United Nations | Committee for Development Policy

2023

Just transition*

CDP input on the 2023 ECOSOC theme (Accelerating the recovery from the coronavirus disease (COVID-19) and the full implementation of the 2030 Agenda for Sustainable Development at all levels)

Summary

A just transition, broadly defined as ensuring that no one is left behind or pushed behind in the transition to low-carbon and environmentally sustainable economies and societies, can enable more ambitious climate action and provide an impetus to attaining the Sustainable Development Goals. Countries need to develop, through inclusive dialogue, approaches to a just transition that reflect the needs, priorities and realities of their societies and their historical responsibilities for climate change and environmental degradation. The concept of just transition, while arising from concerns for justice at the local and national levels, cannot be separated from the broader issues of global climate justice and common but differentiated responsibilities. A globally just transition requires countries to meet their climate commitments and ensure that in doing so, they do not push poorer countries further behind by creating barriers to trade or excluding them from the opportunities associated with the expansion of new product markets. It also requires policy space for developing countries to develop their productive capacities, new intellectual property frameworks for and the co-development of clean technologies, the expansion of systems for the payment of ecosystem services and scaled-up international cooperation to ensure financing for infrastructure and resilience-building.

Recommendations

The Committee recommends that, in line with the concept of a just transition, the Economic and Social Council encourage Member States to pursue strategies that will secure climate action, environmental sustainability and resilience-building in a way that reinforces the ambitions to meet all the Sustainable Development Goals. The strategies should be founded on structured and inclusive processes of social and political dialogue based on transformative and strategic thinking that reflects the specific contexts of each country.

With the understanding that historical responsibility is at the heart of a just transition, and in line with the principle of common but differentiated responsibilities, the Committee recommends that the Council:

(a) Urge developed countries to formulate their mitigation strategies in ways that promote the participation of developing countries in emerging value chains in the clean tech economy and that avoid imposing prohibitive barriers to their current exports, particularly those of small and medium-sized enterprises, through compliance costs and conditions that are incompatible with local financial resources and technical capabilities. Transition periods and support for compliance must be compatible with the challenges faced;

(b) Promote systems of technology co-development that acknowledge the contribution of developing country markets in securing commercially viable scale for new technologies and enable the pooling of financial, human, technical and other resources and intellectual property rights in a system of co-ownership of such intellectual property;

* Excerpt from Committee for Development Policy, Report on the twenty-fifth session, See Official Records of the Economic and Social Council, 2023, Supplement No. 13 (E/2023/33)

The Committee for Development Policy (CDP) is a subsidiary advisory body of the United Nations Economic and Social Council (ECOSOC). It provides independent advice on emerging issues that are critical for the implementation of the United Nations development agenda. The CDP is also responsible for recommending which countries should be placed on the United Nations list of least developed countries (LDCs).

(c) Ensure that international agreements do not constrain the policy space for developing countries that are pursuing industrial policy as a means of developing productive capacities and upgrading their economies in the context of their just transitions;

(d) Draw attention to the need for lower cost of capital for sustainable infrastructure investment in developing countries and engage with multilateral and regional development banks to promote the use of their capital in derisking and crowding in private sector investment, while ensuring universal access to essential services, especially water, sanitation and electricity;

(e) Draw attention to the need to avoid the possibility that increasing the engagement of multilateral development banks in climate action might draw resources away from productive capacity development and other issues under the Sustainable Development Goals;

(f) Encourage the development of capacity to regulate the environment and social actions of non-State entities to eventually participate in more regulated markets and tap into the resulting international investment.

The Committee also recommends that the Council call for:

(a) Immediate capitalization of the loss and damage finance facility;

(b) Significantly increased financing for investment in resilience-building, especially for climate-vulnerable and marginalized communities, and for the mitigation of inequalities that have an adverse impact on those communities on the road to a more sustainable economy;

(c) Establishment of effective international mechanisms of payments for ecosystem services.

In line with its recommendations on a new generation of voluntary national reviews, the Committee recommends that the Council urge Member States to report, through the reviews, on how the principle of leaving – and pushing – no one behind is being applied in transitions to low-carbon and environmentally sustainable economies. It also recommends that the Council promote cooperation, dialogue and the sharing of experience on just transitions and their international dimensions.

As countries pick up the pace of their climate change mitigation strategies, it is critical that developed countries do not transfer the burden of the transition onto developing countries. There is a risk that the transition towards low-carbon economies, when imposing standards and other measures that constitute both tariff and non-tariff barriers to trade, will exclude developing countries from effective participation in emerging value chains, jeopardize their traditional exports and further widen the technological divide between rich and poor countries. Moreover, the financial capacity of developed countries to provide subsidies for the development of new products, technologies and infrastructure and their permissibility under multilateral rules and regulations contrasts with both the financial constraints and lack of policy space faced by developing countries trying to implement their structural transformation strategies, widening the technology and development gaps.

Just transition

The concept of just transition, broadly defined as ensuring that no one is left behind or pushed behind in the transition to low-carbon and environmentally sustainable economies and societies, has gathered increased interest and recognition. From its origins in the defence of the interests of workers faced with job losses as a result of the adoption of environmental regulations, it has expanded to include the broader interests of affected communities and other stakeholders, different concepts of justice, and elements of procedural justice such as inclusive and participatory decision-making. A transition that is just enables more ambitious environmental and climate action and can provide impetus to meeting the Sustainable Development Goals.

Moving towards a low-carbon and environmentally friendly economy can reprioritize development objectives towards sustainable, equitable development, harness the opportunities associated with the development of products and services, increase the participation of women in labour markets, ensure the protection of ecosystems and biodiversity and build resilience. Greater availability and affordability of renewable energies can be instrumental for new and more equitable models of urban organization and mobility. The concept of a just transition acknowledges that potential as well as the need to address trade-offs on the path towards sustainability. It should involve not only targeted compensatory measures, but also a process of embedding equity, inclusiveness and respect for human rights in sectoral and cross-cutting policy areas.

The concept of just transitions goes beyond addressing the impacts of changing energy paradigms. For example, in countries where deforestation is a major source of greenhouse gas emissions, just transition strategies may need to prioritize the challenges of the fight against environmental crimes such as illegal deforestation, illegal logging and mining in forested areas, and the creation of sustainable sources of livelihood for local populations, such as systems for the payment of environmental or ecosystem services.

Countries need to develop approaches to a just transition that are commensurate with the demands, priorities and realities of their societies and their historical responsibility. Developing countries face incomparably more challenging circumstances: greater fiscal constraints and more limited access to financing; underfunded social security systems; higher poverty rates; greater food insecurity; substantial gaps in the provision of basic services and infrastructure, including energy; high rates of unemployment and underemployment and high degrees of informality; limited scientific and technological capacities; greater vulnerability to external shocks, including climate change; and often greater economic dependence on fossil fuels. For a least developed country with significant gaps in energy access and a negligible contribution to greenhouse gas emissions, the objectives of ensuring access to affordable, reliable and modern energy services for all and enabling energy consumption commensurate with development needs cannot be secondary to the objective of moving away from fossil fuels as energy sources.

Just transition in the global context

The concept of just transition was born out of concerns for justice at the local and national levels, but it cannot be separated from the broader issues of global climate justice and common but differentiated responsibilities or from the realities of global inequalities in consumption and emissions patterns and productive and financial capacities.

The global transition to low-carbon economies can be used strategically as an opportunity to reduce dependency on fossil fuel- and pollution-intensive exports, make production processes more efficient and advance structural transformation, avoiding the inequality-perpetuating traps of commodity dependence. However, developing countries face many of the challenges of the past in terms of constraints in productive capacities, financial resources and policy space, aggravated by increasingly integrated and interdependent global markets and a rapidly shrinking carbon space. Greater financial and institutional capacity as well as multilateral rules allow developed countries to provide subsidies for the development of new products, technologies and infrastructure that are out of reach for developing countries trying to implement their structural transformation strategies, thereby widening technology and development gaps.

Furthermore, there is a risk that, in the transition towards low-carbon economies, policy measures may be designed in ways that push companies from developing countries, particularly small and medium-sized enterprises, behind. Increasingly complex standards, including private standards, and reporting requirements can constitute barriers to trade, excluding developing countries from effective participation in emerging value chains, jeopardizing their traditional exports and further widening the technological divide.

At the same time, developing countries have critical assets for the development of technologies, products and markets of global relevance in climate action. It will be necessary to form new systems of technology co-development that acknowledge the contribution of developing country markets in securing commercially viable scale for new technologies and enable the pooling of financial, human, technical and other resources and intellectual property rights in a system of co-ownership of such intellectual property.

A globally just transition requires that climate financing commitments be met, loss and damage compensated for, and mitigation undertaken in accordance with the Paris Agreement without shifting the burden to developing countries. It requires transition strategies that consider the structure of global and regional supply chains, with the inclusion of relevant workers and stakeholders throughout the supply chain in dialogue and decision-making.

Furthermore, a globally just transition requires greater financing to meet the needs of climate-vulnerable and marginalized communities, as well as solutions to lower the cost of capital for sustainable infrastructure investment in developing countries. Multilateral and regional development banks should derisk and crowd in private sector investment, while supporting universal access to essential services, especially water, sanitation and electricity. Financing by development banks for climate change mitigation should not divert resources away from financing other issues under the Sustainable Development Goals. New and expanded systems of payment for ecosystem services should be developed.

It will be necessary to put in place international mechanisms that ensure investments in clean energy and energy security, reflecting the specific challenges of clean energy, including security in the supply of critical minerals. International mechanisms that derisk investments in sustainable energy infrastructure, whether large-scale or distributed, and against physical climate risks in the developing world, are also needed.