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Matters relating to the Standing Committee on Finance

Report of the Standing Committee on Finance

Addendum

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, covering integrating consideration of just transitions into national policymaking; mobilization of and access to, and enabling environments and policy frameworks for, financing 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 would be on financing just transitions,¹ which was welcomed at COP 27.²
2. The Forum 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, 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 2023 Forum would be 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, as well as agreeing on the sub-themes of the Forum.³
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 used to unlock their full potential while addressing the socioeconomic priorities of countries. The four thematic sessions addressed financing just transitions from the following perspectives:
 - (a) Integrating just transitions into national climate plans and development strategies;
 - (b) Options for mobilizing and accessing financial resources for just transitions;
 - (c) Enabling environments and policy frameworks for financing just transitions;
 - (d) Focusing on people and the economy: financing just and inclusive transitions for all.
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 on outcomes of the breakout group discussions as well as opportunities for enhanced action and collaboration and possible key findings for the attention of the COP.
7. The programme for the Forum, biographies of speakers, presentation slides and webcast links are available on the Forum web pages.⁴

¹ SCF document SCF/2022/29/9, para. 35.

² Decision 14/CP.27, para. 15.

³ SCF document SCF/2023/30/9, para. 9.

⁴ <https://unfccc.int/event/2023-forum-of-the-standing-committee-on-finance-financing-just-transitions>.

II. Summary of discussions

A. Scene-setting: financing just transitions

8. Participants identified opportunities and challenges related to undertaking transitions to low-carbon and climate-resilient development 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.

9. 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 their effects in all sectors as well as their impact on marginalized groups. Discussions centred around sectors such as transport, agriculture, fisheries, tourism, water, forestry, mining and land use.

10. 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 transition at the international level, including what each “just” and “transition” entails in this context, could support and enhance its effective implementation at the national and local level.

11. 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.

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

13. Participants emphasized the need to discuss and potentially build a common interpretation of what just transition means in the context of the Convention and the Paris Agreement.

14. Participants pointed out that, in order to ensure that financing for just transitions is effective, action taken should be in line with the International Labour Organization’s *Guidelines for a just transition towards environmentally sustainable economies and societies for all*,⁵ International Labour Standards⁶ and *Declaration on Fundamental Principles and Rights at Work*,⁷ while noting the importance of integrity for climate action in order to avoid greenwashing.

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

15. While many countries have made progress in integrating consideration of just transitions into their LT-LEDS and NDCs, participants agreed that more detailed implementation plans are needed, especially at the local and national level.

⁵ ILO. 2015. *Guidelines for a just transition towards environmentally sustainable economies and societies for all*. Geneva: ILO. Available at https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_432859.pdf.

⁶ See <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/lang-en/index.htm>.

⁷ ILO. 2022. *Declaration on Fundamental Principles and Rights at Work and its Follow-up*. Geneva: ILO. Available at https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/normativeinstrument/wcms_716594.pdf.

16. Many participants underscored that measures for achieving just transitions need to be nationally determined. National finance ministries could ensure that the social dimensions of climate action are taken into account in macroeconomic and fiscal policies.

17. Policy signals and dialogue with stakeholders, especially those most affected by the transitions, were emphasized as means to promote a holistic approach to integrating consideration of just transitions into national policymaking and good governance practices.

18. Participants shared their experience of just transition related 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 Partnerships, 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 in order to address those challenges over time. Transitions that consider local industry value chains aligned with NDCs and national 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. Misallocation of climate finance due to ineffective policies and a lack of political signals means that only a few stakeholders are currently benefiting from available climate finance. Reallocating finance through the appropriate target recipient 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, take into consideration the livelihoods of all people, including the most affected by the transitions, and involve sharing 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 not only to invest in technologies for reducing greenhouse gas emissions but also to ensure just and equitable access to energy and other services such as water, sanitation, education, finance, and housing, taking into consideration capacity-building for workforces, social security and other socioeconomic aspects of the transitions;

(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 sectoral task forces established at the global level, to ensure the full participation of affected workforces and communities in policymaking for the transition, which is vital for promoting good governance at the workplace level.

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

20. Some participants pointed out that achieving just transitions is dependent upon clear and feasible 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.

21. Participants underscored that just transitions require social and labour protections for the affected workforce, including measures such as national education systems that promote job creation in low-carbon sectors; programmes for retraining 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

22. 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 could 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 protection.

23. Some participants were of the view that 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.

24. Examples were shared 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 its work with the African Development Bank on facilitating the transition to cleaner energy technologies, including by accelerating the transition away from coal, increasing the share of renewable energy in power systems and decarbonizing industry;

(d) A representative of the European Commission presented information on the EU Just Transition Mechanism, including the Just Transition Fund, a dedicated just transition scheme under the InvestEU programme and a public sector loan facility (see box 1);

(e) A representative of WWF Poland shared experience of mobilizing EUR 5.1 billion for just transition of the country’s coal mining sector, 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 combination of proper plans and finance thereunder was bolstered by the strong engagement and support of local governments.

Box 1

European Union Just Transition Mechanism

The EU Just Transition Mechanism is designed to ensure that the transition to a climate-neutral economy happens in a fair way, leaving no one behind. It is providing 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, which is primarily designed to provide grants for green deals, is focused on providing support to 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.

In addition, 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 stakeholders, including through conferences, working groups for carbon-intensive sectors, a dedicated helpdesk and the JTPeers programme

25. Many participants highlighted developing countries' need for international development finance and funding for climate action, including debt swaps, for undertaking socially and economically feasible just transitions given their limited fiscal space and high levels of debt. They noted that multilateral and bilateral financial institutions and multilateral development banks could be key partners in providing such finance. Further, developing countries may also 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.

26. Some participants mentioned that ensuring equitable access to finance for just transitions requires actions designed to facilitate and scale up private sector engagement, including of micro-, small and medium-sized enterprises, informal economies and local businesses. They noted that investing in small-scale and decentralized projects for transformational action can create new opportunities and help to draw attention to social issues and develop new local industries.

27. While there has been a positive trend in phasing down fossil fuel subsidies towards phasing them out, participants discussed the 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 the transitional period.

28. Some participants highlighted the need to establish dedicated sources of financing for just transitions, such as funds and mechanisms, and to integrate consideration of just transitions into existing financial frameworks, such as into investment decisions in order to shape the quantity and quality of capital allocated by the public and private sectors to investment in climate action.

D. Enabling environments and policy frameworks for financing just transitions

29. 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, some participants suggested that overly complex conditions for financing should be avoided so as not to hinder progress towards the transition.

30. Participants 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.

31. Some participants indicated that, to establish an enabling environment for mobilization of finance for just transitions, policies of financial institutions and governmental bodies must be coordinated and aligned. In addition, financial institutions can influence relevant government regulations and strategies by organizing dialogues and offering innovative solutions. Thus, a holistic approach could be taken to establishing such an environment, supported by stakeholders.

32. A representative of Australia shared information on the country's recent reforms of its Safeguard Mechanism, which sets declining emission limits for major industrial facilities,

including mining, oil and gas, transport, waste and manufacturing, and the safeguard transformation stream of the new Powering the Regions Fund, which will support investment in decarbonizing trade-exposed industrial facilities covered by the Safeguard Mechanism by providing matched funding for competitive grants. The representative spoke about the importance of inclusive and transparent consultation in programme design, noting that these reforms were the result of extensive consultation with industry, investors, state, territory and local governments, First Nations and regional communities, businesses, unions and workers.

33. A representative of the Philippines shared information on the Philippine Green Jobs Act, adopted in 2016, and the associated national green jobs certification programme, 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 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 a pivotal role in certifying businesses and implementing incentives. Additional government agencies provide active support in areas pertaining to skills development, innovation and promotion of green industries.

The Green Jobs Act is expected to promote job opportunities within green sectors and 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.

34. 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 aim is to achieve net zero emission goals in the context of Indonesia's NDC while minimizing the economic repercussions associated with ceasing use of coal plants. Examples of Indonesia's commitment to just transitions include the creation of a State-owned, enterprise-led energy transition platform for evaluating progress and supporting implementation of energy transition projects; collaboration between State-owned and private power generators; and advocacy for relevant global standards and local regulations. Indonesia plans to develop an investment policy to ensure a consistent approach to the transition and to scaling up its efforts to achieve net zero emissions, prioritizing both energy security and affordability from both a fiscal and private sector perspective.

35. A representative of the GCF mentioned the GCF Strategic Plan for 2024–2027 and its relevance to just transitions. Strategic priorities of the GCF 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 investment 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.

36. Participants noted that transitions cannot be managed solely by governments; private sector and civil society engagement is also vital. Private sector entities, for example, can contribute to achieving 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.

37. Participants noted that collaboration and partnerships are crucial to facilitate sharing of lessons learned among stakeholders and accelerate the implementation of climate action aligned with just transition principles. Further, capacity-building across socioeconomic ecosystems, including governments, regulators and the private sector, is considered crucial to developing policies for just transition that take into account the interconnections between stakeholders and sectors.

38. A participant from 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 southern India, with 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 contributes to enhancing skills development and employment.

39. Participants indicated that achieving just transitions demands commitment, collaboration and policy alignment: with integration of just transition principles into national policies, involvement of diverse stakeholders and provision of financial support, countries can navigate the intricate path towards sustainability while ensuring that no segment of society is left behind.

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

40. Participants noted that just transitions demand a shift from the conventional mindset to a people-centred mindset about financing climate action and that a people-centred approach is crucial to avoiding political unrest and ensuring successful transitions. Participants stated that the challenge lies in the actual implementation and in ensuring inclusivity, especially in regions with a large informal sector. Participants saw acting on the social opportunities and addressing the social risks associated with net zero and resilience for workers, communities and other stakeholders as important for achieving net zero economies and resilience.

41. Participants acknowledged that achieving a just transition for the workforce and economic assets presents diverse socioeconomic challenges that vary across regions, sectors and companies, recognizing that a one-size-fits-all solution is therefore not feasible. They also noted that addressing these challenges requires tailored multi-level approaches involving global, national and local action.

42. Some participants noted that just and inclusive transitions must be based on respect for human rights and the promotion of social protection, which must be ensured particularly for informal workers. In this regard, they noted that efforts towards just transitions could consider, beyond the formal workforce, informal industries, businesses and communities that will experience the impacts thereof. While the primary focus of transitions may continue to be on the workforce, the critical importance of safeguarding the well-being and livelihoods of the groups most affected by the transitions was emphasized.

43. Examples of best practices in achieving just and inclusive transitions were shared:

(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 sharing 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 the necessary skills;

(b) Egypt's Nexus of Water, Food and Energy programme for mobilizing climate finance and private investment supports the country's green transition and is aligned with its NDC and National Climate Change Strategy 2050. The programme's people-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 aim of the North Sea Transition Deal of the United Kingdom of Great Britain and Northern Ireland is to decarbonize the oil and gas sector in the North Sea by 2050, which will have an impact on around 40,000 workers. Workers, businesses and the Government engaged in tripartite negotiations in establishing the Deal.

44. Some participants noted that both public and private sector finance can play an important role in funding just transition efforts, and that dedicated funding for workforce development is crucial, even in resource-constrained countries.

45. Some participants mentioned that, to ensure fair and successful transitions, supportive domestic and international environments are crucial, which includes ensuring that all stakeholders, including businesses, the workforce and communities, have the necessary skills and knowledge for transition. The importance was noted of creating a level playing field for national companies and international corporations to succeed economically, especially considering that only the latter may enjoy certain tax advantages.

46. Given that developing countries often face constraints in imposing taxes owing to debt obligations, which limits their domestic investment capacity, some participants called for international mechanisms to facilitate imposing taxes on highly profitable activities to address this challenge and thus support just transition efforts in those countries and give them greater control over their financial resources.

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

48. Some participants highlighted the importance both of considering 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, and of prioritizing those groups' needs, safeguarding their interests and offering robust support to ensure equitable outcomes. People most affected by the transitions may include informal economy workers, smallholder farmers, women, youth, Indigenous Peoples, local businesses, and micro-, small and medium-sized enterprises. People reliant on natural resources for their livelihoods are also prone to vulnerability during periods of transition. Some participants stated that the physical and mental well-being of and social implications for workers are integral to the transition process and need to be addressed.

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

50. 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 was seen as important to ensure that Indigenous Peoples and local communities are not harmed by the new and growing industries, such as extraction of minerals,⁸ that play a key role in just transitions but are often located in Indigenous territories, thus underscoring 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 land. Furthermore, support for accessible, affordable and reliable energy systems, including community-owned and -managed clean energy projects, was noted as crucial for achieving just transitions.

⁸ Hund, Kirsten, et al. 2023. *Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition*. Washington, D.C.: World Bank Group. Available at <https://openknowledge.worldbank.org/entities/publication/4dd08d0c-ab51-4955-a464-35a95201a5eb>.

51. It was noted by some participants that just transitions involve establishing resilient food, energy and industrial systems aligned with the SDGs that can safeguard jobs and livelihoods; however, structural deficiencies such as food and energy insecurity and low value-added manufacturing processes perpetuate economic vulnerabilities and imbalances in developing countries. As such, it was also noted that bold, radical and transformative solutions that address the structural deficiencies in the financial and trade architecture at the national and global levels are required for just transitions.

F. Wrap-up session: key takeaways

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

53. Some participants stated that the international, regional and national arrangements for just transitions should be scaled up and supported in order for climate finance to facilitate just transitions that ensure fairness, equity and prudent use of resources. The Just Energy Transition Partnerships were raised as an example of an innovative arrangement whereby climate finance mechanisms can be aligned with just transition principles. In this context, some participants called for the international financial architecture to be fit for the purpose of transitioning to low-emission, climate-resilient economies. It was noted that integrating consideration of just transitions into global financial architecture and trading practices will help to safeguard jobs, and that linking such consideration with corporate reporting standards could ensure that corporate and financial practices reflect just transition principles.

54. According to some participants, continued knowledge exchange and collaborative learning in relation to just transitions is essential for sharing best practices and lessons learned: It was noted that countries can benefit by assisting each other in understanding and implementing just transition measures, and capacity-building initiatives can assist them with navigating the complexities of transitioning to more sustainable economies.

55. Some participants mentioned the importance of just transition related actions and discussions, including the outcomes of the 2023 SCF Forum, informing relevant UNFCCC processes, such as the work programme on just transition pathways referred to in paragraphs 50–52 of decision 1/CMA.4, the Sharm el-Sheikh mitigation ambition and implementation work programme, NDCs and national adaptation plans. In particular, integrating consideration of just transitions into the global stocktake under the Paris Agreement is considered important for the comprehensive tracking and assessment of progress on climate action. Some noted that quantifying actions towards and outcomes of just transitions in various sectors and communities is vital for effectively evaluating climate action over time and identifying potential areas for improvement.

56. According to some participants, maintaining coherence and enhancing synergy of discussions on just transition can inform countries' efforts to optimize their transition strategies and actions, which in turn can generate maximum positive impacts across climate and development. Furthermore, participants called for climate plans such as NDCs and LT-LEDS to consider the social and economic aspects of sustainable development, which are often overlooked.

57. Some participants pointed out that countries are encouraged to conduct transition impact assessments on workforces in line with the methodologies and guidelines provided by the United Nations Development Programme⁹ and the International Labour Organization.¹⁰ Assessments that take into account social and economic needs of workforces can facilitate effective financing for just transitions. Furthermore, it was noted that the

⁹ Lee S, Baumgartner L. 2022. *How Just Transition can help deliver the Paris Agreement*. New York: UNDP. Available at https://climatepromise.undp.org/sites/default/files/research_report_document/Just%20Transition%20Report%20Jan%202020.pdf.

¹⁰ As footnote 5 above.

assessment of needs for just transitions, including financial needs for workforce development and social protection (e.g. from public, private, domestic and international sources), could be part of the formulation of climate action plans.

58. Participants were of the view that policies and regulatory frameworks are necessary to create an enabling environment for just transitions, and that 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 affected by transition efforts.

59. Participants pointed out that incorporating consideration of just transitions 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 affected by transition efforts.

60. Some participants mentioned that timely delivery of financial commitments in the climate change process is crucial to mobilizing the resources needed for implementing just transition measures.

61. Given that it is essential to mitigate negative impacts on communities affected by transition efforts through targeted interventions for maintaining social and economic stability, some participants noted that providing alternative employment options, access to essential services such as access to energy, water, sanitation, education, finance, and housing, training and support will help those affected to navigate the changes brought about by transitions to a more sustainable economy and promote a more equitable transition process for all.

62. Some participants recognized involving stakeholders through social dialogue and considering diverse perspectives in decision-making on financing to be crucial for just transitions. In addition, they noted that inclusive social protection mechanisms are necessary to safeguard the well-being of workers and communities during the transition period.
