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 multistakeholder 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).









Unpacking the just transition: three dimensions



Responding to key stakeholders including:

- Workers
- Communities
- Small businesses
- Consumers
- Citizens

Place-based

Ensure the just transition helps drive the national goal of 'levellingup' 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?



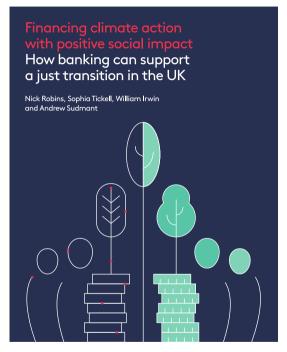








Financial institutions are starting to move



✓ **Investors**: 30+ funds

✓ Banks: 8 UK banks

✓ Social Finance: fintech, foundations























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

> Sovereign Green+ Bonds

National Investment Bank

> A Green Bank of England

Local Investment Funds

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

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

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/













