

Legal Foundations for Just Transitions: Strengthening National Frameworks for Development



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Foreword

The global transition to a low-carbon, nature-positive, climate-resilient economy presents both an unprecedented opportunity and a fundamental challenge for development. This transition is essential for our collective future and brings with it the promise of jobs and economic resilience to climate shocks and environmental degradation. Yet, it also has the potential to disrupt the lives of millions of workers and communities who are dependent on high-emission sectors. The World Bank Group's vision—to create a world free of poverty on a livable planet—recognizes that climate action should be both bold and inclusive to advance sustainable development. UNDP shares this commitment through its work to advance people-centered sustainable development, helping countries strengthen institutions and legal frameworks that leave no one behind in the transition.

As just one example, according to recent estimates by the International Energy Agency (IEA), the coal supply sector employs approximately 6.3 million workers globally. Protecting workers and communities during this transition is essential. Engaging them in shaping and sharing the benefits of the transition reduces inequality and strengthens social acceptance.

Legal frameworks are the foundations upon which equitable transitions are built. They transform political commitments into enforceable obligations, concrete actions, and tangible results. They provide certainty and protection for workers seeking retraining and communities in need of economic diversification. They also establish the regulatory environment necessary for investors to deploy private capital for low-emission, nature-positive development.

Our two institutions, together with our partners, play a crucial role in supporting countries to establish, implement, and enforce these legal frameworks. This report serves as both a primer and a guide, highlighting the legal foundations for just transitions in international law, showcasing innovative national approaches, and offering recommendations for policymakers and development institutions.

How we manage this transition will shape sustainable development outcomes for generations to come. This report provides a roadmap to pursue a transition that creates jobs, protects workers, and builds resilient communities.



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Executive Summary

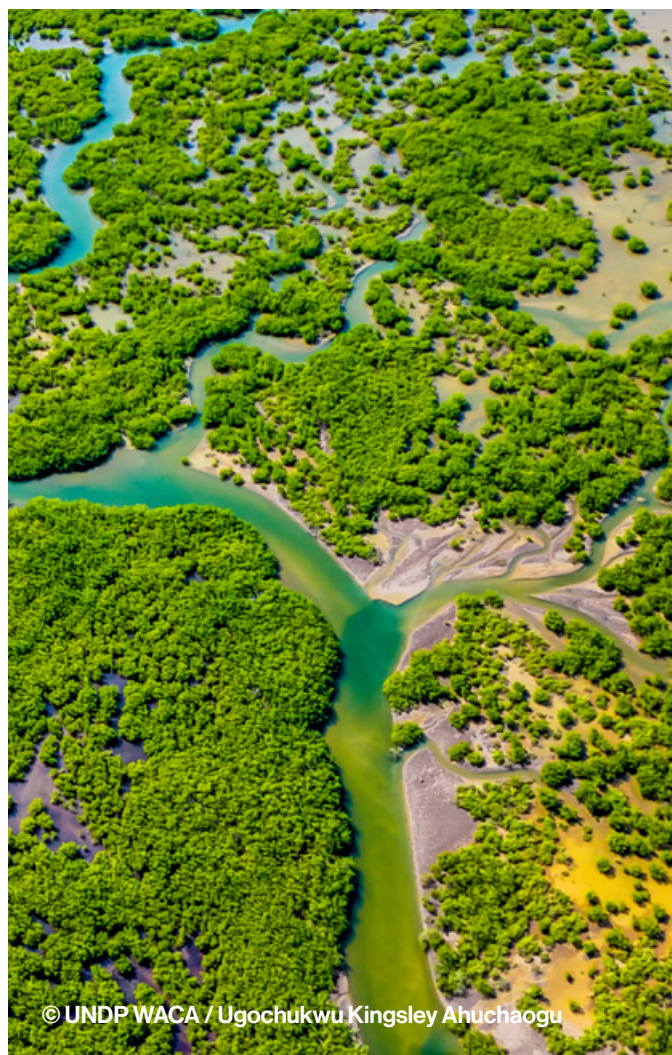
Just transition is now a familiar concept and a cornerstone of global efforts to move towards a low-carbon, climate-resilient economy. In the context of multilateral climate action, just transition was formally recognized through the 2015 Paris Agreement, whose preamble takes into account “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities.” Since 2015, when the International Labour Organization’s (ILO) *Guidelines for a just transition towards environmentally sustainable economies and societies for all* were published, the understanding and application of just transition has expanded in scope, increasingly reflecting principles that are people-centered, socially protective, human

rights-based, inclusive of all stakeholders, especially the vulnerable, equitable, fair, gender-responsive, beneficial, whole-of-economy, whole-of-society, with meaningful stakeholder input and participation, and socio-economic opportunities for entire populations, including indigenous peoples.

The success of transition efforts hinges on well-designed and effective national legal frameworks and institutions that balance economic transformation with social and environmental protections. Without adequate legal frameworks and institutions, countries face significant risks, including climate vulnerability, social disruption, legal liability and uncertainty, implementation gaps, economic inefficiency, governance failures, and human rights concerns. The full report available at the QR code below aims to provide an overview of the main elements that can be included in a national legal framework to ground just transition in rules that will contribute to making it equitable, legally coherent, effective, and durable in practice. It examines illustrative areas most relevant to operationalizing just transition, including labor standards and employment law, energy, critical minerals, agriculture, finance, and natural resources.

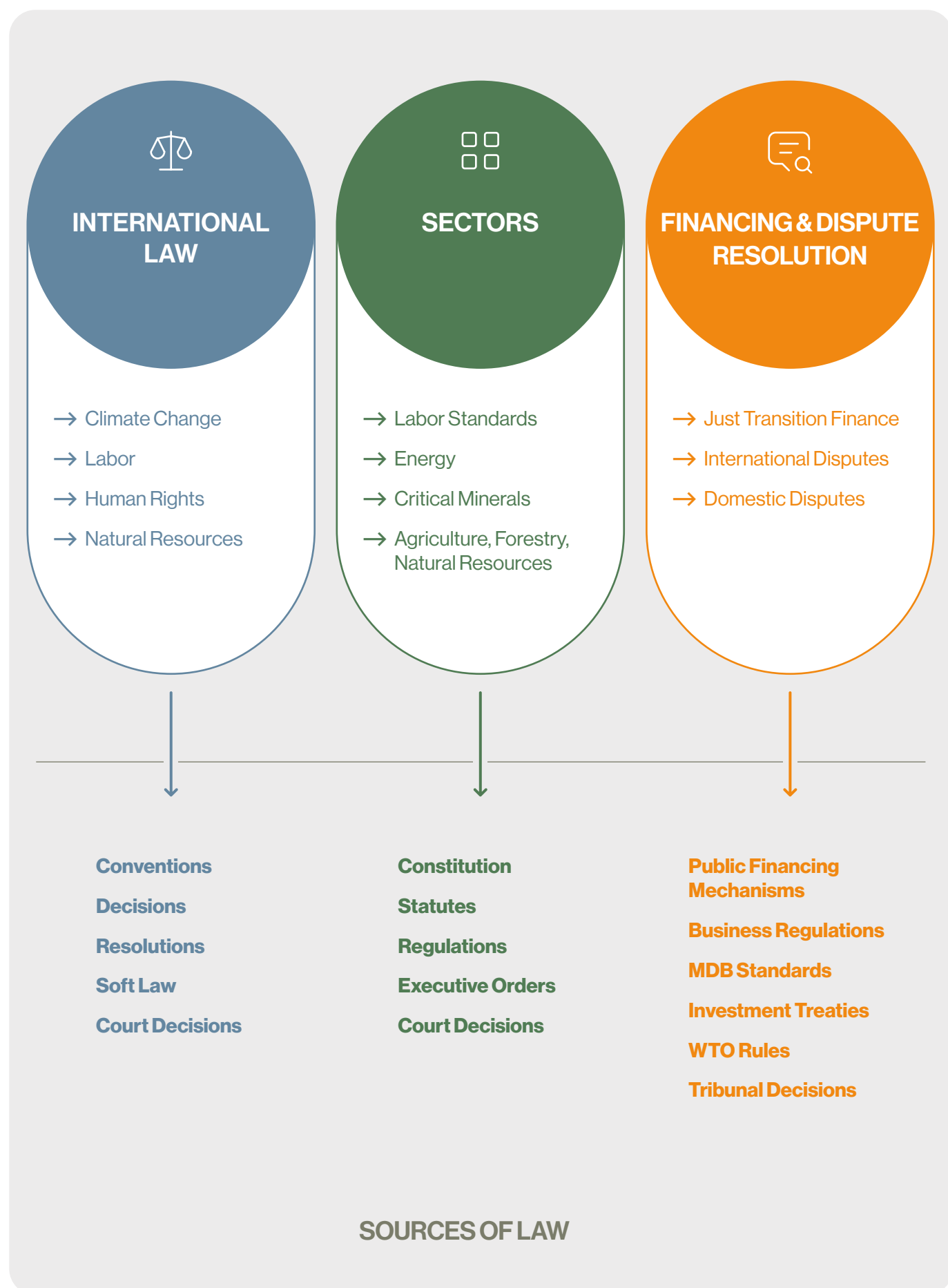
Figure 1 provides an overview of the elements of the legal frameworks considered, including relevant fields of international law, key sectors, and financing and dispute resolution considerations.

The international legal landscape reveals a rapid evolution from aspirational transition references to binding treaty obligations and enforceable frameworks. While the concept of just transition emerged decades ago from the labor movement, the issuance of the ILO Just Transition Guidelines provided the first tripartite-agreed comprehensive policy framework to guide countries in advancing environmentally sustainable economies in an inclusive way, by creating decent work opportunities, reducing inequality and leaving no one behind. In addition, the Paris Agreement’s formal recognition of just transition has catalyzed



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Figure 1 **Legal Frameworks Relevant For Just Transitions**



institutional mechanisms through the UNFCCC Work Programme. Meanwhile, ILO Conventions create comprehensive worker protections, and emerging human rights jurisprudence establishes accountability for inclusive transitions. International labor law governs just transition processes through binding conventions, influential soft law instruments, and emerging private sector mechanisms. The 2015 ILO Guidelines represent the most authoritative international soft law instrument specifically addressing labor protection during economic transitions. International human rights law provides a framework for ensuring that just transition processes respect fundamental rights while advancing climate goals, operating both as a protective mechanism and as an aspirational tool that enables governments to build more inclusive and equitable societies. International law on natural resources provides legal foundations for just transition through instruments that address core just transition principles, particularly participatory governance, equitable benefit-sharing, and the protection of vulnerable communities during resource transitions.

Countries have developed sophisticated legal instruments that translate just transition principles and aspirational international climate change goals into enforceable obligations at the national level. National labor laws provide critical legal entry points for operationalizing just transition principles, extending protections beyond individual workers to entire communities dependent on transitioning industries. Countries have developed specialized legal instruments, including enhanced income security frameworks, mandatory reskilling and participatory redeployment systems, and early retirement mechanisms. Transitioning away from fossil fuel-dependent energy systems requires national energy transition legal frameworks aligned with just transition principles through statutory fossil fuel phase-out frameworks, subsidy reform mechanisms, clean energy investment incentives, private sector regulations, and international cooperation mechanisms like Just Energy Transition Partnerships. Critical minerals present unique just transition challenges requiring specialized regulatory frameworks through national strategies that embed social equity, participatory mineral governance frameworks, and supply chain transparency mechanisms.

Agriculture and natural resource regulatory frameworks can operationalize just transition principles through constitutional frameworks, regulatory incentives facilitating transitions while protecting livelihoods, participatory governance mechanisms, and legal reforms addressing historical inequities.

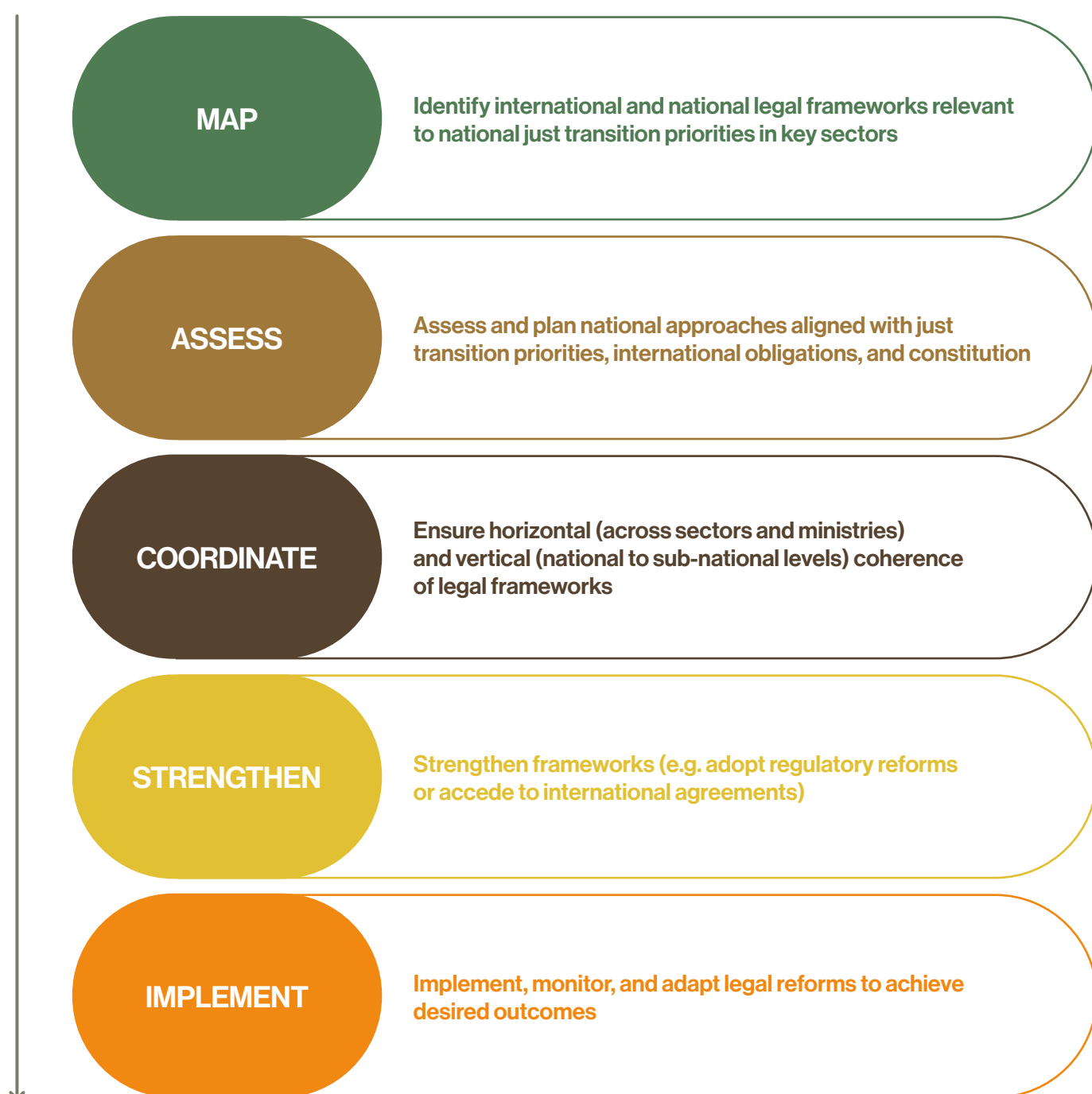
Just transition implementation also requires comprehensive legal frameworks that consider financing mechanisms and international legal challenges. Countries have developed sophisticated legal instruments that embed social objectives within financing mechanisms, including debt-for-climate swap legislation with mandatory community participation requirements, carbon pricing revenue earmarking laws that create legally protected funding for worker retraining and community support, and regulatory frameworks that condition private investment incentives on delivering measurable social benefits. Just transition policies face complex interactions with international investment law, international trade rules, and domestic constitutional and statutory frameworks. Countries can minimize legal exposure while advancing social objectives by designing legal and policy frameworks that maintain clear environmental policy rationales, implementing transparent stakeholder engagement processes, and promoting compliance with national and international legal obligations.

Development institutions have begun to integrate just transition considerations into institutional frameworks in various ways. In 2021, ahead of COP26, several Multilateral Development Banks (MDBs) jointly issued the “MDB Just Transition High-Level Principles,” providing high-level direction on the aims, approach, scope, scale, outcomes and processes associated with just transition. Some MDBs have integrated just transition into climate change or energy-specific strategies, environmental and social policies, and corporate strategies. Development institutions can employ a variety of programmatic and operational tools, including finance, technical assistance, convening, training, and analytics to help countries establish and implement national legal frameworks for just transition.

Based on the regulatory approaches examined in the report and experiences from development institutions, as shown in **Figure 2**, recommendations for enhancing national frameworks are synthesized and organized along five sequential steps: mapping needs and existing legal frameworks; assessing and

planning national processes with global commitments; coordinating to ensure coherency of legal frameworks; strengthening frameworks; and implementing and reviewing reforms to achieve just transitions.

Figure 2 Roadmap for Enhancing National Frameworks for Just Transitions



Countries face significant complexity in navigating just transition processes across diverse economic and social contexts. Leveraging existing legal frameworks can help address such challenges by identifying each country's just transition priorities and needs, mapping existing laws in relevant sectors, and building awareness of international frameworks among key actors. Aligning national legal frameworks with international commitments calls for the full participation of affected communities and targeted support for the groups most affected. Coherency should be assessed horizontally across industry sectors and vertically from national to local levels.

Strengthening frameworks requires recognition of international obligations, revision of existing frameworks to uphold critical provisions, and adaptation to national contexts through consultation

with affected groups. Implementation requires institutional coordination mechanisms, monitoring systems that track environmental and social dimensions, review mechanisms that enable course correction, and accountability mechanisms that transform commitments into enforceable obligations and tangible results.

The legal toolbox is rich. The full report provides a range of legal entry points for development institutions, national governments, and civil society organizations seeking to implement just transition approaches through systematic integration of social objectives into climate change and economic transformation policies. A mix of country- and sector-specific legal instruments can translate international just transition principles and aspirational goals into enforceable obligations with the potential to deliver meaningful progress for all.

Full report available at





