

# Lessons from finance & place-based action for a rapid, just transition

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# Key Messages

- **A just transition is critical for climate success** – and COVID19 has pointed to the pressing need for a green and inclusive economic recovery
- **Place-based finance is a major gap in the UK** – new instruments, institutions and new intentions are needed
- **Financial institutions are starting to extend their climate strategies** to include the social dimension in terms of workers and communities
- **A credible sustainable recovery plan is now needed** to deploy savings and provide direction to financial markets through the 2020s
- **We are establishing a Financing the Just Transition Alliance** to support multi-stakeholder innovation across the UK and deliver results at COP-26

# Just Transition: joining the dots between the green & the social

“A just transition is a crucial part of meeting our Net Zero target” **Committee on Climate Change, 2020**

1. **Maximising** the social benefits of the transition (eg high quality green jobs)
2. **Responding** to the social risks (eg avoided stranded worker and communities)
3. **Empowering** those affected by change (eg through effective participation across the country)
4. **Anticipating** future shifts to address issues up front (eg planning for economy-wide reskilling)
5. **Mobilising** investments from the public and private sectors (eg bank savings, pension funds, ISAs).

Just  
Equitable  
Inclusive  
Transition



# Unpacking the just transition: three dimensions

## Inclusive

Responding to key stakeholders including:

- Workers
- Communities
- Small businesses
- Consumers
- Citizens

## Place-based

Ensure the just transition helps drive the national goal of 'levelling-up' economic and social prospects in all regions

## Sector Specific

Incorporate just transition in sector pathways and plans, recognising specific opportunities and challenges

# Financing place-based climate action: a missing dimension

- ❖ The **Place-based Climate Action Network** is focusing on how finance can respond to local transition needs
- ❖ Dialogues in **Belfast, Birmingham, Bristol, Cardiff, Cornwall, Edinburgh, Leeds and London**
- ❖ How can communities mobilise finance for **Climate Emergency** declarations?
- ❖ What new **financial instruments & institutions** do we need to scale up capital into place-based action?
- ❖ How do we factor in place-based climate finance as a clear intention in **national policy**, particularly in the COVID recovery?



# Financial institutions are starting to move

## Financing climate action with positive social impact How banking can support a just transition in the UK

Nick Robins, Sophia Tickell, William Irwin and Andrew Sudmant



- ✓ Investors: 30+ funds
- ✓ Banks: 8 UK banks
- ✓ Social Finance: fintech, foundations

## Financing inclusive climate action in the UK An investor roadmap for the just transition

Nick Robins, Andy Gouldson, William Irwin, Andrew Sudmant and James Rydge



# What can financial institutions do to support a just transition?

- ✓ **Commit:** set net-zero targets with a just transition dimension
- ✓ **Connect:** connect net zero and fairness in core financial products (e.g. housing, SMEs)
- ✓ **Innovate:** develop new financial instruments (e.g. Community Municipal Investments)
- ✓ **Advocate:** advocate and use shareholder voice to drive up standards





# Policy: what do we need to finance a green & just recovery?

COVID  
Recovery  
Plan

National  
Investment  
Bank

Local  
Investment  
Funds

Sovereign  
Green+  
Bonds

A Green  
Bank of  
England

Pensions &  
ISAs



# For further information

## Investor Guide to the Just Transition

<https://www.lse.ac.uk/granthaminstitute/publication/climate-change-and-the-just-transition-a-guide-for-investor-action/>

## UK Investor Roadmap for the Just Transition

[https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2019/09/Financing-inclusive-climate-action-in-the-UK\\_An-investor-roadmap-for-the-just-transition\\_POLICY-REPORT\\_56PP.pdf](https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2019/09/Financing-inclusive-climate-action-in-the-UK_An-investor-roadmap-for-the-just-transition_POLICY-REPORT_56PP.pdf)

## Financing Climate Action with Positive Social Impact: the banking & just transition report

[http://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Financing-climate-action-with-positive-social-impact\\_How-banking-can-support-a-just-transition-in-the-UK-1.pdf](http://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Financing-climate-action-with-positive-social-impact_How-banking-can-support-a-just-transition-in-the-UK-1.pdf)

## Financing a Just Transition: Housing Briefing

<https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Financing-a-just-transition-to-net-zero-emissions-in-the-UK-housing-sector.pdf>

## Place-based Climate Action Network

<https://pcancities.org.uk/>

Thank You

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