

## **TUNGO Submission**

14 August 2023

### **UNFCCC**

#### **Seventh technical expert dialogue under the ad-hoc work programme on the new collective quantified goal on climate finance**

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##### **The qualitative scope of the goal**

The principles of just transition, including social dialogue, and stakeholder engagement, are a critical qualitative element of the new collective quantified goal (NCQG).

TUNGO defines just transition as follows:

*A just transition secures the future and livelihoods of workers and their communities during the transition to a low-carbon economy effectively limiting global temperature rises to 1.5C above pre-industrial levels.*

*Just Transition plans should be co-created with workers and their trade unions to provide and guarantee decent work, social protection, training opportunities and job security for all workers affected by global warming and climate change policies.*

*Plans must be underpinned by the fundamental labour rights of freedom of association and collective bargaining and facilitated through social dialogue between workers and their unions, employers and governments as established by the ILO.*

*A just transition requires guarantees for intra-, intergenerational and gender equity, racial justice, respect for the rights of indigenous peoples, impacted communities and migrants and promotes and protects human rights and ILO fundamental labour rights.*

There are two important points here in terms of how the NCQG should align with just transition principles.

Firstly, climate finance flows under the NCQG must align with the principle of social dialogue between workers, governments, and employers, underpinned by fundamental labour rights, as such flows will ultimately impact upon the workplace.

Secondly, climate finance flows under the NCQG should also align with the principle of stakeholder engagement will all affected communities, where stakeholder engagement is both distinct from, and overlapping with, social dialogue (noting that just transition involves protecting the rights of the affected communities both *within* and *beyond* the workplace).

**There are three reasons why it is important to align the NCQG with just transition principles**

**Firstly**, the integration of **just transition principles** is fundamental for **improving the outcomes** of the projects and activities funded by climate finance. The effective delivery of climate focused projects, whether they are for the purposes of mitigation, adaptation, or loss and damage, is directly reliant on effective social dialogue in the workplace and effective stakeholder engagement with all affected communities.

**Social dialogue** and **stakeholder engagement** create an **enabling environment** for workers and affected communities as co-creators of climate solutions. Workers have important experience, expertise, skills and that employers and governments must draw on, and which are often ignored. The voice of workers needs to be taken into account all the way from the high level decision making bodies through to the workplace context. There are more than 3 billion workers globally, and they will be the everyday problem solvers for climate solutions.

**Secondly**, social dialogue and stakeholder engagement are essential to ensure that workers and other affected communities are **protected from the potentially harmful impacts of climate finance projects and activities**, including job losses, increased financial burdens, risks to occupational health and safety, the erosion of decent work and opportunities for young workers, and gender and race discrimination. This is both about respecting the human rights of all affected groups as well as ensuring the fundamental viability of these activities, as they will rely on social cohesion and building social and economic equality.

**Thirdly**, the NCQG should align with **previous decisions of UNFCCC bodies, other UN bodies, and other intergovernmental bodies** that recognise the importance of just transition principles for effective climate action.

The first major decision on just transition in the UNFCCC was the Paris Agreement, which calls for a ‘just transition of the workforce and the creation of decent work and quality jobs’<sup>1</sup>.

Within the UNFCCC, the importance of just transition was further elaborated by the COP26 Presidency’s declaration ‘Supporting the conditions for a just transition internationally’<sup>2</sup>, and also the decision of CMA 4 at COP27 (the Sharm El Sheik Implementation Plan), which ‘[a]ffirms that sustainable and just solutions to the climate crisis must be founded on meaningful and effective social dialogue and participation of all stakeholders’ and calls for the establishment of a just transition work programme<sup>3</sup>.

The UNFCCC Standing Committee on Finance (SCF) has also recognised the importance of linking climate finance to just transition, as the link between the quality of climate finance flows and stakeholder engagement was explored in depth at the SCF Forum on Just Transition in July 2023.

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<sup>1</sup> [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf)

<sup>2</sup> <https://webarchive.nationalarchives.gov.uk/ukgwa/20230313132211/https://ukcop26.org/supporting-the-conditions-for-a-just-transition-internationally/>

<sup>3</sup> [https://unfccc.int/sites/default/files/resource/cma4\\_auv\\_2\\_cover\\_decision.pdf](https://unfccc.int/sites/default/files/resource/cma4_auv_2_cover_decision.pdf)

Within the wider UN system, the International Labour Organization (ILO) has also emphasised the importance of just transition for climate action.

The resolution of the 2023 ILO International Labour Conference (ILC)<sup>4</sup> states that ‘The prospective gains from addressing the environmental crisis **are not automatic unless they are based on a just transition**...Transitions need concerted efforts and must be planned and structured in a way that addresses employment losses, decent work deficits, inequality and sectoral and educational misalignments.’ (emphasis added)

Furthermore, the resolution states that it is one of the ‘Guiding Principles of Just Transition’ that it ‘should be based on effective social dialogue, respect for fundamental principles and rights at work, and be in accordance with international labour standards. Stakeholder engagement is also important’.

The ILC resolution emphasises the importance of explicitly **aligning climate finance with just transition standards**, stating that it is the role of governments, employers, and workers’ organisations to ‘mobilize sustainable, affordable, predictable and long- term finance from public and private, domestic and international sources, and **aligning public and private financial flows and public procurement to the objectives of a just transition;**’ (emphasis added).

The focus on just transition at the 2023 ILC builds on previous work by the ILO , including the 2015 *ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all*<sup>5</sup> and the 2022 *ILO Just Transition Financing Tool for Banking and Investing Activities*<sup>6</sup>.

In the wider intergovernmental system, the Multi-lateral Development Banks (MDBs) have established a High Level Working Group on Just Transition. Furthermore, the Green Climate Fund is currently developing its own just transition policy.

Given these previous decisions and commitments linking just transition with both effective climate action and effective climate finance within the UNFCCC, wider UN, and wider intergovernmental system, it is important that the NCQG aligns with just transition principles.

### **Specific recommendations on governance principles and arrangements for aligning the NCQG with just transition principles**

Social dialogue and stakeholder engagement arrangements should be included at the feasibility, implementation, and evaluation stages of climate finance activities and projects.

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<sup>4</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_885375.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_885375.pdf)

<sup>5</sup> [https://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/@emp\\_ent/documents/publication/wcms\\_432859.pdf](https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_432859.pdf)

<sup>6</sup> [https://www.ilo.org/empent/areas/social-finance/publications/WCMS\\_860182/lang--en/index.htm](https://www.ilo.org/empent/areas/social-finance/publications/WCMS_860182/lang--en/index.htm)

It is acknowledged that arrangements will vary according to context. For example, certain governance arrangements will be more appropriate for grant based finance and other government to government (public – public) flows, and other will be more appropriate for project finance (both public – public and public – private) flows.

However as a general principle, the following governance arrangements should be included in all flows under the NCQG.

At the **feasibility stage**, climate finance projects should conduct labour impact assessments and stakeholder impact assessments to identify potential implementation risks and the risk of harm to workers and other affected communities.

At the **implementation stage**, there should be effective social dialogue, which must include respecting collective bargaining rights (including promoting collective bargaining over key just transition issues in the workplace to maximise workforce engagement), and respecting fundamental labour rights.

**Just transition committees** should be established with representation from governments, workers, employers, and other affected communities, to ensure the oversight of potential risks and effective problem solving. Such just transition committees should be formed either at the project level, or the national sector level depending on national development priorities.

For example, to ensure that governments are ready to implement climate finance plans, all governments should establish just transition committees to conduct needs assessments on workforce development, assessing the skill development and training programmes that will be required, the challenges for protecting decent work, and necessary measures to ensure the resilience of both formal and informal workers.

Just transition committees should also have a role in the **evaluation stage** of climate finance projects and activities.

Recognising the global dimension of many economic sectors, **just transition task forces** should also be supported at the **global level**, following the tripartite structure of the Maritime Just Transition Task Force<sup>7</sup> which has representation from global trade union and employer bodies, and relevant UN agencies.

## **Transparency**

Alignment with just transition standards should be one of the qualitative elements reported under NCQG. In practice this should involve reporting on both the establishment and the outcomes of the just transition governance arrangements outlined above.

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<sup>7</sup> <https://www.itfglobal.org/en/reports-publications/mapping-just-transition-seafarers>

### **Recommendations for guiding questions**

What are the most appropriate governance arrangements for ensuring just transitions, including effective social dialogue and stakeholder engagement, in climate finance flows under the NCQG?

What are the most appropriate governance arrangements for ensuring just transitions for different climate finance flows, including public – private finance flows, and public – private finance follows?