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The Just Transition Mechanism

Driving Socially Just Transitions Worldwide



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1. Introduction

The transition to a climate-neutral economy remains the key political, economic and social challenge of our time. Implementing the Paris Agreement requires far-reaching structural changes across almost all policy areas – be it industrial, security or social policy – and this must happen at an unprecedented pace. Delivering on the agreement is therefore about far more than environmental policy – it is about calls for fundamentally rethinking global power structures, economic models and everyday practices.

This transition is therefore first and foremost a social issue – not least because of the profound and rapid changes that it requires. Without social acceptance, fair burden sharing and tangible employment prospects, for workers and affected regions, ambitious climate action will not be politically viable.

Just Transition as a Prerequisite for Ambitious Climate Policy

This is precisely where the concept of a just transition comes into play – as a framework designed to shape transformation processes in a socially just and equitable way. Only a transition that responds to these challenges in a socially just, fair and inclusive manner can lead to sustainable development, while also helping to reduce poverty and inequality. From a political perspective, a just transition is a key strategic prerequisite for ambitious climate action. This is the only way to achieve social acceptance for climate action and mitigate the risk of large sections of the population opposing these vital changes, leading to increased polarisation.

The concept of a just transition has its roots in the US trade union movement, where, in the 1990s, the term was coined by trade unionists in the chemical industry in response to job losses caused by environmental regulations. Under the banner of a ‘just transition’, they demanded decent work, effective social security systems, skills development and training, social dialogue and the active involvement of affected communities – principles that remain central to the concept to this day.

From Concept to Institutional Embedding

Just transition discourses have been particularly prominent in international climate policy since 2015, when the need for a socially just transition in efforts to meet climate targets was included in the Preamble to the Paris Agreement. In the same year, the International Labour Organization (ILO) published its own Guidelines for a Just Transition,¹ a document that, till this day, remains the main global framework for a transition towards green and sustainable growth.

The concept of a just transition has since been taken up by a wide variety of stakeholders and, since appearing in the Preamble of the Paris Agreement, has frequently featured on the fringes of UN Climate Change Conferences. However, until COP27, it had not been part of the official negotiation agenda. It was at COP27, held in Egypt in November 2022, that the first dedicated work programme was established – the *Just Transition Work Programme* (JTWP), which was subsequently operationalised at COP28 in Dubai, where its mandate and modalities were agreed. This marked a crucial step towards enshrining social justice at the heart of international climate diplomacy and within the United Nations Framework Convention on Climate Change (UNFCCC). At COP30 in Brazil in November 2025, despite significant opposition and challenging circumstances, as part of the process of finalising the JTWP, it was agreed that a Just Transition Mechanism (JTM) would be developed at international level.

This development is highly significant for Germany’s international cooperation on various levels. International climate policy is currently at a crucial turning point, moving away from mere discussion towards concrete action. In the process, it is becoming increasingly clear that a just transition is key to ensuring that climate policy measures are implemented in a fair and socially acceptable manner.

At the same time, a core dilemma has become apparent. While the issue is now firmly embedded in the discourse, implementation remains fragmented and lacks coherence. Furthermore, funding for development and climate finance is declining globally, and Germany is no exception. Most recently, the German Ministry for Economic Cooperation and Development (BMZ) introduced a major strategic shift towards more partnership-based, strategic and focused development cooperation. The JTM offers a historic op-

¹ <https://www.ilo.org/publications/guidelines-just-transition-towards-environmentally-sustainable-economies>.

portunity to bring existing initiatives together, create synergies and define common principles.

Purpose and Structure of the Paper

This policy paper sets out how Germany, in particular, can leverage the Just Transition Mechanism agreed at COP30 to advance cooperation in the field of international climate policy, and beyond. First, we describe and analyse the current status of negotiations on the mechanism as well as the outcomes of COP30 with regard to its development. Building on this, we then outline the key elements that, in our view, such a mechanism should advance. Lastly, we highlight the relevance and importance of the JTM in the context of the German government's international cooperation and present a number of policy recommendations.

2.

The Development of the Just Transition Mechanism

International civil society – including trade unions, environmental organisations and youth movements – hailed the most recent UN Climate Change Conference (COP30) as a historic victory for social justice. This optimism stems from the conference’s mandate to develop a global Just Transition Mechanism ahead of the upcoming COP31 in Türkiye.

Just Transition Within the UNFCCC

This momentous decision is part of the ongoing development of the just transition concept within the climate governance architecture, something which has significantly picked up pace in recent years. As described at the start of this paper, the social dimension of climate issues was institutionalised in international climate policy at COP27 in 2022 with the establishment of the *Just Transition Work Programme* (JTWP). Trade unions and climate justice movements welcomed this as a milestone for socially just climate action. The work programme includes at least two annual dialogues and one annual high-level ministerial round table, with the aim of advancing seven key elements of the just transition concept.

Initially, the JTWP was viewed by civil society as a promising initiative, but, in the years that followed, it came under increasing criticism. Civil society actors argued that knowledge-sharing alone was not sufficient to address the inequalities exacerbated by the climate crisis and misguided climate policies. Instead they called for tangible, concrete results from the work programme.² However, the negotiations on the JTWP 2024 at COP29 in Baku failed. The participating states were unable to reach a consensus, especially on the issue of funding, but also on the scope of the just transition concept. That said, developments within the UNFCCC should never be viewed in isolation. They form part of a wider negotiation process, meaning that this outcome cannot be explained solely by dynamics within the JTWP negotiations themselves.

Alongside these developments, the role and structure of the UNFCCC itself are increasingly the subject of reform debates. Most climate diplomacy veterans are in agreement that the phase of setting standards and targets is largely

over and that the focus must now shift to implementation.³ Most recently, the Brazilian COP presidency reinforced this shift by framing the conference as an ‘implementation COP’. Against this backdrop, the idea of a Just Transition Mechanism has emerged as a coordination tool for implementing national just transition strategies.

The Belem Action Mechanism

Against this backdrop, a broad coalition of civil society actors – including trade unions, environmental and development organisations, as well as feminist and youth movements – developed the Belem Action Mechanism for Just Transition (BAM). The aim here is to coordinate existing just transition initiatives and stakeholders, while also providing targeted support to vulnerable countries.⁴

In the preparatory negotiations for COP30 in June 2025, countries had already made their positions on a potential new mechanism clear. While the Group of 77 and China (G77 + China, comprising all states categorised as developing countries in 1992) welcomed such a move, the countries of the Global North were more sceptical, with some even rejecting it outright. They argued that a new body would merely duplicate existing structures, placing an even greater burden on the UN system, including its financial resources.

At the Belem Climate Summit in November 2025, BAM became the centrepiece of the civil society campaign and the main focus of the JTWP negotiations. Although positions initially appeared to have hardened again, signs of greater openness towards a new body began to emerge. The outcome of COP30 was ultimately a mandate to establish a Just Transition Mechanism, due to be formally adopted at the next UN Climate Change Conference, COP31, in Türkiye in November 2026. The text also included a list of the key elements of a just transition. Although this list is considered incomplete from a civil society perspective, it nevertheless provides a point of reference for the substantive priorities of such a mechanism.

² <https://climatenetwork.org/2025/11/10/1000-organisations-call-for-a-people%E2%80%91centred-just-transition-at-cop30>.

³ <https://www.germanwatch.org/de/blog/die-neue-natur-der-cops>.

⁴ <https://climatenetwork.org/resource/discussion-paper-belem-action-mechanism-october-2025>.

The Just Transition Mechanism as a Response to the Shortcomings in the Global Just Transition Landscape

To date, the most detailed description of the structure, composition and mandate of a global Just Transition Mechanism has come from civil society. This policy paper is therefore based on the BAM proposal, outlining its key substantive and structural elements.⁵

The Belem Action Mechanism aims to address structural gaps and obstacles in the global just transition landscape. These have been repeatedly identified by civil society, negotiators and experts alike, and can be broadly divided into three categories: fragmentation, incoherence and insufficient resources. While countless just transition principles, initiatives and actors already exist, the lack of coordination makes it difficult to ensure consistent adherence to specific just transition principles. This is also reflected in the often inefficient allocation of what are already limited financial resources.

These obstacles should be addressed through three central functions of the mechanism. These functions are no longer confined to civil society proposals; some are already enshrined in the COP30 text, which provides for the development of a mechanism to enhance international cooperation (funding, technology transfer and capacity building) as well as knowledge exchange. It is important to emphasise that a new mechanism is in no way intended to replicate existing structures or constitute a new fund. Rather, the functions have been specifically designed to address existing shortcomings.

- **Coordination:** As a coordination body, it is aimed at bringing together information on existing just transition initiatives. This will serve as a basis for systematically identifying gaps, overlaps and inconsistencies, and, drawing from that, develop recommendations for future partnerships and support initiatives. Such a governance structure addresses both the problem of fragmentation and inconsistency in the current landscape.
- **Knowledge development and exchange:** This function builds on the existing JTWP as a platform for knowledge exchange, but is intended to structure and organise this exchange and make it more action-oriented. To date, peer learning has enabled countries to learn from positive and negative experiences alike, helping to avoid past mistakes. In addition, the BAM proposal seeks to close knowledge gaps and integrate a range of experts into the peer-learning process through an expert network. This function also aims to reduce the fragmentation among existing initiatives and build capacity through shared learning.

- **Support:** The support function is designed to enable countries of the Global South in particular to implement their just transition strategies. It proposes consolidating existing support initiatives, including a 'matchmaking' platform to connect donors with projects and a consolidated help desk staffed by experts serving as points of contact for countries with specific questions and needs. This third function therefore aims to close the gaps in non-debt finance, access to technology and capacity building.

Many of the obstacles to implementing a just transition can be addressed through an international mechanism with the functions outlined above. But not all. The gap between ambitious rhetoric and the lacklustre reality of implementation is not only due to technocratic problems, but is also partly attributable to the broad-brush, ill-defined nature of the just transition concept itself. According to civil society, the mechanism should therefore provide scope for fleshing out just transition guidelines and ensuring they are consistently embedded in implementation. Many warn that, without clear standards, the greenwashing boom of the 2010s could be repeated – this time under the banner of 'just transition-washing'.⁶

⁵ Ibid.

⁶ <https://social-policy.org.uk/spa-blog/cop27-just-transition-washing>.

3.

Key Elements of Just Transitions Worldwide

Overcoming the aforementioned barriers to implementing a just transition – fragmentation, incoherence and a lack of resources – will need more than coordination and technical measures alone. One of the key issues in this context is the fact that there is no common understanding of the just transition concept. In fact, as long as the different stakeholders see the term as encompassing fundamentally different priorities, coherent action will continue to face structural challenges. Reaching a consensus on the core elements is therefore crucial for the success of this mechanism or indeed any such mechanism.

One of the challenges here lies in formulating elements that provide clear guidance while remaining adaptable to different national contexts. The following section therefore does not set out detailed, prescriptive standards, but rather minimum requirements for any just transition. These draw on elements of various existing principles and are further informed by insights from the UNFCCC negotiations, as well as background discussions with government and civil society representatives.

3.1 Putting Workers First: ILO Guidelines and Social Dialogue at the Heart of a Just Transition

As mentioned at the start of this paper, the concept of a just transition is historically rooted in the trade union movement, which explicitly defines just transition as a labour market and social policy initiative. The concept stems from the recognition that climate protection will entail significant changes to the labour market. Although studies predict a net increase in employment thanks to the creation of new jobs in emerging clean technologies,⁷ it is not enough to look at the absolute figures alone. New jobs often require new skills, qualifications and geographic mobility. This transformation calls for (social) policy management that puts the workers and communities affected front and centre – a principle that the mechanism can scale by gathering examples of good practice, as well as through peer learning and targeted support.

As indicated in the introduction, the ILO's Just Transition Guidelines set out this vision of socially just structural change within a coherent framework. However, they should not be understood as a blueprint, but rather as context-

sensitive minimum standards for a socially just ecological transition.

The following three core pillars of the Just Transition Mechanism can be derived from these guidelines:

- **Decent work:** Create decent jobs that do not merely replace those in high-emission sectors but also improve their quality, including recognition of care work.
- **Tripartite dialogue:** Institutionalise participation models involving workers, employers and governments.
- **Social security:** Provide a social safety net for unemployment or other crisis-related shocks.

What is clear is that job losses and the creation of green industries cannot be understood in purely quantitative terms. Critics from civil society and trade unions warn that economic transformation is not merely a case of swapping fossil fuel jobs for 'clean' alternatives. At the same time, they point to the opportunity to create decent, secure employment.

The tripartite approach practised within the ILO is regarded as an institutional pillar of a just transition. Tripartite dialogue goes beyond simply involving all stakeholders – it brings together workers, employers and governments as equal partners in negotiations.

Social security systems are the invisible yet crucial foundation of any structural change. Not only do they act as a safety net during the transition from old to new industries and safeguard people's livelihoods as they adapt to climate change, they also lay the groundwork that empowers people to play an active role in processes of economic and social transformation. Low-income countries, in particular, need help in building crisis-resilient social security systems. A key challenge here will be how to support and include the often large proportion of the population employed in the informal sector.

The ILO guidelines are now regarded as an essential resource for governments and civil society in supporting workers in the affected industries through transitions while creating decent jobs. The guidelines and the ILO itself thus have a

⁷ <https://www.weforum.org/press/2025/11/green-transition-to-add-9-6-million-jobs-globally-by-2030-but-risks-creating-new-economic-divides-a8aea0c5f1>.

key role to play in the Just Transition Mechanism. Alongside normative guidance, the organisation also provides a broad range of support services to help manage structural transformation, which should be a core component of the mechanism.

Within the UNFCCC process, Germany has already played a leading role in advocating a worker-centred approach to multilateral cooperation on just transition. This is reflected in dedicated projects on employment within the framework of international cooperation – including the BMZ initiative ‘Decent Work for a Just Transition’.⁸ The Just Transition Mechanism now offers an opportunity to implement the values linked to the ILO guidelines more systematically than within the international cooperation framework. As a country with strong labour standards, an active social partnership and a large trade union movement, Germany can play a pioneering role on the international stage.

3.2 Just Transition as a Lever for Decarbonisation

The core mandate of a UNFCCC Just Transition Mechanism is to drive forward the implementation of the Paris Agreement climate goals while ensuring a just and socially inclusive transition. This is not merely a matter of mitigating the economic hardships caused by decarbonisation – it is about proactively shaping the transition.

Although significant progress has been made in recent years when it comes to integrating the climate agenda with the development and social agendas, there is still a clear tendency towards silo thinking on both sides. Just transition is all too often treated as an ‘afterthought’ of climate policy rather than being structurally embedded in the design from the outset. Similarly, just transition projects do not consistently use the Paris Agreement goals as a guiding principle either.

What is needed to safeguard our livelihoods is agendas that are mutually reinforcing rather than isolated. On the one hand, the objectives of a just transition – including decent work, social security and the preservation, if not improvement of people’s livelihoods – can only be achieved in the long term in conjunction with quicker reductions in greenhouse gas emissions as well as climate adaptation. Without sufficient mitigation, the social costs of the climate crisis will outweigh any benefits achieved with regard to fairness and equality. On the other hand, climate policy is simply not politically viable without a just transition approach. France, where the ‘yellow vests protests’ erupted in response to a climate change measure that failed to incorporate a compensation mechanism for low-income households, is a striking example of this. Indeed, this highlights a key

problem: social compensation was introduced as an afterthought in the form of a political concession, rather than being planned as an integral component of the climate policy toolkit.

The lack of ambition when it comes to decarbonisation has, for some time now, no longer been primarily the result of ideological convictions. It is rooted, in various contexts, in a complex interplay of multiple factors: fears of social decline and competition, the interests of the fossil lobby, but also increasingly pressing development priorities in the Global South, where the resources needed for implementation are clearly lacking. The just transition approach offers valuable and urgently needed solutions to these challenges.

On the one hand, structured multi-stakeholder participation puts people’s needs first, thus fostering social acceptance of climate policy. On the other hand, a well-designed just transition pathway helps to ensure that development priorities and climate goals are no longer pitted against one another. Linking UN *sustainable development goals* (SDGs) and climate targets then becomes a coherent long-term strategy: countries that invest in renewables and green industries at an early stage can reap the competitive advantages in the long run and are better placed to guarantee access to energy as well as a reliable energy supply – even if this requires initial investment.

For a broader sustainability agenda such as this, the Paris climate targets must not be reduced to the 1.5-degree cap; instead, just as much effort must go into adapting to what are already devastating climate impacts. In recent years, the idea of ‘transformational adaptation’ has gained traction. This means adaptation should not be seen as a reaction, but should instead mean taking a proactive approach and building resilient societies. The just transition approach can make an important contribution in this regard, for instance by developing future-proof skills, strengthening local value chains and involving affected communities in the planning of adaptation infrastructure. Just transition does not claim to encompass the entire climate agenda. However, where the concept is integrated, it can help ensure that mitigation and adaptation goals are achieved in a socially just and sustainable manner.

When it comes to achieving this, we are by no means just off the starting block. In fact, almost 80 per cent of the newly submitted *nationally determined contributions* (NDCs) already include elements of a just transition – albeit in varying degrees of detail. Many refer to it in no more than a declaratory fashion, without specifying concrete measures, target pathways or funding details.⁹

Similarly, the NDC Partnership (a multilateral programme that supports low- and middle-income countries in developing

⁸ <https://www.bmz.de/de/themen/sonderinitiative-gute-beschaeftigung-sozial-gerechter-wandel>.

⁹ <https://www.ilo.org/sites/default/files/2026-01/Mapping%20NDC%203.0.%20global%20trends.pdf>.

and implementing their national climate plans) is also seeing a growing number of requests to help integrate just transition principles into national climate plans. Germany is the largest bilateral donor in the just transition field,¹⁰ putting it in a position to make a major contribution to the mutual integration of the Paris climate goals and development priorities within the Just Transition Mechanism. A mechanism enshrined in the UNFCCC can catalyse these synergetic interactions.

3.3 People-Centric: Human Rights and Participation as Prerequisites for Implementation

The just transition concept is not merely a technocratic structural change programme. Quite the opposite is true in fact – it places people and their basic rights at the heart of the transformation of our economies and societies. Under the banner of a ‘people-centric’ approach, the UNFCCC member states have also committed to this normative goal.¹¹ What these initially empty words entail was already set out in the latest COP decision but has not yet been linked to the work of a future mechanism. Certain minimum requirements for the implementation of participatory and inclusive transformation processes are therefore crucial for the success of the Just Transition Mechanism, with two essential pillars being the protection of human rights and development of participatory processes.

This transition involves both moving away from fossil-based systems and building a new economy. While the former represents the basis for the protection of human rights, the measures required to implement the transition can have an impact on these universal rights – both negative and positive. A striking example of this is the extraction of lithium for batteries, which involves significant water consumption, endangering the livelihoods of local populations. At the same time, the electrification of the transport sector reinforces the right to a clean environment. This ambivalence shows that the energy transition can either protect or undermine human rights. Which scenario applies is a matter of policy design. This is why it is essential for universal human rights to be enshrined in every just transition project as a minimum standard, with special consideration given to vulnerable groups. Vulnerability is, however, highly context-dependent. Nevertheless, four groups deserve particular attention owing to their social roles in the context of a just transition:

→ **Indigenous populations** are particularly affected by new, potentially extractivist activities undertaken in the name of the green transition – such as the aforementioned case of lithium extraction. The principle of free,

prior and informed consent serves as the established international legal framework for the participation of Indigenous groups.

→ **Women** are disproportionately represented in informal and unpaid care work and, from a structural perspective, are often not seen in the transformation process. In many countries of the Global South, women are increasingly employed in agriculture, a sector that is hit particularly hard by climate change and measures linked to the transition. What is needed here is an explicitly gender-transformative approach that not only takes into account the disadvantages women face but also addresses their structural causes.

→ **Children and young people** are the workforce of tomorrow. They will also be the ones who will have to live with the impacts of today’s climate and adaptation policies the longest. Investment in education and skills development is therefore a vital part of a just transition, enabling young people to participate in the new economy.

→ **People in employment** are dealt with separately in the following section owing to the historical origins of the just transition concept. In this context, universal human rights form the foundation upon which workers’ rights are built.

But rights alone are not enough – they must be adapted to local conditions. Ensuring that a just transition truly focuses on people’s lived realities requires participatory processes that put these rights into practice. This, in turn, requires comprehensive participation at every stage of the transition – from development and implementation to the evaluation of measures. Such participation not only leads to better policies but can also serve as an accountability mechanism.

To achieve this, local communities must be empowered to play an active role in decision-making, for instance through capacity building and creative, accessible participation formats.

Such a people-centred approach is by no means merely an abstract aspiration. It is a prerequisite for a successful, socially just transition. As already outlined, participatory processes can foster social acceptance. Policies that are shaped collaboratively and geared towards people’s actual needs enjoy legitimacy, which is essential to their long-term success. Moreover, effective measures can only be developed by involving those affected. Local knowledge plays a vital role in the development of context-sensitive projects. These insights are repeatedly shared by national delegations in expert dialogues within the JTWP and are thus grounded in empirical evidence.¹²

10 <https://ndcpartnership.org/sites/default/files/2025-12/just-transition-insight-brief.pdf>.

11 https://unfccc.int/sites/default/files/resource/cma7_5_UAE%20JTWP_auv.pdf.

12 https://unfccc.int/sites/default/files/resource/Informal_Summary_Report_of_the_Second_Dialogue_under_the_UAE_JTWP.pdf.

The JTM therefore also offers a strategic opportunity to embed the normative standards of German international cooperation, as well as values such as human rights and participation, on a global scale. Furthermore, Germany can share the lessons it has learned from its own implementation efforts – for instance through the German Coal Commission – in international expert dialogues. At the same time, Germany can learn from the experiences of other countries, enabling it to advance social climate protection on a national level, too. After all, international credibility is contingent on coherent implementation at home, which is likewise built on these principles.

Another crucial factor is the governance of the mechanism itself. Germany should continue to push for an inclusive design with institutionalised civil society representation, as proposed at COP30. This would help ensure that the mechanism is truly people-centric.

3.4 No Implementation Without Money: Requirements for a Socially Just Financial Architecture

Funding is a necessary but not sufficient condition for a just transition. Financing structures are never neutral: they can either facilitate or hinder processes of transformation. This means the quality of funding is at least as important as the quantity. In this context, quality means more than the amount of funding available; it also includes the accessibility of funds, the conditions attached to their allocation and the governance of the underlying financing mechanisms. High-quality public financing therefore constitutes the fourth pillar of a just transition.

Experience in recent years has shown that relying primarily on private funding to finance the social components of the transition – including social security, skills development initiatives or participatory formats – is structurally ill-suited. Private capital operates according to an investment logic: it is profit driven, short-term oriented and tends to externalise social costs. As a result, it is incompatible with the principles of fairness and equality required for a just transition. Public resources, on the other hand, are already being used to fund these very measures today – albeit to varying and often insufficient degrees. Public financing should therefore form the structural foundation of every just transition initiative.

An approach that prioritises the public sector and public financing, however, is only effective if certain conditions are met. First, funding must be accessible. A just transition is context-dependent and rooted in local communities. Funds that remain effectively out of reach due to bureaucratic re-

quirements or a lack of institutional capacity do not have an empowering effect. Second, social standards must be embedded in the governance of the funding mechanisms themselves. Participation as a central principle of a just transition does not end at the project-planning stage – it must also be reflected in decision-making structures and funding priorities. This is the only way to ensure, at a structural level, that social standards are not sidelined in financing negotiations.

In addition to the specific requirements for public funding, the broader context must also be taken into account. National transitions do not take place in isolation. They are inextricably linked to historical injustices and an asymmetrical international financial architecture, posing a major obstacle to the implementation of just transitions, particularly in the countries of the Global South. High levels of debt have already led to many countries spending more on interest payments than on health and education combined.¹³ The resulting spending cuts undermine the foundations of a just transition, including social security systems and sufficient government funding to support societies as they transition to a green economy.

At the same time, reforming these existing structures could yield considerable benefits. In particular, international cooperation on taxation and new instruments based on the polluter-pays principle could generate additional, predictable public resources, contributing to both emission reduction and justice objectives in the process. This would be mutually beneficial. Even if just transition initiatives under the UNFCCC are unlikely to transform global economic structures, the mechanism nevertheless creates space to advance these discussions.

For German international cooperation, such a mechanism also offers tangible operational benefits. As one of the largest bilateral donors and a key player in the field of just transition, Germany stands to benefit from a systematisation of existing funding sources.¹⁴ A structured overview of needs, gaps and overlaps would allow limited resources to be allocated to identified priorities rather than based on donor preferences. This would help avoid, at a structural level, some of the issues that the Just Energy Transition Partnerships (JETPs) have often rightly been criticised for: poor donor coordination, an over-reliance on loans rather than grants and insufficient involvement of civil society and trade union actors in financing decisions.¹⁵ However, greater efficiency alone does not adequately address the structural funding gaps. Reform of the international financial architecture remains essential, and Germany can play a more active role in this regard.

¹³ <https://unctad.org/news/global-public-debt-hit-record-102-trillion-2024-striking-developing-countries-hardest>.

¹⁴ <https://donortracker.org/topics/climate>.

¹⁵ <https://justtransitionfinance.org/wp-content/uploads/2025/11/Just-Energy-Transition-Partnership-grants-and-country-platforms-lessons-from-Indonesia-and-South-Africa.pdf>.

4.

The Relevance of the Just Transition Mechanism for Germany's International Cooperation

In recent years, a wide variety of initiatives on the topic of just transition have emerged at the national, regional and international level. For example, at COP24 in Katowice, Poland in 2018, the first joint high-level political declaration was adopted – the Silesia Declaration for Just Transition.¹⁶ This increased political momentum for a just transition was also evident in subsequent initiatives at UN Climate Change Conferences and beyond. These include, for example, the International Labour Organization's *Climate Action for Jobs Initiative* in 2019¹⁷ and the UN's *Global Accelerator on Jobs and Social Protection for Just Transitions* in 2021.¹⁸

Various stakeholders, such as the G20, the EU and multi-lateral development banks, have been paying increasing attention to the issue. At the same time, the majority of countries are already incorporating just transition elements in their national climate plans. This reflects a growing recognition that climate policy is no longer treated purely as a technical issue, but is increasingly understood as one with important social dimensions. However, there are significant differences in implementation and in the underlying principles.

At EU level, as part of the European Green New Deal, there is a Just Transition Mechanism and a corresponding fund that provides EU member states with grants for further education and training, support for small and medium-sized enterprises during the transition, as well as economic diversification. At the same time, there are countries who, at the national level, are already champions of a just transition, such as South Africa, Scotland, Spain and Chile. All of these serve as examples of successful institutionalisation and a systematic approach to the just transition process at national and regional levels – be it Scotland's Just Transition Commission, Spain's Institute for Just Transition or South Africa's Presidential Climate Commission. These cases illustrate that coordination through dedicated just transition institutions is crucial.

The JETPs with South Africa, Senegal, Indonesia and Vietnam are the most prominent example of international governance in the just transition field to date. These partnerships are a financing and cooperation instrument launched at COP26 in Glasgow to support the countries of the Global

South in their decarbonisation efforts with financial and technical assistance. What makes the JETPs unique is that they involve donors working together to coordinate the support they provide, in doing so enabling them to leverage far greater financial resources.¹⁹

Fragmented Landscape: Many Initiatives, Limited Coherence

Despite growing political attention, the implementation of a just transition at international level remains fragmented. Countless initiatives, foremost among them the JETPs, are often launched and advanced at UN Climate Change Conferences, but they are not part of the agreements under the *UN Framework Convention on Climate Change* (UNFCCC) and are not subject to the same requirements under international law as these agreements. As such, they are not bound by the principles and obligations enshrined in the UN, such as the principle of common but differentiated responsibilities, which places particular responsibility on industrialised countries to tackle the climate crisis. Similarly, unlike the UNFCCC, the JETPs do not guarantee the participation of civil society observer groups.

Added to this is the significant funding gap. Many existing instruments mobilise funds for decarbonisation, but this is rarely explicitly for supporting social policy measures. Without targeted investment in social security, retraining, regional development and participatory processes, just transition often remains a political promise with no structural safeguards.

Another problem with many initiatives is the high degree of fragmentation and heterogeneity. Although there is a large number of instruments, they lack coherence, and it is unclear which are genuinely effective in successfully implementing measures for a just transition. In addition, many of the instruments have been developed at national level in European countries, not adequately factoring in local circumstances and specific characteristics of countries outside Europe. For example, just transition measures tend to focus too much on phasing out coal as well the energy sector, which is sometimes less relevant for other countries. More-

16 <https://www.iddri.org/en/publications-et-evenements/billet-de-blog/declaration-de-silesie-sur-la-transition-juste-la>.

17 <https://www.ilo.org/resource/climate-action-jobs-initiative>.

18 <https://www.unglobalaccelerator.org>.

19 For a detailed analysis of the JETPs, see, for example: <https://library.fes.de/pdf-files/international/21387.pdf>.

over, particularly vulnerable groups from the local communities are often not really involved in the initiatives, and existing instruments are only of limited use to them.

The Potential of the Just Transition Mechanism

The JTM offers a historic opportunity to consolidate existing initiatives, create synergies and establish a coherent international architecture for just transitions. It provides an important opportunity for promoting global cooperation on just transitions and establishing the UN as a key framework for its operationalisation. Only in this way can silos be broken down and a shared global understanding of just transitions be achieved.

An effective mechanism could help harness the following potential:

- **Shared international principles:** The JTM would ensure that just transition processes are aligned with the UN's goals and principles and take into account the rights and participation of affected communities. In contrast, other non-UN initiatives – especially the JETPs – have, for instance, struggled to establish an equal dialogue between partner and donor countries. At the same time, a JTM could promote truly collaborative partnerships on the 'equal footing' that is so often invoked. A shared, global understanding of just transition can only be achieved with dialogue at the international level, ensuring that such transitions are not perceived as unfair or one-sided.
- **Global coordination platform:** The JTM could help ensure that just transition initiatives – which already exist in various forms – are structured in a coherent and practice-oriented manner, facilitating more effective operation through improved coordination at international level. This would help avoid the current fragmentation caused by the wide variety of initiatives – and pool resources in times when funding is scarce and budgets are tight. This can be instrumental in closing gaps and eliminating duplication, thereby enhancing quality and effectiveness.
- **Exchange and systematic monitoring:** A regular exchange on the initiatives, as well as relevant monitoring are likewise important factors. This is the only way to – based on the shared principles that need to be developed – ultimately evaluate which measures have been a success and which experiences have been had with the different models.
- **Transparent tracking and consolidation of funding sources:** Targeted funding for a just transition is a crucial

element that is currently often overlooked. There is no data on what proportion of climate finance is being used for just transition measures, nor which financing instruments have proven effective. A new mechanism could address this shortcoming and provide greater clarity by pooling and monitoring the relevant funding sources. This could make funding both more efficient and effective.

- **Integration of other relevant sectors:** The JTM could facilitate a systematic dialogue and exchange across the many sectors that are relevant for a just transition, extending far beyond the energy sector. Food security and agriculture are particularly important here, especially for many countries in the Global South. Critical raw materials are also becoming increasingly relevant, particularly with respect to equity in the transition. Although this sector is not part of the JTM's current mandate under the JTWP, the mechanism could be further developed in this direction in a second phase. Overall, the JTM could help make better and more comprehensive use of synergies with other issues of sustainable development and international cooperation.
- **Addressing structural inequalities and promoting South-South cooperation:** Furthermore, the JTM can help more effectively address structural inequalities resulting from colonial continuities, asymmetrical trade relations and global value chains. Just transitions cannot succeed without taking global power and distribution issues into account. In this context, exchange of best practices between countries in the Global South is particularly valuable. These countries face similar challenges, including high debt levels, limited institutional capacity and economic dependencies.

Significance for Germany's International Cooperation

Germany is already a particularly important – if not the most important – bilateral player in the field of development cooperation, especially with regard to supporting just transitions at the international level. The *German Ministry for Economic Cooperation and Development* (BMZ), the *German Agency for International Cooperation* (GIZ) and the *International Climate Initiative* (IKI) are already key ILO partners in many areas.²⁰ Through strong social partnership, social dialogue and extensive experience in these fields, Germany is well positioned to make a valuable contribution here.

In January 2026, the BMZ published its new strategy entitled *Shaping the Future Together Globally*, setting out a root-and-branch reform of the ministry.²¹ Against the backdrop of

²⁰ The *Compass for Just Transition* provides a comprehensive overview of the development of the concept as well as the implementation of just transition measures at national and international levels, including the wide range of different BMZ initiatives: https://www.international-climate-initiative.com/fileadmin/iki/Dokumente/Publikationen/Projekte/23_1_519/2025112_JT-COMPASS-FULL_REPORT-FINAL.pdf.

²¹ <https://www.bmz.de/resource/blob/282486/reformplan-zukunft-zusammen-global-gestalten.pdf>.

growing geopolitical tensions, the aim is to make German development cooperation more strategic, more focused and more partnership-based. This new BMZ strategy emphasises multilateralism, equity and cooperation as well as coherent instruments. It is guided by the UN Pact for the Future and 2030 Agenda for Sustainable Development and the Paris Agreement. The JTM offers the opportunity to implement some of the key elements of this new strategy:

- **Embedding social standards in key areas of action:** All four goals in the BMZ's new strategy (ending hunger, poverty and inequality; promoting peace and stability; facilitating economic cooperation; strengthening strategic alliances for global solutions) are crucial for the implementation of a just transition, whether in terms of food security, securing and expanding high-quality employment and sustainable value chains or building sustainable economic models. At the same time, stability cannot be ensured, nor hunger, poverty, and inequality overcome, without a holistic approach to just transition and effective action to address the climate crisis.
- **Enhancing coherence and strengthening the profile of German climate and development policy:** The new strategy also aims to improve the coherence of international cooperation and strengthen the BMZ's profile by setting thematic and regional priorities. The JTM offers precisely this opportunity to strengthen thematic cooperation in a strategically significant area. The mechanism can also facilitate better integration and close coordination by enabling the identification of specific projects and needs and by strengthening knowledge exchange.
- **Expanding strategic partnerships with countries in the Global South:** The strategy also envisages the BMZ adopting a more partnership-based approach. New partnerships with countries in the Global South could be guided by key principles for a just transition, as already called for by South Africa and Brazil. Through a shared understanding of just transition and a strong commitment to social justice, the frequently invoked goal of partnerships 'on an equal footing' could become a reality.
- **Strengthening multilateralism in times of geopolitical fragmentation:** A just transition should serve as one of the key strategic criteria guiding the BMZ's multilateral cooperation, including its participation in funds and other initiatives. As outlined in the strategy, this would enable the BMZ to strengthen multilateral cooperation in a targeted manner, specifically in climate policy as one of the ministry's priority areas.

5. Conclusion

The green transition will only succeed if it is designed to be socially just and fair. The international Just Transition Mechanism offers an opportunity to systematically integrate social justice into global climate governance. It is not merely an additional administrative burden, but a unique strategic lever for more effective, equitable and politically viable climate policy worldwide. The JTM can reduce fragmentation, structure financing, strengthen accountability and deepen global cooperation. Germany is already actively engaged in many of these efforts, including through direct collaboration with the ILO.

A strong JTM sends a clear signal: climate protection and social justice are inextricably linked. Without justice in climate protection, ambitious climate action will not be possible. Germany should seize this opportunity and play an active role in shaping the mechanism, thereby strategically harnessing its full potential over the long term in the interests of a sustainable, just and collaborative global order. A just transition implemented purely at the national level would overlook important – and above all structural – dynamics as well as historical inequalities rooted in the global system, ultimately undermining ambitious and decisive action. Establishing a global mechanism for just transition within the multilateral framework of the UNFCCC would also send a crucial political signal at a time of extreme geopolitical tension and fragmentation, in which multilateralism and climate action are increasingly being called into question.

Germany must therefore actively shape this development, not solely for altruistic reasons, but because long-term climate stability, global cooperation and economic resilience are inextricably linked. This gives rise to the following recommendations for the German government:

- **Play an active and progressive role in the JTM negotiations:** In terms of climate diplomacy, Germany should play an active and leading role in the ongoing JTM negotiations, making a constructive and progressive contribution to the development of the mechanism. This includes advocating for a central role for the ILO, comprehensive participation rights for civil society and trade unions, as well as binding principles, monitoring mechanisms and financing instruments.
- **Advance the integration of just transition principles in Germany's international cooperation:** Germany must press ahead with the integration of just transition principles into existing initiatives at international level, such

as the JETPs, as well as into EU-level initiatives within the Global Gateway. In the longer term, just transition should also become a strategic guiding principle for German climate foreign policy and global cooperation – not as an add-on, but as a cross-cutting principle systematically linking climate protection, development, social stability and economic transformation. All these elements are already laid out in the new BMZ strategy. This will have an impact on numerous future cooperation projects, not only within the framework of bilateral and multilateral climate and energy partnerships, but also in relation to the work of the recently launched North–South Commission.

- **Implement a just transition at national level:** To be regarded as a credible partner on the international stage, the German government must also advance just transition measures at national and EU levels, including a means-tested climate dividend, regional structural policies and robust social security systems. This would help build public support for an ambitious climate policy, strengthen Germany's capacity for foreign policy action and enhance its credibility at international level. In this regard, the Social Democrats in particular must play a leading role in championing socially just climate action.

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The Just Transition Mechanism – Driving Socially Just Transitions Worldwide

Just transition refers to the socially just management of far-reaching transformation processes towards climate neutrality and sustainable development. Politically speaking, a just transition is now so much more than a social policy add-on; it is a strategic prerequisite for ambitious climate action. Without social safeguards, fair burden sharing and the involvement of those affected, there is a risk of declining public support, political deadlock and social polarisation.

Although numerous just transition initiatives have emerged alongside the UN negotiations, there are still no globally coordinated criteria, coherent financing or systematic monitoring and coordination. With the establishment of the *Just Transition Work Programme* (JTWP) at COP27, an official process was created for the first time within the framework of UN climate negotiations. At COP30, the decision was taken to develop a Just Transition Mechanism (JTM). The JTM has the potential to transform just transition from a guiding principle in discourse to an operational coordination framework.

Germany must play an active and constructive role in shaping the JTM. This should not be seen as an additional bureaucratic burden, but a strategic instrument to increase the effectiveness, legitimacy and coherence of international climate policy. After all, climate policy cannot be ambitious unless it is socially just.

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