

# Reflections on global enablers of just transitions to net zero emissions

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<b>Who we are</b>  The reflections in this document are the result of two dialogues on 'global enablers of just transitions to net zero-emissions'. Participants came from different communities of practice, ranging from academia and think tanks to practitioners. The organising team invited strategic thinkers, with diverse expertise, paying attention to balance in gender and geography. We told stories from Chile, France, Indonesia, India, South Africa, Spain, and other countries. Drawing on a rich variety of backgrounds, expertise and experience, we explored how just transitions can be supported at the international level. We met in person in Barcelona and Cape Town, and continued our dialogue virtually between 2024 and 2025. Our dialogues were held under the <u>Chatham House Rule</u> , no statements are attributed or identities of participants revealed, creating a space to speak freely. In this document, we share more broadly some of the generative ideas and concrete proposals that emerged from our dialogues.	<b>OUR APPROACH</b>	<b>2</b>
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## OUR APPROACH

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We believe that dialogue and collective deliberation—especially when it brings together diverse perspectives and experiences—is a powerful generator of creative and innovative thinking.

As we explored global enablers, we remained grounded in the understanding that context matters. We shared experiences and insights from several countries and local communities.

The geopolitical context changed, as we met in 2024 to 2025. We live in challenging times. Incremental policy progress, grounded in evidence, is increasingly challenged by authoritarian populist narratives. Big systems and institutions are being disrupted, leading to very high levels of uncertainty in free creative thinking and data and evidence management with global access. Power relations have returned to the foreground and trust is in decline at all scales.

We discussed a range of values that shape our approach. We also acknowledged the strong emotions at play—anxiety, despair, solidarity, hope, and courage. In these times, multilateralism and international cooperation matters more than ever. While there are many crises, these also create large opportunities—we are determined not to let good crises go to waste. We believe that small groups of committed people can make a difference. We challenged ourselves to develop concrete proposals, by which we mean good ideas that can make a difference.

### Process of dialogue

This initiative took on the challenge of addressing the difficult topic of 'Just Transition' in a complex international context—particularly with regard to climate issues—with the aim of creating a community for reflection, discussion and, eventually, action.

From the outset, we were determined to provide an experience of active participation and co-creation, where each participant was recognised as important and their valuable personal experiences (whether subnational, national or international) brought into our dialogues. We recognised the importance of creating spaces for mutual understanding and the gradual development of trust. In both Barcelona and Cape Town, we held three-day meetings and organised outreach activities to connect us with local just transition initiatives and provide opportunities for social interaction. In Barcelona, we went on a guided tour of the city to learn about its urban and social challenges and innovative solutions. In Cape Town, we gained first-hand experience of a special economic zone that aims to create a fairer environmental and social future.

Guided by an expert facilitator, we took care to design the process carefully, considering how we would work together over each of the three-day dialogues. We alternated between individual reflection, group and plenary discussion. We created open spaces where participants could interact with each other about topics that interested them. Additionally, particularly in preparation for the second dialogue, we invited participants to suggest ideas and content for the workshop agenda.

## Testing good ideas in real places

To ensure our discussions were grounded in reality, each dialogue incorporated a site visit relevant to the broader just transition theme. An urban regeneration location in Barcelona and the Atlantis Special Economic Zone (ASEZ) a greentech SEZ in South Africa.

The South African context highlighted the importance of geography, history and politics when understanding the nuances of a just transition. Balancing the need for industrial growth for economic and job opportunities, with the need to support growth that is green. Following best environmental and social practices in terms of green site development takes extra effort than conventional site development. Yet attracting investment and the necessary policy support from national and regional governments remains a challenge.

Integrating the community is a key principle to the 'just' development of the ASEZ, and concerted efforts are made to offer skills development and enterprise support opportunities to local residents. A visit to the local residential area showed some of the realities within which these community engagement activities operate. And importantly, this site visit also demonstrated first-hand the role of, and opportunities for MSMEs in the just transition.

As participants in two generative dialogues, we discussed many more ideas. These Reflections convey some of the highlights. The innovative ideas and concrete proposals will be taken by participants into their communities of practice.

### Just transitions: Broad concept, applied in different contexts

The concept of a "just transition" has broadened—from an initial focus on workers in affected industries to a wider political and economic agenda. Just transition often refers to moving from fossil fuels to renewable energy, yet changes in other systems such as transport, urban, and industrial systems are also important. Underpinning socio-economic systems are also part of the challenges and the opportunities. As part of our broader approach, we considered just transitions and equity in relation to mitigation and adaptation.

As just transitions are implemented, they take on different meanings, and there are tensions in meaning at international, regional, national and local scale. Context matters for understanding just transitions. At the national level, just transition considerations often reflect the unique circumstances, challenges, and development priorities of each country. They are unquestionably context-specific and shaped by national political dynamics and societal values. The international dimension of just transitions is also significant, not only for the paramount equity considerations anchored in the international climate treaty, but also the reality of attaining global climate and development goals in a world that increasingly recognises its interconnectedness.

In our dialogues, we emphasised the importance of putting people at the centre of this process, framing transitions around communities' needs and lived experiences. During our

dialogue in Cape Town, we visited the Atlantis Special Economic Zone (SEZ) as a 'lab of just transition', and to test our thinking against the challenges faced by a community where many are unemployed and live in poverty.

## How can we still cooperate internationally in a fragmenting world?

We reflected on the challenging times in which we live, and what this means for just transitions to net zero emissions. We have more questions than answers, but found it helps to talk with each other and consider different scenarios. Following the disruptions to geopolitics, and increased conflicts, we asked ourselves: Are we in a world of incrementalism, will disruptions be cyclical, or is fragmentation permanent? We found it useful to consider scenarios of future worlds, characterised by incrementalism, cyclical disruption, or fragmentation. We still do not know how multiple conflicts will play out, or whether crises will be resolved and in what time frame—most of us felt this was an interregnum. We reflected that different scenarios may co-exist, and that continuing to defend some good aspects of incrementalism does not mean giving up hope for 'big change' and principled action. Narratives to encode a vision—of a just transition, of a good life—are important. We need to be clear-eyed that much has changed, and that some narratives and institutions may be broken. That may mean anticipating better in the future and building robustness to climate and economic shocks, particularly investing in social infrastructure and coherence. Transparency, data, reporting, and science are important foundations to preserve.

## POLITICAL FRONTIERS

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### What are political frontiers, at national and international scales

Political frontiers in this context refer to the barriers and obstacles within national or international political systems that hinder effective climate action at the scale needed to adequately respond to the global climate crisis. These frontiers manifest differently across scales. Many countries face limits to climate action defined by their domestic political economies. At international scale, the United Nations (UN) climate regime hits political frontiers, and is limited by an uncertain geopolitics, which is currently fragmenting.

In our dialogues, we sought to better understand such political frontiers, and what can be done. While there are no simple solutions, some strategies to push out political frontiers emerged: visions and narratives offer possible directions that a society wishes to move to, mobilisation to build coalitions in support of just transitions; and ensuring that international cooperation supports action at national scale. We reflected that important battles must be won nationally, that this will enable more international cooperation which is also highly contested in these challenging times.

## Vision and narrative elements

A vision of a good life, or the possibility for communities to reflect on it, is essential to implement just transitions. If people cannot imagine a better life, they will not want to mobilise. A vision of a good life under 1.5 °C in 2050 is a powerful motivator. Such a vision includes the right to develop in a sustainable manner. Parents want their children to have a better life, and so do children. This means the vision has to extend beyond issues such as fossil fuel transitions, and encompass new socio-economic, and maybe political, paradigms.

Visions of the future must be grounded in broad ethical foundations—principles such as equity, care, loyalty, trust, and integrity. These values are especially vital in a time when many people experience anxiety, despair, and uncertainty. While fear may spark initial awareness, it is courage, hope, and solidarity that sustain momentum and inspire action. A compelling vision must therefore not only appeal to reason but also resonate emotionally, offering people a sense of purpose and belonging in the transition ahead.

Narratives set out such a vision, and tell stories of how visions are being pursued in various places. If we are to achieve climate mitigation goals, in particular, it will be necessary to build political consensus that a low carbon economy and society are in the interests of the country and its communities, social classes/groups and citizens, within an interdependent world.

Narratives not only articulate visions but also shape how people perceive the risks and opportunities of climate action. Reframing climate issues is crucial—narratives that emphasise agency, optimism, and shared responsibility are more likely to sustain engagement. They can also highlight the cost of inaction and the risks to infrastructure, making the stakes tangible. At the same time, they must address the need for policy certainty, avoiding the pitfalls of partisan politics and emotional polarisation that have hindered climate action in several countries.

Effective narratives must also confront deeper societal fractures. Growing distrust in institutions and perceived "others" signals a broken social contract. Rebuilding this trust requires a focus on social cohesion and inclusion, grounded in principles of equity and justice and the ability to reclaim rights. These elements are not peripheral—they are central to creating a shared sense of purpose and legitimacy in the transition to a low-carbon future.

## Mobilisation and building consensus

In our dialogues, we experimented, practiced and explored how to build broad consensus that low-emissions development aligns with national interests. These dialogues suggested that, broadly, this happens through mobilising and organising behind a shared vision of just transitions to net zero emissions, while recognising the need for compromises and choices.

People must drive just transitions. Visions and narratives are powerful motivators, but to implement them, a wide range of social actors need to be mobilised, to resolve differences and build consensus. That requires significant effort in organising. Once there is broad support for implementing just transitions,

politicians who currently shy away from climate action will be emboldened. This is easier said than done, as lack of political capital is a key reason why there are political frontiers. Enabling support coalitions need to include many actors—across government, labour, business, and civil society.

In our discussions, we reflected on who defines the national interest, how this term is used, and for whose benefit. There are many different interests within each country. In building consensus to implement just transitions, differences need to be mediated. Building consensus is important and hard work.

In some cases, efforts to build consensus take an organisational form, which can vary across political cultures. We shared experiences of commissions, citizens' assemblies, and other ways of mediating conflicts. While there are different institutional settings, a more deliberative society through meaningful participatory mechanisms was a common thread.

Strengthening capabilities is another important part of organising coalitions. Building capacity of members of a coalition should focus on institutional and human capacity, and go beyond once-off workshops. Coordination in networks is a distinct capability that requires the time of skilled people and resources, but is necessary.

A wide range of activities were mentioned: building an evidence base through research, advocacy to promote a well-grounded vision and narratives; or climate litigation.

In our discussions, we considered different kinds of capital. Financial capital—while it has been part of the problem, needs to be redirected, with key roles for public and private investments. Building a financial capital stack is essential. Equally essential is social capital, the broad acceptance of the need for rapid transitions to net zero emissions—and that the disruption will be minimised or supported by adequate policies. While the challenge of transforming economies structurally is clear, there is a lack of concrete economic diversification plans. Such plans, at different scales such as regional economic development with a long-term perspective, must still be developed and implemented.

At an international scale, the UN climate regime hits political frontiers, and is limited by uncertain geopolitics, which are currently fragmenting. Negotiations often get stuck on repeated well-known positions. While the norm-setting function of the Paris Agreement remains very important, the pace of change is much too slow to address a climate crisis.

At the same time, multilateralism is under threat. If a climate agreement were negotiated today, it would likely be even weaker.

The Paris Agreement remains the central place to set out a vision of just transitions. The Just Transitions Work Programme, however, is currently not visionary, nor are the new socio-economic paradigms being developed. The incoming COP30 Presidency has highlighted the importance of just transitions, and referred to a "response-ability" approach. It may involve a global citizens assembly for more inclusivity. Implementation will happen outside the 'bubble' of climate negotiations. So, better connections between the UN climate regime and action agendas will be critical.

## **MEDIATING CONFLICTS AND BUILDING BROAD COALITIONS IN SUPPORT OF JUST TRANSITIONS TO NET ZERO EMISSIONS**

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### **Conflict in the transition to net zero is inevitable—What matters is how it's managed**

As the world moves toward net zero emissions, conflict is becoming an inevitable part of transitions. Legacy injustices—such as pollution, displacement, poverty—are intersecting with emerging injustices, including job losses and unequal access to green technologies. These tensions are brewing into potential flashpoints, particularly in already vulnerable regions.

However, conflict in this context is not only about visible disruption or violence—it is often embedded in deeper, structural tensions such as competing interests, value systems, and power imbalances. Crucially, power dynamics determine what is recognized as a conflict and who gets to respond, shape decisions—and who on the other hand remains invisible. Both marginalised communities and powerful incumbents can act as drivers of conflict—one out of necessity and exclusion, the other through resistance to change that threatens established interests.

Conflict should be understood as a normal and even necessary feature of transformative change. Conflicts which are inherent to politics should find peaceful resolution. Very rapid change in large systems is necessary, to get to net zero emission by 2050 globally. Yet if change happens much too fast, it becomes so disruptive as to be unmanageable, and risks worsening inequalities and fostering violence and authoritarian behaviours. The shift to low-carbon economies is not merely a technical exercise—it involves a fundamental redistribution of power, resources, and opportunities. Conflict resolution, therefore, must be approached as a political process, one that challenges existing structures of agency and authority to become more equitable.

The key question is not how to eliminate conflict, but how to manage it in ways that are constructive and inclusive. Doing so requires new frameworks and mechanisms that can anticipate, prevent or resolve conflicts fairly. Building coalitions in support of just transitions requires mediating conflicts—as described under 'Political Frontiers', above. Special attention must be given to geographic and sectoral "Hot Spots"—such as coal regions and critical mineral zones—where the stakes are high, and transition risks are concentrated. In these places, meaningful engagement and early conflict sensitivity can make the difference between collapse and transformation.

### **International Cooperation must be reimagined to deliver a truly just transition**

Emerging domestic decarbonization policies highlight the need to address tensions between national transitions and global

goals, while avoiding a 'race to the bottom' that could undermine sustainable development. Multilateral engagement is therefore key to aligning domestic policies with international commitments, enabling countries to design strategies that mitigate socio-economic impacts, share opportunities equitably, and manage cross-border spillover effects.

Cases such as the steel and bauxite sectors illustrate how efforts to restructure global value chains can open new opportunities for some countries while provoking resistance and disruption in others. In this context, equitable international cooperation is essential, but the existing architecture—multilateral institutions, trade rules, and climate finance—is often too fragmented or slow to respond.

Building trust between partners and a vision of shared interests is key, whether through minilateral platforms like the G20 or more targeted bilateral and grassroots collaborations within an overarching multilateral architecture. Importantly, bottom-up coalitions—particularly those led by first movers and innovators—have shown greater effectiveness in catalysing change than top-down mandates alone.

Under the United Nations Framework Convention on Climate Change (UNFCCC), enhancing international cooperation could be through a "mandate-and-report-back" mechanism. This approach would involve mandating thematic or regional cooperative initiatives to undertake specific tasks and report back, thereby enhancing accountability and effectiveness. While doing this, the UNFCCC should also uphold its solidarity component. The Paris Agreement set a vision for a new economy, one that is more equal and prosperous for all, by putting country-level sustainable development side-by-side global climate goals. As highlighted in its Article 2, "in the context of sustainable development and efforts to eradicate poverty". Likewise, the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report highlights that addressing climate change and advancing sustainable development go hand in hand, with climate-resilient development relying on integrated adaptation and mitigation efforts that also promote equity, justice, and international cooperation.

## **JUST TRANSITION WORK PROGRAMME**

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The United Arab Emirates Just Transition Work Programme (JTWP) was discussed during both dialogues.

### **Discussing potential roles of JTWP – and a submission**

In Barcelona, we had a generative exchange on the roles that the JTWP could play, to enable just transitions. Inspired by discussions at the workshop, discussions continued virtually, and submission to the JTWP was prepared. Key messages were that the JTWP could fulfil several roles. These include signalling global needs, setting mandates, consolidating knowledge, envisioning

funding models, convening key actors, and strategizing international cooperation for just transitions. Another key message identified priority areas that the JTWP could consider—just resilience and international cooperation. Adaptation can lead to unequal outcomes, and an equitable approach requires recognizing interconnected systems and ensuring that climate actions protect vulnerable communities, without exacerbating risks elsewhere. "Just resilience" is a concept that can help explore equity in adaptation, and we explored this broader framing in Cape Town (see Justice and equity in addressing adaptation, below). International cooperation is essential for advancing just transitions across a range of domestic contexts. This requires bringing attention to the international cooperation ecosystem—both within and beyond the UN climate regime.

### **Insights from discussion on concrete proposals**

Upon reflection, four central bundles started to emerge, each suggesting a different modality of engaging with the challenge of supporting truly 'just' transitions from within the JTWP.

#### **Direct Engagement with the International Political Process**

A number of these proposals entailed direct efforts within international forums, to advance key ideas that were seen as crucial for just transitions across various contexts. Such forums include the UNFCCC/Paris Agreement (to which a submission was directed back in 2024) and the G20. For example, several of these ideas centred around the importance of international recognition of the inherently international / transboundary nature of just transitions. Finding pathways for genuine international cooperation in which parties are able to generate overall better outcomes through respect, coordination, and care for each other, was the implicit goal of ideas focused on direct engagement within the political process.

#### **Building the Intellectual Foundations for International Cooperation Towards Just Transitions**

A second major theme of discussion focused on the intellectual requirements for building a joint understanding about why and how international cooperation for just transitions could work. For example, this includes developing the notion of what cooperation is and what it might entail in real, concrete terms. We also discussed how to communicate it in ways that can be easily absorbed (such as through case studies).

#### **Communicating possibilities of Just Transitions effectively**

A third theme overlaps with and emerges from the prior two. Strategic political intervention requires smart, strategic, effective communication. Here there is a question of both content and format. Content-wise, showing that alternative arrangements are possible and that these could have genuine benefits for key actors may be crucial. Continuing to find ways to explore

counterfactuals in ways that actors find convincing could be a possible project of this type. The notion of fiction was also floated, adding JT-Fi to the Cli-Fi conversation, the idea here being that fiction allows multiple possible pathways and counterfactuals to be communicated in fairly intuitive ways.

### Concrete outcomes of JTWP called for by COP30 Presidency

During COP29 in Baku (November 2024), calls were made for the JTWP to produce more "concrete outcomes", with parties seeking a structured approach and clear timelines to unlock the programme's full potential. In this submission, based on the analysis of potential roles and taking into account identified priority areas, we suggest specific outcomes and their modalities that could be achieved by the work programme. They include a Just Transition Guidance Framework, a Just Transition Task Force, amongst others. Since then, the incoming COP presidency, Brazil, has raised the JTWP as a key outcome for COP30. The submission made in 2024 could be revisited in light of SBs62 session, as a very short stand-alone contribution, highlighting that there are more potential roles for the JTWP than only dialogues.

## DESIGNING INDICATORS TO TRACK JUST TRANSITIONS: PRINCIPLES, PRACTICES, AND PATHWAYS

Because the outcomes of a just transition will unfold over decades, we need indicators that offer early, meaningful signals of progress. These indicators should not only measure distributive outcomes but also emphasize procedural justice—ensuring that the processes guiding the transition are fair, inclusive, and transparent.

In our dialogues, we discussed core principles that should underpin the tracking of just transitions. While processes will differ by context, three principles that seem to come up often were:

1. Prioritise flexibility over rigidity: Indicators should be adaptable and subject to periodic review. This allows for course correction and upward ratcheting as our understanding of justice evolves. Avoid managing for the indicator itself—design systems that can evolve with shifting perceptions and realities.
2. Center marginalised voices at every stage: Justice must be participatory. Inclusive decision-making—through mechanisms like citizen assemblies and stakeholder consultations—should be embedded at local, national, and international levels. Representation of marginalized groups is essential, not optional. Transparent criteria for decision-making help guard against bias and ensure legitimacy.
3. People-centric outcomes to balance economic metrics: While quantitative data is important, it must be complemented by qualitative insights. Objective indicators (e.g., employment rates, access to services) should be paired with subjective ones that capture how people feel, what they experience, and whether they believe social contracts are being honoured.

Indicators and metrics must follow a people-centric approach. This includes perceptions of fairness, trust in institutions, and community cohesion.

To implement such principles, we must be clear about what the indicators are for. Different users—international organisations, civil society, academia, national and subnational governments—will have different needs and uses for the data. Avoid a check-box mentality; tracking must be meaningful and guard against "justice-washing."

Potential indicators might include:

- Social cohesion across income groups
- Access to social protection and public employment
- Access to reskilling and job transition support
- Legal rights and access to justice
- Participation in decision-making processes
- Access to basic services
- Protection of rights of affected communities
- Level of public investment in affected areas
- Presence of vulnerable groups in governance structures (not just participation in consultations, but actual decision-making power in key institutions).

Last but not the least, structural enablers must be in place. This includes adequate funding for just transition initiatives, institutional capacity to manage and drive the process, and legal frameworks that support long-term change.

## FUNDING STRUCTURAL TRANSFORMATION

We discussed funding structural transformation for just transitions. Our aim was to deepen the shared understanding of how finance can effectively support structural transformation in alignment with climate goals and social equity. We discussed three interconnected domains: development pathways, economic diversification, and accelerated mitigation.

Recognising the diversity of national contexts and development priorities, this dialogue explored the enablers and barriers across political, economic, and institutional dimensions - reflecting on the gaps between ambition, financial resources, and implementation mechanisms in climate finance. We critically examined recent climate financial flows, institutional readiness, and the evolving political economy of financing just transitions. To focus the concept surrounding structural transformation, brief domain definitions were provided:

- *Development Pathways*: Long-term strategies aligning national development goals with low-carbon and inclusive growth, supported by systemic investments.
- *Accelerated Mitigation*: Speeding up emissions reductions through equitable investment in clean energy and low-carbon technologies.
- *Economic Diversification*: Shifting economies away from carbon-intensive sectors by investing in inclusive green industries, skills, and job creation.



- **Structural transformation:** processes by which economies develop from primarily agricultural to diversified economies, based on evidence that industrialization has been necessary to achieve higher incomes, whereas for just transitions, structural transformation needs to achieve low emissions and high employment.

We explored three aspects, developed key insights for each as follows, as well as some concrete proposals.

## How finance can be reoriented to support inclusive and resilient development pathways

Structural transformation should be country-led, with international organisations, including Multilateral Development Banks (MDBs), playing a supporting role. To practically implement structural transformation, projects and programmes, particularly in infrastructure, are essential. Initiatives like Just Energy Transition Partnerships (JETPs) have made such projects more visible. However, a lack of investable project pipelines and institutional readiness emerged as key barriers. The hidden value of JETPs lies in their ability to uncover and support these pipelines. Markets alone will not drive structural transformation in a green and low-emissions direction. Governments must set a clear vision and coordinate implementation. Green industrial policies are re-emerging globally as tools to enable coordinated finance, and finance targets must align with these policies. Assessment tools are being developed to connect green finance taxonomy with social elements. Small and medium-sized enterprises (SMEs) face barriers such as high transaction costs and limited incentives. National governments play a key role in fostering investor confidence. Monitoring frameworks and integrated indicators are also critical to track progress and ensure accountability.

## Which policies and instruments are most effective in financing economic diversification away from carbon-intensive sectors

Discussions considered policy packages for economic diversification. Integrated policy packages are better able to support the shifts in development pathways needed for economic diversification. Yet some individual policy instruments can be effective, and we identified several, including in renewable energy procurement programmes. Incentives such as feed-in tariffs have played an important role, though standard contracts are also significant. During the site visit (to the Atlantis SEZ, see above section), it became clear that 'greentech' is not the only focus—producing more energy-intensive products more cleanly is also critical. Large-scale investment is needed for infrastructure, and the pattern is that this is mostly domestic. New economic opportunities are emerging through innovation. Economic diversification must also include labour intensity, sectoral diversity, and local relevance to ensure that the transition is inclusive and sustainable. This points to the need for policy packages, and

institutions that promote transformations across an economy—systems and structural transformations.

## How to align international and domestic finance to accelerate mitigation while ensuring equity and social protection

Economic diversification must address emissions-intensity, material intensity and the labour- and capital -intensity of sectors. The latter are key to employment, which is a priority for all countries and a binding constraint in those with high unemployment and inequality. There is a need for thorough assessment of inequality and equity considerations in MDB investments. Discussions also highlighted the importance of MDB equity assessments, Green Climate Fund (GCF) accreditation, and aligning multilateral support with national plans. Ensuring that financial flows support both mitigation and social protection requires deliberate coordination between international and domestic finance mechanisms.

## Concrete areas of work that emerged from the discussion

Goal	Proposed Activities	Key Actors/ Stakeholders	Expected Outputs	Expected Outcome
Establish Inclusive Development Pathways	- Stakeholder consultations - Develop national financing frameworks	Governments, CSOs, academia, industry, concerned communities	- Roadmap for development - Stakeholder map - Framework document	Coherent, equitable strategies to guide transformation
Promote Economic Diversification	- Sectoral assessments - Skills programs - Policy incentives	Governments, CSOs, private sector, donors	- Opportunity reports - Pilot programs - Training curriculum	Resilient, green local economies with reduced fossil dependence
Accelerate Mitigation through Investment	- JT-based pipeline - Blended finance design - Investment blueprints	Governments, financial institutions, industry, donors	- Finance facility - Sector plans - Signed MOUs	Scaled mitigation enabled by innovative, inclusive finance

## ROLE OF MICRO SMALL AND MEDIUM ENTERPRISES

More work is needed to fully understand and articulate the role of micro, small and medium enterprises (MSMEs)<sup>1</sup> in the green economy and just transitions. MSMEs present significant opportunities to create jobs, drive innovation, enhance social cohesion, and transform lives.

<sup>1</sup> Note that MSME's (Micro, Small and Medium Enterprises) is a term formally defined in Indian legislation, in South Africa and other contexts, the term Small, Medium and Micro Enterprises (SMEs) is more common, and yet others refer to Small and Medium Enterprises (SMEs). We use MSMEs as the sequence of scale seems more logical, and our discussion was not precise enough for definitions to matter.

However, a key challenge lies in creating an enabling environment that allows MSMEs to enter, participate in, and ultimately thrive within a green economy. MSMEs are uniquely positioned to contribute to green economic transformation, and to contribute to equitable transitions, notably through employment. MSMEs can drive localized innovation, offer flexible and context-specific solutions, and foster inclusive economic participation. Many are already engaging in green sectors—such as renewable energy, waste management, sustainable agriculture, eco-tourism, and circular economy models. Yet their efforts are often informal, fragmented, or unsupported by enabling policy environments. Participants in the dialogues found that MSMEs are key to just transitions, and deserve more attention. A deeper understanding is needed in several areas. This led to several concrete proposals or 'seed ideas'

- Economic contribution and potential: Quantifying the role of MSMEs in green job creation and climate resilience at local and national levels. Such work could highlight the role of MSMEs in job creation and creating resilient local economies.
- Barriers to participation: Identifying structural challenges—such as access to finance, skills, technology, and markets—that limit MSMEs from scaling their green contributions.
- Policy alignment: Ensuring that industrial, environmental, and financial policies are designed to recognize and incentivize the participation of MSMEs in low-carbon and climate-resilient development.
- Support systems: Strengthening ecosystems for capacity building, mentorship, and innovation tailored to MSMEs, especially in rural and underserved regions.
- Measurement and inclusion: Developing metrics and inclusion frameworks that formally recognize the role of MSMEs in Just Transition strategies and green economy planning.

## JUSTICE AND EQUITY IN ADDRESSING ADAPTATION AND L&D

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Just transitions are often associated with mitigation, but our two dialogues recognised that adaptation also requires just transitions. A focus on just transitions helps to make visible the choices inherent in adaptation, along with their equity and justice implications. It asks not just how we respond to impacts, but for whose benefit, with whose voice and at what cost. Based on an input on just resilience, participants reflected on just resilience as the outcome of a process that addresses both climate risks and structural inequalities, respects human rights and places those most at risk at the centre of decision-making. Crucially, it also seeks to minimise unequal and unjust adaptation outcomes.

A site visit to the Special Economic Zone in Atlantis (see above) highlighted the need for new partnerships and coalitions, as well as large-scale public and private investment, both to protect vulnerable communities and to ensure resilient supply chains and business operations. More broadly, pursuing just resilience, or just transitions for adaptation, will require additional financial resources. Funders face major obstacles, not least the systemic scale and complexity of the challenge, which require going beyond conventional models of investment and accountability.

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