

Mafalda Duarte:

Making sure that we are carefully planning and delivering these deep structural changes that are needed, in such a way that those that are to be deeply affected by these changes don't lose their livelihoods. And in fact, they can take advantage of the new opportunities that exist and that can be generated.

Lisa Hyland:

Welcome to Energy 360, the podcast from the Energy Security and Climate Change Program at CSIS. I'm your host Lisa Hyland. This week CSIS is excited to introduce you to new work that we are undertaking with the Climate Investment Funds on Just Transitions. To help us understand what a Just Transition is and why it is so important, Sarah Ladislaw of the CSIS Energy Security and Climate Change Program is joined by Mafalda Duarte of the Climate Investment Fund and Nick Robins with the Grantham Institute. Together they look at how countries can continue to transition away from emissions intensive energy sources and take steps to build more resilient communities, while promoting environmental sustainability, social equity, and economic development. Let's turn it over to Sarah now.

Sarah Ladislaw:

Mafalda, Nick, it's a real pleasure to have you guys here today with us on Energy 360 for this special session where we're going to be talking about the issue of Just Transitions. In particular, in light of the fact that we are starting some work at CSIS and with the Climate Investment Fund and Grantham Institute is also doing a lot of work on investigating the role of Just Transition in a conversation about climate change and the transformational change that we need to see happen in order to tackle that big global challenge. We just happen to be doing it now in the context of another global challenge, the COVID-19 pandemic. So we hope to talk about all of that with you today.

Sarah Ladislaw:

Just as background, Just Transition is a concept that is really familiar to some people and not as familiar to other people. It's a concept and a term largely born out of the labor movement in thinking about economic transformation for displaced workers. But oftentimes in the climate context it butts up against environmental justice issues, gender and equity issues, and a whole bunch of other concepts of justice that are really important when we think about the broad societal transformation necessary in order to deal with global climate change. So just for starters, I thought it would be good to orient our listeners, maybe start with you Mafalda, to talk about the language and the concept of the Just Transition and how it's evolved over time to incorporate or intersect with some of the work that you all are doing at the Climate Investment Fund. Could you just explain a little bit about what a Just Transition means to you in the context of that work?

Mafalda Duarte:

Sure. Thank you very much, Sarah. It's a pleasure to be with all of you here today. So we at the Climate Investment Fund have made this a priority to bring together the leading thinkers, such as CSIS, Grantham Institute, country and local stakeholders to really try to further the understanding around this key issue of Just Transition for two main reasons. The first reason is that we agree that this topic is widely discussed, but it's prone to quite different interpretations. And two, for us it's a critical topic if we want to and if we are to attain our climate and sustainable development goals.

Mafalda Duarte:

So in our experience, over the past three years, we have been working quite deliberately on the analytical front and gathering evidence and bringing a lot of stakeholders together as well, to reflect on the topic of transformational change. Including the development of a framework through which one can think about the design and implementation of policies and investments. We believe that actually bringing these two together is critical. We need such similar work around Just Transition in the context of climate action, and the deep changes we need to see in a lot of the sectors of the economy, so we really need to bring these things together.

Mafalda Duarte:

So with this background in mind, that one of the intents of our work in collaboration with you and others is to allow for deeper analysis into this concept, and a solid interpretation and framework around Just Transition. So with that context in mind that that's where we want to move towards, at the moment for us, and for me in particular, what Just Transition means in the context of climate action is precisely reaching climate goals without leaving no one behind. So it is making sure that we are carefully planning and delivering these deep structural changes that are needed in such a way that those that are to be deeply affected by these changes don't lose their livelihoods.

Mafalda Duarte:

In fact, they can take advantage of the new opportunities that exist and that can be generated. So to me, it's about bringing more evidence to bear and more analysis to bear, and bringing more stakeholders together to make it quite clear that when we talk about climate and Just Transition and deep transformation, we are not talking about choosing between the planet and the people, or the planet and the wellbeing. That in fact, these two are interconnected, but to be so, for this interconnection to be sustainable, respectful, it requires deliberate action. It's just not going to happen naturally. But for us to have deliberate action, we also need the tools to enable those that have to act upon it in different ways, in different forms, to be well equipped to do so.

Sarah Ladislaw:

That's great. Nick, maybe from your perspective, how are you all thinking about a Just Transition at the Grantham Institute and why is it an issue that you've chosen to focus on so closely?

Nick Robins:

I think for many people, the Just Transition is perhaps quite a new phrase, it may seem quite a heavy phrase, just a big, big concept. But I think actually it's fairly straightforward if you look at it in the context of sustainable development. So the goal to, as Mafalda said, to transform our economies by integrating economic, social and environmental issues. I think what is happening, now that we're focusing on the transition, we're realizing that yes, climate change may be classified as an environmental issue, but the transition is not really anything to do with the environment. It's a process of socioeconomic change, technological change, cultural change, political change and so on.

Nick Robins:

So this is a process that needs really to have these socioeconomic dimensions at the heart of it. So it's something which I think maybe is new for many, but I think if you put it in the broader sustainable development context it becomes quite clear, and I see it particularly as a way of joining up the SDGs. Often, I think we see people look at these sustainable development goals a bit like a buffet, a bit of this and a bit of that, but actually I think if we actually see them as an integrated whole, it's essentially SDG-

7, growth and employment and so on, with SDG-13. But that's also going to require a gender dimension, a focus on poverty, a focus on inequality, clean energy and so on.

Nick Robins:

So I think for me, the Just Transition excitement about it is that it actually helps us connect many of these disparate issues. For us, I think the work we've been doing, five or so key themes have come out of it. First is actually maximizing the social opportunities of this process of transformation. I think sometimes the Just Transition is seen as a really downside issue, but I think there are huge opportunities to delivering positive social impacts through this process of moving to a net zero resilient economy. That's number one, maximizing the opportunities for the positive social impact.

Nick Robins:

The second is actually identifying and mitigating some of the transitional issues, whether that's in the workplace, in communities which have high carbon sectors, consumers can often be affected by this process, small businesses interestingly they're often vulnerable to processes of market change. Then maybe citizens as well, so there is a mitigating social risk. Third piece is really this requires often empowerment, the many groups that are vulnerable to change or could benefit from a change, don't have the voice, don't have access to decision making, don't have the skills, the capacities, the resources. Whether that's by questions of location or gender or age or class or location and so on. So there is a key empowerment element of this.

Nick Robins:

We are thinking about a transition over many decades, so the fourth point we really look at is anticipation, and we anticipate some of the trends that are happening, and often, as we see happening much quicker than many forecasters have expected. The fifth piece, really the fifth piece is investment, which is why it's great being with you and Mafalda on this. Actually, this does need financing, a Just Transition does need financing from the public sector, from development institutions, from commercial banks, investors, and also from some citizens as a whole. So those would be the five dimensions that we see as we look at the Just Transition.

Sarah Ladislav:

That's great. I want to come back and talk about the role of investors in just a minute with you, Nick, but I did want to pick up on something you said and get Mafalda's perspective on it. Which is Just Transition does seem like a very new and somewhat inaccessible topic for folks who are not super familiar with it, but at the same time, it's pretty intuitive. It's the idea that there needs to be an evened out transition, and as you said, put in a positive context, an opportunity for us to unite some of the goals under the sustainable development goal objectives in a positive way, and to think about them as an endeavor of many parts towards a better outcome, if you will.

Sarah Ladislav:

One of the things though is it has become really central in climate negotiations, and certainly in the global climate talks. You saw it make an appearance in the Paris Climate Agreement, also we've had a Just Transition Declaration, and should we had been having the COP at the end of this year, it was really expected to feature quite prominently in that context, as well as what we're starting to see countries plan for in their own climate and emissions reductions and transformation plans. So Mafalda, why do you think that Just Transition has moved to this critical component or this crucial aspect of climate

action, and have you started to see that affect the way that climate policy plans are taking place around the world, particularly with the countries that you're working at in CIF? Maybe you could talk specifically about South Africa, because that's a place where you all have decided, as part of our joint project, work on a specific case study looking at the experience in South Africa.

Mafalda Duarte:

The first thing to say is that I agree with Nick and I agree with you, this concept of Just Transition, it is a concept of social inclusion. Therefore, it should be the lengths to which development work and socioeconomic development work is looked at. When we think about climate change right now, I think that why this Just Transition is so critical and it's so critical to put it at the core of climate action, it's because all of the scientific studies are telling us we need to act and we need to act quite fast. And that the changes and the structural changes and transformations that are required are quite deep, and they need to happen quite fast.

Mafalda Duarte:

So because of that, we really need to make sure that we put Just Transition at the core of climate action. If we want to have deep meaningful reforms, and if we want to have them at a pace that is aligned with our climate goals, I don't think we will attain this without Just Transition at the core of our work. As we have seen as well last year, and we keep seeing examples in multiple countries, one of the major barriers to achieving our climate goals are, and I think will continue to be the perceived and actual negative impacts of the transitions that are associated with certain policies and investments linked to the climate agenda.

Mafalda Duarte:

So we know that populations are quite sensitive, in particular of course in developing countries, but elsewhere, to changes in the process of basic commodities. Food, energy, transport, and this is for good reasons. These represent share of their budget of most of these households. So last year, we saw states of emergency declared in Chile after increase in Metro ticket prices, and in Ecuador, after reform of energy crisis. In France, with the increase of carbon tax that had to be canceled because of the massive protests by the gilets jaunes.

Mafalda Duarte:

So to me and to us, it's unavoidable if we are really serious about climate cores of our SDGs, to make it very clear that Just Transition needs to be at the core, and in fact, by bringing this climate action and Just Transition agents together that we have a powerful chance of achieving meaningful change. We need to tell people that there are massive opportunities in pursuing this low carbon climate resilient growth. Several studies out there indicating, several studies, quite recent ones, just to name a few, New Climate Economy saying 26-trillion in net global economic benefits between now and 2030 can be achieved. 65-million new low carbon jobs, and this is the equivalent of the labor force of UK and Egypt combined. The Global Commission on Adaptation has found that the net benefit of investing in resilient infrastructure over the next decade in developing countries could be \$4.2-trillion dollars over the lifetime of these infrastructures.

Mafalda Duarte:

So one-dollar invested generating four-dollars in benefits. The Food and Land Use Coalition finding that key transitions in the world's food and land use system, which as we can see right now from this

pandemic, and we'll talk about it a little bit later I'm sure, really needs reform and rethinking. This transition here could unlock \$4.5-trillion dollars in new business opportunities each year by 2030. So I think this is what we have, we need all to be communicating, certainly decision makers, policy makers, development practitioners, everybody to bring this clarity.

Mafalda Duarte:

Now you asked the second point was how are we seeing already this dimension of Just Transition affecting climate policy and planning around the world. I think we ... So first of all, to tell you, and this is also why we are very interested in doing case studies as part of this work, because through our existing, Climate Investment Fund, we have been working in developing countries since 2008. We are the largest multilateral climate finance lab in the world, we have operations across sectors in 72 developing countries. We have done it in a way which was to say, "Look, we need a different process here to come up with investments and the policies, to prioritize investments and policies."

Mafalda Duarte:

What we said was, "We don't want this process of ..." We talked with the government or we talked with private sector bilaterally, and we select projects, good projects, we select a couple or two or three or four per country, good projects. We didn't take that approach, we told our [inaudible 00:17:04] partners and intellectual development banks, "We want a different process." We want upfront to bring the governments, the civil society, Indigenous people representatives, women's organizations, private sector with governments in different parts of government, because governments are also entities with different sides to it, bringing them all together and have discussions and conversations around what are the challenges and opportunities presented by climate action in the country, and what should be prioritized?

Mafalda Duarte:

So now, we basically want to go back and look at it. We've looked at it from a transformational change point of view, not so deliberately around Just Transition. So we want to go back and look at some of these case studies and really see ... Because we have this process, and we were deliberate about this process, because it should have been and I expect it to be more socially inclusive. What did it generate differently or what did it generate in terms of Just Transition outcomes? So we are quite interested to look at that, and then both in terms of identifying the investments, but also in terms of the implementation and results, because we've also asked our implementing partners and those we work with at the country level to continue to have an inclusive process during implementation.

Mafalda Duarte:

So in terms of monitoring and accounting and our reporting the results that are happening on the ground, and do course corrections. This is the reason why we are also so interested on the case studies and taking advantage of the wealth of experiences and different experiences we have in our portfolio. I think what Just Transition will do in terms of climate policy and planning is it will, and if it's done deliberately, which is what we expect, is that we will see changes from a process perspective. What I was just talking about, it should lead to policy and planning processes which focus on achieving these fair and equitable outcomes, and looking at these questions of who decides what kind of transitions, and how are different groups included in these decision making processes? Who benefits and who loses, and how do we distribute the benefits and mitigate the losses?

Mafalda Duarte:

So I think we will definitely need to see changes from across this perspective, and I think from a focus perspective as well. What I would expect by having Just Transition at the core of climate action and influencing climate policy and planning, is that we will fully see integrated climate development planning and delivery. We will clearly not have dedicated climate action plans or strategies, but these become part of the national development plans and policies and strategies. Climate and social inclusivity is part of that. I think we see, but I think we will see a lot more when we are really clear about Just Transition at the core of climate action that climate policies are the backbone to deliver poverty reduction.

Mafalda Duarte:

We have very clear examples of this, to how poor people and many poor people without energy access, what's the best way to provide them with energy access? Through distributed renewable energy sources.

Sarah Ladislaw:

I think both of the things that you've said are really important, which is that Just Transition is a very important element to be able to catalyze confidence and support for more ambitious and transformational climate action. Climate action though is also, as Nick had reflected on, is also a really important opportunity to provide better outcomes for lots of components of society that are not traditionally reflected in some of these conversations. So there's a mutually beneficial piece there.

Sarah Ladislaw:

I think one of the areas where I think both CIF's going back and looking at some of the case studies and some of the places where climate investments have taken place and that there has been some planning and that there's been a focus on transformational change, it is really understanding what effect we've had on Just Transition just in those plans that weren't necessarily thinking about it at the core, but just to try and understand a little bit better the experience. It's also quite similar to what CSIS hopes to contribute through this partnership, which is Just Transition can only be a real motivating factor in climate transition if we understand the policies and the tools and the strategies for affecting a Just Transition better, and making sure that they work, making sure that we implement them in ways that are actually fruitful and understanding what that looks like in different contexts.

Sarah Ladislaw:

I wanted to bring in something that Nick had said earlier here, which is on the role of investors, which I think is also really critical and perhaps even more critical in light of what we're seeing happen with the COVID-19 crisis and the economic downturn, and this focus on reinvesting in a more durable future. So Nick, I know there's a lot there, but could you talk a little bit about the important role that you all see at the Grantham Institute for investors and the role of investors in a Just Transition, and maybe reflect on that now in light of these changed circumstances we find ourselves in?

Nick Robins:

So yes, the role of investors is perhaps not the most obvious stakeholder to think about when you're thinking about a Just Transition, but in a sense, when you think about what is the role of institution investors, they're often managing people's pensions, worker's pensions, and so there's actually a big stake from workers through their pensions, and actually ensuring that we are making progress to a resilient economy. There are no jobs on a dead planet, as Sharon Barrow, the head of the ITUC says.

Nick Robins:

So I think there's a direct interest from savers and pensions in achieving a Just Transition, and I think there are a number of other reasons really why investors are coming on board. Increasingly, investors are recognizing that climate change itself is a threat to their ability to actually deliver longterm returns, this is going to be beyond two degrees, it's going to be increasingly hard for investment funds to actually deliver the returns to keep pensions afloat and to keep insurance going. So it's a systemic risk, there's a lot of focus by investors in climate change and climate risk now.

Nick Robins:

I think investors are also recognizing that growing inequality in our societies is also a systemic risk, and there's a lot of very profound macroeconomic analysis that shows that rising inequality does actually bear down on growth, and actually as we know, can cause political and economic instability as well. So that, I think leads to a first strategic conclusion from longterm investors, that as we tackle this systemic rigors of climate change, we should make sure that we're not actually adding to this related systemic risk of inequality. So there's a systemic risk argument for investors.

Nick Robins:

There's also a principled argument as well, investors have signed up Principles of Responsible Investment, over \$80-trillion dollars around the world, pension funds in all continents, insurance firms, asset managers and so and so forth. That involves implementing environmental, social and government factors into their investment decisions, and that is rested on global standards of human rights, labor standards, ILO standards and so on. So there's a principled reason why investors should ensure that strong social conditions are part of their climate strategies.

Nick Robins:

One of the funny things, I think if you look at many frameworks we have for climate action is that there are no people involved. They're people-free. So many investors are promoting quite rightly the framework of the Taskforce of Climate-related Disclosures as a way to understand how companies are actually addressing climate risks and seizing the opportunities. Many MDBs, IFC among them, have also been doing their own TCFDs. But if you read the TCFD framework, there are no people there. So very oddly, there's nothing in the TCFD about "Is your workforce skilled for the transition ahead? What restructuring are you thinking about? How are your labor unions involved in that process? What about discussions with the communities, fence-line communities? How are you thinking about the distribution issues with your consumers and your supply chains and so on?"

Nick Robins:

So there's an element there that climate practice to date has not really been factoring in their social dimension. So another opportunity to take that forward. So this is maybe the second reason, as the principled reason, and the third is actually that Just Transition for investors is the smart thing to do. I think we're recognizing, certainly talking to investors, but also companies, that not just do you need a Just Transition for the political economy reasons to make sure that actually we do address the systemic risk, not only because it's the right thing to do, but actually it can build much more resilient investment returns. You can build stronger better companies, which are actually going to be more robust in the disruption that I think we're going to see increasingly in the global economy.

Nick Robins:

So those are some of the reasons why investors can be involved, our work at the London School of Economics, the Grantham Research Institute, we've been working in partnership with Harvard Kennedy School's Initiative on Responsible Investment, so academic partners, and then working with the Principles of Responsible Investment and the International Trade Union Confederation. So very good strong collaboration, and what we've done is set out for investors a guide on why they should be thinking about the Just Transition as part of their strategies, and then we've also launched a statement of support, and what we've found very striking I think is just how much resonance this has got with institutional investors around the world.

Nick Robins:

So here in Europe where I'm speaking from, from the US, from Brazil and South Africa, from Australia and from Asia. So there are now over 150 institutional investors with about 10-trillion assets who have made a public pledge of support for the Just Transition. Then this can be I suppose realized and made real in a number of ways. We obviously want to avoid just people signing pledges and then forgetting about them, so a number of ways we can obviously get involved first is actually making sure that the Just Transition imperative is incorporated into their investment strategy, and incorporated into all the relationships they have, so pension fund with the fund managers and so on, with their beneficiaries, and that's a good opportunity for dialog.

Nick Robins:

Second is through shareholder engagements, particularly investors have shares and companies and there's increasing engagement, annual general meetings, shareholders resolutions and so on. But also, less perhaps confrontational approaches and that is already starting in the US, in very good examples of investors working and meeting with trade unions, with companies, with state level utility regulators to really try and see how to navigate through this transition process. So that's the shareholder engagement, then there's capital allocation. Are there particular assets which investors could invest in, which in a sense, express the Just Transition?

Nick Robins:

Here I think the bond markets is a particularly exciting opportunity. Obviously, many of the multinational development banks have been pioneers in the green bond markets, also social bonds and so on. Here, I think there's a lot of interest and demand in fact from institutional investors for bond instruments, which both combined planet goals, so let's say the green bonds, but also the social imperatives behind the Just Transition social bonds. Spain's Eco Development Agency has introduced a very interesting social bond, which is about targeting proceeds for small business development in disadvantaged regions. You could really think about that mechanism being used for moving away from coal in certain regions as well.

Nick Robins:

So there's a real interest in capital allocation, and then the final thing perhaps for investments is actually policy dialog. Climate change is a market failure, and many of the barriers in the way of the Just Transition are also ones which really investors can't address themselves, but have to be dealt with through policy reform. But investors can engage and they do engage with governments at the local level, but also the national level, internationally through groups such as the G20. So I think that's another way, and I think we're seeing increasing interest from investors particularly leading into the COP26 process to work with governments to encourage them to ensure that the Just Transition is part of the nationally

determined contributions of the more ambitious climate plans that countries are pledging to come forward.

Nick Robins:

So those are the areas that investors are working on, and maybe just to add one area we're also looking at beyond that is actually looking at the role of the banking sector as well. So investors are a very influential actor, but within the financial system, there are different segments of that. Clearly NDBs, you've got the national development banks, you've got financial regulators, you've got investors and so on. But banks are perhaps ones which are closest to the real economy in many ways, and I think there's a very interesting agenda to look at in terms of more place based investment, regional investment and the ways in which banks can support their customers, their clients through this process of change.

Sarah Ladislaw:

It's definitely a fascinating body of work that you guys have embarked on. I think most of the time when we talk about Just Transition, you're right, people do think about policy frameworks and climate action plans, but investors are shown to have a real element of influence in this conversation just like they have in the rest of the climate dialog as well. So that was really a very helpful overview. I know we're running a little bit short on time, but I do want to talk with both of you about the period in time where we find ourselves, which is in the midst of a pretty unprecedented pandemic and economic downturn.

Sarah Ladislaw:

There's lots of questions, unanswerable questions about where we go from here, but one of the ones that's particularly relevant for the project that we're working on together is certainly how the coronavirus and the COVID-19 pandemic affect the issue of Just Transition, and potentially how governments and society respond. So maybe, Mafalda, starting with you, from your perspective, how is this current situation affecting how you think about your work at CIF and Just Transition? Then I'll turn to Nick with the same question.

Mafalda Duarte:

Yeah. This is really an unprecedented time, and really we need to take the opportunity to reflect as we act and respond and support people that are really being affected by COVID-19. But I want to say a couple of things, I think this pandemic and COVID-19 is telling us two things, it's very important that we understand this. One is how much we can neglect highly obvious and highly probable threats. How much we can neglect science, and how much we can neglect evidence.

Mafalda Duarte:

So I think it's important for people to understand that over the past 18 years, we, humanity has witnessed several major pandemics. SARS, swine flu, MERS, Ebola. And on the basis of these, many, many studies have highlighted how have systems worldwide were, and we are seeing it now, are under-prepared to handle these epidemics and pandemics. So climate change is telling us the same thing, it's giving us similar warnings and it's giving us these warnings through record global temperatures, wildfires, floods, destructive storms. So I think we ought to reflect about these things.

Mafalda Duarte:

The second thing that I think COVID-19 is telling us is that resilience to shocks and resilience to these type of shocks is linked to climate action. I think it's really important for people to understand this. In

Sub-Saharan Africa, only 28% of the healthcare facilities benefit from reliable electricity. We were talking about earlier, how are we better able to equip these healthcare facilities with energy supply is through renewable energy and storage solutions. We are now seeing the vulnerability of our food supply through national and international trade disruptions. We need to think about what is the food system, food production, food distribution system that we want in the future. It needs to make us think about local production, both in rural and urban areas.

Mafalda Duarte:

This is all aligned, this will make us resilient to shocks and this is quite aligned and consistent with climate action, with obtaining our climate goals. Cities, cities are a hotspot for these pandemics, and we know that cities are hotspots for climate action. So if we do what we have to do in an urban environment, we have proper urban development and growth plans and investments, we will become resilient to shocks and we will be helping respond to the climate course. So I want to say that this is a big debate, I have to tell you that this is a big debate at the moment in the financial world in terms of development, financial institutions.

Mafalda Duarte:

What should be the short term response, what should be the medium term response, what should we be advising governments to do, what should these stimulus packages look like? So these are really important conversations, and it's important to say that here, if we really, of course we have to respond immediately and support the health systems and that's what is happening, but at the same time, there are big conversations happening around fiscal stimulus packages and the composition of these fiscal stimulus packages. We have a really set of investments in energy efficiency, in nature conservation, clean energy options, sustainable transport, that are clear win-win areas for stimulus investments.

Mafalda Duarte:

We have examples, Korea did this, Republic of Korea did this in 2008 with the financial crisis. Their stimulus package included big investments in river restoration, building energy efficiency, green transport, and they delivered 20% of that package within the first half of 2009. So it is not impossible. So I think it is important to say restoring degraded forests lands and landscapes can create many jobs over the short term, while generating net benefits that are hundreds-of-billions of dollars. In things like watershed protection, better crop yields, forest products. Retrofitting buildings can create many jobs and support this economic recovery. Public work programs, there are examples of programs such as this like in India.

Mafalda Duarte:

Mahatma Gandhi National Rural Employment Guarantee program in India, it has 80-million participants. Another program in Indonesia has 10-million participants. What do these programs do? They focus on irrigation, they focus on afforestation, they focus on soil conservation, focus on watershed development. So it is possible to combine these objectives, and we must do it. Another interesting debate that is going on is around ambitious infrastructure projects in energy, transport, water, urban development. Should we really be thinking about those or put them a little bit in the back burner for the time being? To this, I say very clearly, we know the infrastructure gap in developing countries. Two-thirds of the massive amount of investments that will happen in infrastructure will happen in the next couple of decades in developing countries.

Mafalda Duarte:

If we do not make sure that these investments are low carbon climate resilient, we are doing a major disservice to the future generations. So we need to be developing that pipeline of ambitious low carbon climate resiliency infrastructure projects right now, and they will help us with economic recovery and sustaining and rebounding from the current situation.

Sarah Ladislaw:

That's great. There's so many important points in there. Nick, how does things look from your vantage point?

Nick Robins:

Yeah. So I think Mafalda made some very profound points there about the impacts of the COVID crisis. What we've already seen in the work we've been doing on Just Transition is how the crisis has really propelled forward the Just Transition. So if we look at actually the impact of the crisis so far, it's profoundly unjust in so many dimensions, whether by income or class or by ethnicity or location and so on. So I think there's a very strong recognition, and I find it very striking too in talking to the investment community, this is I think really underscored that as we move to a net zero economy, this has to be inclusive, and I think the recognition about the fragility and the precarious nature of many working conditions that people have.

Nick Robins:

So I think really it's driven the Just Transition to the fore. Last time, the last financial crisis, I was actually working at HSBC. We did a lot of work then actually tossing up all the amounts that governments then were putting towards so-called green stimulus back in 2008 and '09. Very interestingly, as Mafalda touched on, actually a lot of the leadership in that came out of East Asia, Korea and also China. Our numbers then suggested about 16% of stimulus packages at the global financial crisis were linked to green. That sounds good, it also means that 84% were not.

Nick Robins:

I think now in the context of the Paris Agreement and Sustainable Development Goals, we need to make sure that all the recovery plans that come out of this crisis are aligned with the Paris Agreement, and that includes Just Transition. Not just because we want to avoid climate emissions and so on, but we really want to avoid wasted capital in terms of spending scarce public money on project which could lock us into high carbon pathways and lead to actually not just stranded assets, but also stranded jobs and stranded workers in the future. So I think now we have the frameworks with the Paris Agreement and Sustainable Development Goals to make sure the recovery plans are actually linked to positive projects, and we have a wealth of projects, wealth of options to choose from, shuttle ready and many, as we know, the technology costs have come down dramatically in the last 10 years. So building efficiency, natural capital investment.

Nick Robins:

Now one of the things again, we didn't do last time and we would need to ensure this time, is that as we make these investments and as we channel these investments towards positive sustainability options from an environmental sector, that these also do come attached with good labor standards and good community standards as well, and to ensure that actually there is decent work, which is at the heart of the Just Transition. Again, from a recovery point of view, that makes a lot of sense, because that then

drives in terms of income multipliers for workers and so on, and helps develop I think some of the sense of security you need in societies as you move forward.

Nick Robins:

One final point, if I may, in 2009, a lot of countries were thinking about their stimulus plans, but also there were the negotiations in the climate community towards what was then, which led up to the Copenhagen Summit. Which is, many of your listeners might remember was a failure, and it was a failure actually I think of policy imagination to connect the stimulus and recovery plans after the global financial crisis with climate negotiations. That can't happen this time, that really can't happen this time. I think the stimulus plans as well were also very nationally designed, I want to recover my country. As we know, developing and emerging economies are the hardest hit in this very brutal economic and health crisis.

Nick Robins:

So I think a big priority will need to be to ensure that we mobilize additional flows of climate finance from north to south, so we over the next year well exceed the target of 100-billion in north/south flows, and that this does include a Just Transition dimension. I think if we do that, which is entirely possible, then I think that would put us in a very, very good position to have a successful outcome at COP26 when we hope governments will come forward with more ambitious climate plans. My sense is if we make sure that extraction of capital to support developing countries and their climate plans, we incorporate the Just Transition into that, then we could have a very, very good outcome next year at COP26.

Sarah Ladislaw:

Excellent. Listen, I agree with everything that both of you just said. I think that contrary to what you might hear in a lot of different places, I think that the COVID-19 crisis and the period we find ourselves in, in thinking about reinvesting and building back better, will provide increasing opportunity for this Just Transition conversation to be central to our climate conversation, and the opportunities that you all pointed out are really the ones that we need to focus on, as well as helping countries and investors see their way to those opportunities. Which is why we at CSIS are so excited about this partnership and this project that we're launching, and look forward to working with you all on it.

Sarah Ladislaw:

I just want to say thank you, both Mafalda and to Nick, for having this conversation today. There is certainly a lot to unpack in this current environment, and we look forward to continuing to do that over the coming months. But thank you both for spending some time with us today.

Mafalda Duarte:

Thank you, Sarah. Thank you, Nick.

Nick Robins:

Thanks, Mafalda. Good to be on the call with you.

Lisa Hyland:

Thanks to Sarah and Mafalda and Nick for a great discussion. There are links in our bio to the recent piece about the project and to our Just Transition Project page. We look forward to bringing you more

on the Just Transition Initiative throughout the course of the year. You can find more episodes of Energy 360 on Apple, Spotify or wherever you listen to podcasts. Thanks for listening.