

Knowledge Package

# Workers and transition

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**Knowledge pack****Workers and transition****Introduction**

From a workers' and employment perspective, there are some key elements in a successful just transition. The first is an emphasis on skills. One of key difficulties facing regions in transition is that skill requirements and education levels in new 'green' jobs will be very different from those required for 'non-green' jobs, and this gap is widening. In addition, the European regions with the highest proportion of employment in energy-intensive industries and automotive manufacturing are generally also those with the lowest rates of adult training and lifelong learning. This makes it all the harder for these workers to return to training and education in order to acquire the skills and competences that they will need to work in low-carbon jobs. Regions in transition therefore need to be able to assess or 'audit' workers' existing skills and to actively support workers in transferring these skills to new employment or to develop and acquire missing skills.

A second element is cooperation amongst stakeholders, in developing cooperation processes and dialogues between companies, central government and regional authorities, social partners, training providers, funding bodies, public employment services, and community representatives (including those representing women and vulnerable groups) will result in a clearer picture of what is required to ensure that a transition is just. This will enable stakeholders to align budgets and organisational capacity and to better target local retraining programmes and regional mobility packages. In particular, the social partners have a key role to play in just transitions: trade unions are well-placed to represent the interests of communities that have traditionally been strongly unionised, and can do so both in bipartite social dialogue with employers and tripartite dialogue with government and local authority representatives.

A third element is support for workers. Workers should be given as much information as possible and the opportunity to make their views known in a timely manner in order to gain 'buy-in' to the transition process. In addition, workers may require tailored career guidance to help them identify alternative employment opportunities, and they may also require welfare support in more difficult circumstances. There is a significant body of good practice around Europe in relation to managing transitions in a socially-acceptable way, which includes providing short-term support for workers in acute circumstances. This can include early retirement packages, and a range of support and outplacement measures to help workers to realign their skills and competences.

## Abstracts

International Labour Organisation (ILO). 2015. Guidelines for a just transition towards environmentally sustainable economies and societies for all. Switzerland

Although the Guidelines date from 2015, this ILO document is a key reference publication for work on just transitions worldwide. The Guidelines are both a policy framework and a practical tool to help countries at all levels of development to manage the transition to a low-carbon economy and can also help them achieve their Intended Nationally Determined Contributions (INDC) and the United Nations 2030 Sustainable Development Goals. The Guidelines are designed to promote decent work on a large scale and ensure that social protection exists where needed. They also include mechanisms for social dialogue among governments, workers and employers' organisations throughout policy-making processes at all levels. The Guidelines also emphasise that cooperation between countries is needed as decisions taken in one country (or region) can have repercussions in another.

*Key terms: social dialogue*

*United Nations Framework Convention on Climate Change (UNFCCC). 2020. Just Transition of the Workforce, and the Creation of Decent Work and Quality Jobs*

This Technical Paper from subsidiary bodies of the UNFCCC presents the general concept of just transition, including the drivers and objectives of such transitions, and then discusses the linkages between just transition and the impacts of the implementation of climate change mitigation policies. The paper draws upon relevant information submitted to the subsidiary bodies from national governments, and publications by experts and international organisations, including the ILO. It provides guidance to countries on just transition in a sequential manner: from the consideration of the employment factor during the planning of a climate change response measure; to the preparation of the transition of the workforce; to the implementation of the transition; and finally to the assessment of the effect of such a transition. The paper concludes that employment will be affected in four ways as climate policies reorient the economy towards greater sustainability: job creation, job substitution, job elimination and job transformation. In this context, skills development will be the key for the successful transition of the workforce and the creation of decent jobs, especially in certain sectors such as energy, construction and transport. It notes that the scale and extent of these changes depends on



the speed and breadth of technological and market changes in the green transformation. It also states that policymakers must smooth the edges of this transformation by developing just transition policies for affected workers, enterprises and their communities.

*Key terms: job creation; job substitution; job elimination; job transformation and redefinition; skills development*

European Commission. 2020. *Toolkit: Sustainable employment and welfare support*, by Andrea Broughton and Timon Wehnert

This toolkit was developed by the Initiative for Coal Regions in Transition (CRiT), a European Commission-funded support platform. The toolkit acknowledges that labour market transition is a complex and often difficult process and that in order for it to succeed, policy coherence is vital. It also states that all relevant stakeholders, including employees and those supporting them – in particular trade unions – should be involved as early as possible in planning the just transition process. The toolkit provides insights into four key issues: skill needs and reskilling for coal regions in transition; cooperation among stakeholders; support options for workers who are at risk of losing their jobs; and economic diversification of coal regions as a means for long-term job creation. For each of these four issues, the toolkit provides an in-depth analysis, a case study to highlight a real-life example, and targeted recommendations and actions for stakeholders to pursue. The toolkit highlights the need for anticipation and planning in just transition scenarios; megatrends such as digitalisation mean that workers' skills in these areas must be addressed if they are to improve their employment prospects.

*Key terms: skill needs and reskilling; welfare support; economic diversification*

European Trade Union Confederation (ETUC). 2018. *A Guide for Trade Unions. Involving trade unions in climate action to build a just transition*

This 48-page guidance document from the European umbrella organisation of national and sectoral trade unions is based on a survey of its member organisations and an examination of good practice examples in Europe of companies and trade unions working together on just transition-type projects. It notes that the trade union movement is concerned that it

is not sufficiently consulted on sectoral decarbonisation strategies and makes a series of recommendations on just transitions from the trade union perspective. These include to:

- promote economic diversification in regions and industries most affected by the transition
- negotiate agreements at sectoral and company level to map the future evolution of skills needs and the creation of sectoral skills councils
- establish dialogue with all relevant stakeholders and regional authorities to identify and manage the social impacts of climate policies
- promote the establishment of adequate social protection systems
- unions and workers should assess the risks linked to ‘stranded assets’

*Key terms: sectoral decarbonisation strategies; sectoral skills councils; social protection systems; stranded assets*

*Sabato, Sebastiano and Fronteddu, Boris. 2020. A socially just transition through the European Green Deal? European Trade Union Institute*

This Working Paper aims to provide a preliminary assessment of whether the European Green Deal constitutes a suitable policy framework to combine environmental and economic objectives with the pursuit of social fairness, thus ensuring a just transition towards more sustainable economies and societies. The paper maps the Green Deal against the ILO’s Just Transition framework and then analyses in detail how the Green Deal can implement a just transition through its foreseen governance framework and sources of finance. The paper says that particular attention should be paid in the Green Deal to policies facilitating workers’ employability in a ‘greener’ economy, notably education and training. Overall, the paper concludes that the European Green Deal matches the ILO Framework at the policy level, but warns that as the EU and its Member States are working out how to “build back better” from the unprecedented social and economic crisis triggered by the COVID–19 pandemic, diverging interests between stakeholders could see just transition priorities being undermined by a desire for ‘fiscal sustainability’.

*Key terms: European Green Deal; European Pillar of Social Rights*

*Australian Council of Trade Unions. 2020. Sharing the benefits with workers: A decent jobs agenda for the renewable energy industry.*

This report by the ACTU summarises the extent and types of employment in Australia’s renewable energy sector, e.g. solar, wind, hydro, and the characteristics of those jobs. It outlines why trade unions have had concerns about the quality of renewable energy jobs and why the industry needs to pay more attention to this aspect of its corporate social responsibility. The report highlights the trade union movement’s concerns that permanent, secure, well-paid and unionised jobs in coal, oil and gas with recognised safety standards and training pathways that are the result of decades of negotiation are being replaced by shorter-term, insecure forms of employment in the renewable energy sector, which often coincide with lower pay and weaker employment conditions. It explores some of the structural and operational challenges that need to be overcome to make the renewable energy industry an industry of choice for workers. Particular attention is paid to the current practice of outsourcing the construction of renewable energy projects to labour hire contractors, which is where many of the poor employment practices occur, and to ensuring that project developers are maximising local job creation through their procurement and hiring processes.

*Key terms: renewable energy industry; local job creation*

*World Bank. 2018. Managing Coal Mine Closure: Achieving a Just Transition for All, by Stanley, Michael C., John E. Strongman, Rachel Bernice Perks, Helen Ba Thanh Nguyen, Wendy Cunningham, Achim Daniel Schmillen, and Michael Stephen McCormick. Washington, DC: World Bank Group.*

This 2018 report presents nine lessons for contemporary energy transition in coal regions, drawing from an evidence base of 11 analysed World Bank lending operations on coal sector adjustment, as well as five country-level coal transitions. Presenting a macro-level international overview, one of the strengths of the report is its potential to convey the broader context and common challenges in coal transition to national and regional authorities.

The lessons are organised into three pillars, with Pillar 2 – People and communities – most relevant to the theme of workers. This pillar outlines a systematic process to dealing with loss of employment in coal regions, comprising pre-redundancy planning, pre-redundancy assistance, and post-redundancy assistance. This provides governments with a social response framework that takes into account the broad range of people to be included in a just transition process, i.e. not just coal workers but also those in ancillary industries; gender-related issues; labour mobility and skills (re)training.

*Key terms: labour market policy*

Frédéric Simon. 2021. 'Union leader: 'With more social ambition, climate ambitions will also become higher'';  
EURACTIV

This article in EURACTIV, an online news website concentrating on EU matters, is based on an interview with Judith Kirton-Darling, a former UK MEP who is now Deputy General Secretary of the EU-level sectoral trade union for industry, IndustriALL Europe. In the article, Ms Kirton-Darling explains that European trade unions welcome ambitious EU climate policies, but warns that they need to be implemented alongside an equally ambitious social transition plan or risk sowing the seeds of a backlash. Ms Kirton-Darling discusses previous successful experiences of transitions in Germany and Spain and less successful experiences in the north of England, and warns of the socio-economic damage that poorly handled transitions can inflict on a region. She discusses the challenges of trying to coordinate trade union activity across a wide geographical area where different regions might have different priorities, and in encouraging workers to consider moving from well-paid unionised jobs in the coal sector to less well-paid and less secure jobs in the renewable energy sector. She reflects on the shift in policy dialogue in Poland and other Central and Eastern European countries, which are seen as lagging behind in reducing their use on coal, and highlights the speed at which these regions are having to change.

*Key terms: legislative competence; regional cooperation; coal phase-out; foreign direct investment*

The B Team and Just Transition Centre. 2018. *Just Transition: A Business Guide*

To assist companies in implementing a just transition, The B Team (an organisation comprising global business and CSO leaders) and the Just Transition Centre (created by the International Trade Union Confederation) published this guidance note containing operational advice and tactics, a number of case studies and an analysis of the risks and opportunities of responding to climate change on a company's workforce. The guide explains the business case for companies in a just transition situation, highlighting the potential for better financial returns, better recruitment and retention, improved innovation and technology development, and better brand and reputation if the transition process is carried out successfully. The guide includes case study examples to illustrate these points. For example, the reputational benefits for a German engineering company promoting pathways for young people towards a career in renewable energy. The document contains an annex of principles and recommendations based on an 'engage, plan, enact' strategy that companies should follow when engaging with workers, unions and governments in a just transition situation.

*Key terms: business case; reputational benefits*



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## GLOSSARY

**Brownfield redevelopment** refers to the process of site development – remediation, reclamation, rehabilitation and repurposing – to restore the physical, environmental, economic, and social/community aspects of a brownfield site.

**Carbon neutrality** refers to a state in which the activities of an individual, an organisation, a city or a country result in net-zero CO<sub>2</sub> emissions. For a given set of activities to be carbon neutral, either the activities themselves must have zero CO<sub>2</sub> emissions, or the same amount of CO<sub>2</sub> released by the activities must be permanently sequestered (i.e. removed). Carbon sequestration can be achieved by making use of a so-called natural carbon sink, which are the natural ecosystems (e.g. forests, soil, oceans) which have the ability to absorb more carbon than they emit. To date, no artificial carbon sinks are able to remove carbon from the atmosphere on the necessary scale. Offsetting emissions made in one sector by reducing them somewhere else through investment in renewable energy or energy efficiency could contribute to carbon neutrality.

**Civil society** refers to the wide array of non-governmental and not for profit organizations that have a presence in public life, express the interests and values of their members and others, based on ethical, cultural, political, environmental, scientific, religious, or philanthropic considerations.

**Clean energy technologies** refer to any processes, products or services that reduce negative environmental impacts of energy production through emissions reduction, energy efficiency improvements and sustainable use of resources (use of renewable and clean sources of energy such as geothermal, hydropower, solar, wind, and sustainable biomass).

**Coal phase-out** is the cessation of coal extraction and related utilisation activities, as part of a broader fossil fuel phase-out and transition to carbon neutrality.

**Decommissioning of infrastructure** refers to the removal of redundant infrastructure (equipment, buildings, material) when a coal mine or a power generation facility has reached the end of its service life. The level of decommissioning work, together with site clean-up, will depend on potential future reuse options.

**Energy transition** refers to the (global) energy sector's shift from fossil-based systems of energy production and consumption – including oil, natural gas, and coal – to renewable energy sources like wind and solar. The need to reduce energy-related CO<sub>2</sub> emissions to limit climate change is at heart of energy transition. Adoption of renewable energy and energy efficiency

measures are needed to achieve the required carbon reductions.

**Future proofing** refers to processes for anticipating future developments and events and taking actions to prepare to minimise possible negative consequences and maximise possibilities to seize opportunities. In the context of energy transition, ‘future proofing’ often refers to making investments that are resilient towards the effects of climate change and/or aligned with and adaptable to expected trends and changes in energy production and consumption, including climate neutrality. Future proofing investments in emerging post-transition sectors provide, therefore, a safeguard for long term employment and productivity potential of the local or regional economy.

**Governance model** refers to the arrangement put in place by public authorities to deliver its coal transition strategy in a way that is effective within the broader prevailing governance context. Successful governance models rely on close cooperation among the various governance levels (local, regional, national) and the various actors (public, private, social) in the concerned coal region(s).

**Inclusion**, also known as social inclusion, is the process and outcome of improving the terms on which individuals and groups, who might otherwise be excluded or marginalized, take part in society. An inclusive approach to energy transition is one that recognises and addresses in a meaningful way the disproportionate effects of the transition on certain groups and individuals. It may also encompass an approach whereby transition is recognised as an opportunity to improve the well-being of those that are already excluded or marginalized.

**Industrial reconversion** refers to conversion of former industrial areas, including post mining areas, and related activities into alternate socio-economic uses. Regions with a historical legacy of mining and industrial heritage have an opportunity to use the industrial infrastructure as an asset for future economic activity (e.g., industrial zone, cultural centre, or business and technology park).

**Just transition** encapsulates the principle that the transition to a climate neutral economy should happen in a fair way, whereby the benefits and costs of transition are distributed equitably, and where those that stand to lose economically or socially from the transition are adequately supported to ensure that no one is left behind. Consequently, just transition focus on jobs and livelihoods, and on advancing social and economic justice. It also incorporates the principle that transition processes should be based on dialogue and cooperation between workers, employers, communities, and governments to draw-up and drive the concrete policies, plans, and investments to achieve transition.

**Legacy infrastructure** relates to physical structures, utilities and machinery that were previously used in the extraction, preparation and transportation of coal and which are no longer utilised due



to the cessation of mining activities. These can represent both assets and liabilities; their status being dependent on their condition, maintenance, investment, and future plans for a site or a locality.

**Mine closure** is the process undertaken when the operational stage of a mine is ending or has ended, and the final decommissioning and mine rehabilitation is due to commence or is underway.

**Mine closure liability** is the situation of being legally responsible for a mine closure, which usually falls on the mine operator who should prepare and execute a mine closure plan. Government may face a risk of having to assume the liability for mine closure if an operator fails to or is incapable of closing the mine in a responsible manner.

**Mining communities** are communities, towns, or larger urban areas where miners and/or former miners and their families live. Mining communities are usually created around a mine or a quarry and are often characterised by a mono-industrial economy (an economy dominated by a single industry or company). They also often have strong local identity and display a place attachment to their community – a cultural and emotional bond between person and place.

**Mining heritage** relates to heritage values of former mining places, such as specific cultural and social values and meanings. Upon closure, the mining industry often leaves behind a large number of tangible and intangible assets which are a reminder of the past importance of mining and which contribute to regional identity. Physical mining heritage, such as buildings, machinery and equipment, are often transformed into cultural attractions of historical value that attract visitors to the region.

**Multi-level governance (MLG)** refers to models for both the decision making and implementation of policies and strategies that rely on interactions between different levels of government (i.e., local-regional-national). Effective multi-level governance models can enhance cooperation across levels of government, enabling synergies among different actions that can improve implementation of transition strategies and better achieve national and sub-national policy goals. Multi-level governance enables synergies between the priorities, powers, functions and regulations of differing levels of government.

**Participatory methods** refer to ways for active involvement of ‘the public’ in decision-making processes. The public can be citizens, stakeholders in a particular project or policy, experts, and other concerned parties. Participatory methods are considered to be integral to achieving a just transition in coal regions, as they can empower affected communities, enhance transparency, accountability, and responsiveness, and improve public policies and services. There are various participatory methods, including focus groups, consensus building conferences, thematic workshops and social dialogue activities. These methods can form the basis for partnership-

based planning and co-creation of a transition strategy.

**Perpetual obligations** are ongoing actions, such as pumping of mine water, that need to be continued indefinitely after cessation of mining activities. Such obligations depend on the type of coal mine and on specific regulatory requirements.

**Public-private partnerships (PPPs)** are long-term contractual agreements between a government entity and a private party for the provision of a public asset or service, in which the private party bears significant risk and management responsibility. This may relate to infrastructure assets (such as bridges, roads) or social assets (such as hospitals, utilities) and their associated services.

**Reclamation** are actions performed during or after a mining operation to shape, stabilize, revegetate or otherwise treat the land in order to return it to a safe, stable condition consistent with the establishment of a productive post-mining use of the land and the safe abandonment of a facility in a manner which ensures the public safety, as well as the encouragement of techniques which minimize the adverse visual effects.

**Regional mine closure planning** applies a regional land use approach to mine closure that goes beyond site-specific plans and aligns site-specific rehabilitation and repurposing targets to regional land use needs and capacities within an overarching planning context. Such an approach should lead to more focussed and co-ordinated efforts, as rehabilitation can be aligned to wider considerations of land productivity, ecosystem functionality, urban and rural development, or renewable energy drivers.

**Rehabilitation planning** is planning for restoration of land on which mining has taken place to prepare it for its intended post-closure land uses, which may be to restore the landscape to its pre-mining land uses (environmental rehabilitation). Rehabilitation planning may include measures relating to physical mine closure, environmental reclamation and rehabilitation (including the removal of mine equipment), securing the stability of remaining dumps and impoundments, water management and surface stability at closed underground mines, and monitoring and managing any post closure environmental and human health impacts.

**Remediation** is an action of remedying something, i.e. reversing or stopping environmental damage. Often used in context of contaminated soils or water. Remediation may include activities carried out to clean up or mitigate contaminated land or water.

**Renewable energy** is energy that is produced by natural resources—such as sunlight, wind, rain, waves, tides, and geothermal heat—that are not depleted or are naturally replenished within a short time span (i.e., within a few years or on a ‘human timescale’). Biomass (organic material from animal or plant matter) is also defined as a renewable energy source but for it to make an effective contribution to

reducing greenhouse gas emissions, it must be produced and managed in a sustainable way.

**Repurposing** refers to the beneficial reuse of a closed mining or other industrial operation, whether through value-added changes or reuse of the land (e.g., energy generation or residential use), reuse of infrastructure at its present location or at another site, or derivative business opportunities that create new economic activity.

**Revitalisation** refers to policies and processes implemented to return and sustain the economic, environmental and social dimensions/contribution of the former mining (or industrial) sites for the benefit of the local community. Conducting revitalisation is aimed at preserving the mining cultural heritage, while introducing new economic and social functions. Successful revitalisation can attract visitors and investors, increase attractiveness of the region and revitalise local communities.

**Social dialogue** refers to negotiations, consultations or simply exchange of information between, or among, representatives of government, employers, and workers, on issues of common interest typically relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers' organisations), with or without indirect government involvement. Social dialogue processes can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or at enterprise level. It can be inter-professional, sectoral or a combination of these.

**Social impacts** refer to socio-economic and cultural aspects of mine closure. Some of the common social impacts of closure include changes to the affected community's economic structure (e.g., loss of employment and business opportunities) and dynamics (e.g., demographic changes, departure of employees). In the context of coal phase out, social impacts can also encompass gender dimension (e.g., gender-related economic and employment inequalities), health and well-being of miners.

**Smart specialisation** is an approach that combines industrial, educational and innovation policies to suggest that countries or regions identify and select a limited number of priority areas for knowledge-based investments, focusing on their strengths and comparative advantages. In the EU Member States, smart specialisation is a place-based innovation policy concept used to support regional prioritisation in innovative sectors, fields or technologies. Regions impacted by coal phase out are under pressure to identify and develop new areas of specialisation, and to support local economic actors to exploit latent economic specialisms and diversify their local and regional economies.

**Stakeholder engagement** refers to the process by which an organisation leading the

transition away from coal engages with and involves those who are concerned or affected by the decisions that are made. Stakeholder engagement goes together with partnership building, both of which allow stakeholders to pool their resources to solve common problems. Effective stakeholder engagement can enhance the quality of decisions and outcomes, strengthen public trust, and enhance broad acceptance. If implemented properly, stakeholder engagement fosters legitimacy, especially through improving transparency and inclusivity. The inclusion of a broad and diverse set of stakeholders, including citizens, is considered a key element to successful stakeholder engagement.

**Stranded assets** are now generally accepted to be those assets that at some time prior to the end of their economic life (as assumed at the investment decision point) are no longer able to earn an economic return (i.e. meet the company's internal rate of return), as a result of changes associated with the transition to a low-carbon economy (lower than anticipated demand / prices). Or, in simple terms, assets that turn out to be worth less than expected as a result of changes associated with the energy transition.

**Structural change** refers to a qualitative transformation and evolution of economic systems. It is represented by a change in the relative weight of significant components of the economy such as production, consumption, employment, and population, and is seen in a shift or change in the ways a market, industry or economy functions or operates. Structural change is often sparked by technological innovation, new economic developments, changes in resource availability, changes in supply and demand of resources, and changes in the political landscape. In coal regions, structural change is associated with a transition from a carbon-intensive economy, where coal-related activities play a major role in the local economy, to a carbon-neutral economy, which utilises clean technologies and processes.

**Welfare support** is a government intervention intended to ensure that members of a society can meet their basic needs. Welfare support is usually part of an integrated portfolio of interventions that constitute the broader social protection (social security) system. In the context of a coal phase out, welfare support measures will be typically needed for workers that have lost or are about to lose their jobs. Welfare support can come in various forms, including income replacement benefits, early retirement options, or assistance in seeking alternative employment.



