035 and oil by 2040³. There's a need for a comprehensive just transition framework to complement the net zero emissions transition. The just transition is a vital element of the transition towards a net zero emissions economy. To achieve that, countries and regions affected should develop long-term, strategic transition plans that would reflect the fact that the just transition is "an economy-wide process".

1a) Sustainability: the just transition must be a sustainable transition by default

Consistency with the sustainable development goals and with the international climate commitments will deliver a transition that minimises the burden and maximises the benefits for all in society. In practice, this means that structural funding for regions affected should be accompanied with sustainability criteria. It should not be used for locking the regions into the age of fossil fuels and unsustainable production and consumption. Instead, structural funding should be used to help the regions; into the new decarbonized era.

1b) Cost-effectiveness: the transition requires proactive investments and policies

Proactive policies will ensure the costs of the transition are borne equitably by communities, companies and society as a whole, safeguarding those who are the most vulnerable. Financing further fossil fuel projects cannot be considered consistent with a just transition and strategies should favour measures to directly 'leapfrog' from fossil fuels to renewable energy.

2) Inclusiveness

Just transition processes and planning should bring together workers, communities, trade unions, policy makers, experts and academia, NGOs, businesses and investors. All sides have legitimate views and much to learn from one another: local citizens have unrivalled insight into the situation and desires of their community, whilst experts play a role in translating those visions and desires into implementable policy. Formally involving the local community in the development of a strategic transition plan, giving the community the possibility to contribute to concrete elements of plan recognises the importance of local knowledge and increases local ownership of the plans. Although all stakeholders should be involved, the roles of each stakeholder and their decision-making power must be clearly defined, recognising that some stakeholders may have conflicts of interest and that the inevitability and swiftness of the transition itself cannot be negotiated.

² Special Report *Global Warming on 1,5°C*, IPCC, 2018, [ipcc.ch/sr15/](https://www.ipcc.ch/sr15/)

³ P., A. Yanguas Parra, G. Ganti, R. Brecha, B. Hare, M. Schaeffer, U. Fuentes , *Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC Special Report on 1.5°C*, Climate Analytics, 2019, climateanalytics.org/media/report_coal_phase_out_2019.pdf

It must also be recognised that not all stakeholders come to the table with equal weight and capacity to impact the process. Capacity building may be necessary to facilitate the equal and fair engagement of all stakeholders in the process of developing and implementing a just transition⁴.

3) Early planning

Early, structured economic analysis is needed to inform the transition as well as a phase-out date and other national milestones for the energy transition.

In order to develop meaningful transition plans for socio-economic restructuring, an assessment of the opportunities and challenges the transition presents is a vital and logical first step. Systematic, early assessment and research lays the groundwork for future sustainable development strategies. Transition plans can also identify industries at the brink or already in decline and can therefore facilitate industries to plan and to finance their declines. Such assessments should be carried out at the start of the process, as the earlier a strategic transition plan is developed, the lower the costs to implement it. ⁵

Just transition and plans should, among others:

- establish concrete links to goals of existing strategic government planning (vertical integration),
- contain indicators for monitoring progress, and a monitoring system with assessment by the relevant stakeholders,
- contain concrete measures and projects of implementation, as well as resources and timelines.

Moreover, timely planning for the inevitable energy transition brings a number of benefits, namely:

- a framework that enables public funding to support the energy transformation and the just transition, e.g. through the new EU budget for 2021-2027,
- increased investor certainty, helping to scale up the required investments in sustainable renewables, energy efficiency, energy storage and demand side response measures,
- predictability for the fossil fuels utilities, giving them time to plan for the closures and develop new business models,
- sufficient time for proactive measures to support affected communities who are currently dependent on the fossil fuel industry, to ensure that no one is left behind.

⁴ K.Treadwell, I.Lübbecke, WWF EPO, *An EU fund for a just transition - what it should be and why it matters*, 2019, http://awsassets.panda.org/downloads/wwf_aneujustenergytransitionfund_briefinga4_final.pdf

⁵ K.Treadwell, I.Lübbecke, WWF EPO, *An EU fund for a just transition - what it should be and why it matters*, 2019, http://awsassets.panda.org/downloads/wwf_aneujustenergytransitionfund_briefinga4_final.pdf

4) Communication and participation

Each region has unique demographics, resources and cultures, as well as different potential for developing new industries, economic opportunities and thus livelihoods for communities. Early and meaningful consultation and participation of stakeholders through local network engagement in decision-making processes has been shown to reveal decentralised information about regional socio-economic strengths and weaknesses and is also a common theme of a successful transition^[5]. Existing resources, skills and community needs should therefore also be analysed locally, in order to develop bespoke long-term strategies and action plans.⁶

5) Support for retraining and education must be given to the people

A just transition is about protecting the workers and communities currently dependent on high carbon sectors like oil, coal or gas. It does not mean bailing out big energy companies for their stranded investments in fossil fuels. It is mainly about supporting and accompanying workers in key sectors during the transition process, including those in the chain of fossil fuel extraction, generation, distribution and supply.

While scaling up investments that would be compliant with the net zero economy in the fossil fuels regions is important, the support for **retraining and education is also vital**. The transition will entail changes in skills demand, especially for certain sectors. The absence of proactive policies may also lead to imbalances in the labour market. Investing in skills development is essential for the transition and reduction of greenhouse gas emissions.

6) Accountability

Companies must take responsibility for the impacts of their operation and rehabilitation of former fossil fuel sites.

Fossil fuel extraction practices leave an enormous footprint on the environment, natural habitats, and community lands. Fossil fuel infrastructure such as mines, especially open-pit mines, coal storage areas, ash dams, pipelines, conveyor belts and roads constructed to transport coal leave significant damages.

Fossil fuel extraction, transportation, and ash dams contaminate forest lands, underground water resources, rivers, and this contamination spreads outside geographical boundaries, polluting agricultural land and drinking water. Moreover, coal mines continue emitting methane, one of the most potent greenhouse gas in the atmosphere, after they are abandoned. There are also many examples of coal ash dams which get filled with extremely toxic water due to the ash substances' reaction with rain water.

The pollution from fossil fuel infrastructure must be first measured and then cleaned up, while rehabilitating damaged natural habitats and community lands, in order to make the transition just.

⁶ K.Treadwell, I.Lübbecke, WWF EPO, *An EU fund for a just transition - what it should be and why it matters*, 2019, http://awsassets.panda.org/downloads/wwf_aneujustenergytransitionfund_briefinga4_final.pdf

4. The Coal Regions in Transition Initiative

Recognising the challenge Member States would face in moving away from coal, the European Commission launched at the end of 2017 the Coal Regions in Transition Platform (CRiTP). The aim of the Platform is to assist Member States and regions in their efforts to modernise their economies and prepare them to deal with the structural and technological transition in coal regions.

The CRiTP initiative represents a valuable framework which has the potential to coordinate many of the elements that underpin a successful just transition. It can help regions take a more strategic look at their economies and, although it has no dedicated financing, it can assist regions to identify appropriate EU funding sources to implement their projects. Although CRiTP genuinely only applies to EU coal regions, it gives important impulses towards a decarbonization of the European continent by involving other regions. Representatives of Ukrainian coal mining regions (Platform of Donetsk Coal towns, Association of Ukraine Cities) are regularly taking a pro-actively part in the working group meetings and sharing experiences. The concept of the Coal Regions in Transition Initiative should be broadened to other fossil fuels apart from coal and it should also be introduced and implemented in the Energy Community.

Moreover, the current set up of the Coal Platform requires further improvements to better guide regional and national authorities in developing and implementing strategies and projects for the just transition at regional and local level. This is relevant in particular in the context of the 'country teams' who discuss and plan the transition, eventually selecting projects to apply for EU funding, under the EU Coal Regions in Transition Initiative. Consistent with the need for ambition, as well as the necessity of developing regional-level pro-active, redistributing transition strategies and plans, the Coal Regions in Transitions Initiative must also not shy away from discussing the timelines for the transition transition to ending coal use in regions. Open and inclusive discussion of phase-out dates, recognising the central elements of sustainability and cost-effectiveness, must therefore be embraced by the Platform and its country teams.

Although many regions recognise the need to transition and are actively developing strategies to attract investment in clean energy and alternative economic development, the Platform's ongoing facilitation of industry delaying tactics to maintain the business as usual scenarios is, however, risking locking regions into polluting and uneconomical coal.

CAN Europe supports the following recommendations that will ensure effective stakeholder participation in the process of selecting and implementing projects⁷:

1. Authorities should publicise the intention to establish a partnership or group for planning the just transition as early as possible. A clear and open invitation should be placed in an accessible location. Authorities should make use of multiple channels, including social media

⁷ *Seven Golden Rules for just transition planning*, Europe Beyond Coal, 2019, [beyond-coal.eu/2019/07/15/seven-golden-rules-for-open-and-inclusive-just-transition-planning-at-the-regional-level](https://coal.eu/2019/07/15/seven-golden-rules-for-open-and-inclusive-just-transition-planning-at-the-regional-level)

2. Authorities should strive to include a representative range of partners at all meetings and in all processes relevant to the just transition. They should follow the [European Code of Conduct on Partnership](#). Meetings to plan and prepare a just transition should therefore always involve:
 - a. competent regional, local and other public authorities, in addition to central government,
 - b. economic and social partners, including trade union representatives,
 - c. bodies representing civil society, including environmental and social partners.

They should include *at least* one local NGO representative and one national NGO representative, selected in a transparent manner. National authorities should also involve a political representative of the local community, such as a mayor.

3. All partners should be given equal status. All partners should be involved in the development of a long term strategic transition plan and criteria for the selection of projects adhering to this strategy, as well as in the process of project appraisal and selection
4. All partners should be provided with the same information and documents, at the same time. Project lists, including proposed projects and selection criteria, should be transparent and accessible.
5. Authorities should establish transparent feedback mechanisms for comments and input in committees and processes.
6. Minutes of all committee meetings should be publicly available, as well as the list of participants and any decisions on projects.
7. Authorities should facilitate community and public engagement in the transition process. All documents and decisions should be open for broad public consultation. There should be simple and clear procedures for the public to bring project ideas and to comment on existing project proposals or transition plans.

Support to the expansion of Coal Regions in Transition to Energy Community Contracting Parties

CAN Europe salutes the comprehension of the importance of the just transition issues by the Energy Community Secretariat, and extension of the platform to the Contracting Parties of the Energy Community Treaty. The initiative for establishing this platform subsequent twinning project with the current CRiTP that covers the EU only, comes at a crucial moment. It sets a clear path for the external climate diplomacy agenda, especially for the Western Balkan and Eastern European countries. First, both regions will become extremely affected by decarbonization through their heavy reliance on fossil energy generation.⁸ Second, they are EU allies and associated partners embarking on even further EU integration.

⁸ R. Dudău, G. Ghinea, K. Krynytskyi, V. Kryzhanivskyi, P-Y. Oei, M. Schön-Chanishvili, K. Sutlovičová, Z. Vondrová, T. Wehnert, *Transformation Experiences of Coal Regions. Recommendations for Ukraine and other European countries*, germanwatch.org/sites/germanwatch.org/files/Study_Transformation_Experiences_Coal_Regions_EN.pdf

The Coal Regions in Transition Platform for Energy Community Contracting Parties must serve as the driver for the long-term decarbonisation objective, in line with the Paris Agreement, with the aim of limiting temperature rise to 1.5°C.

Taken into account challenges and lessons learnt from the EU Coal Regions in Transition Platform, NGO participation must be envisaged through the whole transition process that the region faces, and by this ensuring the transparency and proper stakeholder parity, together with workers and unions, businesses and education. It is crucial that any Coal regions in transition platforms are based on the principle of transparency and parity.

The platform must be result oriented, and take into consideration feasible scenarios for the regions affected. A crucial role shall be the meaningful planning, based on studies and strategies, which must be a reference to the policymaking bodies of the region. This process should be driven by education and innovation throughout the concerned sectors.

Last but not least the existence of proper funding mechanism is of fundamental importance, with adequate oversight of the process by the multiple layers of stakeholders, which will guarantee proper support and funding channelling.

5. The EU budget can steer public and private investments, catalysing the just transition.

Current EU funds are mostly missing a strategic approach towards sustainable development of those EU regions with particular transformation challenges, such as mining regions. The current practice of using EU regional development funds as support for government budgets does not always work in synergy to support regions and communities that are heavily dependent on the extraction and production of high-carbon fuels even at a time when a just transition for these regions is crucial.

A just transition needs regional development funding that is based on long-term sustainable development plans integrating social well-being and environmental integrity, and taking into account the transformative impact the clean energy transition has on people living and working in that region. The Court of Auditors has noted the untapped potential for the European Social Fund to contribute more to climate mitigation. In addition, improved synergies between different funding instruments can achieve a more systemic response to regional challenges. For example, the European Social Fund in supporting the retraining of coal miners should be linked to the European Regional Development and Cohesion Funds and other EU funding sources and financial instruments for investing in renewable energy and housing renovation which can generate jobs for retrained workers. The affected communities should receive financial support for developing and implementing long-term strategies for economic diversification towards sustainable economic activities. In the affected regions strategic investments are needed to fill the void and address indirect impacts of the transition.

Financing a just transition in the context of decarbonization needs substantial funding. Nevertheless, it is not only about more money, as more money spent for the wrong

strategies can harm the transition process. Structural funding should be decided upon and evaluated along clear indicators for the EU decarbonization policies.

The EU budget in this regard offers a) a range of different funding sources covering different sectors and beneficiaries relevant for the just transition, and b) a strategic planning framework which enables the pursuit of an integrated approach when planning for the investments needed for a just transition. While a final agreement on the overall post-2020 EU budget has not yet been made, it is clear that a large part of it - the Cohesion Policy for 2021-2027 - could channel significant financial resources to less developed and fossil fuel-dependent regions. The European Commission foresees around $\frac{1}{3}$ of the 2021-2027 EU budget, Euro 370 billion over seven years, to be allocated to Cohesion Policy funding, which will be topped up by national co-financing. Those EU funds entail public investments in SMEs and research and innovation, the development of renewable energy infrastructure and the modernisation of housing stock, the circular economy, ecosystem protection and green infrastructure, sustainable mobility and social aspects of the just transition such as the re-skilling of workers. This can be combined with other EU and national funding sources to attract private investments.

However, for the Member States to use these funds to enable a just transition in those regions, political priorities and objectives in this regard have to be set. These objectives then need to be included in the upcoming EU funds strategic planning process called 'programming'.

- Member States should, in partnership with the communities and stakeholders affected, develop EU funding spending plans the so-called 'Partnership Agreements' and Operational Programmes - which put the just transition objective at the centre. It should include the systematic assessment of the specific regional needs and opportunities for the just transition and allocate the financial sources required to implement the identified measures.
- These regional EU funding spending plans should at the same time enable higher climate ambition at the national level and ensure the delivery of National Energy and Climate Plans in line with the climate-neutrality objectives of the Paris Agreement.
- The European Commission must ensure that EU support provided for the just transition in the coal regions is conditional on credible and ambitious energy transition commitments.

International funding options

Multilateral Development Banks (MDBs), International Finance Institutions (IFIs), as well as European Public Banks, should accelerate the revision of their lending strategies in order to support just transition projects. Some of these institutions have started shifting the money they lend to companies in high-carbon industries to support a shift to a just and sustainable low-carbon pathway. But the shifting process is only on at the very beginning⁹. They need to

⁹ In 2015/16 four out of six MDBs each invested almost as much or more in fossil fuel-related energy projects than in energy-related climate finance projects. (Wright et al.: Banking on Reform, 2018,

end investments in fossil fuel projects and invest in projects development based on multi-stakeholder dialogue and the capacity of local authorities to manage an inclusive just transition.

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(e3g.org/library/banking-on-reform-aligning-development-banks-with-paris-climate-agreement). Progress has been made at the EIB. With its new Energy Lending Policy the EIB has committed to no longer finance new fossil fuels projects after 2021, though some exceptions apply.