



RÉPUBLIQUE
FRANÇAISE

*Liberté
Égalité
Fraternité*



AFD AND

the Just Energy Transition



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40 + projects
promoting
a just energy transition
since 2017

4 Just Energy Transition Partnerships
(JETPs) committing France
and AFD in South Africa, Vietnam,
Indonesia, and Senegal

\$30 BN
committed to JETPs
by international
partner groups

The concept of “just transition” came about from the realization of the link between the environmental and social crises. It takes into account the interests of workers and disadvantaged people in the processes of decarbonizing economies, so that the transition to decarbonized energy sources is not in conflict with improvement in people’s well-being. In partnership with local stakeholders (States, public and private companies, financial institutions, NGOs, and civil society), AFD Group is putting to work its full range of financial tools to promote an inclusive, equitable, and sustainable energy transition.

#WorldInCommon

The just energy transition: reconciling social progress with sustainability

1

Adopting an inclusive approach for just planning and governance

To bring about a just energy transition, AFD Group is committed to helping States anticipate and manage socio-economic impacts by supporting:

- **Multi-sectoral modeling and programming, starting from the energy-transition planning stage.** AFD Group supports studies on the need for possible compensatory measures helping to make the transition an opportunity for development.
- **The equitable distribution of costs between the public and private sectors, minimization of the tax burden on disadvantaged groups, and mobilization of private resources** when developing the budget strategy.
- **Citizen participation**, a key factor for success when possible in the situation. All stakeholders – and especially disadvantaged people, trade unions, civil society and the private sector – must be considered from the planning phase. AFD Group supports local organizations in establishing consultation processes.

2

Enacting proactive and protective public policies

AFD Group ensures that climate and social ambitions are consistent, and it sees that they are included into budgets. Several strategic measures are employed to this effect:

- **Predicting the costs for disadvantaged users that are generated by the adoption of energy policies.** To compensate reduction in fossil fuel subsidies, AFD Group helps governments strengthen their social protection systems so that the energy transition does not make the most disadvantaged people suffer.
- **Balanced mobilization of sources of financing**, so that the energy transition does not encroach on the necessary resources and reduces long-term inequalities. To this end, AFD Group supports public authorities so that they can adapt their tax policies, gain access to climate finance, and develop green financial systems.
- **Multi-sectoral dialog between energy operators and regulators to reach just pricing models.** Based on prior analysis and planning, this step helps to reduce energy poverty.

3

Creating decent jobs while providing support for households and local authorities

The energy transition is reshaping industrial fabric and local employment. It's thus essential to support workers – especially in the informal sector – and their families. Local communities and disadvantaged people must also benefit from this transition. To respond to these social challenges, AFD Group:

- **Encourages reconversion strategies in local areas to compensate for the loss of jobs due to the transition.** To do so, it contributes to the deployment of financial assistance (compensation, unemployment insurance, early retirement, mobility aid and retraining) and non-financial services (job counseling, entrepreneurship, access to credit, and relevant training).
- **Promotes the creation of decent jobs and supports initial and continuing training in the sectors of the future.** AFD Group also supports companies in key areas of the energy transition for diversified and inclusive growth.
- **Invites local authorities to adopt a proactive approach and a comprehensive outlook on the human resources of their regions that are impacted unevenly by the energy transition.** For this, AFD Group promotes vocational retraining and the creation of new job opportunities to benefit as many people as possible.