

EU-LAC Just Transitions Forum - Executive Report -



I. Background

The European Union (EU) and Community of Latin America and Caribbean States (CELAC) Summit of Heads of State and Government will provide an opportunity to generate a high-level strategic dialogue on the challenges and opportunities of the cooperation between Latin America and the Caribbean (LAC) and the EU around their green transition and digital transformation agendas. Accordingly, and in the framework of its mission of promoting dialogue between governmental and civil society actors of both regions, the EU-LAC Foundation organised the **Just Transitions Forum**.

The objective of the **Just Transitions Forum** was to generate a discussion space for experts, researchers and other civil society actors on the challenges and opportunities of the LAC-EU bi-regional cooperation in the areas of **i) climate change adaptation and mitigation, ii) just energy transition, and iii) inclusive digital transformation**. In addition, the purpose of the Forum was to generate contributions and policy recommendations from civil society to the bi-regional dialogue that will take place at the next EU-CELAC Summit of Heads of State and Government.

The **Just Transitions Forum** took place on 15-16 May 2023 in Barcelona, Spain. The Forum was organised with the support of the European Commission, the *Institut Barcelona d'Estudis Internacionals* (IBEI), the *Diputació de Barcelona*, and "la Caixa" Foundation with the Club of Rome.

II. Participants

In order to achieve the objectives of the **Just Transitions Forum**, direct invitations were issued to experts and leaders from LAC and the EU, who were affiliated to international organisations, research centres, universities, civil society organisations, among others. In addition, an open call for representatives of civil society organisations was made on the EU-LAC Foundation's website. The EU-LAC Foundation received ca. one hundred applications through the open call.

The Forum brought together 54 face-to-face participants and 44 virtual participants, **which totalled 98**. Most of the attendees were representatives of civil society organisations, academia, and international organisations such as the Economic Commission for Latin America and the Caribbean

(ECLAC), the Organisation for Economic Co-operation and Development (OECD), the European Investment Bank (EIB), the Food and Agriculture Organization of the United Nations (FAO), among others. Representatives from private sector and trade unions -mostly members of the European Economic and Social Committee (EESC)- also participated. In addition, the Forum was attended by representatives of CELAC Member States and the European Union (EU) as observers.

Two former Ministers and two former Vice-Ministers from the LAC region, who currently hold positions in international or civil society organisations, among other bi-regional leaders, participated in the Forum.

III. Methodology

The **Just Transitions Forum** was held in hybrid format (in-person and online), to enable larger participation from both regions. The languages of the Forum were Spanish and English, with simultaneous interpretation.

Based on their expertise, participants chose to contribute in one of **three working groups**: i) climate change adaptation and mitigation, ii) just energy transition, and iii) inclusive digital transition. Each thematic group was organised into three working sessions focussed on specific aspects within the main theme. The working sessions started with the presentation of an invited expert, who provided inputs for the discussions. Afterwards, participants openly discussed the topics with the help of a moderator. Guiding questions were provided to assist the discussions.

In addition, each session had two designated rapporteurs to accurately and objectively document the key points discussed.

IV. Proposals to the EU-CELAC Summit of Heads of State and Government

The main proposals and suggestions to the EU-CELAC Heads of State and Government are listed below by theme discussed.

i. Climate Change Adaptation and Mitigation

Proposals to the EU-CELAC Summit of Heads of State and Government:

Session A: Economic, social, and environmental costs of climate change in LAC and the EU

- 1. Transparency and public access to information on natural resources and environmental impacts.** There is a general lack of transparency in the Latin American and Caribbean (LAC) region in relation to environmental resources and impacts. It is crucial to foster an environment of openness and collaboration, promoting citizen participation and access to environmental information. By strengthening transparency, informed decision-making can be promoted and a stronger and more effective environmental governance in the region can be achieved.
- 2. Generating quality public information on costs associated with climate change and the implementation of Nationally Determined Contributions (NDCs).** Accurate quantification of the costs associated with climate change and the transition is required to access climate finance and address issues such as transition resistance. Very few countries in LAC have conducted studies on how much it would cost to implement their NDCs. It is essential to generate these studies in the region for accessing climate financing and a better connection between finance flows and national needs. In addition to evaluate the economic aspects, it is fundamental to address the justice and equity aspects of the transition.

- 3. Generating and disseminating information on the climate crisis at the local level and acknowledge women's community leadership.** There are several sources of data on climate change issues available at the macro level. However, problems often arise when trying to obtain quality official data at local scales. It is essential to address this gap and recognise the importance of generating data at the local level. In this regard, it is also recommended to acknowledge and support women as climate leaders who play a key role in producing information and building resilience at the local level.

Session B: Bi-regional cooperation and financing of climate change adaptation and mitigation measures in LAC

- 4. Opening the debate on the effectiveness of the Green Climate Fund (GCF) and the need to improve its financing scheme.** Currently, these funds are being mobilised through intermediaries, which poses problems in terms of transparency and equitable distribution.
- 5. Strengthening the local approach to climate finance and the role of affected communities.** Small and medium-sized cities often face difficulties in accessing finance and technical assistance to implement climate projects. It is therefore critical to strengthen the local approach to climate finance and highlight the crucial role of communities affected by climate change in making decisions, implementing solutions, and directly receiving funding to ensure more effective climate action.
- 6. Promoting transparency in climate finance.** Transparency is another limited aspect of climate finance. In this regard, the implementation of schemes of transparency, collaboration and mutual trust in the EU and LAC cooperation is highly recommended. In addition, it is suggested to develop and implement better accountability mechanisms for climate projects.
- 7. Promoting multistakeholder dialogue and public-private partnerships in climate finance.** Promoting multi-stakeholder dialogue is essential to unlock the trillions of dollars needed to finance climate action. The importance of discussing and seeking common solutions amongst the different actors involved in international cooperation and climate finance is highlighted. The relevance of public-private partnerships under sustainable and fair standards is also emphasised.
- 8. Increasing climate finance for adaptation.** The distribution of international climate finance in LAC is uneven, with a greater proportion going to mitigation. It is necessary to increase funding for adaptation in LAC, as the region is highly vulnerable to the impacts of climate change. Also, a better connection between funding flows and national needs must be promoted to ensure effective use of resources.
- 9. Promoting debt-for-climate finance swap mechanisms as a strategy to address climate change.** It is essential that countries avoid increasing their external debt to address the impacts of climate change. Instead, it is recommended to develop, promote, and implement debt-for-climate finance swap mechanisms.

Session C: Bi-regional cooperation on the Carbon Border Adjustment Mechanism (CBAM)

- 10. Fostering EU-LAC bi-regional dialogue and cooperation on the Carbon-Border Adjustment Mechanism (CBAM).** It is essential to generate a clear and constructive dialogue between the EU and LAC countries to address concerns and challenges related to the CBAM. This includes discussing impacts on regional markets and employment, and possible trade diversions to

other less regulated markets. In addition, LAC countries will require support to address the challenges and costs associated with CBAM implementation. An excessive economic burden on small producers and exporters should be avoided, and a just transition to more sustainable practices should be encouraged.

- 11. LAC-EU bi-regional dialogue, agreement and cooperation on the development and implementation of environmental regulations and certifications.** LAC countries need to promote and adopt sustainable practices in the production of exported goods. It is important to encourage the certification of products with internationally recognised environmental standards in the region, which could open market opportunities and help mitigating the impacts of the CBAM. However, complying with the EU Green Pact regulations can be costly and challenging for LAC farmers and producers, particularly small producers. In this regard, it is fundamental to promote bi-regional dialogue on environmental certifications and regulations. Technical cooperation in the implementation of environmental certifications and regulations, particularly for small producers, is also fundamental.

ii. Just Energy Transition

Proposals to the EU-CELAC Summit of Heads of State and Government:

Session A: Energy transition during the crisis

- 1. Targeting energy subsidies to the most vulnerable populations in LAC and evolution towards other models in the energy transition.** The energy policies implemented in LAC have been diverse and their effectiveness varies according to each context. However, in general, current subsidies not only promote the use of fossil fuels but have not been successful in addressing inequity (disproportionate burden of energy price increases on low-income populations). Governments in the region should adequately target fuel and energy subsidies to achieve a more efficient and sustainable energy policy. In addition, the importance of implementing more progressive subsidies is emphasised, as well as the importance of evaluating the transfer of subsidies to production, not only to consumption.
- 2. Strengthening LAC-EU bi-regional technical and financial cooperation for energy democratisation.** The European Green Deal offers new opportunities for cooperation between LAC and the EU on energy issues. LAC has one of the cleanest energy matrices on the planet; however, energy poverty is also a challenge in the region, with 16.1 million people without access to electricity. In this regard, it is noted that the allocation of investment funds for energy democratisation should be a key aspect in the cooperation between LAC and the EU in order to promote a just and sustainable energy transition.
- 3. Prioritising energy cooperation that promotes value-added production in LAC.** Cooperation between LAC and the EU in energy matters is an opportunity for joint growth and development. In this regard, it is important for LAC to participate in value-added activities and production, and not only remain an exporter of raw materials. Therefore, it is important to seek points of convergence and cooperation that promote the common interests of both regions.

Session B: Bi-regional cooperation, technical transfer, and financing of renewable energy projects

- 4. Increasing, strengthening, and aligning bi-regional technical and financial cooperation on energy transition.** The share of financial cooperation between the EU and LAC has decreased in the last years compared to other regions and countries, leading to a perceived lack of priority in the EU's agenda towards LAC. In this regard, it is recommended that the EU prioritise the

allocation of resources to LAC, help attract investment to the region, and foster dialogue for a just energy transition. Cooperation funds have the potential to financially enable projects that are not profitable in the short term. In addition, international cooperation, in alliance with public and private investments, can contribute to reducing dependence on external debt for the implementation of energy projects in LAC. In this regard, it is also necessary to align existing EU-LAC cooperation mechanisms and programmes with financing instruments for energy infrastructure.

5. **Assessing and promoting cooperation, investment and trade opportunities between the EU and LAC within the framework of the European Green Deal.** LAC has the cleanest electricity matrix on the planet, human capital, industry capable of manufacturing complex products (many European vehicle producers have manufacturing plants in LAC), mineral resources that can be extracted efficiently, amongst others. This translates into a low carbon footprint. On the other hand, the EU has the demand, the human and financial capital, and the goal of zero net carbon emissions by 2050. In this context, there is a coincidence of interests and a unique opportunity to strengthen social, economic, and environmental relations between the EU and LAC.
6. **Cooperation in the development of regulations and industrial policies for the energy sector in LAC.** In order to take advantage of financing opportunities from international cooperation, multilateral banks and the private sector in the energy sector, the LAC countries need to develop clear industrial policies and support mechanisms for projects. Emphasis should be placed on the development of new markets, such as electric mobility, and, in this regard, LAC should take advantage of the experience developed in the EU.
7. **Strengthening LAC regional cooperation for energy transition.** The role of governments in the implementation of energy policies is key to promoting the transition towards a more sustainable energy matrix in LAC. However, coordination at the regional level in LAC presents challenges compared to the coordinated action of EU Member States. In this regard, it is important to strengthen regional energy cooperation in LAC.

Session C: Cooperation on lithium and other minerals of importance in the energy transition: regulatory framework, investment, environmentally friendly production, value chain, quality employment and marketing.

8. **Implementing industry standards, regulations and policies that ensure environmentally friendly production and quality employment in bi-regional minerals trade.** Establishing adequate regulations and considering existing frameworks such as the Initiative for Responsible Mining Assurance (IRMA) is critical to promoting sustainable and fair bi-regional trade. This requires meaningful prior consultation, information for local communities, participation of indigenous people, and dynamic governance models that promote participation throughout mining projects. In addition to rigorous regulations, there is a need to ensure compliance at both production (LAC) and consumption (EU) levels. In this respect, there is a shared responsibility between LAC and the EU, and it is necessary to make use of existing traceability tools.
9. **Ensuring respect for indigenous and local communities' rights, including the guarantee of free, prior, and informed consent on mining and energy projects.** The development of mining and energy projects must guarantee free, prior, and informed consultation with affected communities. In this sense, LAC communities should have the possibility to reject a mining or energy project to be implemented in their territory, as is the case in the EU. If a project is freely

approved, in addition to protecting the health and environment of these communities, their participation throughout the project and in the economic benefits must be guaranteed.

10. **Encouraging the use of new technologies in mining projects.** Extractive and productive processes can be more efficient and environmentally and socially friendly. Energy, water, and soil consumption can be reduced. This requires the development and deployment of new technology. EU-LAC cooperation and technology transfer is key in this respect.
11. **Fostering LAC participation in value chains around lithium and other minerals of importance for the energy transition.** The demand for lithium is increasing considerably due to the transition to clean energy, especially driven by electromobility. Lithium demand is expected to increase by up to 41 times by 2040 compared to 2020. Bi-regional technical and financial cooperation aligned to both EU and LAC interests will be indispensable to foster LAC participation in value chains around lithium and other minerals essential for the energy transition. In addition, it is suggested to take advantage of the potential of new technologies for LAC and to ensure environmental sustainability in the extraction of these resources. Bi-regional cooperation should also contribute to strengthening local capacities, fostering technological innovation, and generating economic opportunities for the LAC region. In addition, it will be essential to strengthen regional cooperation in LAC for the production and local supply of industrialised products, such as batteries in the lithium chain.

iii. Inclusive Digital Transformation

Proposals to the CELAC-EU Summit of Heads of State and Government:

Session A: Digital divide and the deepening of learning and productivity gaps in LAC and the EU

1. **Investment in technological infrastructure and connectivity with priority in rural areas and vulnerable populations in Latin America and the Caribbean (LAC).** The pandemic has revealed the LAC's education system weaknesses, and exacerbated learning gaps amongst children and adolescents from different socioeconomic backgrounds due to the lack of access to technology and connectivity. Governments should prioritise investment in technological infrastructure in rural areas and disadvantaged communities, as well as establish partnerships with the private sector to expand coverage. Additionally, policies should be implemented to promote affordable Internet rates and technological devices for students and teachers.
2. **Ensuring access to remedial education for children and adolescents who were deprived of learning opportunities during the pandemic in LAC.** Different studies show that learning gaps generated and exacerbated as a result of the pandemic could have permanent effects on productivity and future earnings. It is essential to implement policies, programmes, and recovery strategies to close these gaps and promote more inclusive education in LAC. In this regard, it is essential to implement policies that promote access to connectivity and technological devices for students and teachers.
3. **Strengthening teacher training in technology and pedagogy.** It is necessary to provide initial and continuous teacher training in the effective use of technology and appropriate pedagogical strategies for digital education.
4. **Strengthening training in digital skills, especially in STEM (science, technology, engineering, and mathematics) areas,** to encourage the development of digital ecosystems and increase employability. Special attention should be given to the participation of women and closing the gender gap in STEM roles through the promotion of educational programmes that integrate women in these areas.

5. **Promotion of gender equality and socio-emotional inclusion.** Attention should be paid to gender gaps and the needs of the most vulnerable groups in the education system. Policies should be implemented to promote the inclusion of persons with disabilities, migrants, people in poverty, amongst others.

Session B: Bi-regional cooperation for inclusive digital transformation

6. **Promoting cooperation between LAC and the EU to close the digital divide.** It is essential to foster collaboration between both regions in the digital field, especially in reducing the digital divide. Strategic alliances, such as the RedCLARA initiative and the Bella II project, should be established to strengthen connectivity and digital development in Latin America and the Caribbean. The importance of promoting cooperation between civil society, universities, and the public sector is also emphasised.
7. **Ensuring universal access to digital tools in LAC and the EU.** To avoid increasing inequalities, it is crucial to ensure transversal and universal access to digital tools. Policies aimed at guaranteeing equitable access are essential to achieve just transitions in the digital age. Additionally, the need to promote digitisation in sectors such as agriculture is highlighted, as well as the development of a LAC network that complements the Red Terra project.
8. **Establishing adequate regulatory and legal frameworks in LAC.** In the process of digitisation, regulatory and legal aspects need to be considered. This involves addressing the protection of personal data and creating legal frameworks that regulate remote work. Furthermore, the skills of LAC people should be revalued in the European market, promoting cooperation and diversity.
9. **Promoting transparency and accountability through digitisation,** with a particular focus on youth.

Session C: Civil society networks in the green and digital transition

10. **Reducing entry barriers and inequalities.** It is crucial to close the gap in access to European cooperation, especially for countries with structural inequalities. This may involve the implementation of specific support and financing programmes for countries with fewer resources, as well as the promotion of policies that foster inclusion and equal opportunities.
11. **Improving coordination between civil society actors and decision-makers and generate formal spaces for dialogue.** It is recommended to work on aligning the proposals of civil society organisations with those of public policy decision-makers. This implies generating formal and institutional spaces where civil society can engage and actively contribute to decision-making. These measures are essential to promote equity and ensure that all voices are heard in the construction of a fairer and more sustainable future.
12. **Strengthening social dialogue between the EU and LAC, and support social development and social entrepreneurship in both regions.** In this regard, the focus on social development in the EU was highlighted, where significant funds are allocated to social entrepreneurship and social issues are integrated into education and university projects. LAC was considered a region with great potential to develop these types of projects.