



# **GIZ Just Transition Orientation Framework**

UNFCCC SB58 - Workshop on country-driven strategies for Just Transition  
and Economic Diversification – June 5<sup>th</sup> 2023 - Bonn

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## GIZ at a glance

- More than 50 years of experience in a wide variety of areas:
  - Sustainable Infrastructure: Water, Energy, Transport
  - Rural and Social Development
  - Economic Development and Employment
  - Governance and Democracy
  - Climate, Environment and Management of Natural Resources
  - Security, Reconstruction and Peace
  - Digitalisation
- We work in more than 120 countries, currently implementing more than 1400 projects.
- A workforce of around 25.000 colleagues, out of which more than 70% are national staff.



**GIZ's vision and long-term goal: We work to shape a future worth living around the world**

## Case for action

Climate change, biodiversity and environmental crises affect and threaten people's quality of life

Economic models and consumption styles must be realigned to combat the crises

The necessary transition to a climate-neutral and resource-efficient economy and way of life can create potential losers from an economic and social perspective

**Just Transition** addresses the fair and equitable design of the transition to a carbon-neutral economy and society

**How do we deal with the challenge?**

Joint effort between experts especially from the climate, energy, economic development and good governance departments

Our  
understanding  
of Just  
Transition



## JUST TRANSITION, as understood by GIZ, is...

...a socially just design of medium- and long-term structural changes, with the aim of setting up the economy, society and state in a climate- and environmentally friendly way.

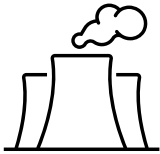
JT must respond to the following challenges:

- Significantly and equitably improve the living conditions of the population
- Drastically reduce the country's greenhouse gas emissions



# Key Principles

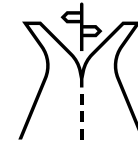
Climate impact - No „Just Transition“ projects without climate impact



Leave no one behind



Inclusive and transparent Processes of Decision Making – „nothing about us without us“



Tailor-made solutions aligned to the needs and capacities of partner countries



Making the potential of a transformation available to as many people as possible



Focus on particularly affected regions



Support services for just-transition processes should be long-term and flexible





# How can a successful Just Transition be recognized?

- **Subsidies** and incentives harmful to the climate are identified and dismantled
- Public & private **investments** in renewable energy / energy efficiency increase significantly, provide new income opportunities
- Expansion of alternative / 'green' **employment opportunities** through coordinated economic, social and labor policies
- Transition for workers is eased through **skills development** and expansion of **social systems**
- **Net employment gains** at national level despite job losses in certain regions / high proportion of good jobs, 'decent work'
- **Sustainable business models and production processes** are introduced by companies and change their energy mix
- Private and public **financial instruments** are available for JT
- Social **conflicts** can be resolved without violence
- Solutions have been developed for dealing with **sites** from coal mining and phasing out of fossil fuel extraction



# Thematic approaches

## 1. Policy framework for a sustainable economy and society

- Good governance, participatory legislation for Just Transition
- Economic structural change, transforming industries & business models
- Social dialogue, stakeholders' participation, compensation mechanisms
- Qualification for skills required by structural change

## 2. Sustainable Financing of a Just Transition

- Mobilization of national revenues & Tapping international climate finance
- Scaling up financing instruments: green government bonds, CO2 pricing
- Redirection of public and private financing flows into a Just Transition
- Foster interplay of public finance & private capital (regulation, incentives)

## 3. Energy Transition & Climate Protection for Economic Transformation

- Expansion of renewable energies & Increasing energy efficiency and access
- Phasing out fossil fuels & Development of a hydrogen economy
- Updating energy pricing policy
- Climate protection: advising policy makers on NDCs and LTS





## Methodical approaches

**Implementing multi-actor partnerships** to enable the participation of diverse stakeholders:

- We bring our experience in joint implementation with others, gained in networks and multi-actor partnerships, as well as in implementing in consortia with other implementing partners

**Multi-level approaches:**

- We work at the national, regional, and local levels, and also promote vertical collaboration
- Our advice on JT is comprehensive, including on political, economic, legal frameworks, strategies, roadmaps, but also on strengthening the capacity of key actors and designing processes with target groups

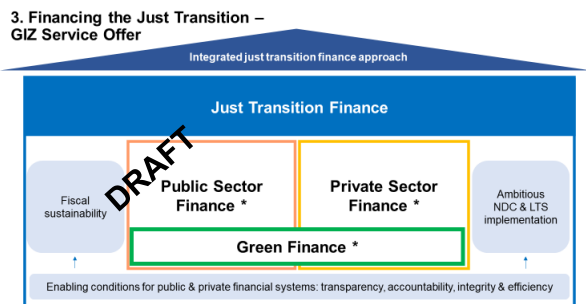
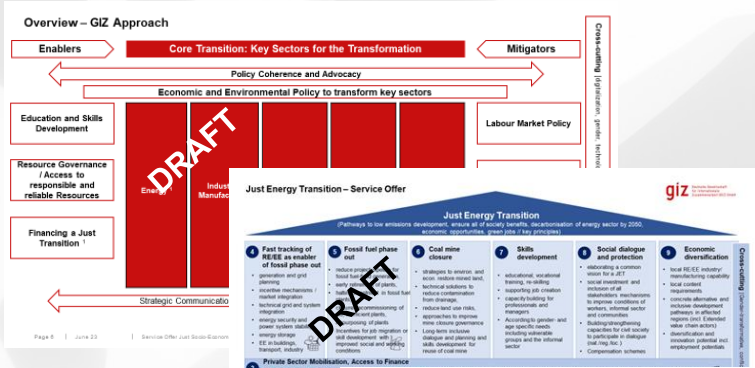
**Digital applications** to facilitate work and transparency

**Safeguards + Gender (S+G) management system.**



# Interdisciplinary service offers

(Drafts - currently under development)



\* see disclaimer Slide 12

# Challenges for a Just Socio-Economic Transformation of key economic sectors

Incoherent policy frameworks for transforming sectors



Key sectors not future-proofed: agriculture, energy, industry, mobility, construction



Resource- and carbon-intensive, linear production and business models



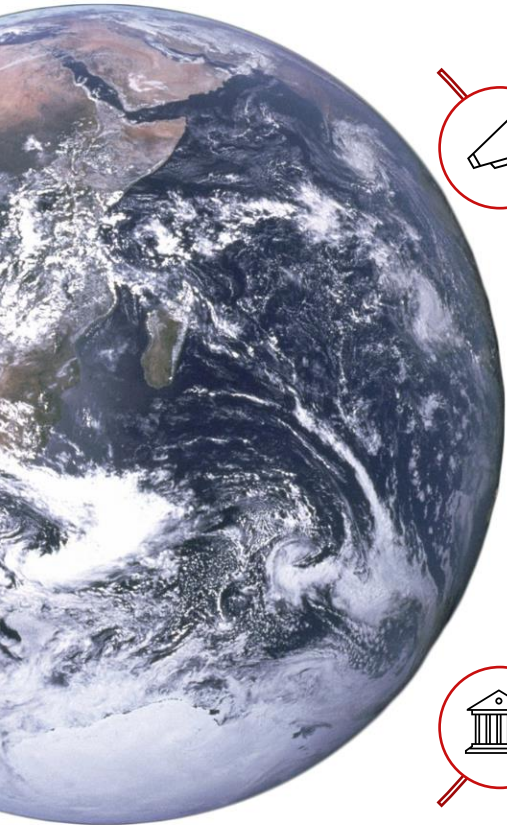
Lack of sustainable consumption patterns



Insufficiently skilled labour force



# Challenges for a Just Socio-Economic Transformation of key economic sectors



Unequal socio-economic participation and consultation



Missing participation of women and other disadvantaged groups



Insufficient social protection for workers and local communities



Limited access to green and Just Transition finance



Incoherent policy frameworks and incentive structures for private investment

## Just Transition and Economic Diversification:

- Are both long term, complex processes of economic structural transformation
  - Increased need for policy coherence - more participation and cooperation among stakeholders
- Not possible without greater access to clean energy & boosting energy and resources efficiency
  - Economic diversification should mean more than moving across economic sector
- Require skills development, technology transfer and sustainable and inclusive business models
  - Essential to decarbonising while increasing decent employment and income opportunities
- Benefit from the smart deployment of regional and local economic development strategies
  - As both mitigator of adverse effects for a JT and as an enabler of ED
- Are unique processes in every country and yet benefit enormously from sharing experiences
  - Global challenges call for scaling up international cooperation



Thank you!