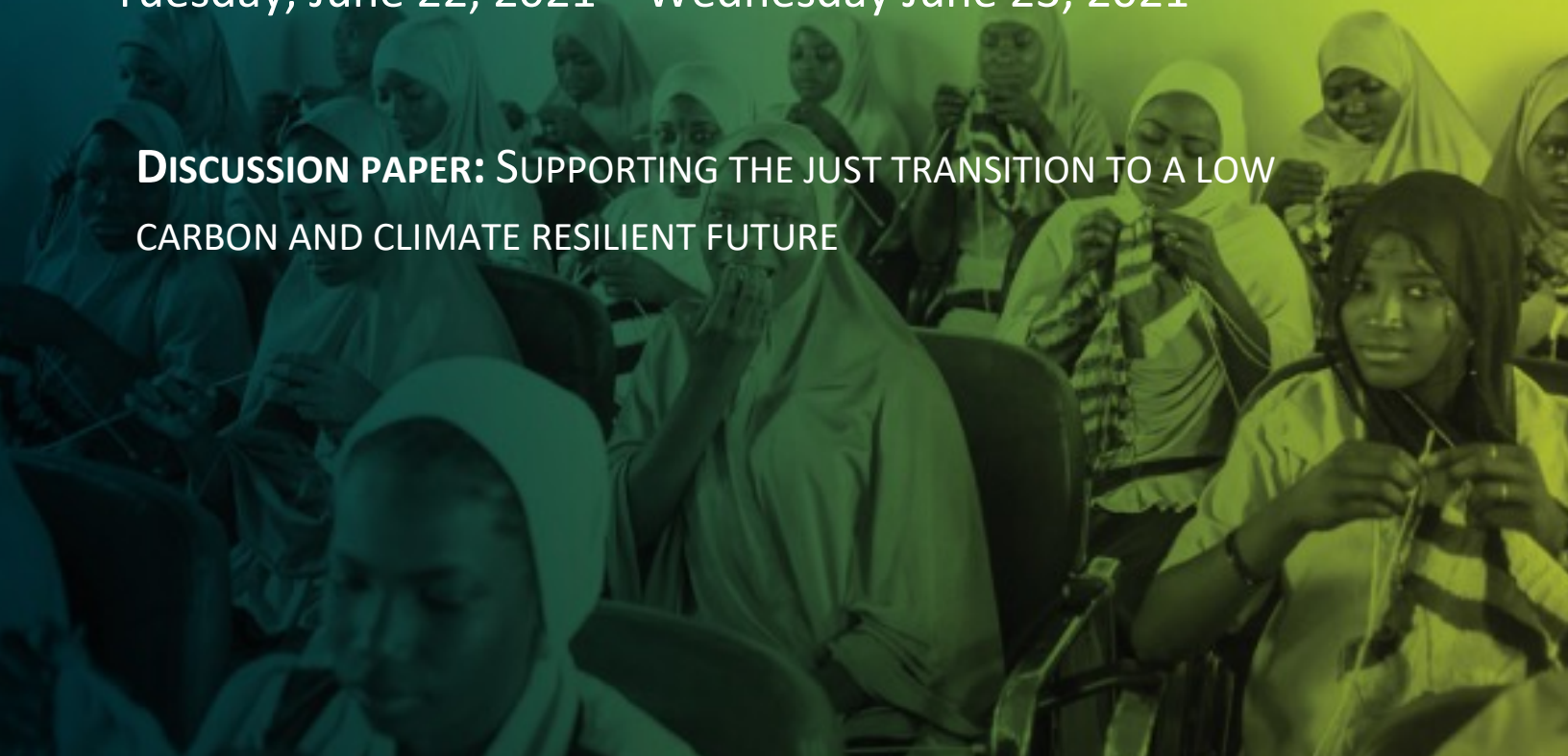




Joint Meeting of the CTF and SCF Trust Fund Committees  
Washington D.C. (Virtual)  
Tuesday, June 22, 2021 – Wednesday June 23, 2021

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





**CLIMATE INVESTMENT FUNDS**  
1818 H Street NW  
Washington, D.C. 20433 USA  
T: +1 (202) 458-1801  
[climateinvestmentfunds.org](http://climateinvestmentfunds.org)

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The objective of this paper is to share with the Joint Meeting of the CTF and SCF Trust Fund Committees information on the importance of just transition for climate action; 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.

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## 1. Executive Summary

1. Climate change is a threat multiplier with the potential to push millions of people into poverty in the coming years and amplify the risk to those who are already the most vulnerable to its impacts. To cut greenhouse gas emissions that cause global warming and address the challenges posed by climate change, social and economic transformations are urgently required in several sectors. These transformations are of a scale and speed unexperienced in human history. Developing countries face an acute burden from these transformations, especially since many still depend on fossil fuel extraction.
2. 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. The dimension of social inclusion looks at who is recognized and represented in planning and designing responses to transition. Distributional impacts refer to the way in which benefits and costs (or harms) associated with a transition 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.
4. A transformational just transition would be economy-wide and take place across all sectors, especially high-emitting sectors that must transition rapidly. These include those targeted in CIF's new endorsed action areas: energy, urban, industry and forestry, agriculture and other land use—all of which possess unique characteristics that make the justness of their transitions critical. This 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.
5. The paper also highlights several cross-cutting building blocks for supporting a just transition as relevant to policy makers and practitioners acting across sectors. 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.

6. 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.
7. 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.
8. 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 this 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.

## 2. The just transition imperative

9. **To address the challenges posed by climate change, social and economic transformations are urgently required in several sectors.** Just transition approaches will be important to ensure the resulting change is economically and socially just, inclusive, and safe. These approaches aim to facilitate accelerated climate action without leaving people behind.
10. **Climate change is a threat multiplier with the potential to push millions of people into poverty in the coming years and amplify the risk to those who are already the most vulnerable to its impacts.** It threatens to undo hard-won development gains and jeopardizes global ambitions to deliver shared prosperity in a sustainable way. The impacts of climate change will affect all countries, but the poorest and most vulnerable face the greatest risk, as they have the least adaptive capacity to respond to climate and disaster risk. Left unaddressed, climate change could push more than 100 million people into poverty by 2030,<sup>1</sup> and these negative impacts could be further exacerbated by the COVID-19 pandemic, which may to push an estimated 150 million people into extreme poverty by 2021<sup>2</sup>. The unequal impact of the pandemic that hit the most vulnerable people first and hardest, is being replicated in even larger numbers by the adverse impacts of climate change. It is affecting some of the poorest people and communities in the least developed countries.
11. **The social and economic transformations required to take urgent action on the climate crisis are of a scale and speed unexperienced in human history.** Deep and multi-dimensional change is required to keep the warming of the planet as far below 2 degrees as possible. To achieve net

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<sup>1</sup> Hallegatte, S. A. Vogt-Schilb, M. Bangalore, and J. Rozenberg, (2017). [Unbreakable: Building the Resilience of the Poor in the Face of Natural Disasters](#).

<sup>2</sup> World Bank, (2020). [Poverty and Shared Prosperity: Reversals of Fortune](#).

zero by 2050 and a 50 percent emissions reduction by 2030, every sector of the global economy needs to transform<sup>3</sup>. Such disruptive change is likely to impact large sections of society, particularly workers and communities reliant on fossil fuel and other natural resources for their livelihoods.

12. **Developing countries will face an acute transition burden, especially since many still depend on fossil fuel extraction.** At the same time, developing countries have the greatest opportunities to capitalize on green growth approaches that could see them leapfrog unsustainable and wasteful development patterns. Further still, inaction on climate is hampering the capacity of the poorest and at-risk countries and communities to develop and transition as they are hit hardest by the onset of climate change.

13. **In addition, future generations that have not contributed to the current climate crisis will be disproportionately impacted by it.** If investments today do not take into account sustainability measures, future generations will be burdened by unsustainable debt burdens and stranded assets that need either dismantling or wasteful expenditure in managing.

14. **While progress on gender equality has been made in recent years, women continue to face exclusion, discrimination, and disproportionate exposure to socio-economic vulnerabilities.** Women also carry the burden of unpaid and poorly-paid care and domestic work. A transition toward sustainable economies and societies should ensure that any gendered negative effects of transitions are minimized, while the positive effects advance gender equality and decent work. Gender-responsive policies have the potential to spur green growth, build inclusive societies, transform gender norms, and ensure women's existing and potential contributions to sustainable development for all are not undermined.<sup>4</sup>

**Box 1: Why do we need a just transition?**

- **It is a moral duty:** Climate action is picking up pace and the kind of rapid and deep change it is seeking will impact many parts of society, and, in many cases, hit the most vulnerable hardest. There is now a pressing responsibility to prepare people and support them through the transition.
- **Successful climate action depends on it:** Equitable and inclusive climate action is likely the only way to successfully transition at the speed and scale required. Addressing the risks to and rights of affected communities and future generations in a changing climate can alleviate legitimate concerns and potential resistance to change.
- **It is an opportunity** to address injustices and build a more equal, safe, resilient, and sustainable society. Developing countries are presented with a significant opportunity to capitalize on green growth approaches that could see them leapfrog unsustainable and wasteful development patterns.

15. **Inclusive decision-making and the fair distribution of emerging opportunities, while seeking to address existing economic and social injustices, is imperative to achieving climate goals.** In addition to being a moral duty, addressing the risks to and rights of affected communities and future generations in a changing climate, and the actions taken to avert them, will alleviate

<sup>3</sup>PwC, (2020). [The State of Climate Tech 2020: The next frontier for venture capital.](#)

<sup>4</sup>ILO, (2017). [Gender, labour and a just transition towards environmentally sustainable economies and societies for all](#)

legitimate concerns and potential resistance to imminent changes. Equitable and inclusive climate action is likely the only way to successfully transition at the speed and scale now required to take advantage of the substantial economic and societal opportunities that transitions will provide (see Box 1). These opportunities include job creation, economic diversification, better health outcomes, and a re-imagined, more equal society.<sup>5</sup>

16. **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.** Governments, labor groups, investors, businesses, civil society, and multilateral agencies are increasingly using principles of just transition to better understand issues of social inclusion and distributional justice. 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 and realizing the potential of sustainable development.
17. **Climate finance has an important role in supporting developing countries tackle climate change, while opening up opportunities for an inclusive and fair transition to a low-carbon and climate resilient economy.** Without support, countries with fewer economic resources and social safety nets will find it challenging to manage threats to the environment and livelihoods. A just transition is central to making progress on climate action and CIF and the MDBs can further support developing countries in realizing it.
18. **The role of climate finance is even greater with the unprecedented challenge of managing and recovering from the COVID-19 pandemic which have brought issues of just transition into sharper focus.** The crisis has exacerbated inequalities and exposed significant economic risks for communities, sectors, and regions that are also impacted by the transition to a new climate economy. This crisis has also spotlighted the need for urgency to prevent the onset of global crises, such as climate change. Choosing to delay or pour stimulus resources into existing high-carbon businesses and fossil fuels will lock in carbon and climate vulnerability for the decades to come and make the transition to a lower carbon and climate resilient economy more daunting and costly. There is now an important opportunity to look beyond the crisis and accelerate the just transition to an inclusive and equitable low-carbon economy, while equipping populations to better withstand future shocks. Such an approach can protect natural assets and support income and jobs today and for generations to come. In the post-COVID-19 era, every nation will need to use its limited resources judiciously to pivot rapidly toward a growth path that not only re-establishes livelihood opportunities but also moves away from an even greater fallout from catastrophic climate change.<sup>6</sup>

### 3. The just transition framework

19. **Since its early development in the labor movement in the U.S. in the 1990s, the concept of a just transition has sought to integrate economic, social, and environmental justice concerns.** As the concepts and practices associated with a just transition spread, it has been reinterpreted

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<sup>5</sup>IPPR Environmental Justice Commission, (2020). [Faster, Further, Fairer: Putting People at the Heart of Tackling the Climate and Nature Emergency](#)

<sup>6</sup> Singh K., (2021). [Agenda for India's Green Recovery](#)

to reflect the politics and interests of its various advocates. This has resulted in no one clear definition of the just transition, but rather a range of positions. For example, in a labor context, a just transition generally aims to protect and equip workers whose jobs, livelihoods, and communities are at risk from climate change or climate interventions as the world pursues more sustainable pathways.<sup>7</sup> Environment and climate groups have generally taken a wider scope and called for just transition in terms of integrated economic, social, and environmental policy that ensure the transition is “just and fair, maximizing economic opportunities for economic prosperity, social justice, rights and social protection for all.”<sup>8</sup>

20. In seeking to make sense of these varying positions, the [Just Transition Initiative](#) (JTI), drawing extensively on existing literature, has developed a broad framework that maps out diverse approaches, ideologies, and priorities along two continua related to social inclusion and distributional impacts, with a cross-cutting consideration related to the depth of intended change (see Figure 1). The framework, applicable to different geographical scales (local, national, regional, and global) and time horizons (short-, medium-, and long-run), is situated within a global ambition of limiting climate change-related temperature rise to below 2°C.
21. **Social inclusion refers to the imperative of broad and meaningful social dialogue as the basis for planning and designing responses to transition or shaping the outcomes of change.** It implies the involvement of many different groups living in (or with some stake in) regions affected by transition, and a deliberate emphasis on ensuring marginalized groups are included in discussions and decision-making processes. The key to ensuring social inclusion, from a just transition perspective, is the diversity of stakeholders (and especially participation of vulnerable or marginalized groups) and also the degree to which the engagement process actually empowers these different groups to influence, and potentially own, decision-making processes that affect their future economic and social well-being. Further, for social inclusion to be meaningful, governance structures need to be in place so that local dialogue influences local, national, and international efforts to support transition and ensure just outcomes. Social inclusion is important not only because of the importance of the process itself being perceived as just or fair, but also because historical studies show that local-level, stakeholder-driven planning processes tend to produce better outcomes in terms of managing the impacts of transition than top-down processes<sup>9</sup>.
22. **Distributional impacts refer to the way the benefits and costs (or harms) associated with economic, social, and environmental changes are distributed within society.** Transitions that affect access to or use of resources inevitably create winners and losers. A just transition approach is one that is cognizant of the way outcomes are distributed and seeks to ensure there are mechanisms to help distribute these fairly. Some transition support efforts may focus on a narrow set of issues or stakeholders (e.g., coal mine workers), but the overall need for a just transition is, in aggregate, a set of interventions and support that considers a much broader set of impacts and stakeholders, including local equity and well-being as well as regional and even global impacts.

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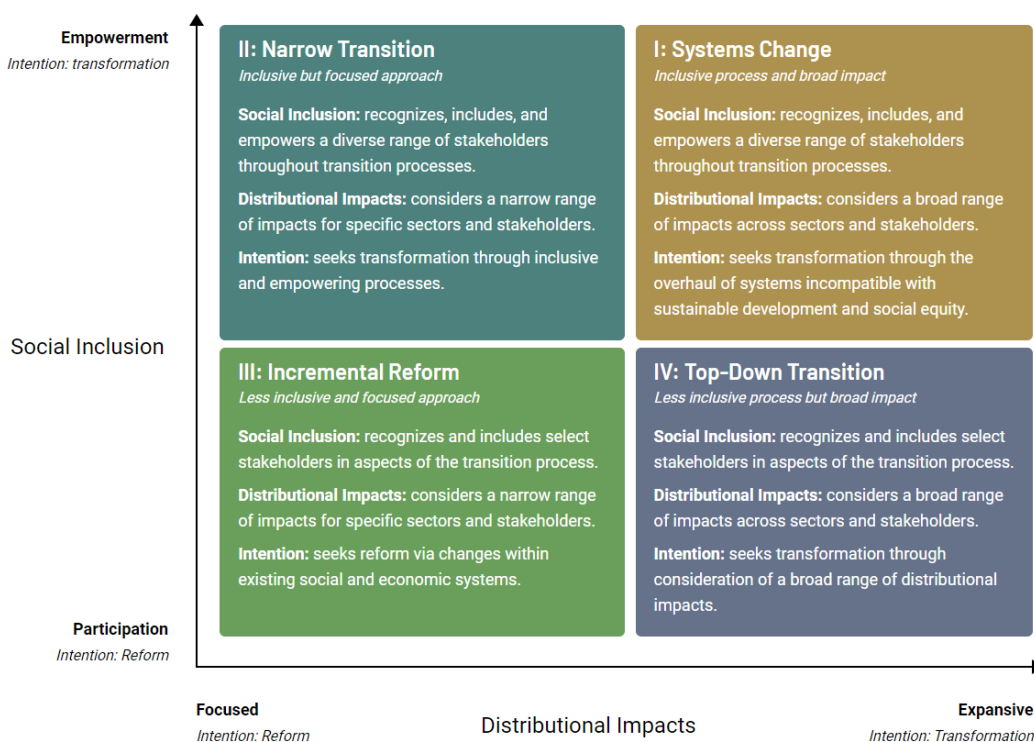
<sup>7</sup> Rosemberg, (2017). [Strengthening Just Transition Policies in International Climate Governance](#)

<sup>8</sup> Newell P. & Mulvaney D., (2013). [The Political Economy of the Just Transition](#)

<sup>9</sup> Harrahill, K., & Douglas, O., (2019). [Framework development for ‘just transition’ in coal producing jurisdictions.](#)

23. A third element of the just transition lens relates to the **degree of transformation intended by efforts to support transition**. Some transition processes have been supported through incremental reform, where perhaps technological or financial changes are introduced but the existing social and economic systems are left largely intact. By contrast, more fundamental systems approaches are those that seek to address a wider range of social and economic inequalities or environmental problems. This may require actions to deliberately overhaul or reconfigure some central features of social and economic systems that are incompatible with sustainable development and social equity. From a just transition perspective, a more deliberate effort is likely to be needed to facilitate systemic transformation, particularly tackling the drivers of inequality and vulnerability. More transformative approaches to transition are, in turn, likely to better support the goals of social inclusion (procedural justice) and fair distribution of costs and benefits (material justice).

**Figure 1: Just Transition Framework**



24. There is a lack of practical information on how the transition will play out and impact developing countries especially. Analysis of past transitions tends to draw on a relatively small number of case studies predominantly from OECD countries. A literature review by the JTI of the just transitions of fossil fuel workers (in English) found three-quarters of the literature was focused on transitions in either the United States, Australia, or globally. Countries in sub-Saharan Africa (aside from South Africa), Central Asia, and LAC will undergo important changes in extractive industries, but case studies on contemporary just transitions work in these areas are lacking. Without a detailed understanding of the benefits and costs across sectors and geographies, the actions taken – in both developing and developed nations - may prove to be inadequate.



#### 4. Priority transitions for climate action

25. **Investment and policy choices made today will lock in economic and climate benefits—or costs—for decades to come.** Sectors that are major sources of GHG emissions and must transition to more sustainable forms include those targeted in CIF’s new endorsed actions areas: energy and transport; waste; forestry, agriculture, and other land use; and industry (see Figure 2).

26. These sectors possess unique characteristics that make the justness of their transitions critical. This section outlines some of the key considerations for putting people at the center of these sectoral transitions and empowering those most affected to help drive change.

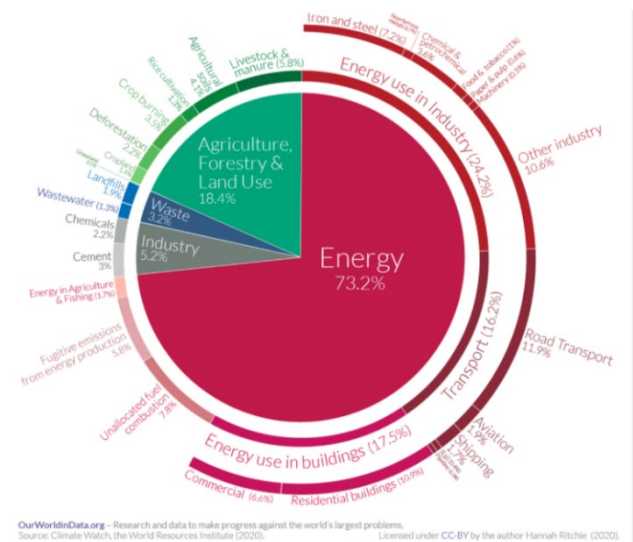
#### Energy transition

27. **The transition away from fossil-fuels and towards renewable energy is underway.** Driven to a large extent by the rapid decrease in the cost of renewable energy, renewable energy consumption has grown at an average annual rate of 14 percent over the past decade. It is the only category of energy that grew globally at double digits during this time. Over half of all utility-scale renewable capacity additions in 2019 achieved lower electricity costs than the cheapest equivalent new coal plant<sup>10</sup>.

28. **However, the energy transition is not happening fast enough,** The International Renewable Energy Agency’s (IRENA) Roadmap to 2050 states that renewable energy needs to be scaled up at least six times faster for the world to meet the decarbonization and climate mitigation goals set out in the Paris Agreement.<sup>11</sup> There are infrastructural and social constraints to an accelerated transition to renewable energy. Urgent and scaled demonstration of renewable energy integration solutions into power grids is needed, along with flexible and responsive energy distribution infrastructure to manage variable renewable energy and transfer it to regions with limited renewable energy capacity.

29. **At the same time, it is important that future investments consider how they will affect particular countries, regions, and communities vulnerable to change,** such as those populations reliant on fossil-fuel production for jobs and revenues. Nearly 58 million people worldwide were employed in the energy sector in 2017. Around half of these jobs were in fossil fuel industries.<sup>12</sup> The International Labor Organization (ILO) has signaled that 2.5 million jobs can be created in renewables-based electricity by 2030 under the right policies, offsetting some

Figure 2: Global greenhouse gas emissions by sector.



<sup>10</sup>IRENA, (2020). [Renewable Power Generation Costs in 2019](#).

<sup>11</sup>IRENA, (2019). [Global Energy Transformation: A Roadmap to 2050](#)

<sup>12</sup>IRENA, (2020). [Measuring the Socio-economics of Transition: Focus on Jobs](#)

400,000 jobs lost in fossil fuel-based electricity generation.<sup>13</sup> However, questions remain over the extent to which these green jobs will replace fossil fuel jobs, who will be best positioned to take them, and whether or not they will be sustained and quality jobs. Informal work is prevalent in the coal mining sector making the risks of unplanned mine closures significant. Furthermore, mining can leave behind severe environmental degradation that can affect local communities that are often poor and reap little reward from the extraction, which are concentrated elsewhere. Government revenues are likely to be impacted by the low-carbon transition. A study by Carbon Tracker found that 40 fossil fuel-dependent governments would suffer an average 51 percent drop in oil and gas revenues if global climate targets are met. Four hundred million people live in the 19 most vulnerable petrostates.<sup>14</sup> There are concerns over jobs in these regions.

30. **There are also key considerations around the ethical and sustainable production and installation of renewable energy technologies.** For example, there are concerns around the ethical sourcing of minerals like cobalt, lithium, and rare earth metals used to deploy technologies, such as solar photovoltaics (PV), onshore and offshore wind power, and electric vehicles. Large-scale renewable energy projects, such as solar arrays, hydropower dams and wind turbines, also require significant land and can present equity issues related to land rights and use practices that are commonly rooted in discriminatory gender and social norms.<sup>15</sup> Women tend to have fewer and less secure land tenure rights than men, making them especially vulnerable to displacement, poverty, and dispossession as a result of large clean infrastructure projects.<sup>16</sup> These issues also extensively plague today's extractive industries, including fossil fuels. The transition is an opportunity to ensure that past injustices are not repeated as the world's energy systems change to new models.
31. **While grappling with the political, economic, and social implications of transitioning the energy sector in a short period of time, 850 million people still live without access to electricity.** The transition needs to deliver access to affordable, reliable, sustainable energy access for all, for which the share of renewable energy in the power mix will need to rise significantly.<sup>17</sup>
32. **Despite these constraints and challenges, the economic imperatives of renewable energy are leading to transitions away from fossil fuels in many countries.** However, this transition is not automatically fair or equitable, and there are numerous complex factors to consider in planning and implementation to ensure that they become so.

#### **Urban transition:**

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<sup>13</sup>ILO, (2018). [World Employment and Social Outlook 2018: Greening with jobs](#)

<sup>14</sup>Carbon Tracker, (2021). [Beyond Petrostates: The burning need to cut oil dependence in the energy transition](https://carbontracker.org/reports/petrostates-energy-transition-report/)

<sup>15</sup> Nelson S. and Kuriakose A.T., (2017). [Gender and Renewable Energy: Entry Points for Women's Livelihoods and Employment](#); and Johnson et al., (2020). [Assessing the Gender and Social Equity Dimensions of Energy Transitions](#)

<sup>16</sup> Global Initiative for Economic, Social, and Cultural Rights, (2020). [Submission to the UN Special Rapporteur on Extreme Poverty and Human Rights on Gender Equality as a Central Component of Just Transitions](#)

<sup>17</sup> IEA (2018), [Global Energy & CO2 Status Report 2018](#)

33. **The movement of people from rural to urban areas is accelerating and is changing patterns of production and consumption.** Cities are home to 55 percent of the global population<sup>18</sup> and consume up to 76 percent of energy and account for more than 60 percent of GHG emissions, despite only covering less than 3 percent of the Earth’s land surface.<sup>19</sup> <sup>20</sup> This resource use intensity will likely increase as cities are still growing, particularly in developing countries. By 2050, it is estimated that 68 percent of the global population will live in urban areas, meaning the use of resources in cities will rise.
34. **Unplanned, unsustainable urbanization poses several economic, environmental, and social challenges.** Urban sprawl, chronic traffic congestion, emissions, and toxic air pollution are critical issues in many cities which is overlaid with inequality and racial and socioeconomic injustices that are often more acute in cities. Globally, nearly a billion urban residents live in informal settlements without access to secure tenure, decent housing, or improved water and sanitation.<sup>21</sup> Climate change risks, including urban flood risks, sea-level rise, extreme heat, and water scarcity have differential impacts on urban population groups depending on factors such as gender, age, livelihood base, disability or migrant status, access to services, and income level. This could mean that poorer communities will increasingly be forced to live on land at risk of flooding as it becomes less valuable while they are priced out of other locations.<sup>22</sup>
35. **Transitioning to more sustainable urban forms will be critical to accelerating climate action while increasing equity.** Cities can be developed and built more densely and compactly which can significantly reduce their carbon footprints, provide equitable access to services and reduce effects of unplanned urbanization including informal expansion and settling into hazard-prone areas. Through more efficient growth, densification, and transit-oriented development, effective urban transportation planning can reduce total kilometres travelled and help shift travel from motorization to more efficient and equitable modes of public transport. Cities can be drivers and champions of sustainability innovation as they are often hosts to progressive movements and alliances pushing for sustainable development.<sup>23</sup>
36. If planned well and in consultation with marginalized and vulnerable communities, compact and resource-efficient cities could deliver new growth and employment opportunities while contributing to resilience, local livability, and global health and environmental benefits. There are numerous challenges to overcome in these complex, highly populated settings, which can make it challenging to map stakeholders and identify marginalized groups. Cities’ intricate and overlapping policy, technological, and social structures make it difficult to model and understand distributional impacts of change processes. There is also a risk that a lack of financial and technical resources, exacerbated by the COVID-19 crisis, could hamper ambitions to design and implement sustainable, just urban development plans.

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<sup>18</sup> UN DESA, (2018). [Revision of World Urbanization Prospects](#)

<sup>19</sup> World Bank, DataBank, <https://data.worldbank.org/> (Accessed, May 2021)

<sup>20</sup> UN-HABITAT, <https://unhabitat.org/topic/climate-change> (Accessed May 2021)

<sup>21</sup> The New Climate Economy, (2018). [Unlocking the Inclusive Growth Story of the 21st Century – Accelerating Climate Action in Urgent Times – Cities.](#)

<sup>22</sup> IPPR Environmental Justice Commission, (2020). [Faster, Further, Fairer: Putting People at the Heart of Tackling the Climate and Nature Emergency](#)

<sup>23</sup> Just Transition Research Collaborative, (2018). [Climate Justice from Below: Local Struggles for Just Transition\(s\)](#)

### **Industrial transition:**

37. **As one of the leading sources of increases in GHG emissions globally, industry faces immense pressures to lower emissions through energy efficiency and optimized use of materials and locally available resources.** Industry may become the single biggest source of GHG emissions in less than a decade. Energy-intensive industries, such as cement, steel and petrochemical processing, need to reduce energy and process emissions while managing existing pressures, such as complex international supply chains, global competition, high costs of fossil fuels. These pressures present a risk for many sectors that could fall behind in the transition to a green economy.<sup>24</sup>
38. **The growth of industrial GHG emissions is expected to come from non-OECD countries** and, despite the significant potential for energy efficiency, the industrial sector has proven to be hard to abate. Policy support and funding for innovation will play a pivotal role in reducing emissions abatement costs for industries; otherwise, companies may decide to move to countries with weaker environmental regulations and targets, keeping global net emissions the same and worsening potentially negative impacts in weaker states.<sup>25</sup> Meanwhile, industries are also exposed to the impacts of climate change, including extreme weather conditions, water and other resource scarcity, lower employee productivity, and disruptions to supply chains.
39. **While the industrial sector is broad and complex, especially when also considering supply chains, there are opportunities to seize.** Early and accelerated action will prevent the locking-in of inefficient technologies in today's industrial capacity additions and avoid additional investments in high-polluting process technologies in the long term. Investment decisions made now need to put industries firmly on a low-carbon path to avoid locking in unsustainable manufacturing that will drive up emissions far into the future, make them less competitive, and likely strand workers and communities. Investing in low-carbon solutions now is part of ensuring minimal impacts for workers and communities that service those industries. There are many investment opportunities to improve manufacturing efficiency, maximize the use of locally available resources, cultivate local suppliers to contribute to green industrial growth, and optimize materials use and increase climate resilience of industrial assets and communities.
40. **The progressive phasing out of carbon-intensive and extractive industries will present particular challenges for many traditional industrial regions** because they are frequently characterized by weak economic diversification and firms operating in carbon-intensive sectors often count for a large share of employment,<sup>26</sup> both as direct employers but also indirectly due to the dependence of local small businesses and service industries on major local industrial facilities. New opportunities for workers can be stimulated through investments in green technologies and green business opportunities. In the context of industrial transition, it is important that policies promoting new job creation, innovation diffusion, entrepreneurship, and environmental and energy transitions are as inclusive as possible.

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<sup>24</sup> IPPR Environmental Justice Commission, (2020). [Faster, Further, Fairer: Putting People at the Heart of Tackling the Climate and Nature Emergency](#)

<sup>25</sup> IPPR Environmental Justice Commission, (2020). [Faster, Further, Fairer: Putting People at the Heart of Tackling the Climate and Nature Emergency](#)

<sup>26</sup>OECD, (2019). [Regions in Industrial Transition : Policies for People and Places](#)

### **Agriculture, Forestry and Other Land Use Transition:**

41. **The IPCC identifies a wide range of mitigation measures that may be pursued to reduce the contribution of agriculture and other land use to climate change which contribute an estimated 23 percent of total anthropogenic GHG emissions (2007-2016).**<sup>27</sup> These range from changes in production methods for managing soils and growing crops to afforestation and reforestation programs, dietary changes and tackling food loss and waste, and ecosystem conservation.<sup>28</sup>
42. **However, if applied at the scale needed to dramatically cut GHG emissions, some of these mitigation approaches could increase competition for land, and thus exacerbate land conversion and/or disrupt the livelihoods** of many millions of people globally who today work in agriculture (which accounts for around 25 percent of global employment<sup>29</sup>, 90 per cent of it informal<sup>30</sup>) or who depend on access to forests for livelihoods or cultural purposes. Meanwhile, two billion people are still food insecure and food systems and farmers – many of them women<sup>31</sup> - are struggling to cope with the erratic rainfall patterns, droughts, floods, landslides, cyclones and rising sea levels brought on by a warming planet.
43. **While our agricultural systems need to be transformed, this transformation must also be promoted in such a way that small-scale farmers, farm labourers, and communities who are today already marginalized or excluded from the benefits of land resources, are not left behind.** Approaches that ensure adequate social protection systems are in place, seek to ensure workers and farmers continue to have decent livelihood opportunities, and pursuing opportunities in climate-smart agriculture, can generate good jobs, improve food security, drive climate solutions and secure buy-in for change.
44. **Forests support 25 per cent of the world’s population and are a vital natural solution to climate change.**<sup>32</sup> **But they’re being lost at an alarming rate.** The drivers of deforestation are many and relate to specific land use plans and practices but also to broader issues including economic conditions (e.g. levels of poverty), education standards (e.g. level of literacy), land tenure, demand for timber among others. A just transition to more sustainable practices will therefore require policy alignment between different sectors, i.e. forestry, agriculture, mining, industry, energy, and conservation. A focus simply on forestry policy, for example, will neglect some of the key inclusion and distributional issues that need attention.
45. **The ways in which under-represented and marginalized groups, such as Indigenous Peoples and Local Communities, are able to access resources, including forests, is another critical component of the just rural transition.** Climate initiatives that affect access to or use of land and resources are always contentious, since land is the basis of subsistence livelihoods for many people, especially in developing countries where informal work in the forestry and agriculture sectors is predominant<sup>33</sup> and includes illegal workers and migrating laborers. It means people are highly vulnerable to rapid and deep land-use change. At the same time, many initiatives

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<sup>27</sup> IPCC, (2019). [Climate Change and Land, Summary for Policymakers](#)

<sup>28</sup> IPCC, (2018). [Special Report: Global Warming of 1.5C, Summary for Policymakers](#)

<sup>29</sup> World Bank, DataBank, <https://data.worldbank.org/>, (Accessed, May 2021).

<sup>30</sup> OECD, ILO, (2019). [Tackling Vulnerability in the Informal Economy](#).

<sup>31</sup> UNFCCC (2019a). 'Paris Climate Change Conference - November 2015'. <https://unfccc.int/process-and-meetings/conferences/past-conferences/paris-climate-change-conference-november-2015/parisclimate-change-conference-november-2015>.

<sup>32</sup> IUCN, Issues Brief, <https://www.iucn.org/resources/issues-briefs/deforestation-and-forest-degradation> , (Accessed, June 2021)

<sup>33</sup> ILO, (2018). [Women and men in the informal economy: A statistical picture. Third edition](#)

have proven that if done in ways that prioritize inclusive decision-making, supported by strong and coherent policy and institutional structures, initiatives to restore forests, degraded lands, and coastal zones can mitigate and boost resilience to climate change while addressing other societal challenges by providing environmental, social, and economic benefits. It is estimated that protecting natural ecosystems by shifting to more sustainable forms of agriculture and forest management, combined with strong forest protection, could deliver over USD 2 trillion per year of economic benefits, generate millions of jobs (mainly in developing countries), improve food security, and deliver over one-third of the climate change solution.<sup>34</sup>

## 5. Building blocks for supporting a just transition

46. **The complexity, inter-connectedness, and extensive scope of efforts related to implementing a just transition can lead to confusion, or worse, inaction.** Some of these complexities, are illustrated in Box 2 by summarizing a few of the barriers and drivers to a just energy transition in India (for more details please read to CIF’s case study *Supporting Just Transitions in India*.<sup>35</sup>
47. Applying principles of social inclusion and distributional justice to inherently complex low-carbon transition efforts is a challenging prospect for any country or jurisdiction, especially those that are resource constrained. Key challenges include access to long-term planning; identification of and support for economic diversification; allocation of resources of just transitions; and development of inclusive platforms for cross sectoral and multi-level dialogue. Identifying and addressing such challenges requires focused support. Without a just transition focus to this support there is a real risk that climate policies will lack the broad multi-stakeholder buy-in and implementation needed to achieve the urgent changes needed.<sup>36</sup>
48. This section aims to summarize some of the building blocks for a just transition as relevant to policy makers and practitioners, based on extensive research conducted by the CIF Administrative Unit. The review of literature, project documents, and interviews, which informed CIF’s global papers and case studies in South Africa and India, have provided a number of high-level insights into supporting just transitions, from which we have developed this non-exhaustive list (See Table 1) .

**Table 1: Just Transition Building Blocks**

	<b>Building Blocks</b>
<b>Upstream (Planning)</b>	<ul style="list-style-type: none"> <li>• Impacts modelling</li> <li>• Political economy analysis</li> <li>• Regional planning</li> <li>• Financial disclosures</li> <li>• Programmatic and collaborative planning</li> </ul>
<b>Downstream (Implementation)</b>	<ul style="list-style-type: none"> <li>• Creating decent jobs and skills development</li> <li>• Expansive social safeguards and protections</li> </ul>

<sup>34</sup> NCE, (2018). [Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action In Urgent Times](#) based on AlphaBeta (2016). Valuing the SDG prize in Food and Agriculture: Unlocking business opportunities to accelerate sustainable and inclusive growth; Champions 12.3 (2017), *The Business Case for Reducing Food Loss and Waste*; Griscom, B.W. (2017), Natural Climate Solutions. Proceedings of the National Academy of Sciences of the United States of America.

<sup>35</sup> Climate Investment Funds, (2021). [Supporting Just Transitions in India](#)

<sup>36</sup> A. Atteridge, C. Strambo, (2020). [Seven principles to realize a just transition to a low-carbon economy](#)

	<ul style="list-style-type: none"> <li>• Place-based investments</li> <li>• Economic diversification and regional focus</li> <li>• Inclusive stakeholder consultations and empowerment</li> </ul>
<p>The extent to which the above building blocks trigger deep and just change can depend on the <b>transformative intent</b> behind their deployment. A <b>transformative intent</b> implies going beyond the status quo and bringing about structural change as needed for a just and ecologically sustainable society. This can imply overhauling existing unfair social and economic structures and bringing together stakeholders to reimagine the future, as opposed to making changes around the edges through sectoral reforms.</p>	

*Note: these building blocks cut across sectors, but specific actions must consider individual country and local contexts.*

### Upstream

49. *Impacts modelling*: This helps understand numerous net benefits and burdens on workers and communities in the context of a transition. There are multiple barriers to and drivers of transitions, suggesting that such detailed, broad systems-level modeling of the impacts is needed. These impacts can span multiple sectors and populations. Without a detailed understanding of the benefits and costs, the actions taken may prove to be inadequate and/or the costs or benefits may be unevenly spread or fall heavily on certain groups. Modelling can help identify, for example, the indirect impacts of sectoral changes on formal and informal labor, Indigenous populations, or women and children. It can help identify impacts by income, gender, and education, and can also draw attention to the geographic distribution of impacts because, in many instances, negative impacts will be disproportionately felt in specific regions while the benefits may take place in different regions. A regional, consultative assessment of these distributional impacts should be complemented by a centralized or national process to pinpoint how impacts will play out across regions.

*There are a number of key questions to consider when designing impacts modelling:*

- *Does impacts modelling consider broad impacts across geographies and value chains?*
  - *Does impacts modelling account for both formal and informal labor in calculations of impact, and include gendered impacts?*
  - *Are impacts on historically marginalized communities such as indigenous peoples and divisions across race, gender, social class, considered in a way that recognizes their rights to land, livelihoods, safety and social protection?*
50. *Political economy analysis*: This helps highlight the most salient political, economic and social factors that impact decision making. This includes the influence of formal and informal institutions, power relations between actors, pervasive ideologies and beliefs, and economic and political interests. As governments manage competing economic demands with limited resources, short-term political interests and mandates can lead to the neglect or undermining of long-term objectives. For example, political leaders tasked with supporting ambitious climate action are also responding to interest groups within the economy (industry, labor) and to broad economic objectives like employment and revenue generation. This might constrain their ambition for tackling climate change (or even for planning ahead so that communities that will inevitably be affected in the future are supported in this transition), leading to considerable

apprehension, delay, and challenges posed by vested interests and those with power. There is need to identify and develop strategies to manage these power-dynamics upfront and map out the different elements of political economy that might hinder, or support, progress.

*Key questions:*

- Is there equal representation across all groups in decision-making? Whose voices are heard more and whose less, and why?
- Whose interests and future goals are best served by the status quo? Who is left out of decision-making and beneficial outcomes under a status quo scenario and why?
- Are short-term gains conducive or contradictory to long-term gains for the most marginalized groups? Why is this and what action is needed to reconcile short- and long- term goals and action?

51. *Financial disclosures:* Financial disclosure reporting by public and private sector organizations is a mechanism to improve and increase transparent reporting of climate-related financial information. By using frameworks, such as those of the Task Force on Climate-related Financial Disclosures (TCFD), strategy and scenario planning, and risk management tools, there is an opportunity to improve and increase transparent reporting of climate-related risk. To better support a just transition, this information needs to include, for example, an assessment of employment impacts (direct, indirect, induced, informal), skills development, occupational health and safety, and social protection standards. Moreover, social dialogue assessments that disclose who was consulted in the investment processes and how stakeholders were given meaningful roles in decision making and own the vision and outcomes needs to form a part of disclosures.

*Key questions:*

- Are climate-related risks and opportunities identified over the short-, medium-, and long-term, and are these risks disaggregated across different groups of people?
- Are the processes for identifying and assessing climate-related risks socially inclusive and transparent?
- Is there a metric to assess climate-related risks and opportunities and are the targets socially inclusive and transparent?

52. *Programmatic and collaborative planning:* The upstream planning for a just transition needs to involve multiple agencies, government departments, and stakeholders at the local, national, and regional levels. The focus needs to not just be on specific projects, but a cohesive plan at the programmatic level that takes into account macro- economic, multi-sectoral and social implications of the transition. Systems-level modeling and particularly political economy analysis as described above can help inform decisions on who needs to be involved in transition planning dialogues. Making these planning processes transparent and participatory, with special emphasis on creating opportunities to empower marginalized groups (including, but not limited to, informal workers, local communities, Indigenous Peoples, and migrant workers) to voice their concerns and solutions in upstream planning, can substantially help a just transition. Most countries lack platforms to allow such collaborative and transformative planning to take place across ministries, actors and sectors. In some countries, there are proposals to set-up



such commissions, committees, platforms, or other special purpose entities, but in most places the process has been slower than needed.

*Key questions:*

- Which national policies support social inclusion and dialogue to inform and shape transition processes and are these policies operationalized through sufficient support for marginalized groups to participate and influence outcomes?
- Were social partners able to influence the outcomes of transition planning and action?
- Were social dialogue processes transparent, accessible, representative, and timely so as to lead to meaningful input?
- How do the main goals of different groups involved in the planning process align or not?
- Are there barriers that prevent certain groups from being able to participate in the planning process, and what might be done to change this?
- What kind of mechanisms exist locally to ensure local voices are heard, and can they influence outcomes relating to the design of just transition interventions?

**Downstream**

53. *Creating decent jobs and skills development:* Several studies have found that the net impact of environmental policy measures on employment will be positive.<sup>37</sup> However, there is a need to create employment that delivers fair income, workplace security, and equal opportunity for men and women. Changes associated with climate policies will disrupt the lives of workers and communities across regions, so new jobs created in, for example, clean energy or reforestation will not necessarily be available to those who will be impacted negatively by these changes. Consequently, skills development is central to supporting a just transition. This means reskilling opportunities for existing workers in activities and industries that are being phased out. It also means proactively developing the skills needed for the emerging sustainable economy (some of which will be in innovative or untried technologies and processes for which there may be skills shortages). Systematic support should anticipate the skills development needs for emerging sectors that contribute to the low-carbon economy.

*Key questions:*

- *Will there be the creation of new and decent jobs over the short and long terms, considering for example, average salary, and health and safety? How many of these jobs will make use of existing worker skills?*
- *What new skills will be needed and what is the strategy to build these new skills?*
- *Will the employment opportunities be inclusive, gender-balanced, and available to underemployed and vulnerable populations? Will they be available to people living with a disability and other groups who tend to have lower labor force participation rates?*

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<sup>37</sup> IRENA, (2020). [The post-COVID recovery: An agenda for resilience, development and equality](#)  
United Nations, (2016). [Just transition of the workforce, and the creation of decent work and quality jobs.](#)  
IASS, TERI, CEEW, SCGJ, (2019). [Cobenefits study: Future skills and job creation with renewable energy in India.](#)  
IASS, CSIR, IET, Cobenefits, (2019). [Future skills and job creation through renewable energy in South Africa](#)

54. *Broader project-level social safeguards and protections:* Social safeguards and protections provide a mechanism to identify and mitigate (usually very localized) risks over the short, medium, and long runs of projects. Typical environment and social safeguards processes used by financiers are limited to impacts within and adjacent to specific project sites. They place limited emphasis on broader regional and national level impacts. Since the distributional impacts of low-carbon transitions are many and spread across sectors and geography, the purview of project-level safeguards needs to be expanded so that any significant negative impacts that may result from a specific project, in or beyond the actual project site, can be recognized and mitigated. Institutional protocols and frameworks that include social safeguards and protections at the local, national, and regional levels are needed. These could include for example cash transfers, subsidies, risk/unemployment insurance, etc.

*Key questions:*

- *Do existing social safeguards go far enough to cover vulnerable and excluded groups within and beyond project boundaries and throughout supply chains?*
- *Are there mechanisms to strengthen social protection systems over the short and long terms?*

55. *Place-based investments:* Place-based investment—or investing in regions as opposed to people or individual businesses to promote economic growth—are important as a means of channeling capital to areas that are especially impacted by the low-carbon transition. Some regions risk being left behind as the competitiveness of certain practices, industries, and businesses is eroded, leading to acute challenges in terms of employment, wealth, and social well-being. A growing number of public and private investors aim to counteract this problem by helping affected regions develop region-specific plans for sustainable development. These are attractive because they allow for more community participation and support a tailored approach to the local economic, social, and political context. They also emphasize vulnerable groups and inclusiveness through community engagement and dialogue.

*Key questions:*

- *Are vulnerable sectors, assets, and groups (as well as the mechanisms that are likely to affect them) identified in the place-based investment plan? This helps to target elements of the place-based development plan toward tackling the most vulnerable.*
- *Do place-based plans identify opportunities to tap into opportunities in regional or national plans?*
- *Are actions identified that will have the greatest impact on job creation and spur innovation and other positive spillover effects?*
- *Is there a clear understanding of the investment needs and current capacity as well as the educational attainment and skills essential to make plans a reality?*
- *Are sector-specific histories and associated community identities of the region understood and accounted for in the plan?*

- *Are the environmental legacies of declining industries (i.e., those associated with a high-carbon economy) identified and mechanisms proposed for addressing these, in line with the polluter pays principle?*

56. *Economic diversification*: Opportunities for economic diversification in the areas affected by transitions need to be identified and supported. Many of these areas have had their development stunted by the dominance of existing industries and practices and, as such, developing new economic opportunities will require substantial imagination and support. These opportunities could include investing in clean energy technologies, energy efficiency, carbon capture and storage, education and re-skilling, and promoting sustainable tourism. These opportunities can provide multiple co-benefits for job creation and improved livelihoods and may be closely related to place-based investment interventions. In addition, existing infrastructure, such as rail and road connections and other infrastructure, could be leveraged to support the development of new industrial sectors. By adopting a regional focus that supports repurposing and rehabilitating existing infrastructure and practices, economic diversification, and investments in built and ecological infrastructure, there is potential to create flagship examples of ‘just transition projects’ that can be replicated and scaled across regions. Components of these projects could include a local vision or plan, financial support, policy reform, labor availability, and re-skilling, and other considerations.

*Key questions:*

- *Are the positive and negative impacts and areas where impacts will be felt mapped comprehensively, including economic, ecological, and social impacts? This helps identify those places where local or regional transition plans (and investment) are most acutely needed.*
- *Do regional economic analysis, local planning, and visioning sessions identify new economic activity that is in line with social and environmental goals? Is there a clear understanding of the investments required to make these goals a reality? This helps identify the diversification opportunities that might be initially targeted for support.*

57. *Inclusive stakeholder consultations and empowerment*: Complex and uncertain transition processes require multiple levels of stakeholders working together to ensure just processes and outcomes during the planning phase and throughout implementation. Local- and national-level platforms that foster social inclusion are critical, including by building the capacity of marginalized stakeholders to influence just transition outcomes. Failure to do so can result in resistance and delays in response to potential overlooked negative impacts on local jobs and livelihoods. National government and global organizations such as MDBs can support socially inclusive processes to bring government, business, civil society, and labor groups (including informal labor and Indigenous land users) together to implement national- and local-level priorities that take into account risks to these groups.

*Key questions:*

- *Are there processes in place to ensure participation and empowerment of marginalized communities through the implementation of climate initiatives?*
- *Which groups can facilitate this participation, and are supportive processes and resources being tapped effectively?*

- *Are there platforms to ensure the voices of those most impacted by climate initiatives are continually heard throughout implementation, and are there incentives and monitoring systems in place to ensure this happens?*

## 6. The role and attributes of CIF and its MDB partners to support a just transition

58. To date, climate mitigation finance is channeled in ways that primarily focus on reducing GHGs rather than addressing some of the associated risks or negative impacts of low-carbon transition. There is an opportunity to re-think how to use climate finance to support transitions in priority high-emitting action areas and ensure that these transitions are just.
59. The MDBs recognise that the drive for deep and multi-dimensional change will inevitably impact different segments of society in diverse ways. In this context, they have committed to develop *'financing and policy strategies supporting a just transition that promotes economic diversification and inclusion'*.<sup>38</sup> Under the Joint MDB commitment on Paris Alignment, the MDBs are developing a package of Just Transition deliverables and commitments ahead of COP26. This includes a set of common principles and related commitments to supporting a just transition.
60. CIF is working closely with its partner MDBs to identify and harness their unique attributes that include convening power, expertise, and a scaled financial toolbox. This offers unique flexibility to engage in a more holistic way with just transition planning and implementation as compared to other actors. There is also an opportunity to harness these key attributes, especially at this pivotal moment when launching CIF's new programs. These key attributes include the following:
61. **Delivering scaled finance through tailored instruments and testing new, higher-risk approaches for just transition:** Significant levels of catalytic climate finance will be needed for initiatives that address low-carbon transition risks and opportunities in developing countries. MDBs have at their disposal a range of financial instruments and tools that can be drawn upon, including concessional loans, grants, guarantees, equity, policy-based lending, and intermediated finance.
62. Access to concessional finance will remain critical for de-risking initial investments; demonstrating at scale the viability of new approaches, business models, and technologies; and crowding in private and public investments that can help accelerate a just transition. Grant and concessional finance can also be used to support policy reforms, strengthening of social safety nets, and other elements that help ensure transitions are just.
63. Through CIF, MDBs can deploy resources at greater scale and in ways that systematically support a just transition through socially inclusive processes that seek to identify and address the distributional impacts of the transition. CIF's risk bearing capital and programmatic business model underpinned by the MDB's own capital and technical and policy support, could help

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<sup>38</sup> <http://www.ebrd.com/joint-mdb-statement-climate-finance>

unlock new and transformational approaches<sup>39</sup> that kickstart a just transition in high- and at-risk regions and sectors. Such activities include targeting more investment for low-carbon technologies that create employment and other economic opportunities toward specific geographic areas that will be most impacted and are least able to adapt to these changes (e.g., low income areas), supporting anticipatory skills development that can enhance employability, supporting economic diversification in impacted areas and communities, and ensuring access to the positive impacts of low-carbon and climate resilient transitions.

64. One example is supporting coal regions that are exploring decommissioning their existing coal assets nearing retirement or repurposing power plants, electric systems, and other infrastructure for future renewable energy or alternative uses such as green buildings. Many regions in developing countries lack the funds to bring these projects from the conceptual to bankable phase. CIF can help address funding gaps and take on first-move risks to pave the way for the inclusive development of coal transition strategies and associated kick-start projects. It can help build support at the local level to reconsider the development of new coal plants and accelerate retirement of existing coal assets together with new economic activities supported by new sources of energy.
65. **Technical assistance to build country-level capacity and develop transition plans:** MDBs have a strong track record of providing cross-sectoral expertise, structuring capabilities, driving policy reforms, mobilizing private capital, and creating markets. In the context of a just transition, this support can take two mutually supporting forms. First, they can help identify the impacts of the low-carbon and climate resilient transition, by geography or by sector, through inclusive dialogue. This will help partner governments, institutions, and MDBs to prioritize their own just transition approaches. Second, MDBs can support governments and relevant stakeholders in developing solutions for implementing policy and activities related to addressing the impacts identified. These activities can include skills development, vocational training, or capacity building. Such support will address several of the building blocks for supporting the just transition outlined in the previous section.
66. There is evidence that when large technology or infrastructure investments are twinned with technical assistance on planning and implementation, these can mutually reinforce one another<sup>40</sup>. Such technical assistance can take the form of upfront support for modeling transition scenarios and establishing sector roadmaps and regional transition plans. These plans could cover a wide range of potential issues, such as skills planning; infrastructure repurposing; rehabilitation of mines, rivers, surrounding forests, and agricultural lands; and planning for economic diversification. CIF has financed technical support for strengthening enabling environments, capacity building, pipeline development, and project preparation in countries worldwide. Through its new programs, CIF could support countries in the development of national and sectoral low-carbon and climate resilience roadmaps that embed just transition principles.

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<sup>39</sup> Bird N. Cao Y. & Quevedo A., ODI, (2019). [Transformational change in the Climate Investment Funds: a synthesis of the evidence](#)

<sup>40</sup> Dickman J. & Pitta E., (2020). [How Can Climate Finance Support COVID-19 Recoveries?](#)

67. **Convening power:** MDBs have a proven capability to convene key stakeholders and foster cooperation and coordination between providers of finance, government institutions, and affected workers and communities. They are well positioned to initiate and support inclusive cross-sectoral dialogues at the local, national, and international levels. CIF has demonstrated that this potential to convene inclusive and multi-layered government-led action is significantly magnified when multiple MDBs are engaged in a single project or program.
68. There are opportunities to consider more explicitly and systematically who is involved in these MDB-convened dialogues at all levels and across MDB operations to ensure that project planning and implementation is inclusive and considers the complex range of risks and distribution of gains and losses that can result from climate investments.
69. **Supporting leadership, coordination and inclusive action through a programmatic approach:** Transformational approaches to supporting just transition must take into account economic and region-wide impacts and empower national, subnational, regional, and local leadership to establish a shared vision of the future and mobilize resources that will assist affected regions and communities. A foundational mandate of the MDBs is to support countries develop and implement their long-term visions for sustainable economic development. They have a strong proven track record in setting and delivering these agendas, especially when linking transformative policy development and implementation with programmatic investments (upstream to downstream).
70. While a project-by-project approach can deliver some impact that support a just transition, project outcomes are more likely to be localized and not necessarily mutually reinforcing. A programmatic approach to planning and implementing climate investments is needed to realize a just transition.
71. CIF's investment plans are developed through coordination among government leaders, MDBs, the private sector, civil society, and Indigenous Peoples and Local Communities. Critically, these plans are supported by a scaled up, predictable, and flexible resource envelope and encourage readiness, learning, and review activities. This leads to the development of innovative programs and projects that are aligned to the country's national climate and development plans. It provides a unique platform for inclusive investment decision-making that is guided by strong institutional ownership and consideration of the economy-wide and regional distribution of gains and losses.
72. **Increasing knowledge and evidence base:** The expertise held by MDB staff and their ability to leverage external expertise with agility allows them to develop robust knowledge and evidence on what works and what does not to attain a just transition.
73. Using the MDB's knowledge networks and CIF's evaluation and learning apparatus, CIF and MDBs can develop practical toolkits, guidance notes, resource libraries, and case studies that support just transition efforts in-country. For example, CIF has developed an [online library](#) of key resources on just transition and produced case studies on [India and South Africa](#) which

explore key elements of a just transition in both countries and draw lessons on how CIF investments have interacted with just transition efforts in these countries.

74. **Recognizing and empowering marginalized stakeholders:** A just transition will require including marginalized groups in discussions and decision-making processes and enabling broad stakeholder participation to shape the outcomes of change processes. It is also important to ensure governance structures are in place to influence local, national, and international transitions.
75. CIF has piloted approaches that empower locally-led project planning and implementation that are conducive to inclusive decision-making processes. [The Learning Review of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities](#) (DGM) signaled that its approach to building capacities in communities and funding their projects led to more meaningful involvement of local communities as decision-makers and beneficiaries of land use transitions. More specifically, DGM has led to inclusive decision-making that can drive a fairer and more equal distribution of benefits in climate projects. This model is an important example of inclusive and locally led climate finance that could be scaled up and replicated to ensure those affected by transitions are driving them.
76. **Environmental and social safeguards:** MDBs' environmental and social safeguards and frameworks can help ensure transparency and continued support for a just transition in investments. Supplementing existing (extensive) safeguarding assessments and standard environmental and social due diligence activities can help ensure that investments avoid long-term negative impacts that may extend beyond traditional project boundaries. Such activities include safeguard extension across geographies, supply chains, and projects to ensure that benefits in one place do not harm another place.