

What if the Transition is
perceived as not Just?



People's fear of Social,
Economic and Labor
Market Consequences!

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Outline

1. A Transition perceived as NOT Just
2. Assess impacts first
3. Design policies second



Why, despite IPCC warnings CO2 keep rising, e.g last minute change on coal?



Government fear climate action slows GDP, cause job losses!
People fear higher energy costs!



Fear transition is NOT Just



- Global CO2 rose by 6% highest ever level 2021
- \$440 billion fossil subsidy vs \$42 renewable

**Government stick to 'old belief of growth theory'
Social backlash notably of the poor**



Irrational behaviour? Energy – Inequality Paradox

So it is irrational! Climate Action (price on Carbon/Energy) falls on rich!

No Problem

**But the poor spend up to 50% of
income on energy!**

The rich less than 10%

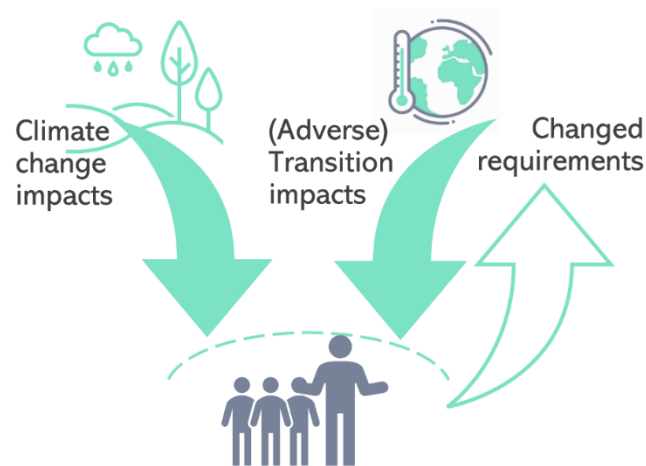
Risks of the transition for people and Government

At individual level:

- ▶ **Affordability**
- ▶ **Labour market effects**
- ▶ **Impacts on health**

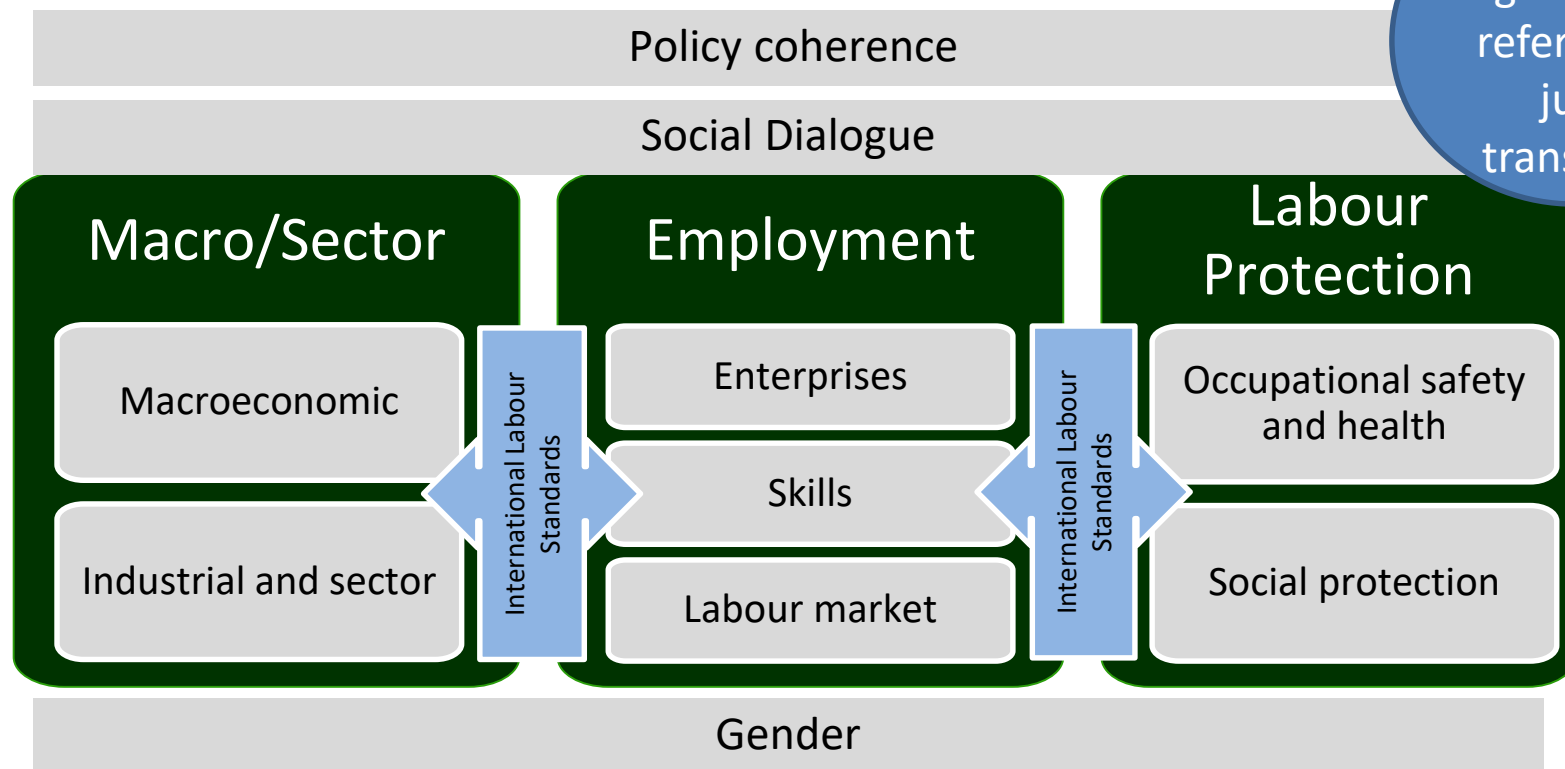
At economy/government level:

- ▶ **Revenues and GDP**
- ▶ **Sectors affected directly: electricity, transport, housing, industry, land use**
- ▶ **Political economy, vested interests**



ILO Guidelines for Just Transition

Paris Agreement refers to a just transition



Turn risks of transition into GDP growth, Job creation and reduced Inequality



Social dialogue

South Africa 8.5 bn \$ Just Transition Partnership

- Based on Government, business and labour engage in JT Council

Germany

- falsely called Coal Commission for phaseout!
- Commission on Growth, Structural Change and Employment creation

France (Grenelle), Spain (Kyoto), etc.



Social Protection



▶ India: NREGA

- US\$ 8 bill (only ~ 0.4% GDP)
- Benefit 59 million hh
- Adaptation, irrigation, reforestation



▶ Coal phaseout (Germany)

- Building on existing social protection mechanisms, providing predictability and regularity
- Combination of unemployment protection and support for labour market integration to provide time and resources for e.g. reskilling



▶ Strategy to Combat Energy Poverty (Spain)

- Combining protection of vulnerable households and energy-efficient housing
- Reinforced by IMV/guaranteed minimum income scheme



Skills training

Germany Electric Vehicles Apprenticeship Program 'Faculty 73'

- the car industry employs 830,000
- 1.3 million indirectly.
- Digital & electric switchover vary from 180,000 to 288,000

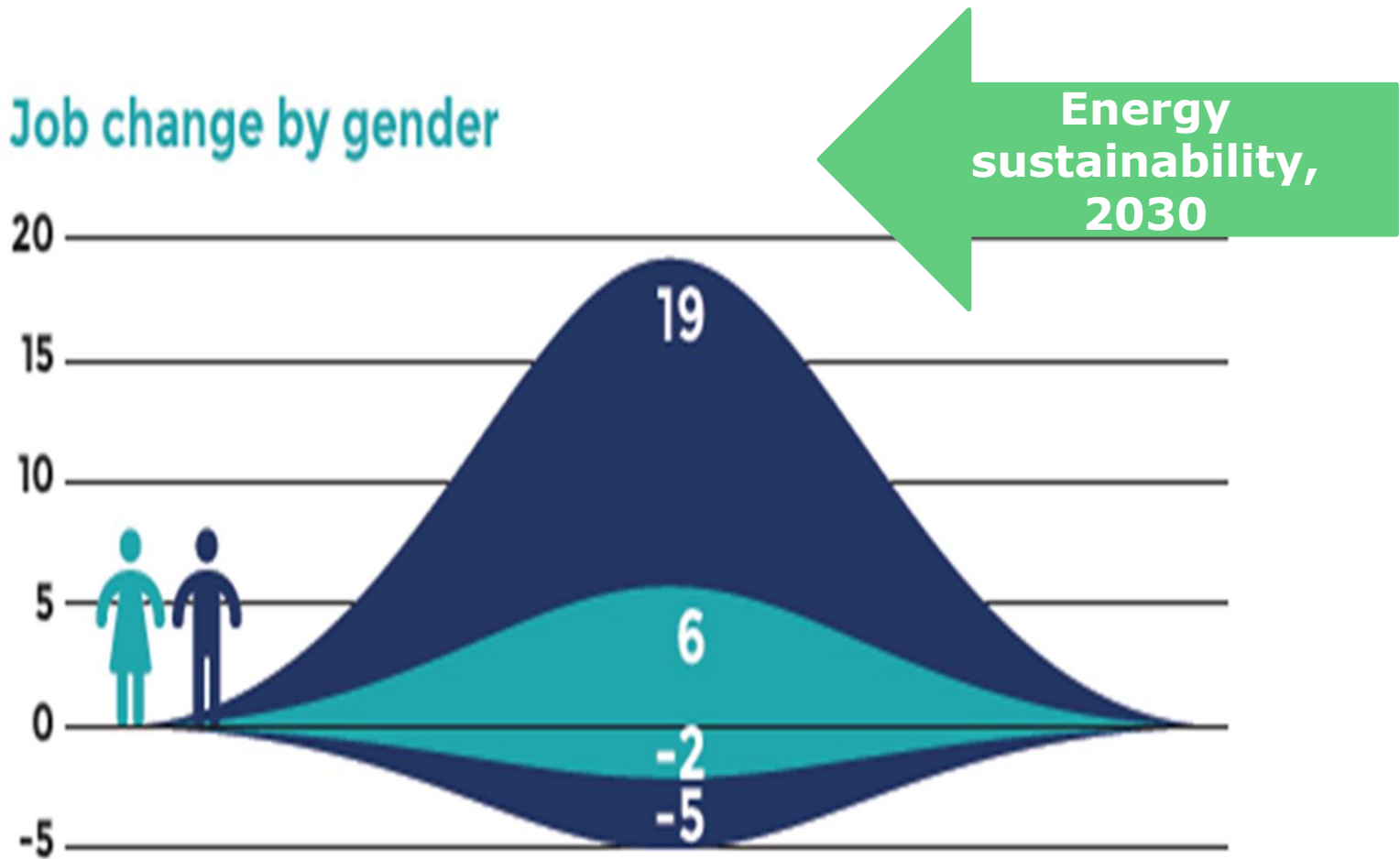
Bangladesh Gramen Shakti 'Solar System'

- 1.8 million systems installed
- 150,000 Jobs created



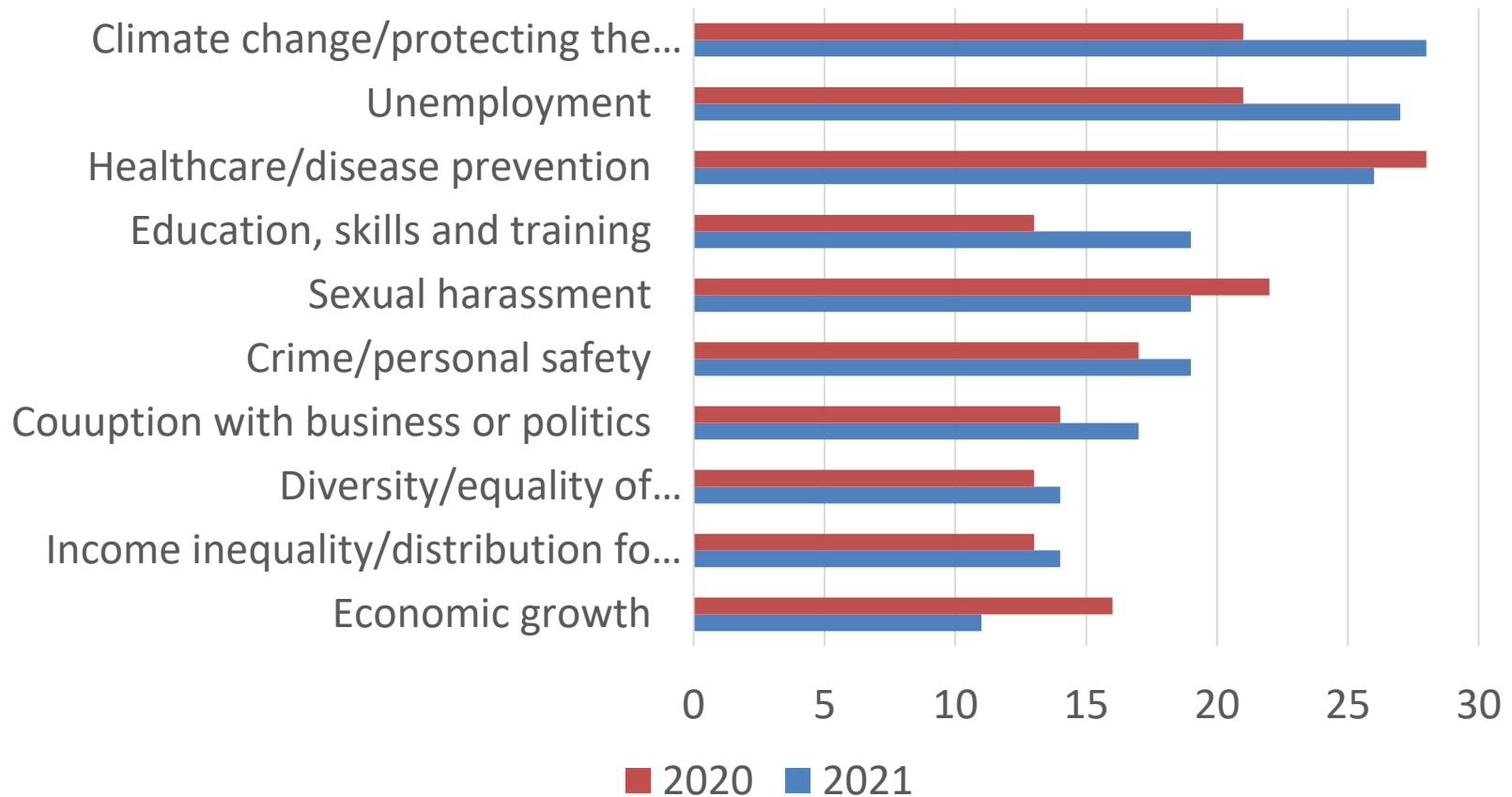
Gender outlook in the transition

Job change by gender



Generation Z Outlook of Transition

Top concern



Note: Generation Z is defined as those born between Jan 1995 and December 2003 (thus aged around 17 to 25). Survey based on 8,273 respondents from 45 countries across North America, Latin America, Western Europe, Eastern Europe, the Middle East, Africa and Asia-Pacific.
Source: Deloitte Global 2021 Millennial and Gen Z Survey (2021).



Finance a Just Transition

Germany fiscal neutral Jobs – Energy tax reform

- 1999 fiscal neutral energy tax reform to tax fossil, lower social security contributions
- 250,000 jobs created
- 2 % cut in CO2 emission



Legislation on Just Transition



EU Cohesion Policy 2021-2027 Just Transition Fund

Agreed: 10/12/2020



EUR 17,5 billion

#EUinmyRegion

Priorities

Alleviate major social and economic costs
in regions with carbon intensive industries



Support transition towards climate neutral economy
by 2050 within the Green Deal



Support diversification of local economies, create new jobs and reskill affected workers



CLIMATE ACTION 4 JOBS

- Coalition of 48 countries
- Advisory Board, Technical Group and Partners, incl. UN
- A 5 year country support strategy on Just Transition
- NDC support in Argentina, Colombia, Costa Rica, Côte d'Ivoire, Dominican Republic, Nigeria, and Trinidad and Tobago.

Recommendations to Government who ask:

What is the 'social cost' of Just Transition?

Wrong Question!

NOT a cost is investment!

Return on investment:

- Productivity led growth through skilled workers
- Competitive advantage through structural change
 - Reduced inequality social cohesion!!

Financing Progressive Climate Tax for rich



Thank you

