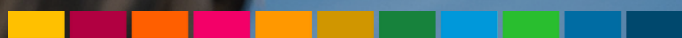




Issue Brief: Just Transition



Incorporating Just Transition into the design and
implementation of Nationally Determined
Contributions and Long-Term Strategies



August
2022

Author

Sangji Lee, UNDP Climate Promise

Layout and Graphic Design

Omer Kavuk

Cover photo

Claire Thomas - UNDP Iraq

Technical Reviewers and Contributors

Rebecca Carman, Jennifer Baumwoll, Cassie Flynn, Patricia Purcell, Catherine Wong, Verania Chao, Chibulu Luo, Shivani Nayyar, Stefano Pistolese, Susanne Olbrisch, Mehmet Erdogan, Carlos Montenegro Pinto, Jasmin Blessing, and Bertrand Tessa.

UN Disclaimer

The views expressed in this publication are those of the authors and do not necessarily represent those of the United Nations, including the UN Development Programme, or UN Member States.

About UNDP's Climate Promise

UNDP's Climate Promise is the largest global offer on NDC support, covering over 120 countries and territories, representing 80 percent of all developing countries globally – including 40 least developed countries, 28 small island developing states, and 14 high emitters – to enhance their Nationally Determined Contributions under the global Paris Agreement. Delivered in collaboration with a wide variety of partners, it is the world's largest offer of support for the enhancement of climate pledges. Learn more at climatepromise.undp.org and follow at @UNDPClimate.

UNDP is the leading United Nations organization fighting to end the injustice of poverty, inequality, and climate change. Working with our broad network of experts and partners in 170 countries, we help nations to build integrated, lasting solutions for people and planet. Learn more at undp.org or follow at @UNDP.

Copyright ©UNDP 2022. All rights reserved. One United Nations Plaza, New York, NY 10017, USA

Background

A green transition is at the heart of meeting the Paris Agreement goals. Nonetheless, if not managed well, it also runs the risk of increasing social inequality, civil unrest, and less competitive businesses, sectors and markets. Transition pathways have distributional consequences – job losses are likely to occur in certain sectors, regions, and/or communities, particularly where dependence on fossil fuels or carbon-intensive practices are high and where opportunities for economic diversification are limited.

History has shown us that issues of justice, inclusivity, and transparency must be at the heart of transformation. This applies to climate action. You cannot address the climate crisis without addressing equity and fairness. Look no further than the [“yellow vest”](#), or gilets jaunes, protest movement in France as a result of a proposed green tax on diesel and gasoline, or to civil unrest which took place in Chile and Ecuador because of perceived inequalities over the benefits of green transition. Questions of fairness and equity span national borders and can have global ramifications for international cooperation and international financial flows.



Photo: Claire Thomas - UNDP Iraq

What is Just Transition?

The concept of just transition owes its origin to the US trade union movements in 1980s. In recent years, the concept has gained increased traction with broadened scope, for example, incorporated in the outcome of the Rio+20 Earth Summit and more recently recognized in the **preamble of the Paris Agreement**.

There is no universally accepted definition of just transition and thus the **perception varies across different countries and regions**. At its core, just transition is about **principle, process, and practice**. Increasingly, the issue has become prominent in the discussion of energy transition, focused mainly on ensuring that the rapid deployment of low-carbon technologies and systemic shifts towards decarbonization are inclusive and integrated with development priorities at all levels of governance. The International Labour Organization (ILO) defines just transition as greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind. Implicit in the just transition discourse is the recognition that transitions can be disruptive and deliberate efforts are needed to make a smooth transition. We are seeing a growing recognition of the importance of a just transition in the context of Paris Agreement implementation. Out of 166 countries that have submitted national climate plans,

known as Nationally Determined Contributions (or NDCs) **62 countries have directly referenced just transition in their enhanced/updated NDCs**. Out of 51 Long-term low emissions development strategies (LT-LEDS) submitted as of March 17, 2022, 30 countries have directly and/or indirectly referenced just transition. More than 19 countries have established national just transition commissions, task forces, dialogues, and/or related policies ([IPCC, WG3](#)). At the recent COP 26 climate talks in Glasgow, a [Just Transition Declaration](#) was signed by countries in the Global North promising funding for climate action and decarbonization in poorer countries.



Photo: UNDP Iraq

Why is Just Transition important for the Paris Agreement?

First, applying just transition principles and implementing them through collective and participatory decision-making processes is critical to obtain **broader public support and enable deeper ambitions for accelerated climate action**. According to the results of [UNDP's People's Climate Vote](#), investing in green business and jobs is one of the most supported climate policies globally – highlighting the importance of taking multidimensional approach that not only cuts greenhouse gas (GHG) emissions, but additionally raises GDP, creates jobs, and ensures a just and equitable future for all.

Second, integrating just transition into climate action creates **opportunities** to generate decent green jobs that contribute to poverty eradication and social inclusion goals. According to a study [conducted by ILO](#), if we implement all the necessary measures towards achieving the Paris Agreement and invest in a circular economy, there could be a net job gain of 24 million jobs by 2030.



Third, just transition is a **necessary condition** to attain the **political economy** of a net zero future – one that is free of fossil fuels and global GHG emissions. Without conscious strategies to manage the process and impact of change, socio-political backlash could follow and ultimately slow the necessary process of decarbonization. Integrating just transition into Paris instruments also helps to build a strong and resilient net zero economy by bringing attention to the **human and social capital** required to achieve net zero.

The need for expansive, contextual, and transformative support on Just Transition



Photo: Tarik Bozbay - UNDP Turkiye

Climate change, and the policy responses required to combat it, raise new challenges for social justice, human rights, jobs, and livelihoods that must be addressed **at all levels of economy and society**. To date, there has been **limited focus** on **select stakeholders** (i.e., workers in male-dominated industries) and on a narrow range of impacts in **specific sectors (i.e., energy)**, while experience shows that achieving a just transition while combatting climate change has far wider systematic implications for consumers, employers, and communities, and thus requires **economic transformation across all sectors and industries**. While energy is a major component of this shift, the limited focus on energy transition may perpetuate existing vulnerabilities and overlook issues of systematic inequalities while further **politicizing** the agenda. For example, Small Island Developing States (SIDS) rarely have extractive industries, and their economies are dominated by services like tourism which are unaccounted for in the existing just transition debates. In terms of stakeholders, some individuals may gain new jobs in green sectors, but others may not be well-positioned to avail themselves of these opportunities. In the renewable energy sector, for example, women may not automatically be part of new high-tech value chains unless deliberate policy incentives and capacity support measures targeting women are provided.

Countries must thus consider gendered impacts of green transition and ensure that women and other vulnerable populations benefit when economies are shifting to sustainable production models, by providing an opportunity for improving their livelihoods and increasing their leadership roles. Sectors such as **agriculture and land-use** require increased attention in developing countries where more people are dependent and often with poor social performance. In addition, the limited focus on specific sectors undermines **opportunities and co-benefits** of undertaking green transitions in other sectors such as conservation agriculture, which tends to have a high job multiplier and social benefits ([UNDP, 2021](#)).

There is a need to develop a **local vision** for just transition as the climate crisis is embedded within a global context of historic, systemic, and growing inequality. **The risk of poorly-defined or ill-contextualized just transition concepts** may lead to false solutions. Definitions that are too broad or generalized often render the concept unactionable. This means moving away from using just transition solely in the international political economy discourse and instead taking proactive measures to engage with national stakeholders (business, workers, and government) and invest in domestic measures.



Photo: Lindsay Mackenzie - UNDP Iraq

Lastly, there is an **urgency** because decarbonization needs to happen rapidly. To ensure this transition also reduces inequality, poverty, and social exclusion, leaders need to make a concerted effort to stay focused on key policies. Efforts to achieve a just transition should be **targeted much more towards simultaneously achieving the objectives of the Paris Agreement and the Sustainable Development Goals**, rather than being pursued separately, given the urgency and the **complementarity in policy objectives**.

The way forward: Incorporating Just Transition into development and implementation of NDCs and LTS

As countries are continuing to update and implement their shorter- and longer-term national climate pledges, there is a unique opportunity to embed the principles, processes, and practices of just transition within them.

NDCs and long-term strategies (LTS) articulate a government's vision for green transition and are ideally designed following a whole-of-society and -economy approach which systematically engages all key sectors and stakeholders. Therefore, by incorporating just transition

into NDCs and LTS, countries can **broaden the scope of just transition discourse to one that addresses impacts across sectors and stakeholders, and moves away from simple recognition and participation of stakeholders and vulnerable groups towards empowerment of their roles, and reforms existing systems that undermine climate and social equity.** Existing NDC and/or LTS policies, transparency and financial frameworks, coordination platforms, and data/assessments can all be used as entry points to integrate key building blocks of just transition.



Photo: UNDP Cambodia



UNDP's framework of support on Just Transition

Given its broad mandate on sustainable development and poverty reduction, coupled with its work on supporting both climate action and tackling inequalities, UNDP is uniquely positioned to provide holistic solutions to meet the increasing demands for integrating equity, justice and just transition in climate action. UNDP's [Climate Promise](#), which is supporting over 120 countries to enhance and implement their NDCs, can act as an **integrator to connect the dots** between UNDP's vast portfolio of work on climate action, social inclusion and gender equality, and sustainable development. Furthermore, UNDP's Sustainable Energy Hub is supporting countries in their energy transition to ensure that decarbonization pathways are inclusive and aligned with development priorities. For example, current UNDP support to increase energy access is speeding up investments in distributed renewable energy solutions, while also providing opportunities for economic growth and job creation in communities. UNDP can also leverage the expertise of existing partners (ILO, UNFCCC) to provide strengthened, coordinated support to countries.

UNDP's framework of support on just transition is organized around five key building blocks to integrate key principles, processes, and practices into NDC and LTS development and implementation:

① Impact Assessment: anticipating changes through assessing and modelling transition

One of the key challenges in addressing distributional consequences of climate action is the uncertainty in net benefits, as well as distribution of costs and benefits among winners and losers. A key challenge for developing countries is that hard data is needed to anticipate changes and show how shifting to a green economy will have overwhelming benefits – not just for the environment, but also in achieving a just transition for society. To overcome this data gap while supporting evidence-based just transition planning, UNDP's Climate Promise initiative has guided countries on how to conduct qualitative and quantitative assessments (e.g., modelling) to estimate the impacts of NDC measures on key indicators such as GDP, employment, skills, income distribution, and gender equality. This approach helps countries to understand the distributional impacts of NDCs and identify targeted measures for vulnerable populations, such as women and informal workers, to ensure a just transition.

For example, in Nigeria and Zimbabwe, results from national green jobs assessments using the quantitative Green Jobs Assessment Model (GJAM) have informed NDCs and just transition roadmaps in both countries. Likewise, in Turkey, the same model was used to analyze the effects of decreasing the share of coal in electricity production and increasing investments in wind and solar electricity.

This critical foundational work is now being expanded to measure broader socio-economic implications of implementing NDCs and LTS targets. For example, in Serbia, a qualitative baseline analysis was conducted for a just transition study focusing on leaving no one behind in coal-intensive regions and communities. The study gives an overview of international best practices worldwide and provides a seven-step roadmap and follow-up actions for a just transition.



Photo: UNDP Thailand

② Engagement: social dialogues and stakeholder participation

As of 2020, at least seven national commissions or task forces on a just transition exist, as well as seven other sets of national policies, and a multitude of other actors, networks, and movements (IPCC). This reflects the importance of broad-based stakeholder participation to build consensus for a sustainable future – but also much room for improvement. Social dialogue is particularly important, which includes all types of negotiation, consultation, or even simple exchange of information between, or among, representatives of governments, workers, and unions on issues of common interest relating to economic and social policy.

When it comes to implementation of the Paris Agreement, a similar whole-of-society approach is being applied to enhance the inclusivity and feasibility of the ambitious climate action. For example, around 96 percent of Climate Promise-supported

countries have included gender-related considerations in their NDCs, while 60 percent consulted youth groups during their NDC revision processes, resulting in specific youth-focused policy measures and actions. These existing processes and stakeholder engagement platforms can be further leveraged to engage other social change agents, such as women, Indigenous Peoples, workers, and employers, to drive and share the responsibility for net-zero commitments – moving such tasks beyond politics. In South Africa, for example, the National Economic Development and Labour Council (NEDLAC) has been established with representatives of the government, worker's and employer's organizations, and other civil society representatives. Antigua and Barbuda is planning to conduct social dialogues with trade unions, employers' associations, and sector representatives on the transition to a climate-resilient and low-carbon economy.



Photo: Rana Sweidan - UNDP Lebanon

③ Institutional and policy frameworks (including capacity building and south-south learning)



Governments have the primary responsibility to put in place the policy frameworks needed to accelerate just transition and convene social dialogue. Policy support includes the development of social protection policies required for labor market adjustments and improvements in job quality and incomes, as well as advances in equity and social inclusion. For example, this could consider provision of welfare safety nets and adequate compensation or people, communities, and regions that have been negatively impacted by planned policies. Investment in human and institutional capital

training, and education systems is important as policy complexity grows, which has been a core support area from UNDP.

UNDP also has a long history of building strong networks for south-south cooperation, and the sharing of experiences across countries and regions can be further leveraged to integrate the necessary institutional capacities and policy for just transition. For example, in Belize, UNDP is providing support to enhance the capacities of Small- and Medium- sized Enterprises to access green technology, digitalization, and innovation.

④ Reflect recovery, crisis, and conflict-affected contexts

Against the backdrop of intersecting geopolitical, economic and climate crises, questions of justice will rise to the top of the agenda. We have seen this through responses to the COVID-19 pandemic and the recent crisis in Ukraine. COVID -19 brought forward the importance of economic and social stability and the need for building resilience to deal with systemic risks and inequalities. The recent war in Ukraine also highlighted the social vulnerabilities of the current energy system, not least in terms of high and volatile fossil fuel prices, and the need to rethink energy supply in terms of renewable resources and a just energy transition. Especially in conflict-affected and fragile states, the decentralized access to energy afforded by renewables is a lifeline which makes all other support possible, including clean water, light, warmth, and sustenance, as well as basic and emergency services. Choosing renewables and clean technologies in reconstruction efforts strengthens resilience and avoids costlier efforts to retrofit at a later stage.

UNDP's work, including in [Iraq](#), [Mali](#), [Nigeria](#), [Sudan](#), [Palestine](#) and [Yemen](#), shows that access to energy can help restart livelihoods and local economic development, build resilience, and set countries on sustainable pathways to recovery and development. Meanwhile, a number of Climate Promise countries have identified COVID-19

disruptions as an opportunity to re-build a green economy and advance just transition. Albania, Viet Nam, Jordan, Benin, and the Philippines are all conducting assessments to prioritize NDC measures that contribute to green recovery (e.g., job creation, economic growth, inclusivity, and social protection), with a particular focus on supporting livelihoods of those most affected by the COVID-19 pandemic. Since the success of the Paris Agreement depends largely on the broader political economy and security of the country, integrating just transition considerations at an early stage is key.



Photo: UNDP Cambodia

5 Financing a Just Transition

Ensuring a just transition will require investments in people and places and those investments must come from a combination of public and private capital. There are still significant gaps in systematically aligning financial flows with just transition goals, but many elements of existing NDC and climate financing and transparency frameworks and instruments provide room for embedding just transition building blocks.

Public investment in a just transition could benchmark the experience of building stronger public finance systems through NDC/LTS enhancement processes. NDC and LTS financing frameworks already articulate costs, highlight finance gaps, monitor and track finance flows, and identify investment opportunities for the private sector. These can be further leveraged to understand the gaps in just transition finance, while targeting and mobilizing resources.

Private sector investment has a critical influence on both environmental and social outcomes, which can go far beyond a sector's own operational carbon footprint. This impact comes both from the sector's business practices, but also from the activities it facilitates by providing capital and access to financial services in a broader sense. Existing efforts to engage with the private sector for NDC implementation and investments can be leveraged to further engage the private sector for a just transition.

Finally, just transition also implies that climate action should not widen the asymmetries between rich and poor countries, and recognizes the obligations of financial flows from developed to developing countries. The Just Energy Transition Partnerships in [South Africa](#) is one positive example of international cooperation that has emerged in an aim to collectively finance a just transition.



United Nations Development Programme (UNDP)

1 UN Plaza
New York, NY 10017, USA

climatepromise.undp.org
@UNDPClimate

www.undp.org
@UNDP



Supported by:



Federal Ministry
for the Environment, Nature Conservation
and Nuclear Safety

based on a decision of the German Bundestag



From
the People of Japan



Federal Ministry
for Economic Cooperation
and Development



Sverige



UK Government



Sida



aecid
Spanish Agency
for International
Development
Cooperation



Belgium
partner in development



Government of Iceland
Ministry for Foreign Affairs



MINISTERO DELLA
TRANSIZIONE ECOLOGICA



COOPERAÇÃO
PORTUGUESA
PORTUGAL

+ UNDP's
Core Donors