



Joint Meeting of the CTF and SCF Trust Fund Committees
Washington D.C. (Virtual)
Tuesday, June 22, 2021 – Wednesday June 23, 2021

DISCUSSION PAPER: SUPPORTING A JUST TRANSITION TO A
LOW-CARBON AND CLIMATE RESILIENT FUTURE

SUMMARY

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1. The objective of the paper is to share with the Joint Meeting of the CTF and SCF Trust Fund Committees new learning about just transition emerging from research led by the CIF Administrative Unit and the key roles and attributes of CIF and the MDBs that make them well placed to support a just transition.
2. To mitigate the causes of and address the challenges posed by climate change, social and economic transformations are urgently required in several sectors. Developing countries in particular face an acute burden from these transformations. The just transition lens offers a way to identify where the impacts of systemic shifts will be felt and what actions can be taken to best mitigate losses and distribute gains fairly. The utility of this lens has come into sharper focus as governments consider opportunities to channel COVID-19 recovery stimulus in ways that structurally transform economies while reducing the risks of climate change.
3. A just transition seeks to integrate economic, social, and environmental justice concerns. However, there is no single definition for just transition and literature on it represents diverse approaches, ideologies, and priorities. The CIF Just Transition Initiative has developed a framework that captures this diversity along two continua related to social inclusion and distributional impacts, with a cross-cutting consideration related to the depth of intended change.
4. The dimension of social inclusion looks at who is recognized and represented in planning and designing responses to transitions. The dimension of distributional impacts refers to the way in which benefits and costs (or harms) associated with transitions are distributed within society. To realize a just transition, deliberate effort is needed to foster socially inclusive processes that drive actions that help mitigate losses and distribute gains fairly.
5. A transformational just transition would be economy-wide and take place across all sectors, especially high-emitting sectors that must transition rapidly. These sectors include those targeted in CIF's new endorsed action areas: energy, urban, industry, forestry, agriculture and other land use —all of which possess unique characteristics that make the justness of their transitions critical. The paper explores a few of these characteristics and summarizes the just transition imperative within these changing sectors. Across all sectors, gender-responsive climate change is central to a just transition.
6. The paper also highlights cross-cutting building blocks for supporting a just transition as relevant to policy makers and practitioners. These include impacts modelling, political economy analysis, regional planning, and financial disclosures in the planning phase. In the implementation phase, they include creating decent jobs and skills development, expansive

social safeguards and protections, place-based investments, and economic diversification to account for distributional impacts. Programmatic and collaborative planning followed by inclusive stakeholder consultations and empowerment throughout implementation are key to ensuring these actions are socially inclusive and just.

7. The extent to which these building blocks trigger deep and just change can depend on the transformative intent behind their deployment. A transformative intent implies going beyond the status quo and bringing about structural change as needed for a just and ecologically sustainable society.
8. As part of Paris Alignment commitments, multilateral development banks (MDBs) are jointly developing a set of common principles and related deliverables to support a just transition. Early stocktaking work shows that MDBs have much to contribute. Building on this work, the paper highlights the significant opportunity for MDBs and CIF to harness their unique convening power, expertise, and scaled financial toolbox to support just transition planning and implementation.
9. It presents some high-level reflections on how to harness these key attributes, utilizing existing tools and mechanisms and additional approaches to drive the transition to a low-carbon, climate resilient future that leaves no one behind.
10. The insights highlighted in the paper have been developed through analysis conducted as part of CIF's Just Transition Initiative which aims to fill knowledge gaps, provide a platform for knowledge exchange, propose policy recommendations and strategies to support a just transition. The Initiative has developed a new framework – presented in the paper – as a practical tool to help stakeholders think through key dimensions of just transition, launched a public platform of resources and guidance for a just transition, and is sharing lessons on how CIF investments in specific countries have contributed to, or interacted with, efforts to ensure just transitions.