



# Managing Complexity While Building Consensus

**The Governance of a Fair Green Transition**

**Governance Nexus Series 01**



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## JUST TRANSITION

As countries move towards a green economy to avoid climate collapse and other environmental dead ends, it has become clear that this process has consequences beyond the environment and the economy. This can be seen in other examples of **large-scale transitions** historically, for instance, in changes connected to economic reforms or technological developments, such as the Industrial Revolution, and instances of post-conflict developments in countries moving from war to peace. Such transition processes may at first seem two-dimensional, e.g. economic-social or economic-environmental. However, at a closer look they are often **multidimensional**, reflecting interwoven and conflicting economic, environmental and social needs at the same time.

For the **transition to a green economy**, it is now evident that the **social implications** – whether positive or negative – will be drastic. When industries transform at the scale and speed required to stay within planetary boundaries, jobs will change or disappear, new health challenges and opportunities will arise and education systems will need to adapt.[1] If not managed well, the transition to a green economy in any given country has the potential to jeopardize achievements on social justice and human rights and to question a society's entire social contract. The transition requires a common vision that considers the benefits and losses from all perspectives. As a result, the **ability of governments to understand and manage the multidimensional dynamics** of a green transition is critical.

*“The transition to a green economy in any given country has the potential to question its entire existing social contract.”*

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[1] For example, according to the ILO, transitioning away from fossil fuels could result in the loss of 6 million jobs by 2030, mainly in the energy sector. At the same time, 18 million net jobs worldwide could be created in the scenario of keeping global warming below 2 degrees Celsius. So, while there will be losses, significant potential benefits can be reaped, too.

In this context, the notion of a **"just transition"** has become mainstream. The concept of a "just transition" originally appeared in the 1980s trade union movement in the US, which aimed to protect workers affected by new water and air pollution regulations. In the past decade, the concept has broadened and gained momentum in the context of reconciling economic, environmental and social efforts, especially in relation to climate change. The International Labour Organization (ILO) took a lead in developing the concept before it was explicitly included in the **2012 Rio+20** outcome document (United Nations, 2012), which emphasized the importance of promoting full employment and decent work for all as a key element of sustainable development. In 2015, the Paris Agreement<sup>[2]</sup> called for national climate action to ensure a just transition, and the ILO Guidelines for a Just Transition (ILO, 2015) were launched, defining a 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".

In response, an increasing number of countries are recognizing the inherent benefits and losses of a transition to a green economy and are directly debating "just transition" pathways (UNDP, 2022). Interestingly, despite the consensus on the complexity of the process, the importance of **governance in managing a just transition seems to be rarely discussed**. For example: What governance challenges can we observe in a just transition? And in turn: How can inclusive, accountable and effective governance help manage the dynamics inherent in a just transition? This think piece provides initial insights on whether and how these questions are currently being addressed.<sup>[3]</sup>

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[2] The preamble of the Paris Agreement states: "Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities" (United Nations, 2015).

[3] From here on, this paper uses the term "just transition" broadly, i.e. to refer to processes that seek to make the transition to a green economy fair and inclusive – including but not limited to aspects around labour and decent work.

## WHAT IS THE ROLE OF GOVERNMENT IN A JUST TRANSITION?

Governments have the primary responsibility to manage a just transition (Box 1). As there is no standard process or pathway for countries to achieve a just transition, it is natural that action will involve a **range of actors at different levels**, including at the global, national and local levels.

Following the Paris Agreement, governments have made **global commitments** to reach a net zero economy through **nationally** defined development priorities (UNFCCC, 2015). Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTSs) have become important means through which governments are recognizing the principles of a just transition. According to the recent UNDP report "How Just Transition Can Help Deliver the Paris Agreement", a just transition is now referenced in approximately a third of the latest NDCs, with an even split between developed and developing countries. Of the latest LTSs submitted, around half explicitly reference just transition, and a growing number of high-profile global initiatives are reported (UNDP, 2022). In addition, an increasing number of government pacts, declarations and partnerships are being tabled, as well as initiatives from finance, industry and business (Robins, 2022).

As the environmental impacts of economic activity are felt most immediately on the **local** level, governments and businesses have an opportunity to engage people in decision-making and in sharing key information (e.g. on changing specific production practices). Within a country, different economic **sectors** may approach the greening of their operations differently. This might require **coordination** by the central government authority to ensure synergies and experience-sharing (e.g. on the choice of energy sources). At all levels, policy decisions require the **assessment of risks and impacts** for different time intervals, and the **capacities** to do this.

While there is no standard approach or pathway for governments on how to manage a just transition, some countries have established policy frameworks and institutional structures to manage the process, e.g. South Africa's Framework for Just Transition (Box 2) and Scotland's Just Transition Commission (Box 3).



### **Box 1: The role of government in a just transition**

Governments have the responsibility to ensure a country's climate commitments are met while at the same time ensuring their economic viability and social equity. The government's role is to lead in the implementation of these national commitments. They are convenors of social dialogues and other forms of formal and/or informal consultation mechanisms, including youth and women's groups. At the same time, they are regulators responsible for the design of the industrial, climate, energy and labour markets and policies. They are also responsible for regulating investors, owners of state enterprises and infrastructure, and employers of public sector workers.

Source: UNDP, 2022.

### **Box 2: Framework for Just Transition in South Africa**

As one of the most coal-dependent economies within the G20, South Africa has made headway in linking its climate policy framework to a just transition. In 2022, the "Framework for Just Transition in South Africa" was established to support coordination and coherence to just transition planning. A key component of the framework is the need for effective governance at the national, provincial and municipal levels to implement plans, build consensus through collaboration, mobilize resources, monitor progress, and ensure coordination and implementation. The framework highlights the need for farsighted thinking, stakeholder engagement and a whole-of-government approach. This includes government institutions at national and subnational levels, businesses and members of civil society, including labour unions, research institutions and academia.

Source: Presidential Climate Commission, South Africa (2022).

### **Box 3: Scotland's Just Transition Commission**

Scotland's first "Just Transition Commission" was established in 2019 and tasked with providing practical, independent advice to Ministers on how to maximize the economic and social benefits of decarbonizing Scotland, while managing the risks and challenges, including by making recommendations that will support action. Initial recommendations for governance highlighted the importance of transition planning and a shared vision of the future with stakeholders; the need for social dialogue and meaningful participation in climate action; as well as the importance of putting equity at the heart of decisions on climate change. Currently, the second Commission is tasked to advise on Government-led Just Transition Plans, particularly on monitoring and evaluation and engaging with those most likely to be impacted by the transition. The Commission includes representatives of trade unions, environmental groups, industry, academia and the third sector.

Source: Scotland Just Transition Commission web site.



## WHAT ARE KEY GOVERNANCE DIMENSIONS OF A FAIR GREEN TRANSITION?

As stressed initially, the ability of governments to understand and manage the multidimensional dynamics of a green transition is critical. This section proposes a way to identify governance dimensions of a green transition and asks whether and how these are currently being discussed.

**Governance of a just transition** is about the mechanisms, processes, policies and institutions through which the government and non-state actors, such as people and businesses, can articulate interests, exercise legal rights, fulfil obligations and mediate interests. Systems of governance operate on and link all levels, from the global to the community, including the regional, transboundary, national and subnational. Not all systems of governance are equally fit for purpose to advance a just transition to a green economy. The Principles of Effective Governance for Sustainable Development can provide useful guidance in this regard. The principles were developed by the UN Committee of Experts on Public Administration (CEPA) and endorsed by the UN ECOSOC in 2018 to address a broad range of governance challenges associated with the implementation of the 2030 Agenda for Sustainable Development. They include three main principles and eleven subprinciples (see below), each of which can be linked to commonly used government strategies. UNDP has committed to mainstreaming the ECOSOC governance principles in all its work.[4] Indeed, they provide a **helpful framework** to identify governance challenges and opportunities emerging around a fair green transition.

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[4] Paragraph 37 of the UNDP Strategic Plan states: "UNDP will explicitly mainstream the agreed intergovernmental principles of accountability, inclusion and effectiveness across all signature solutions and development contexts, drawing on experience with mainstreaming gender equality, human rights and the social and environmental standards" (UNDP, 2021).

## Principles for Effective Governance for Sustainable Development (UN ECOSOC, 2018)

### Effectiveness

Competence  
Sound policymaking  
Collaboration

### Accountability

Integrity  
Transparency  
Independent oversight

### Inclusiveness

Leaving no one behind  
Non-discrimination  
Participation  
Subsidiarity  
Intergenerational equity

Reviewing key **global policy frameworks** through the lens of the ECOSOC governance principles shows that they increasingly include governance aspects, explicitly or implicitly. For example, the COP 26 Just Transition Declaration (UN Climate Change Conference, 2021) includes aspects relating to principles such as leaving no one behind (non-discrimination) and supporting and promoting social dialogue and stakeholder engagement (participation) and reporting efforts (transparency, independent oversight). The 2022 International Panel on Climate Change report (IPCC, 2022) also implicitly highlights governance principles, e.g. research on and early assessment of the social and employment impacts of climate change (sound policymaking), social dialogue and democratic consultation of social partners and stakeholders (participation) and the impacts of policy decisions on future generations (intergenerational equity). Most recently, the COP 27 Sharm el-Sheikh Implementation Plan (UNFCCC, 2022) reinforces the central role of social dialogue and the participation of all stakeholders (participation).

An initial review of relevant **literature** shows that some governance aspects are being recognized and explicitly discussed to a larger degree than others. Perhaps due to the "labour" history of the just transition concept, scholars in various academic fields focus on just transition strategies that minimize the impacts on workers and their communities, e.g. through labour rights and social protection – a perspective that relates most to the principle of leaving no one behind. Some others distinguish between different "forms of justice", e.g. procedural justice, distributional justice, recognitional justice and restorative justice (Pai et al., 2020). These forms of justice arguably also relate to governance principles such as sound policymaking (e.g. impact assessments), collaboration, accountability and transparency (e.g. access to information) and independent oversight (e.g. access to justice), non-discrimination,

participation and intergenerational equity (e.g. long-term planning). In this context, scholars make the case for a broader "systems" approach that goes beyond sectors, e.g. employment and fossil fuel considerations and focuses on the underlying causes of injustice (Abram et al., 2020). Researchers also emphasize the importance of long-term and strategic planning at the national and subnational level, which relates to sound policymaking. However, embedding just transition principles in the planning, legislative and regulatory process does not yet seem to be covered in depth by the academic literature (Pai et al., 2020).

***"While governance is rarely the focus of discussions on a just transition, indirect and implicit references to governance issues are increasing."***

As the above illustrates, research or policy frameworks that **focus specifically on the governance aspects of a just transition are hard to find**. Interestingly, the few that were identified during the research and consultations underpinning this paper were developed in response to concrete national or regional just transition initiatives (see, for example, Makgetla, 2021, or Marcu, 2022). The above also shows, however, that the policy frameworks and literature on fair green transitions do **increasingly include indirect or implicit references to almost all ECOSOC governance principles**.

The notable **exception seems to be the principle of integrity** (e.g. issues such as corruption, bribery, conflict of interest, whistle-blower protection or the competitiveness of procurement), which did not appear in the documentation reviewed. This warrants asking whether just transition processes do not include risks around integrity – which seems unlikely, based on anecdotal evidence shared in consultations for this paper – or whether there are reasons for why these issues are not yet (publicly) examined.

## WHAT ARE PRACTICAL ENTRY POINTS?

Looking at the existing frameworks and literature, there seems to be emerging agreement that timely and carefully crafted strategic approaches are needed to speed up just and green transitions. For governments to navigate these processes, a number of key elements are considered necessary. These relate to early planning efforts, applying participatory approaches as well as ensuring enough capacities are put in place and sufficient investments are made (Box 4).

In the absence of a standard process, and to meet the urgency for accountable, effective and inclusive approaches, this paper suggests **rooting just or fair green transition processes in ECOSOC's inter-governmentally agreed governance principles**. Concretely, the principles can be useful systematically, for example, to review existing strategies or to support the development of effective, accountable and inclusive new transition strategies that not only achieve climate commitments (environmental demands) but also generate new jobs and sustainable, inclusive growth (social and economic demands).

The following questions draw on the "commonly used strategies" flagged in the ECOSOC "Principles of effective governance for sustainable development" (2018) and can help identify **entry points** or **priority measures** for the effective, accountable and inclusive governance of a just transition in any given context.

### **Box 4: Key elements needed for a successful transition**

- Anticipating changes in advance to enable adjustment
- Empowering those impacted so that human rights are respected, enabling people to participate in the process of change
- Investing in the human and social capital and capabilities needed to underpin the transition
- Focusing on the spatial and place-based dimensions
- Mobilizing capital required from the public and private sectors

Source: Robins and Rydge, 2019.

## EFFECTIVE GOVERNANCE

*Key questions may include:*

# 01

### On competence

- How can we foster leadership by decision-makers to develop a long-term and transboundary vision of a just transition that holds beyond electoral cycles?
- How do we monitor performance and evaluate results when the effects of just transition policies may inherently take years to materialize?

### On sound policymaking

- How can public decision-makers make best use of strategic planning and foresighting tools to identify and manage synergies and trade-offs in a just transition?
- How can regulatory impact assessments be used to understand the effects of individual or sets of just transition policies?
- How to promote coherent policymaking between key sectors and actors involved in a just transition?
- How can statistical systems be strengthened, and data be shared, to inform decision makers in policy areas that are critical for a just transition?
- How can the science-policy interface be strengthened to support a just transition?
- How can the risks inherent in a transition to a green economy (e.g. social, political or financial) be effectively managed?

### On collaboration

- How to ensure effective coordination of just transition policies by the central government?
- How to avoid fragmentation and promote (capacities for) collaboration, coordination, integration and dialogue across the different levels of government and functional areas needed for a just transition?

## ACCOUNTABLE GOVERNANCE

*Key questions may include:*

# 02

### On integrity

- How can we promote policies and practices that promote anti-corruption in just transition processes, along with codes of conduct, competitive public procurement, conflict of interest policies and whistle-blower protection?

### On transparency

- How can decision makers proactively share information with the public on just transition policies and their implementation?
- How can lobby registries be set up to ensure transparency concerning interests involved in key decisions in a just transition?

### On independent oversight

- How to ensure that administrative decisions around a just transition can be reviewed by courts or other independent oversight bodies?
- How can independent audits be used to review activities or expenditures related to just transition policies?

## INCLUSIVE GOVERNANCE

*Key questions may include:*

# 03

### On leaving no one behind

- How can just transition policies ensure social equity?
- How to disaggregate data to assess priorities for just transition policies for different segments of society and measure their impacts on them?

### On non-discrimination

- How to ensure that just transition policies are sensitive with regards to potential grounds of discrimination, e.g. gender, disability, culture, language?
- How to prevent discrimination in the implementation of key just transition policies?

### On participation

- How to ensure meaningful public consultation on key just transition policies?
- How to foster multistakeholder mechanisms with equitable space and capacities for government, business and civil society to deliberate key decisions on a just transition, including on financing?

### On subsidiarity

- How to ensure effective multilevel governance, e.g. taking decisions and implements policies on a just transition at the right level and coordinate between different levels?
- How to enhance local capacity to manage a just transition?

### On intergenerational equity

- How to assess impacts of policies on future generations?
- How to ensure the long-term territorial planning and spatial development for a just transition that balances the short-term needs of today's generation with the longer-term needs of future generations?



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