

Just Transition and Finance

350.org - April 2024

What is a Just Transition and why do we need it?

Just Transition refers to the fair and equitable shift from an economy dependent on fossil fuels or other climate harming activities to one that prioritizes human rights, environmental sustainability, and social justice. It recognizes that the most vulnerable bear the brunt of climate change impacts and aims to ensure that as societies transition to sustainable practices, everyone has access to decent jobs, healthcare, housing, education, and leisure. Just Transition means solidarity, fairness, and accountability, where those who have benefited the most from the current system contribute their fair share and those responsible for environmental damage are held accountable. Both the process and the outcome of a transition must be just.

Dimensions of a Just Transition (see also CAN Principles below):

- **Distributional Justice: Ensure a fair sharing of costs and benefits among all affected by climate actions, with special attention to vulnerable groups.**
- **Procedural Justice: Establish inclusive decision-making processes and community ownership of the transition to a decarbonized energy system.**
- **Restorative Justice: Address historical damages to individuals, communities, and the environment, especially focusing on marginalized and impacted groups.**
- **Intergenerational Justice: Act urgently to protect future generations by following scientific guidance and transitioning to a circular economic model swiftly.**

Just Transition and Finance:

A just transition in financial terms necessitates robust support mechanisms for impoverished and affected communities both domestically and globally. Despite the lion's share of humanity residing in the Global South, only a fraction of global clean energy investments finds its way to these regions. Structural barriers, including crippling debt burdens and an inequitable international tax framework, hamper the fiscal capacity of these nations to invest in renewable energy. Moreover, exorbitant interest rates in emerging economies further impede progress, with disparities unfairly biased against the Global South. Addressing these injustices requires not only financial support from rich countries to poor countries, crucially including support that does not induce further debt burdens, but also systemic changes in global financial governance to ensure equitable access to clean energy investment.

Further resources:

CAN I Guidance on Just Transition: <https://climatenetwork.org/wp-content/uploads/2023/09/CAN-JT-Guidance.pdf>

350.org Financing 1.5-Aligned Renewables: <https://350.org/wp-content/uploads/2023/11/Summary-1.pdf>

Action Aid principles for Just Transition in Agriculture and Extractives: <https://actionaid.org/publications/2020/principles-just-transitions-extractives-and-agriculture-shaping-energy-and-food>