

A Just Transition Mechanism for India

Just Transition: Global Experience

- In Western countries, coal mine closing has been largely **triggered by unprofitability** of the coal industry.
- Several countries have **announced coal phase-out policies/ plans** and **just transition measures** since Paris Agreement.
- Transition planning and financing have been primarily related to **formal workers and formal economy**.
- Experiences show **just transition is a long-term process and need inclusive planning**. In Ruhr Germany, it took 50 years.
- **Financial requirement very significant-** Germany earmarked \$45 billion; Alberta (Canada) \$45 million for just one province.

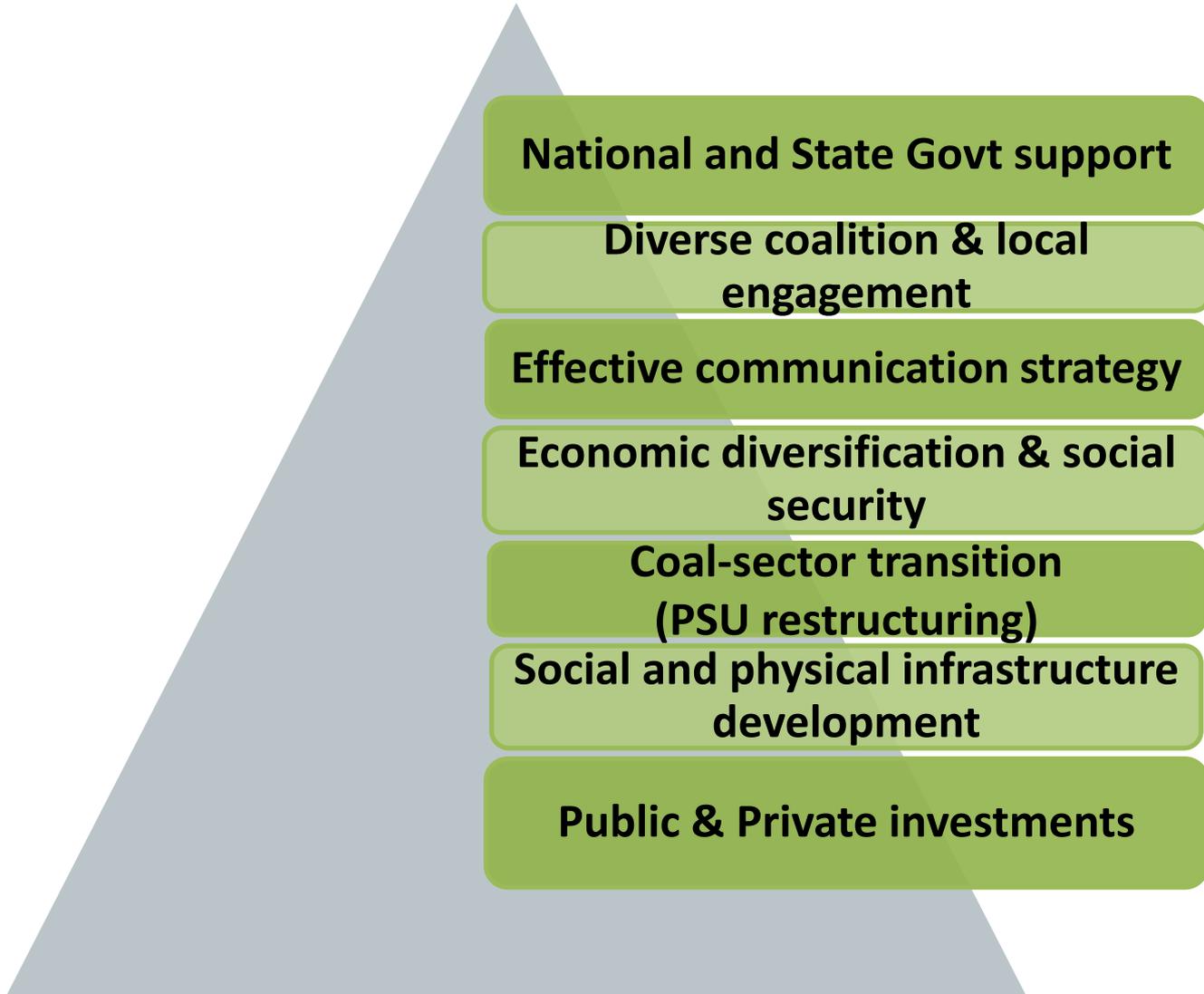
Just Transition: Indian Scenario

- Deliberate **policy discussion on coal phase-out has not happened.**
- National picture of the coal-economy differs from subnational level, **mines are closing down** in several districts.
- Mine closure is happening **unplanned and unannounced.**
- The coal sector largely consists of **informal workers**- 3 times the formal workforce. Just transition here will be about **ensuring structural changes.**
- The need for **just transition is already a reality** for several coal mining districts considering eminent economic and social disruptions.

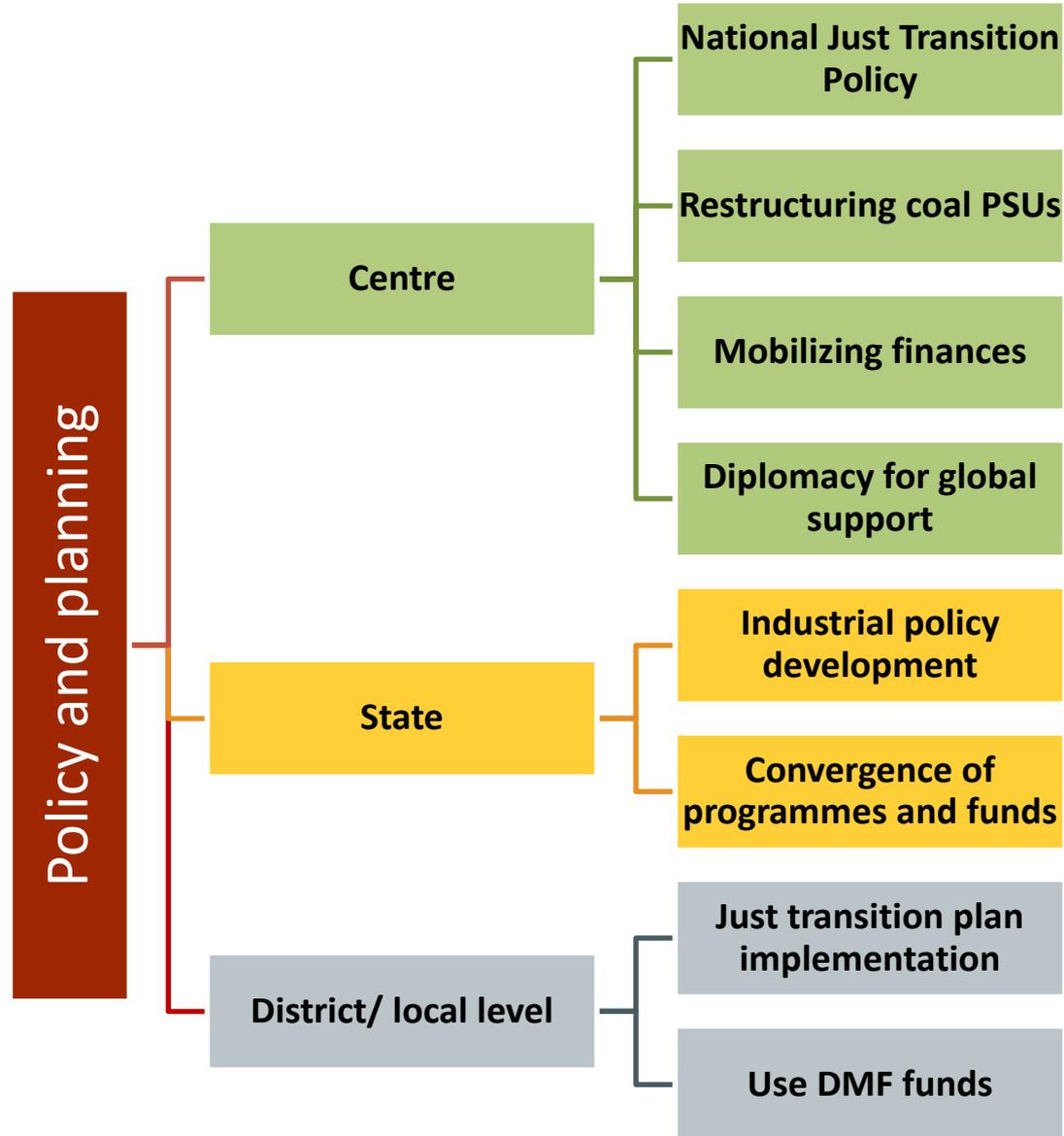
Goals of the Just Transition Framework

- **Reverse the resource curse of coal mining districts.**
- **Create and support livelihood opportunities that are sustainable, secure and dignified.**
- **Ensure livelihood opportunities/income substitution of informal workers/informal economy.**
- **Ensure social safety-nets as a long-term welfare policy.**
- **Ensure job substitution/ employment opportunities for formal workforce.**
- **Improve development outcomes in the mining areas.**
- **Ensure that the transition process has public ownership.**

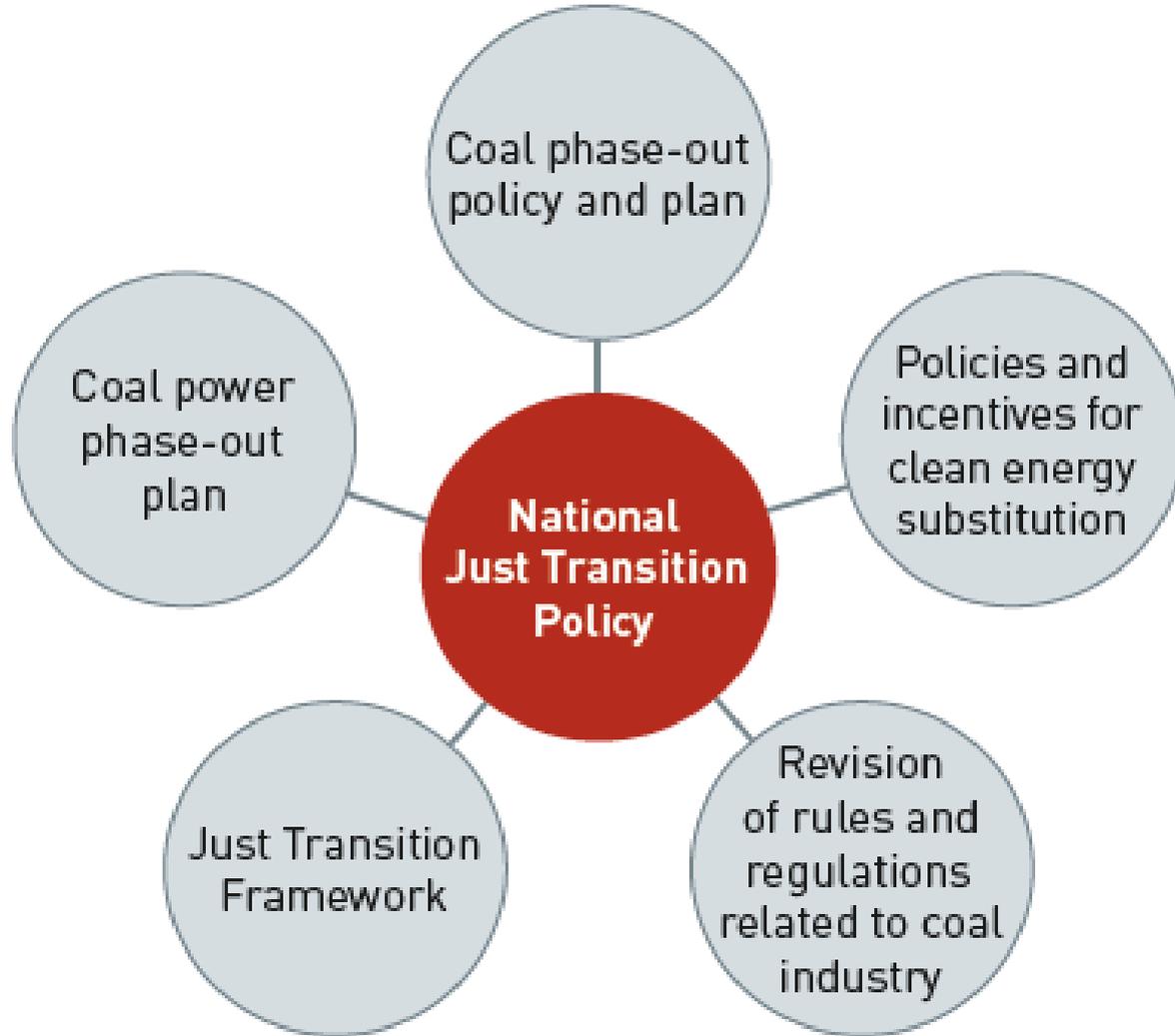
Pillars of Just Transition Framework



Roles of various Actors



Central Government



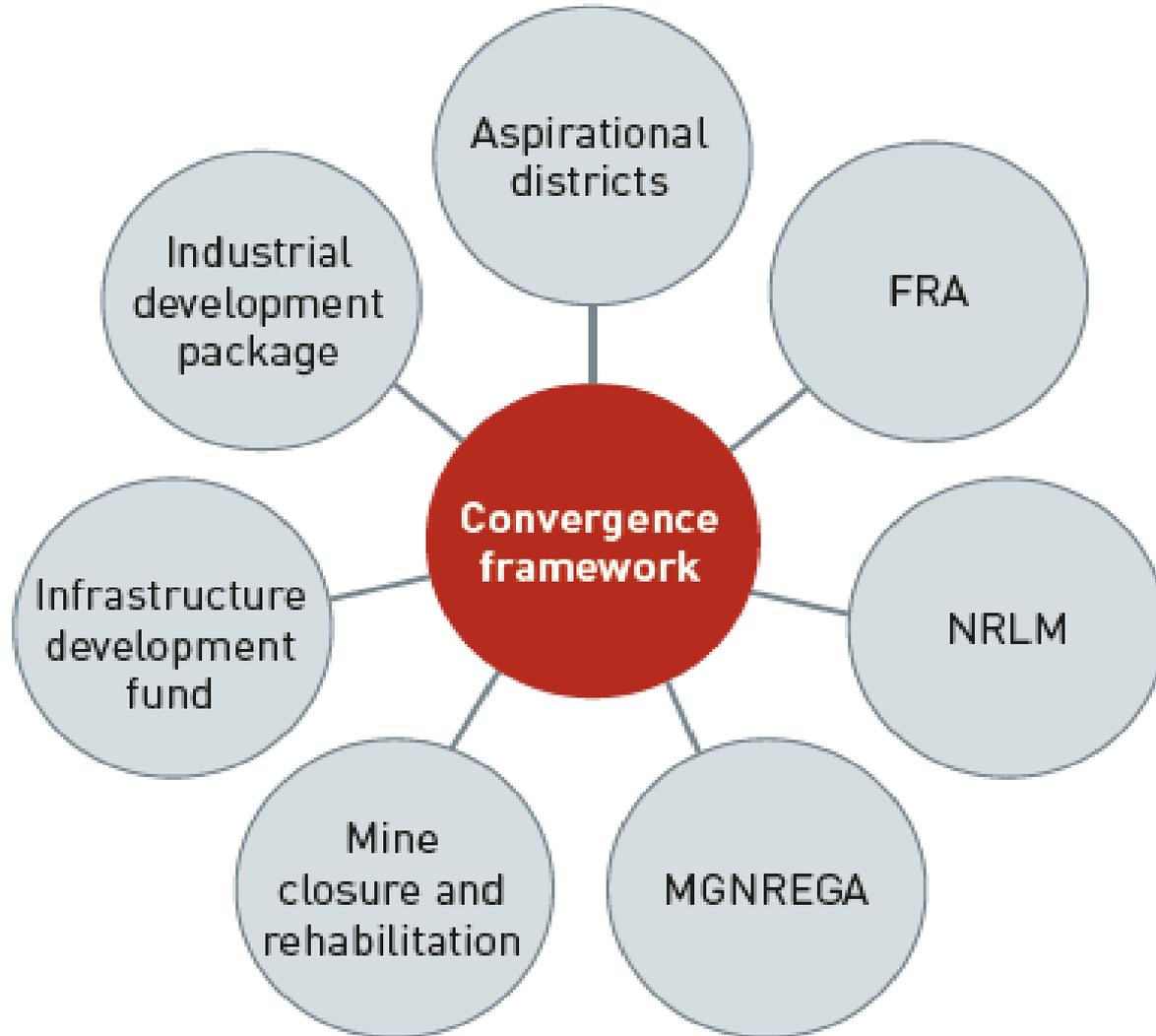
Central Government

- **Support restructuring of the Coal PSUs-**
 - Important for creating alternative employment and minimize Government revenue loss.
 - In 2018, CIL announced investment in 20,000 MW of solar projects in the next 10 years.
- **Provide financial support** for infrastructure and low-carbon industry development- tax incentives, capital and operational subsidies etc.
- **Encourage just transition financing** through banks, investors and financial institutions.
- **Diplomacy for global support-** Take leadership in UNFCCC to develop international coalition/ global support programme to support just transition in developing countries.

State Government

- **Develop a state-level action plan for just transition** with defined timeframe, and align with state development vision.
- **Develop an industrial policy** to steer away from coal dependence.
- **Use public funds strategically** to attract private investments for infrastructure and industries.
- **Build a broad-based consensus** among various stakeholders to phase-out coal mining and power plants.
- **Develop convergence plans/mechanisms** to pool in resources of various laws and schemes to support just transition.

Convergence of Policies & Programmes



District Administration, PRI, Local Bodies

- **Facilitate a participatory process for just transition-** Build on
 - District planning as proposed by Planning Commission.
 - Development planning mechanisms like GPDP
- **Implement just transition plan-**
 - Use **District Mineral Foundation (DMF) fund as the seed money** to finance investments, particularly for livelihood diversification and social infrastructure development.
 - Coal districts already have **Rs. 20,230 cr. in DMF** (over \$2.8 billion).
- **Develop communication strategy and local support systems** to build community confidence and support for just transition. **This is an imperative for all stakeholders.**

***The coal face of India is complex one.
This is only the beginning and a reference point to facilitate
discussions on just transition framework and strategies...***