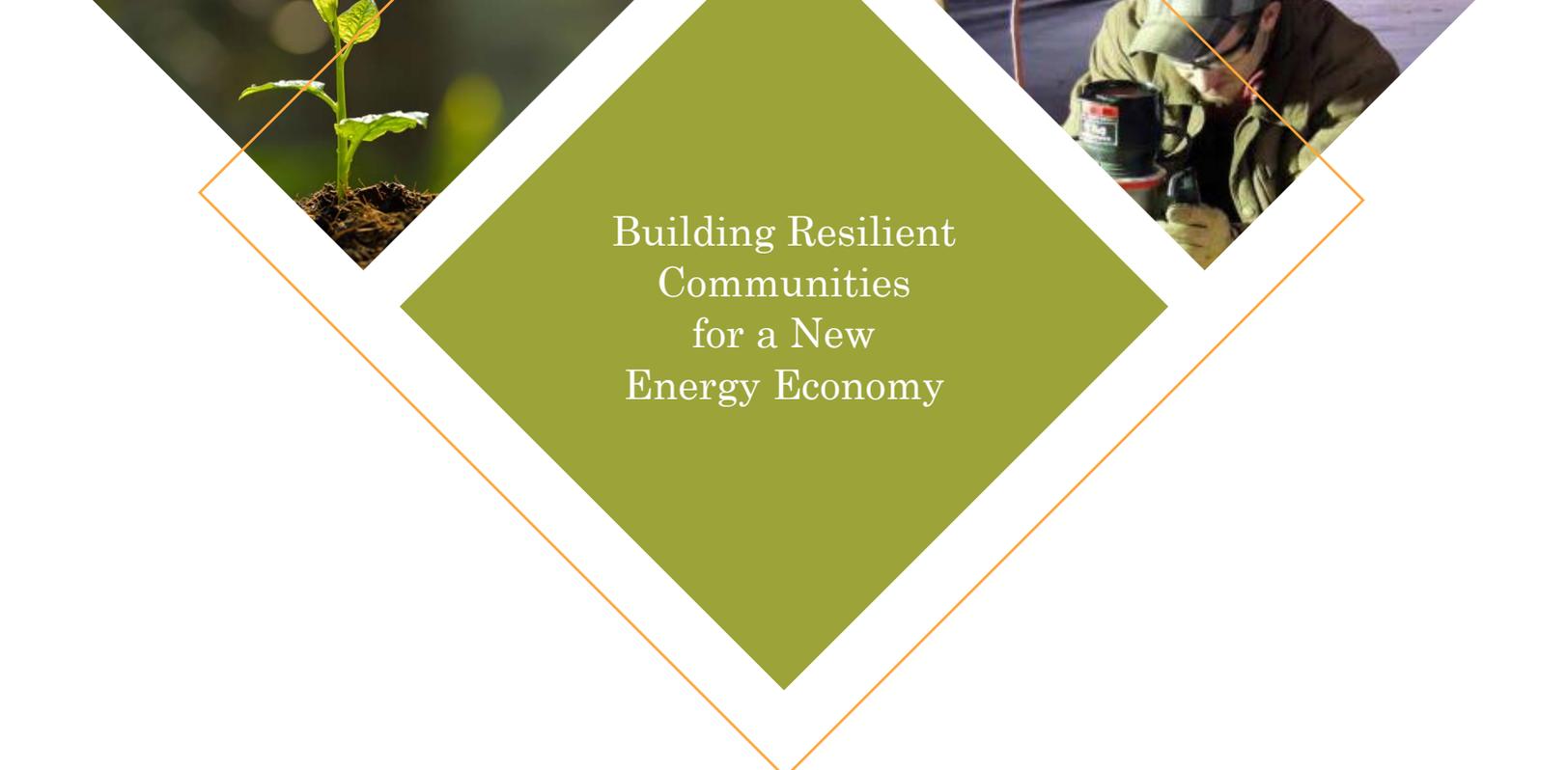




JUST TRANSITION FUND

A Philanthropic Initiative
to Help Coal Communities
in Transition



Building Resilient Communities for a New Energy Economy

We literally put the finishing touches on this strategy paper hours before the 2016 election. While the election results left many of us scrambling to adjust our analysis and strategy, they also reinforced the critical importance of the transition to a new energy economy that works for everyone. Few can discount the frustration from coal mining towns in Appalachia, former manufacturing centers in the Rust Belt, and many other communities who feel left behind. The Just Transition Fund is committed to directing smart investments into coal-dependent communities to demonstrate and scale solutions that will help reframe the narrative about the new energy economy and build political will for long-term solutions that create a more equitable and resilient economy and save our planet.

Over the next few months, the Just Transition Fund will embark on a listening project to hear from transition leaders from Appalachia to the Powder River Basin, and from power plant communities from the Midwest to New York State. We will also talk with thought leaders in labor, climate justice, community economic development, impact investing and more. Our goal is to test our current strategic plan against the new political reality in order to adapt quickly and strategically. While there are many factors in our analysis that have changed—and more will change in the coming weeks—we believe our core vision and goals are sound. We remain resolute: Now more than ever, we believe the Just Transition Fund is key to building political will around climate solutions and must be an integral part of the national conversation for both climate and energy funders and the economic democracy movement.

We welcome your thoughts.

Heidi & Sandra

Across the United States, hundreds of communities are economically dependent on coal. As the country undergoes a historic clean energy transition, we must ensure the communities and workers most affected by these economic changes are not left behind. Although the enormity of the challenge is significant—some say it will cost upwards of \$50 billion annually to address—history demonstrates the U.S. has experienced difficult economic transitions in the past. When communities formerly dependent on tobacco, timber, and steel struggled to diversify local economies, both private philanthropy and the federal government played important roles. Given the magnitude of the current energy transition—and the uncertainty of continued federal support for coal communities—we must engage diverse partners and investors to help frontline communities make a sustainable transition away from coal toward a new energy economy.



THE JUST TRANSITION FUND

To jumpstart the engagement of philanthropy, the Rockefeller Family Fund and the Appalachian Funders Network created the Just Transition Fund. Although originally designed in response to President Obama’s POWER Initiative, a federal effort to help communities negatively impacted by the changing coal economy, the Fund has evolved from a pooled fund to a movement-oriented hub. With deep ties to transition advocates, federal officials, and philanthropy, the Just Transition Fund fuels and propels the coal transition movement by convening a wide range of transition actors across the public and private sectors. By creating an on-ramp for foundations, the Fund also functions as a vehicle for national and regional philanthropic engagement by enabling foundations to invest directly in local, coal-impacted communities.

OUR GOALS

Ultimately, the Fund seeks to build visionary, resilient communities that embrace a new energy economy and work for everyone. We do this by supporting frontline coalfield and power plant communities as they make a just transition away from coal. In priority places, the Fund will strengthen and scale projects that align with the Fund’s commitment to sustainable economic development, equity, and energy resilience. We aim to:

- -> Diversify and strengthen local economies
- -> Build economies that work for all, with policies that prioritize people and protect displaced workers
- -> Expand clean energy opportunities and scale solutions

The Just Transition Fund supports the creation of alternative economic and workforce development plans that engage a diverse range of stakeholders. Enhanced community-driven planning—where economic control shifts to communities—is essential. Our work is guided by principles that strengthen democratic institutions and foster broadly-shared prosperity. We believe applying these principles at scale builds resilient communities.

PRIORITY COMMUNITIES

Today, the United States is in the midst of a historic and rapid energy transformation. Low natural gas prices, tightening clean air and carbon regulations, and the increasing cost competitiveness of renewable energy all contribute to a shift away from coal. Although these trends reflect progress toward a clean energy economy, they have left many coal-impacted regions in a state of transition.

- -> **Appalachia**—the region hardest hit by the shrinking coal industry—has experienced 87 percent of the country’s coal related job loss. According to the Appalachian Regional Commission, the region lost more than 23,000 jobs between 2011 and 2015 alone, as production plummeted by more than 40 percent to reach its lowest historical levels.
- -> In the **Powder River Basin**, a string of coal mining company bankruptcies and changing energy demands have left Wyoming and Montana communities in distress. The region, which provides 40 percent of our nation’s coal, is beginning to reel as both coal plants and mines close. Job losses are particularly devastating for communities in Wyoming. In the coming years, industry predicts the state could lose upwards of 10,000 coal-related jobs.
- -> The energy transition also impacts **communities where coal-fired power plants have closed**. The nation’s fleet, which consumes 90 percent of all coal mined in the country, is a critical component of the clean energy transition. Already, nearly 40 percent of the fleet has been announced for retirement. Plant closures not only result in direct job loss, but also cause significant reductions in public revenue when plants are removed from local tax rolls. The financial impacts reverberate throughout the community as reduced local government funding translates to job loss for public employees, decreased school budgets, and service cuts for local residents.

In these places—particularly those impacted by both mine and plant closures—the Fund will support community-based organizations that are firmly rooted in place. Recognizing these organizations need access to other expertise, the Fund will also support key state, regional, and national partners engaged in transition issues, particularly those working at the intersection of climate, economic justice, and equity. As an integral part of the just transition movement, these organizations have strong connections to frontline communities and a track record of building local capacity.



WHY NOW?

Across the political spectrum, there is growing recognition that these communities will lose in the clean energy transition unless strong policies and programs are enacted that protect workers and stimulate economic development and diversification. This awareness has intensified as the coal industry continues to shrink and the need to address climate change becomes more urgent. Recent trends present an opportunity for philanthropic engagement.

Under President Obama, the federal government committed modest resources through the POWER Initiative. Although not commensurate with the scope or the scale of the problem, POWER funding is a promising start. In addition, the bipartisan-supported RECLAIM Act—which is working its way through Congress—would provide \$1 billion to create reclamation jobs on abandoned mine lands and stimulate economic opportunities in coal-impacted communities. These efforts, when combined with support for coal country assistance coming from leading, diverse political figures from both sides of the aisle, including most notably Representative Hal Rogers, raise the national profile of transition efforts.

Change has also taken root throughout Appalachia. Despite continued political posturing by powerful political leaders, structural changes in the coal industry have led to growing awareness that the region must develop a new, more diversified economy. Unusual partnerships, such as Shaping Our Appalachian Region (SOAR) in eastern Kentucky and the Innovation Acceleration Strategy in southern West Virginia, bring together elected officials, public agencies, businesses, nonprofits, and community leaders to promote effective solutions. Community-based organizations have influenced these conversations and decades of investment now yield results as support for a just and sustainable economic transition grows.

Collectively, these events create an unprecedented window of opportunity to deepen and expand this work.



OUR STRATEGIC APPROACH

In order to take advantage of the opportunity at hand, the Fund will capitalize on its position in the field and undertake the following strategies to achieve its goals:

→ CATALYZE CROSS-SECTOR CONNECTIONS AND FOSTER LEARNING.

Diversifying coal-based economies and supporting communities as they transition away from extractive industries is a heavy lift. Success requires strategic partnerships between both public sector partners and the nonprofit community, and more broadly between government and philanthropy. Operating at the cross-section of a variety of transition actors—nonprofit advocates, communities and workers, government officials, and resource experts—the Just Transition Fund is able to convene these diverse partners and help catalyze collaboration.

In the Spring of 2017, the Fund will host its Annual Stakeholder Meeting and convene community partners, key resource organizations, labor leaders, government officials, and funders. The convening provides the opportunity to foster learning across sectors; share best practices and innovative strategies; network with like-minded peers; and deepen relationships with the new administration. Since our inception, we have developed strong relationships with partners at the Appalachian Regional Commission, the Departments of Commerce and Labor, Environmental Protection Agency, and other key agencies. While this work is likely to be much harder with the change of Administration, strong relationships with career staff at federal agencies offer opportunity for continued progress.

→ BUILD THE CAPACITY OF TRANSITION ADVOCATES.

To create resilient, new economy communities in coal-dependent areas, the Fund must strengthen the transition movement, which to date has been woefully underfunded. This starts with an emphasis on communities, which are on the frontlines of the clean energy transition. The Fund helps leaders in coalfield and power plant communities engage local stakeholders, connect with expert resources, and develop effective transition strategies. The Fund also works to build the capacity of other transition actors, including critical state-based organizations, labor, environmental and economic equity advocates, and regional and national partners.

Through its POWER Grantmaking Cycle, the Fund provides critical, capacity-building grants to help communities scale promising strategies. Recognizing that advocates in many coalfield and power plants regions are in the early stages of planning and need support, the Fund launched its Transition Movement Grant Cycle. Movement grants support nascent transition efforts, including those with unusual promise for advancing a new energy economy. The Fund has engaged the Delta Institute to fill a gap in the field provide specialized assistance to power plant communities, appropriate to the local context, to help communities develop models to inform their work.

→ BOOST INVESTMENT IN FRONTLINE COMMUNITIES.

Frontline communities feel the impact of the coal transition in very real ways—through job loss, declining public services, and economic distress. A just transition starts with tangible projects that create economic opportunities through workforce development, business creation, and market sector development. Although the recent commitment of federal resources is promising, a just transition will require sustained long-term investment.

Through its POWER Grantmaking Cycle, the Just Transition Fund provides critical, capacity-building grants to help communities submit competitive proposals and access POWER funding. In 2015 and 2016, we helped communities enhance the competitiveness of POWER applications with grants for planning, stakeholder engagement, and technical assistance. Through our Impact Investing Initiative, the Fund will connect impact investors—who recognize the power of fossil fuel divestment and the complementary strategy of investing in clean energy solutions—to new opportunities with promise for large-scale economic impact and job-creation in coal-impacted communities.

→ SUPPORT STATE AND FEDERAL JUST TRANSITION POLICIES.

The Fund seeks to build support for transition activities at both the federal and state levels. Successful transition efforts break down the political barriers that stand in the way of progress toward a low-carbon economy by countering the narrative about benefits of the coal economy and showing public officials renewable energy solutions are viable. As a hub for the growing transition network, we provide a platform for community-based organizations and their partners to advocate for increased government support for coal transition.

Our listening project will help inform our strategies for advocacy at the local, state and federal levels. In 2017, we will support grassroots organizing and advocacy efforts to promote policies that support coal communities, with a particular emphasis on clean energy solutions. At the federal level, relevant legislation includes the RECLAIM Act, which ties reclamation activities in coal-producing regions to economic development. At the state level, we support policies that promote distributed solar and community power, and efforts that expand other clean energy and sustainable economic development solutions. This strategy is supported by the annual stakeholder convening and the grantmaking programs described above.

“My participation in the March Convening in D.C. was such an educational experience. [It] allowed me to develop a broader appreciation of the true meaning of a just transition, as well as a new respect for the advocacy groups who’ve generated so much response to the legacy costs and impact of fossil fuel development—a response that has left our entire coalfield economy crippled. I no longer turn a deaf ear to those groups as I (admittedly) once did. I’m now more focused on creating diversification opportunities in southern West Virginia that lead us away from an economic monoculture and changing the narrative in a way that grows community support of a more just and sustainable economy!”

- A rural, public sector economic development official



IMPACT & EVALUATION

The long-term goal of the Just Transition Fund is to help build robust, resilient communities that are based on principles related to sustainable economic development, equity, and clean energy solutions.

FROM A SUSTAINABLE ECONOMIC DEVELOPMENT PERSPECTIVE, A RESILIENT COMMUNITY:

- -> Offers good quality, fair wage jobs
- -> Provides responsive workforce development opportunities, prioritizing coal economy workers
- -> Maintains built infrastructure to support a 21st-century economy, particularly in rural areas
- -> Supports entrepreneurship and small business development

FROM AN EQUITY PERSPECTIVE, A RESILIENT COMMUNITY:

- -> Engages a broad range of diverse stakeholders in transition planning
- -> Protects low-income communities
- -> Secures displaced, coal economy worker benefits

FROM A CLEAN ENERGY PERSPECTIVE, A RESILIENT COMMUNITY WILL HAVE:

- -> A public sector that invests in low-carbon power, transportation, and building solutions
- -> An economy that's not based on carbon-intensive industries
- -> Leadership that promotes public policies and economic opportunities in the clean energy sector

The Fund's programming is informed by a Strategy Working Group, which is comprised of community-based transition thought leaders, labor and climate justice leaders, economic development and clean energy experts, philanthropic representatives and public sector officials. The Working Group will help refine the Fund's strategies, expand the network, ensure responsiveness to the field, and connect with broader "just transition" and new economy conversations. A small Leadership Team, comprised of Working Group members, provides oversight and acts as a liaison with the Rockefeller Family Fund as fiscal sponsor.



OUR VALUES

The Just Transition Fund is guided by a deep belief in the power and wisdom of communities to solve their own problems, while recognizing that these communities need support, resources, and connections to create transformative change. We believe that frontline communities—those most affected—need the most assistance. Our programs prioritize support for community-based organizations that are firmly rooted in the priority places in which we work. Finally, the Fund exists to bring additive resources to the field to amplify the transition movement. Support for the Just Transition Fund is not intended to replace direct foundation support to anchor organizations and/or transition communities.



SUCCESS TO DATE

By acting as a “hub” for the transition movement—and by functioning as a vehicle for foundation engagement—the Fund is uniquely positioned to help support and connect communities in transition. Our strategic approach is unique and adds value to the movement by:

- -> Creating a marketplace for foundations, nonprofits, communities, and government officials to connect and forge partnerships
- -> Building a national network of transition advocates to shift public opinion and influence public policy
- -> Providing a “platform” for national and regional transition advocates to gather and organize
- -> Bridging the divide between the public and private sector to potentially help unlock millions for transition

No other philanthropic or advocacy organizations occupy this space. To date, the Fund has already awarded nearly \$1 million in community grants, which has leveraged and injected \$11.5 million in federal funds directly into coal-dependent communities.



JUST TRANSITION, ON THE GROUND

Since its inception, the Fund has supported a range of transition activities in priority places, including the development of sustainable, local food systems; the creation of community solar projects; and workforce development in the green construction sector. These projects reflect the assets and opportunities of particular places and share important characteristics that support a just transition.

APPALACHIAN SUSTAINABLE DEVELOPMENT | ABINGDON, VA

Appalachian Sustainable Development (ASD) promotes economic development and works to build a thriving Appalachia by expanding local food economies and improving food access and distribution. Support from the Just Transition Fund enables ASD to create a regional food enterprise corridor, grow the local food industry, and target more than 40 counties that the Appalachian Regional Commission classifies as distressed. ASD and its partner, the Appalachian Center for Economic Networks, hope to bolster economic opportunities for displaced workers and low-wealth entrepreneurs, improve education and support services, and create a food distribution model throughout Central Appalachia.

APPALACHIAN VOICES | BOONE, NC

Appalachian Voices is pursuing strategies to develop a robust clean energy sector and stimulate sustainable economic growth in Southwest Virginia communities, which have been impacted by an average 60 percent drop in coal mining jobs since 2012. To promote solar energy in ways that maximize local economic benefits, Appalachian Voices is convening expert stakeholders to create a regional roadmap for renewable energy development. The stakeholder group, which is comprised of local economic development authorities, planning district commissions, businesses, and other community-based organizations, will assess the region's needs and elevate energy and economic solutions.

BLACK MESA WATER COALITION | FLAGSTAFF, AZ

The Black Mesa Water Coalition (BMWC) engages and serves the Navajo Nation in the Southwest United States. Suffering from persistent poverty, the tribal nation has a 54 percent unemployment rate and an average income of only \$7,500 per year. Concerned about the community's dependence on both coal mines and power plants—and coal's contribution to the tribe's economic well-being—the BMWC is actively involved in facilitating community conversations to help build a green economy, support local entrepreneurship, and highlight sustainable economic development opportunities. The Just Transition Fund's grant supports BMWC's organizing activity, including community outreach and engagement, in order to help the Navajo Nation build a diversified, resilient economy.

CLEAN AIR COALITION OF WESTERN NEW YORK | BUFFALO, NY

The Clean Air Coalition of Western New York (CACWNY) builds power by supporting grassroots environmental justice and public health community leaders around Buffalo, NY, a city where 31 percent of the population is in poverty. Since 2010, the CACWNY has led the local community to address the impacts of the closure of NRG's coal-fired Huntley Power Plant. When the plant closed in 2016, the impacts rippled through the community when the Town of Tonawanda and the local school district lost significant revenue as a result of reduced payments in lieu of taxes from the company. With support from the Just Transition Fund, CACWNY is working to redevelop and clean up the power plant site and create a resident-driven and community-supported plan for economic redevelopment.

COALFIELD DEVELOPMENT CORPORATION | WAYNE, WV

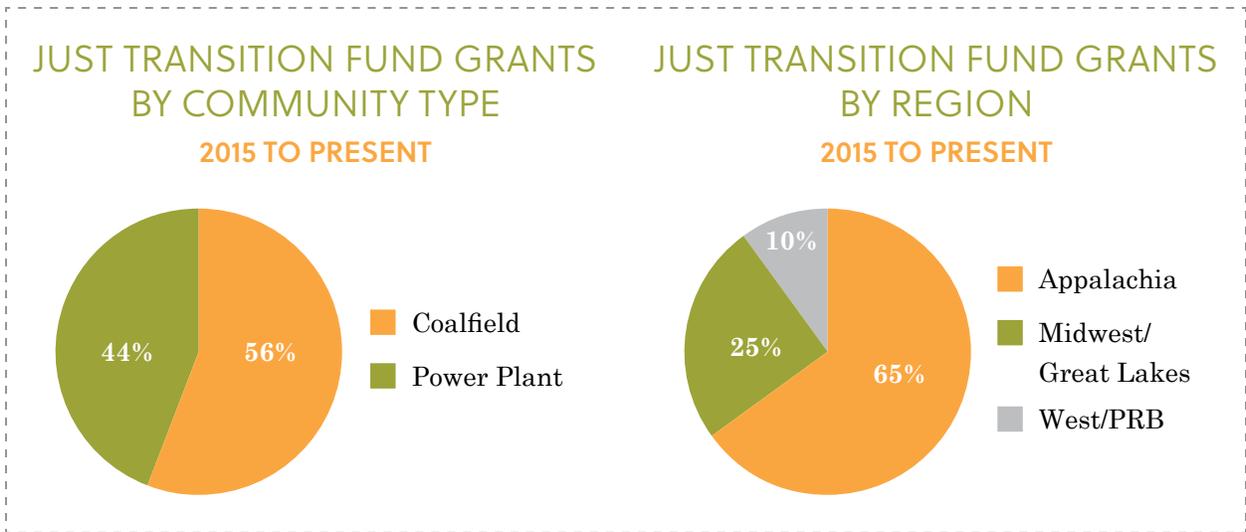
Operating in southern West Virginia, the Coalfield Development Corporation (Coalfield) works to break the generational cycle of poverty in the region through the development of social enterprises. Renewable energy, green-collar construction, sustainable agriculture, and artisan trades are cornerstones of the organization's work. Coalfield received a 2015 POWER grant and is working collaboratively on additional POWER proposals to foster social enterprise and replicate its workforce development and social enterprise models in other coal impacted communities. Support from the Just Transition Fund will support Coalfield's organizational capacity and enable the organization to scale and expand its impact.

FAHE | BEREA, KY

Fahe is on a mission to eliminate persistent poverty in Appalachia and strengthen the economy of Eastern Kentucky. In partnership with locally-rooted member nonprofits, Fahe seeks to create immediate employment opportunities for unemployed members of the coal-impacted workforce while addressing the dearth of quality housing. Fahe's long-term goal is to expand a pilot energy efficiency program that will create sustainable revenue streams for its member nonprofits; create jobs for local contractors, technicians, and suppliers; and increase the local tax base. Support from the Just Transition Fund will enable Fahe to conduct the research, analysis, and community engagement needed to further identify and develop workforce development opportunities for unemployed coal miners by generating and supplying demand for energy-efficient housing.

NATURAL CAPITAL INVESTMENT FUND, INC. (NCIF) | SHEPHERDSTOWN, WV

Natural Capital Investment Fund (NCIF) helps innovative entrepreneurs build locally-owned enterprises that create lasting jobs and community wealth, while using natural resources responsibly. By providing flexible capital and advisory services to small businesses in underserved locations throughout Appalachia, NCIF strives to create thriving, resilient rural communities with healthy economies and environments that attract and retain diverse businesses. NCI, along with key regional partners, is also undertaking work to expand the clean energy sector as an economic stimulus.



SUMMARY

At the heart of its mission, the Just Transition Fund is dedicated to helping coal-impacted communities build strong, resilient and diversified new economies that work for everyone. Given the magnitude of the challenge, we recognize that a just transition will be long, hard, and expensive. In addition to the current political uncertainty, we recognize our goals are ambitious: this work ultimately entails tackling entrenched interests, creating decentralized economies, and supporting distributed power. But it’s time for bold thinking. And it’s time for philanthropy to rise to the challenge, significantly invest in transition, and help ensure that frontline communities are protected in the clean energy transition.

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