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Draft summary of the 2023 Forum of the Standing Committee on Finance on financing just transitions

Summary

This document contains a summary of the 2023 Forum of the Standing Committee on Finance on financing just transitions, held in Bangkok from 17 to 18 July 2023. It captures the outcomes of the discussions on just transitions to low-carbon and climate-resilient development including integration of just transition considerations into national policy process, mobilization of and access to finance for the transitions, enabling environments and policy frameworks for the transitions, and inclusive transitions for all.

Abbreviations and acronyms

COP	Conference of the Parties
EU	European Union
GCF	Green Climate Fund
LT-LEDS	long-term low-emission development strategy(ies)
NDC	nationally determined contribution
SCF	Standing Committee on Finance
SDG	Sustainable Development Goal

I. Introduction

1. SCF 29 agreed that its 2023 Forum will be on the topic of financing just transitions,[1] which was welcomed at COP 27.[2]

2. The Forum on financing just transitions was held in Bangkok, with the possibility for virtual participation, from 17 to 18 July 2023, and was co-hosted by the Office of Natural Resources and Environmental Policy and Planning under the Ministry of Natural Resources and Environment of Thailand, the Thailand International Cooperation Agency under the Ministry of Foreign Affairs of Thailand and the United Nations Economic and Social Commission for Asia and the Pacific.

3. Around 130 participants attended the Forum in person and another 60 participated virtually, representing the SCF, representatives from national and subnational governments, United Nations agencies and international organizations, the operating entities of the Financial Mechanism, multilateral climate funds, multilateral, regional and national banks, the private sector, civil society organizations, academia and think tanks.

4. At SCF 30, the Committee agreed that the objective of the Forum was to facilitate discussions on financing just transition pathways aimed at catalysing the achievement of the goals of the Paris Agreement in the context of the SDGs. Based on the sub-themes agreed by the Committee,[3] the SCF prepared a programme of the Forum and made it available on a dedicated website.[4]

5. The Forum consisted of a scene-setting session, four thematic sessions and a wrap-up session. During the scene-setting session, keynote speeches and panel discussions set the tone for the two-day Forum, focusing on the importance of just transitions and how finance can be utilized to unlock the full potential of transitions while addressing priorities of countries. The four thematic sessions focused on the topic of financing just transitions from the following perspectives (See fugure 1):

(a) Integrating just transitions into national climate plans and development strategies;

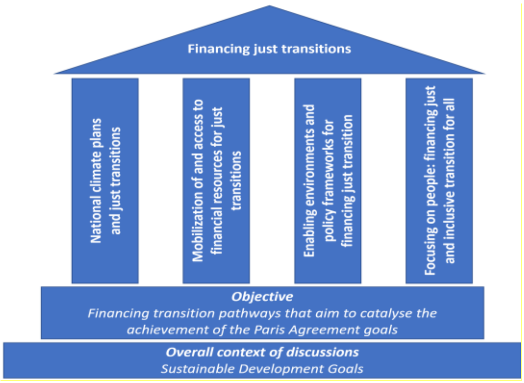
(b) Options to mobilize and access financial resources for just transitions;

(c) Enabling environments and policy frameworks for financing just transitions;

(d) Focusing on people: financing just and inclusive transitions for all.

Figure 1

The four thematic sessions of the 2023 Forum of the Standing Committee on Finance



1 SCF document SCF/2022/29/9, para. 35.
2 Decision 14/CP.27, para. 15.
3 See SCF document SCF/2023/30/9, para. 9.
4 https://unfccc.int/event/2023-forum-of-the-standing-committee-on-finance-financing-just-transitions

6. In terms of discussion modalities, the Forum included:

(a) Plenary sessions, including scene-setting presentations and panel discussions aimed at stimulating further discussion among participants;

(b) Breakout group sessions, including case study presentations, aimed at facilitating in-depth discussion among participants to elicit insights and lessons learned;

(c) Report-back sessions, including outcome presentations of the breakout group discussions and opportunities for enhanced action collaboration, and possible key findings for the attention of the COP.

7. The programme for the Forum, biographies of speakers, presentation slides and broadcast links are available on the Forum web pages.[5]

II. Summary of the Forum

8. The following six sub-chapters summarize the discussions held in each session of the Forum, including a scene-setting session, the four sessions as referred to in paragraph 4 and a wrap-up session.

A. Scene-setting on financing just transitions

9. Participants identified opportunities and challenges related to undertaking transitions that are just and inclusive and leave no one behind. They highlighted the time-sensitive nature of financing for those transitions and the need to unlock all available financial resources to effectively achieve the goals of the Paris Agreement and the SDGs and to create decent work opportunities for all, reduce inequality and eradicate poverty.

10. Participants discussed the meaning of just transition, including in the context of mitigation and adaptation and different sectors. In this regard, the need to discuss just transitions beyond the energy sector was underlined considering the effects of the transition in all sectors as well as the impact of such transitions on marginalized groups. Discussions centred around sectors such as transport, agriculture, fisheries, tourism, water, forestry, mining and land use.

11. There was general agreement on the need for country-specific transition pathways tailored to local circumstances and socioeconomic realities. At the same time, it was noted that a common understanding of just transitions at the international level, including of what is entailed by just and transition, would support and enhance effective implementation at the national and local level.

12. Many participants shared the concern that, without clear and adequate political support and means of implementation such as finance, technology transfer and capacity-building, just transitions could remain an aspirational goal.

13. Participants agreed on the importance of identifying, assessing and addressing the social risks of and any negative impacts from transitions with a view to ensuring smooth and inclusive implementation thereof.

14. Participants emphasized the need to discuss and potentially develop a common interpretation of what just transition under UNFCCC means.

15. Participants pointed out that, in order to ensure that financing for just transitions is effective and credible, action taken in this regard should be in line with the International Labour Organization’s *Guidelines for a just transition towards environmentally sustainable*

[5] https://unfccc.int/event/2023-forum-of-the-standing-committee-on-finance-financing-just-transitions

economies and societies for all,[6] International labour standards[7] and *Declaration on Fundamental Principles and Rights at Work*,[8] noting the importance of integrity to avoid greenwashing.

B. Integrating just transitions into national climate plans and development strategies

16. While progress has been made by many countries in integrating just transition considerations into their LT-LEDS and NDCs, more detailed implementation plans are needed, especially at the local and national levels.

17. Measures for achieving a just transition need to be nationally determined. National finance ministries should ensure that the social dimensions of climate action are taken into account in macroeconomic and fiscal policies.

18. Policy signals and dialogue with stakeholders, especially those most affected by the transitions, were emphasized to ensure a holistic approach to integrating just transition considerations into national processes and good governance practices.

19. Participants shared their experience of just transition practices from a country and regional perspective, including related opportunities, challenges and lessons learned:

(a) A representative of South Africa presented information on the Just Energy Transition Partnership, one of the first global initiatives for accelerating the commitment to phasing out coal, sharing insights into the challenges the country faces in transitioning to a renewable energy-based economy and highlighting that the transition can be continuously improved to address those challenges over time. The transition that considers local industry value chains aligned with national NDCs and net zero goals and the need for more support for developing countries in this regard were highlighted;

(b) A representative of Finland speaking on behalf of the EU and its member States shared views on and experience of just transitions, underlining the importance of redirecting available capital towards just and inclusive climate action. Current challenges include the misallocation of climate finance owing to a lack of political signals and ineffective policies, meaning that only a small number of groups are currently benefitting from available climate finance. Reallocating finance through the appropriate target and policy frameworks is therefore necessary to ensure that everyone benefits from the transition to sustainable economies;

(c) A representative of the Africa Adaptation Initiative emphasized the need for massive investment in climate adaptation that promotes and enables just transitions. Transitions should facilitate equitable access to benefits, consider the livelihoods of all people including the most affected by the transitions, and share the costs of sustainable development;

(d) A representative of the Climate Finance Group for Latin America and the Caribbean highlighted the need for a geographically and thematically balanced allocation of climate finance. It is important to not only to invest in technologies for reducing greenhouse gas emissions but also to ensure just and equitable access to energy and other services, taking into consideration capacity-building, social security and socioeconomic aspects;

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6 https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_432859.pdf.

7 https://www.ilo.org/global/standards/introduction-to-international-labour-standards/lang--en/index.htm.

8 https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/normativeinstrument/wcms_716594.pdf.

(e) A representative of trade union non-governmental organizations shared information on just transition and inclusive governance in the transport industry. The need for innovative institutional mechanisms was emphasized, including through the work of national just transition commissions and global sectoral task forces, to ensure the full participation of affected workforces and communities, which is vital for promoting good governance at the workplace level.

20. Participants generally agreed on the need for public and private financial ecosystems at both the national and the international level, to incorporate just transitions in their policies. Examples in this regard include creating social opportunities, improving stakeholder engagement, facilitating investments beyond renewable energy and addressing the areas of equity and access to finance into national and international climate policies.

21. Achieving just transitions is dependent on credible national climate plans and policies accompanied by adequate financing strategies and financial flows. This means that social and employment considerations need to be systematically factored into financing decisions, including in relation to green, transition and adaptation finance.

22. Just transitions require social and labour protections for the affected workforce, including national education systems that promote job creation in low-carbon sectors; programmes to retrain those currently working in the fossil fuel industry; and financial support for workers affected by the phasing-out of carbon-intensive industries.

C. Options for mobilizing and accessing financial resources for just transitions

23. Participants presented information on conventional and innovative financial instruments and mechanisms for meeting the diverse financing needs associated with just transitions, bringing multiple stakeholders together and blending public and private financial sources to finance climate action. These include grants, fiscal incentives, environmental taxes, market mechanisms for generating carbon credits, investments in de-risking climate action, co-financed public–private projects and partnerships, loans, just transition platforms and funds, and insurance and social protections.

24. The concepts of fairness and inclusiveness should be considered and mainstreamed in international and national climate finance for just transitions, including in developing related programmes and projects.

25. Participants shared examples of innovative financial sources, instruments and mechanisms for enhancing access to finance for just transitions:

(a) A representative of India presented information on the Just Transition Finance Roadmap for India, which paved the way for the country’s entry into the sovereign green bond market in 2023, and the Skill Impact Bond initiative, designed to equip young people in India with skills and vocational training;

(b) A representative of the Islamic Development Bank highlighted initiatives for public and private engagement and support, including the green sukuk (a green Islamic bond), conventional lending instruments, programme and project loans targeting just transitions, philanthropic co-financing, and technical assistance for accessing finance for just transitions;

(c) A representative of the Climate Investment Funds presented the Fund’s work with the African Development Bank on facilitating the transition to cleaner energy technologies, including through accelerating the transition away from coal, increasing the share of renewable energy in power systems and decarbonizing industry;

(d) A representative of the EU presented information on the Just Transition Mechanism and its three pillars: the Just Transition Fund, which is primarily designed to provide grants for green deals, a dedicated just transition scheme under InvestEU programme and a public sector loan facility (see box 1);

(e) A representative of WWF Poland shared experience in mobilizing EUR 5.1 billion for coal mining sectors, consisting of EUR 2.2 billion from the Just Transition Fund in addition to EUR 2.1 billion from the European Regional Development Fund and EUR 0.8 billion from the European Social Fund. Since the Just Transition Fund requires the development of Territorial Just Transition Plans in addition to a certain level of co-financing and an ambitious pathway towards the transition, the support provided thereunder was bolstered by strong engagement and support from local governments.

Box 1
Just Transition Mechanism

The Just Transition Mechanism is designed to ensure that the transition towards a climate-neutral economy happens in a fair way, leaving no one behind. It provides targeted support to help mobilize around EUR 55 billion in 2021–2027 in the most affected regions to alleviate the socioeconomic impact of the transition through three pillars:

(a) Just Transition Fund, with funding of EUR 19.2 billion at current prices, expected to mobilize around EUR 25.4 billion in investments;

(b) InvestEU just transition scheme, estimated to mobilize EUR 10–15 billion in private investment;

(c) Public sector loan facility, estimated to mobilize EUR 18.5 billion in public investment, combining EUR 1.5 billion in grants financed from the EU budget with EUR 10 billion in loans from the European Investment Bank.

The Just Transition Fund focuses its support on carbon-intensive regions and industries and workers in the field of fossil fuel production (e.g. steel, cement, chemicals), which will need to undergo transformation.

The Just Transition Platform provides comprehensive technical and advisory support on just transition to EU countries. It also promotes the exchange of best practices among all stakeholders, including through conferences, working groups for carbon-intensive sectors, a dedicated helpdesk and the JTPeers programme.

26. Developing countries need international development finance and climate action funding, including debt swaps, for undertaking socially and economically feasible just transitions given their limited fiscal space and high levels of debt. Multilateral and bilateral financial institutions and multilateral development banks are key partners in providing such finance. Developing countries also may require support to build their domestic investment capacity, for example, to build the capacity to impose taxes on highly profitable activities that would allow greater control over their financial resources.

27. Ensuring equitable access to finance for just transitions requires actions designed to facilitate and scale up private sector engagement, including engagement of micro-, small and medium-sized enterprises, informal economies and local businesses. Investing in small-scale and decentralized projects for transformational action can create new opportunities help draw attention to social issues and develop new local industries.

28. While there has been a positive trend in the removal of fossil fuel subsidies, there is still a need for concessional finance in areas that are heavily reliant on fossil fuel industries, especially for capacity-building and skills training, to help them navigate via transition period.

29. Participants highlighted the need to establish dedicated sources of financing for just transitions, such as funds and mechanisms, and to integrate just transition factors into existing financial frameworks. Just transition considerations should be integrated into investment decisions to shape the quantity and quality of capital allocated by the public and private sectors to investments in climate action.

D. Enabling environments and policy frameworks for financing just transitions

30. The transition to a sustainable, low-carbon economy needs to be just, inclusive and equitable. Governments can play a crucial role in ensuring this through strong political commitments and by integrating just transition principles into national and sectoral policies, including those underpinning LT-LEDS and NDCs, budgets, labour standards and industrial strategies. While upholding just transition principles is important, overly complex conditions for financing should be avoided to ensure progress toward the transition.

31. Participants also noted the essential role of national ministries of finance and central banks in driving just transitions. Aligning financial frameworks, including instruments such as taxes and subsidies, with just transition principles – spanning both mitigation and adaptation – is key.

32. To establish an environment for mobilization finance for just transitions, policies of financial institutions and government bodies must be coordinated and aligned. In addition, financial institutions can influence relevant government regulations and strategies on this matter by organizing dialogues and offering innovative solutions. Thus, a holistic approach should be taken to establishing such an environment, supported by various stakeholders.

33. A representative of Australia shared information on the country's recent reforms of its Safeguard Mechanism, which sets emission limits for major industrial sectors such as mining, gas, transport and manufacturing, and reforms of transformation grant scheme. The reforms, which were the result of collaborative efforts involving communities, businesses, unions and workers, have enabled the provision of competitive grants to support decarbonization and emission reduction initiatives aimed at ensuring an equitable transition in affected sectors.

34. A representative of the Philippines shared information on the Philippine Green Jobs Act, adopted in 2016, and on the national Green Jobs Certification Program, designed to incentivize the generation of green jobs in the private sector, thereby fostering low-carbon, resilient and sustainable growth (see box 2).

Box 2

Philippine Green Jobs Act

The Philippine Green Jobs Act is aimed at fostering sustainable economic growth while addressing the challenges of climate change. It places a strong emphasis on the creation of jobs that have both environmentally conscious credentials and are economically viable, thus fostering a harmonious relationship between economic progress and ecological well-being. Its core objective is to stimulate the expansion of environmentally sustainable industries, encompassing sectors such as renewable energy, sustainable agriculture, waste management and ecotourism.

To incentivize businesses to adopt eco-friendly practices and actively contribute to the creation of green jobs, the Act introduces attractive incentives such as tax deductions for relevant skills training, research and development and tax exemptions for importing environmentally friendly equipment. To qualify for these incentives, businesses must first undergo a certification process, overseen by the Department of Labor and Employment, to ensure their adherence to, inter alia, decent work practices, workplace security standards, standards for safeguarding workers' rights and social protection measures.

Putting the Green Jobs Act into practice is a collaborative effort among the Climate Change Commission, the Department of Labor and Employment and the Department of Finance, which each play pivotal roles in certifying businesses and implementing incentives. Additional government agencies provide active support in areas pertaining to skills development, innovation and the promotion of green industries.

The Green Jobs Act is expected to promote job opportunities within green sectorsand, give green businesses a greater competitive edge and notably reduce the environmental impact stemming from conventional industries, as well as result in resource savings and a substantial decrease in government expenditure.

35. A representative of Indonesia shared information on the country's recent strategic focus on just energy transition from fossil fuels to renewable energy sources. The strategic focus aims to achieve net zero emission goals in the context of the Indonesia's NDC, while minimizing the economic repercussions associated with ceasing use of coal plants. The representative presented examples of Indonesia's commitment to just transitions, including: creation of a State-owned, enterprise-led energy transition platform for evaluating progress and supporting implementation of energy transition projects; collaboration between representatives of State-owned and private power generators; and advocacy for global standards and local regulations. Indonesia also plans to develop an investment policy to ensure a consistent view of transition pathways and scale up its efforts to achieve net zero emissions, prioritizing both energy security and affordability from both a fiscal and private sector perspective.

36. A representative of the GCF mentioned GCF Strategic Plan for 2024–2027 and its relevance to the issue of just transitions. Strategic priorities include enhancing readiness and preparatory support, fostering enabling environments for transitions, supporting paradigm shifts in sectors such as energy and transport and addressing urgent adaptation needs. The GCF has supported energy transition efforts through a range of investment modalities, from investments in multi-country facilities and national renewable energy plants to smaller-scale interventions, with a focus on inclusivity and safeguarding against economic displacement. Policies that take into account diversity, equity, gender considerations and the involvement of Indigenous Peoples are central to its approach.

37. Participants noted that transitions cannot be managed solely by governments and private sector and civil society engagement is also vital. Private sector entities, for example, can contribute towards the achievement of just transitions by setting ambitious sustainability goals aligned with the Paris Agreement. Public–private partnerships, public procurement, and international support are also crucial for fostering just transitions.

38. Just transitions entail a learning curve by all actors and actions to implement just transitions taken at an incremental pace. Collaboration and partnerships are crucial to facilitate sharing of lessons learned among stakeholders and accelerate the implementation of climate actions with just transition principles. Capacity-building across socioeconomic ecosystems, including across governments, regulators and the private sector is considered crucial to develop policies for just transitions that take into account the interconnections between stakeholders and sectors requires.

39. A participant of India shared an example of an enabling environment, highlighting its positive impacts and related challenges. Pavagada Solar Park was established in a drought-prone area in south India, with the income generated passed on to the farmers leasing their land for the Park, thus providing some financial security. This leasing model maintains the original land ownership and is accompanied by a social investment compact that enhances skills development and employment.

40. Achieving just transition demands commitment, collaboration, and policy alignment. By integrating just transition principles into national policies, involving diverse stakeholders, and providing financial support, economies can navigate the intricate path towards sustainability while ensuring that no segment of society is left behind.

E. Focusing on people and economy: financing just and inclusive transitions for all

41. Just transitions mean a shift from the conventional mindset to people-centred mindset about financing climate action. People-centered approach is crucial to avoid political unrest and ensure successful transitions. The challenge lies in practical implementation and inclusivity, especially in regions with a large informal sector. Acting on the social opportunities and social risks of net zero and resilience for workers, communities, and other affected stakeholders arises from achieving net zero economy and resilience.

42. Achieving a just transition for the workforce and economic assets presents diverse challenges that vary across regions, sectors, and companies. This complexity demands tailored approaches, recognizing that a one-size-fits-all solution is not feasible. Addressing these challenges requires a multi-level approach involving global, national, and local actions.

43. Just and inclusive transitions must be based on respect for human rights and the promotion of social protection processes. Ensuring social protection, particularly for informal and vulnerable workers, is essential. In this regard, just transition efforts must extend beyond the formal workforce to consider informal industries, businesses, and communities that will collectively experience impacts. While the primary focus of transitions should continue to be on the workforce, many participants also emphasized the critical importance of safeguarding the well-being and livelihoods of the most affected groups.

44. Participants shared the following examples of best practices in achieving just and inclusive transitions:

(a) Deutsche Bahn, Germany's national railway operator, and LEAG, the second-largest electricity producer in Germany, have signed a long-term cooperation agreement for the shared use of the training facility at LEAG power plants with a view to facilitating the transition of workers from the mining sector to railway maintenance roles by equipping them with necessary skills;

(b) Egypt's Nexus of Water, Food and Energy program for mobilizing climate finance and private investment supports Egypt's green transition and is aligned with its NDC and National Climate Change Strategy 2050. The programme's human-centric approach ensures that societies and local communities are the main beneficiaries of the transition, with special attention paid to ensuring access to water, food and energy for all;

(c) The North Sea Transition Deal of the United Kingdom of Great Britain and Northern Ireland, negotiated by workers, businesses and the Government, aims to decarbonize the oil and gas sector in the North Sea by 2050, impacting around 40,000 workers. Workers, businesses, and the Government engaged in tripartite negotiations in creating and implementing the deal.

45. Both public and private sector finance can play an important role in funding just transition efforts. Dedicated funding for workforce development is crucial, even in resource-constrained countries.

46. To ensure fair and successful transitions, supportive domestic and international environments are crucial. This involves building the necessary skills and knowledge of all stakeholders, including business, workforce and communities. It is important to create a level playing field for national companies and international corporations alike, especially considering that only the latter may enjoy certain tax advantages.

47. Developing countries often face constraints in imposing taxes owing to debt obligations, which limits their domestic investment capacity. International mechanisms facilitating the imposition of taxes on highly profitable activities are needed to address this challenge and thus support just transition efforts in those countries and give them greater control over their financial resources.

48. Tax policies, subsidies and regulatory measures pertaining to climate action, as well as voluntary and mandatory approaches, were discussed, as was the need to evaluate them on the basis of the national context and their adherence with just transition principles.

49. It is important to consider the negative impacts of just transitions on groups of people, which may arise, for example, as a result of automation, technological advancements and resulting job losses. People who may most affected by the transisions include informal economy workers, smallholder farmers, women, youth and Indigenous Peoples, local businesses, micro-, small and medium-sized enterprises. People reliant on natural resources for their livelihood are also prone to vulnerability during periods of transition. This underscores the importance of a just transition approach that prioritizes their needs, safeguards their interests and offers robust support to ensure equitable outcomes. The physical and mental well-being of and social implications for workers are also integral to the transition process and need to be addressed.

50. The important role of youth as agents of change in achieving just transitions was emphasized, with the need to address their needs through skills development and access to finance and entry-level jobs.

51. It was highlighted that clean energy projects relating to, inter alia, hydropower plants, solar parks, wind farms and mineral mining sites can be harmful to Indigenous lands and territories and threaten the livelihoods and rights of Indigenous Peoples and local communities if their free, prior and informed consent is not obtained. It is important to ensure that Indigenous Peoples and local communities are not harmed by the new and growing industries that play a key role in just transitions but are often located in Indigenous territories, such as the extraction of minerals.[9] This underscores the need for inclusive and balanced policies and regulatory frameworks that empower Indigenous Peoples and local communities to make decisions about resource extraction on their lands. Support for accessible, affordable and reliable energy systems, including community-owned and -managed clean energy projects, is crucial for achieving just transitions.

52. A just transition involves putting in place resilient food, energy and industrial systems aligned with the SDGs that can safeguard jobs and livelihoods. Structural deficiencies such as food and energy insecurity and low value-added manufacturing processes perpetuate economic vulnerabilities and imbalances in developing countries. Just transitions require bold, radical and transformative solutions that address the structural deficiencies in the financial and trade architecture at the national and global level.

F. Wrap-up discussion on key takeaway messages

53. Participants emphasized the importance of considering just transitions beyond the energy sector. Developing sector-specific just transition strategies, such as for the transport, agriculture, fisheries, tourism, water, forestry, mining and land-use sectors, is key owing to the unique challenges and opportunities each sector presents. Transitions must be just for all stakeholders, including affected workforces and communities.

54. The international, regional, and national arrangements for just transitions should be scaled up and supported for climate finance to facilitate just transitions that ensure fairness, equity and prudent use of resources. The Just Energy Transition Partnerships was raised as an innovative example of an arrangement, where just transition principles can be aligned with climate finance mechanisms. In this context, participants highlighted that international financial architecture should be fit for purpose for transitions towards a low-emission, climate-resilient economy. Integrating just transition considerations into global finance structures and trading practices will help to safeguard jobs, and linking such considerations

[9] https://pubdocs.worldbank.org/en/961711588875536384/Minerals-for-Climate-Action-The-Mineral-Intensity-of-the-Clean-Energy-Transition.pdf.

with reporting standards will ensure that corporate and financial practices reflect just transition principles.

55. Continued knowledge exchange and collaborative learning in relation to just transitions is essential for sharing best practices and lessons learned. Countries can benefit by assisting each other in understanding and implementing just transition measures, and capacity-building initiatives can assist with navigating the complexities of transitioning to more sustainable economies.

56. It is important that just transition actions and discussions, including the outcomes of the Forum, inform existing processes under the UNFCCC, such as the work programme on just transition pathways,[10] the Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme, NDCs,and national adaptation plans. In particular, integrating just transition considerations into the global stocktake process is important for the comprehensive tracking and assessment of progress. Quantifying actions towards and outcomes of just transitions in various sectors and communities is vital for effectively evaluating climate actions and identifying potential areas of improvements.

57. Maintaining coherence and enhancing synergy of just transition discussions can inform countries' efforts to optimize their transition strategies and actions, which in turn can generate maximum positive impact across climate and development dimensions. Furthermore, climate plans such as NDCs and LT-LEDS should consider the social and economic aspects in the context of sustainable development, which is often overlooked.

58. Countries are encouraged to conduct workforce impact assessments in lined with the methodologies and guidelines provided by the United Nations Development Programme[11] and the International Labour Organization[12]. Assessments that take into account social and economic needs can facilitate effective financing for just transitions. Furthermore, the assessment of needs for just transitions, including financial needs for workforce development and social protection (e.g., from public, private, domestic and international sources), should be part of formulation of climate action plans.

59. Integrating just transition considerations into the global stocktake process is important for the comprehensive tracking and assessment of progress. Quantifying the outcomes of efforts towards just transitions and highlighting their impact on various sectors and communities is vital for effectively evaluating and modifying climate action over time.

60. Policies and regulatory frameworks are necessary to create an enabling environment for just transitions. In addition, social dialogue and stakeholder engagement are central to designing and implementing policies and regulatory frameworks that can effectively address the needs and concerns of workers, communities and other stakeholders impacted by transition efforts.

61. In climate transformation strategies, incorporating just transition considerations into national budgets and development plans, as part of the transformation of different sectors, is key to ensuring that financial resources are allocated strategically to communities and across sectors impacted by just transitions.

62. Timely delivery of financial commitments in the climate change process is crucial to mobilize the resources needed for implementing just transition measures.

[10] Decision 1/CMA.4

[11] UNDP (2022) How Just Transition can help deliver the Paris Agreement. https://climatepromise.undp.org/research-and-reports/how-just-transition-can-help-deliver-paris-agreement.

[12] ILO (2015) Guidelines for a Just Ttransition towards environmentally sustainable economies and societies for all. https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_432859.pdf.

63. It is essential to mitigate negative impacts on communities affected by the transition through targeted interventions for maintaining social and economic stability. Providing alternative employment options, access to essential services, training and support will help those affected to navigate the changes brought about by transitions to a more sustainable economy and ensure a more equitable transition process for all.

64. Involving relevant stakeholders through social dialogue and considering diverse perspectives are crucial for formulating financing just transitions. Inclusive social protection mechanisms are also necessary to safeguard the well-being of workers and communities during the transition period.