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Submission: Views on different elements of the work programme on just transition pathways referred to in paragraph 52 of decision 1/CMA.4

Background

In a [2020 survey](#) conducted among the International Organisation of Employers' (IOE) global network, climate change was identified as one of the most significant risks to business and a major concern for employers' organisations. The ramifications of climate strategies—those developed in the context of national and local policy, finance and investment, and business, including whole industries and value chains—are expanding in their scale and complexity, creating large impacts on businesses. Some of these ramifications are intended outcomes of climate strategies, but many are not. **In particular, climate strategies can create unintended disruptions that elicit questions around fairness, efficiency, and efficacy, in some cases putting climate strategies themselves at risk. Failing to account for the barriers affecting certain regions, sectors, and enterprises in the climate transition—and to actively mitigate the related vulnerabilities in a transitioning world—is liable to result in an incomplete, costly, and unjust transition, compounding the disruptions from the physical impacts of climate change.**

According to the United Nations Framework Convention on Climate Change (UNFCCC), there are overall 1.47 billion jobs which are dependent on a stable climate. **The real impact on jobs and employment depends, however, also on regulations and policies adopted; they can be very different depending on the response put in place.** ILO analysis shows that 18 million jobs net (around 24 million jobs created and around 6 million jobs lost) can be created globally by 2030 by following sustainability policies while reducing greenhouse-gas emissions by 41 percent. A further 6 million jobs can be created globally by 2030 by implementing circular economy principles.

Furthermore, ILO research warns that the creation of over 100 million jobs globally is conditional on additional training within already existing occupations as well as skilling for new occupations. **Not preparing the workforce and adapting their skills accordingly through efficient frameworks risks stalling progress due to a mismatch between jobs and skills on national markets. So far, there has been not enough focus on ensuring proper skilling systems.** In 2019, less than 40 per cent of Nationally Determined Contributions (NDCs), which are the national action plans under the Paris Agreement, include any plans for skills training to support their implementation, and over 20 percent do not plan any human capital related activities at all.

Out of the 166 countries that have submitted NDCs, only 62 directly referenced just transition in their NDCs. NDCs set the overarching climate objectives at the country level and therefore offer an opportunity to operationalise and contextualise the just transition within national climate agendas. Given the reporting requirement on the implementation of their NDCs, incorporation of the just transition into NDCs, makes sense and avoids duplication of work and reporting so the JTWP should strongly encourage Parties to include just transition considerations in their NDCs rather than creating new mechanisms.

A just transition depends on governments playing a central role, to promote participation and alignment among a wide range of actors, including businesses, financial institutions, employer and business membership organisations (EBMOs), worker organisations, and other stakeholders. In light of the private sector's key role in economic welfare and livelihoods, innovation, and employment, it is particularly important that just transition strategies prioritize support for the business sector and business environment, engaging business to identify and address context-specific risks and opportunities and valuing it as co-architect of a just transition.

Companies in developing economies—particularly SMEs—face a range of challenges in the climate transition tied to the national context, including inefficient business environments, low productivity, an inadequately skilled workforce, informality, and lack of access to financing. For example, many businesses do not have the knowledge or capacity to green their operations or enter green markets, trapping them in low productivity cycles. Just transition offers a pathway for building coherence across economic and policy activity, reducing regulatory hurdles and uncertainty for business, and improving risk/return profiles of climate-related investments, including green technologies, thereby enabling enterprise growth. It is crucial that just transition policies and planning take into consideration the realities, challenges and constraints of the very diverse enterprises in national economies and sectors; the transition is an industrial transformation and needs to be viewed as an opportunity to manage efficiently phase outs and phase ins of different technologies and business models.

Despite a growing number of international agreements aiming to support a just energy transition in developing economies, particular national contexts and limited access to finance, green technologies, green skills, and global markets impede participation in the climate transition for many enterprises, particularly in the Global South. Even as just transition moves closer to the center of international climate negotiations, gaps in global governance and cooperation, compounded by existing and new economic disruptions, pose a significant risk to the vision of a just transition for all, and therefore to the delivery of the Paris Agreement itself.

IOE has extensively worked with its members as well as the International Labour Organization (ILO) on just transition, being one of the tripartite constituents that drafted and approved the 2015 Guidelines for a Just Transition, and has published guidance on the topic, including the February 2022 [Guidance Paper on employment, just transition and climate governance](#), as well as the *Make transitions work: climate change and employment* [Guidance Note](#) and [Policy Paper](#) from October 2020. IOE has also published a more recent paper focusing on [Green Skills](#) frameworks and the importance of developing dedicated monitoring and training structures for facilitating transitions.

Furthermore, IOE has established itself as a thought leader and key player in the just transition space through its collaboration with organisations like the UN Global Compact and their Just Transition Think Lab, as well as leading multinational companies, and most of all its network of over 140 national employers' organisations who are crucial components of national policymaking and local industries and economies. Through work at the ILO and its global network, IOE represents employers globally and urges the UNFCCC to consider employers and EBMOs as an indispensable stakeholder and participant in just transition discussions, planning and implementation.

Priorities for the Just Transition Work Programme (JTWP)

The new 'work programme on just transition to discuss pathways to achieving the goals of the Paris Agreement' and draft decision for consideration and adoption by Parties to be prepared at CMA5, is an important and welcome development that can structure and deepen the crucial dimension of

employment, skills and labour markets in UNFCCC's work. The issue of just transition policies has certainly expanded and deepened in recent years and the JTWP needs to take into account existing work, research and initiatives, projects and structures in order to maintain clarity and not create overlaps or redundancies.

The informal note prepared at SB58 already contains many of the crucial and necessary elements for the JTWP and it should be further structured around the following priorities:

- Acknowledge that Parties have different starting points and various just transition pathways, different timelines and development priorities, and that each Party will pursue its own just transition pathway in the light of its national context and development pathways;
- Recognize that the work programme will be non-prescriptive, non-punitive, practical, pragmatic, flexible, facilitative and respectful of national sovereignty, taking into account nationally determined contributions and leave no one behind;
- The private sector plays an important role as a principal driver of innovation, economic growth, and job creation and in the transition towards sustainable and inclusive economies. A well-funded public sector plays an equally important role. To take full advantage of these roles at the scale required, governments should take the lead in promoting investment towards innovation, and in coordinating across all areas of social, environmental, economic and industrial policies, and in promoting decent work. Together they are a catalyst for building a more sustainable and inclusive future.
- EBMOs need to be included and consulted in the planning, development and implementation of just transition policies at the national level;
- Highlight the NDC as the main driver for climate action and implementation of the goals of the Paris Agreement outlined in its Article 2, paragraph 1, in the context of its Article 2, paragraph 2;
- Promote evidence-based pathways that facilitate just transitions with a focus on the creation of decent work and quality jobs, as well as skills development, practical education and training opportunities, especially for young people and the most vulnerable economies and affected sectors;
- Support and encourage private sector entities, including SMEs, that usually have limited capacity and experience related to energy and other transitions, especially those in vulnerable countries;
- Promote the development of sustainable enterprises and create an enabling environment for innovation and entrepreneurship including improved access to finance and business development services particularly to allow micro, small and medium-sized enterprises to pursue environmentally sustainable business models;
- Promote skills and lifelong learning, including quality apprenticeships, that are conducive to personal development and responsive to identified labour market needs as enablers for a just transition and green jobs and as a buffer against adverse impacts of change;
- The promotion of sustainable public, private and social enterprises by fostering an enabling environment, such as through supportive policies, incentives, and clear regulatory frameworks is key for a just transition. Such policies and incentives should be coupled with the promotion of effective social dialogue, advancement of decent work and the promotion of environmentally sustainable business models;
- Incentivize governments to develop better understanding of how national and local contexts may influence the impacts of climate action, and the challenges in ensuring a just transition –

solutions to support regions and sectors affected by transition should be place-based and locally owned (ideally, locally developed and led);

- Ensure that the policy and fiscal environment is oriented towards helping regions and sectors affected by transition. Policies and support mechanisms need to be targeted, practical, efficient and coherent, not global and ideological. Economic diversification, promoting access to decent jobs and reskilling opportunities, supporting entrepreneurship, technology development and innovation, and investing in public infrastructure as well as capacity and dedicated institutions are all crucial;
- High rates of informality in some sectors and regions are a critical barrier that needs to be taken into account and tackled.

Operational considerations (scope, modalities, institutional arrangements)

The JTWP must recognise the mandate of UN processes outside the UNFCCC on just transition, most importantly the role of the ILO as the recognised tripartite body and specifically the recent International Labour Conference [General Discussion on Just Transition Conclusions and Resolution](#) as the most broadly and tripartitely agreed international document on just transition policies and priorities. This needs to be used as a basis and main guidance for developing the JTWP. Some of the main priorities of the JTWP need to be creating clarity, coherence, agreement and practical guidance for Parties to the Paris Agreement.

In order to achieve this important function the JTWP has to avoid redundancy, duplication of existing work, parallel structures and competing priorities across different processes, mandates and stakeholders in this increasingly developed and busy space. There has been much work done on just transition already, with many sources of research, best practices, analysis, policy recommendations; the goal should be to optimise and leverage what we know, not create additional uncertainty and complexity by sidelining the progress achieved so far. The UNFCCC already has a history of consultation and analysis on the topic of just transition which needs to be taken into account.

The role of employers at the national level and in global discussions, represented by IOE, needs to be recognized as crucial for efficient and coherent just transition policies and planning. The JTWP is an important opportunity to strengthen and foster engagement with employers nationally and globally.

The annual high-level ministerial round tables and any other institutional arrangements on just transition starting at CMA5 should give guidance on the implementation of the JTWP and its coordination with other work streams at the UNFCCC and should include employers as a main stakeholder, represented by IOE. Concerning the modalities of the JTWP, there is a lot of flexibility possible but at a minimum an annual meeting to decide on the need for a CMA decision and intersessional workshops should be organised with a review of the JTWP's progress and decision on continuation every five years.

About IOE

IOE stands ready to provide feedback and inputs to the JTWP process at every stage. For the past 100 years and on behalf of IOE's more than 150 member organisations, the Organisation strives to leverage unique experience, expertise and advocacy to influence debates on the most pressing issues for business and employers worldwide. IOE is one of the constituents of the ILO and as such is a key stakeholder in labour policies and discussions and has vast experience engaging in social dialogue and sometimes difficult negotiations with governments and workers, exactly what just transition is

about. Furthermore, IOE's network of EBMOs is a unique added value due to the members' importance and experience at the national level when it comes to labour policymaking, knowledge and experience of business needs and labour market challenges and priorities.

Please refer to IOE's publications on just transition and green skills for further inputs and priorities for the JTWP:

- [Policy paper and political priorities for just transition](#)
- [Guidance note on climate action and just transition](#)
- [Climate governance and just transition frameworks](#)
- [Green skills policy priorities](#)

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