



**Toolkit to support policymakers in the process of co-designing
just transition commitments and strategies**

COLOMBIA

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Executive Summary

Context for Just Transitions in Colombia

Ambitious climate action is essential to ensuring a liveable future for Colombia's citizens. Implementing the structural changes necessary to mitigate climate change, however, has the potential to impact individuals and communities. Just transitions (JT) seek to manage the shift to a low-carbon and resilient society by bringing together diverse stakeholders to maximise the benefits of climate action and manage the negative impacts for vulnerable communities.

Colombia has committed to reducing greenhouse gas emissions by 51% by 2030 and achieving carbon neutrality (net-zero emissions) by 2050. The National Development Plan (2022-2026) commits to a just and equitable energy transition with broad stakeholder participation and labour reskilling for workers in highly polluting industries.

Challenges and Opportunities for a Just Transition in Colombia

Many of Colombia exports are generated in highly polluting industries. Mining and fossil fuels account for 71% of exports, 7% of GDP and 500,000 formal jobs. These industries will be a focus for climate action, and their economic importance mean that just transitions will be critical.

Colombia has high rates of poverty and inequality. In 2021, 39.3% of the population was under the poverty line. Additionally, the Gini coefficient was 0.52, making Colombia one of the most unequal societies in the region and globally. A JT provides an opportunity to address these inequalities.

Colombia's labour market is highly informal. Estimates suggest the proportion of informal workers is 50% to 60%, with unemployment above 10%. Developing policies that account for and include informal work, particularly given the lack of data in some sectors, could increase the complexity of planning a JT. However, this creates an opportunity to involve local actors in the process of identifying impacts.

Implementing just transitions is expensive, as investment is needed to enable both technical transitions (e.g., shifting to clean energy) and social initiatives (e.g., hosting participatory dialogues to plan a JT). Opportunities for funding are explored in our accompanying brief, *'The Main National Investment Priorities and Gaps for a Just Transition in Colombia.'*

Recommendations to Implement a Just Transition in Colombia

- Create a JT Committee in the Intersectoral Commission for Climate Change to bring together diverse ministries and boost synergies across the development agenda.
- Use Colombia's regional climate change nodes and the regional competitiveness and innovation commissions to identify needs, decentralise the transitions, and support local solutions.
- Create platforms for social dialogues and maintain transparency on timeframes, realistic measures, and methodologies.
- Ensure the sectoral and territorial climate change management plans (PIGCCS and PIGCCT) include JT indicators and align with national climate policies.
- Promote policies that are low-regret, multi-sectoral and multi-actor. Articulate policies on all levels (national to local) and in diverse contexts (academic, industry, community).
- Remove existing barriers in the labour market to increase flexibility. Key actions include improving social protections, providing re-skilling opportunities, recognising gig workers, and considering vulnerable identities.

- Tailor economic diversification strategies to local needs and establish long-term diversification policies.
- Increase resources for the National Planning Department to analyse the impacts of climate policy at the micro and macro level, including impacts in key sectors (energy, agriculture, transport).
- Co-produce mechanisms to evaluate and monitor actions and outcomes through the National Planning Department. Results should be presented in the Intersectoral Climate Change Commission (CICC) and evaluation results shared widely.
- Encourage knowledge sharing on JT experiences throughout the country from the private sector, associations and academia.

Introduction

Acting on climate change is urgent. According to the Sixth Assessment Report (AR6) of the IPCC, “human-induced climate change, including more frequent and intense extreme events, has caused widespread adverse impacts and related losses and damages to nature and people, beyond natural climate variability. Across sectors and regions, the most vulnerable people and systems are observed to be disproportionately affected. The rise in weather and climate extremes has led to some irreversible impacts as natural and human systems are pushed beyond their ability to adapt.”

Additionally, the IPCC’s *Emissions Gap Report 2022: The Closing Window – Climate crisis calls for rapid transformation of societies* (UNEP, 2022) finds that current international commitments to reduce emissions do not provide a credible pathway to achieve the 1.5°C goal (set out in the Paris Agreement) needed to avoid the more extreme consequences of climate change. Policies currently in place point to a 2.8°C temperature rise by the end of the century. Implementation of the current pledges, through countries’ NDCs, will only reduce this to a 2.4-2.6°C temperature rise by the end of the century, for conditional and unconditional pledges respectively.

However, decarbonizing an economy and preparing it for climate change impacts requires significant structural changes supported by a large proportion of society. This entails implementing a Just Transition (JT): a transition to a low-carbon, climate-resilient economy, which maximizes the benefits of climate action, creating decent employment, and minimizes the negative impacts for workers and their communities (ILO, 2015).

The International Labor Organization (ILO) estimates that this transition will lead to 6 million job losses and create approximately 30 million jobs globally, generating a net employment increase of 24 million jobs (ILO, 2018). For the Latin America region, ILO estimates that in a decarbonization scenario, 15 million jobs could be created by 2030. Jobs will be created in plant-based food systems, construction, manufacturing, renewable electricity, and forestry, while there will be fewer jobs in animal-based food systems, fossil fuel extraction and mining, and fossil fuel-based electricity generation (Saget, Vogt-Schilb & Luu, 2020) Having the ability to predict where those jobs will be added and help workers find them is a key first step in a JT. The JT must also incorporate strategic planning for impacted communities, governance structures and state capacity to implement JT policies and initiatives, and a holistic approach to regional economic development to create viable short-term and long-term solutions for local populations who are affected (Climate Strategies, Dala Institute, Fedesarrollo & University of Ghana, 2021). Integrating economic, social, and environmental policy in the climate transition will maximize economic opportunities for economic prosperity, social justice, rights, and social protection for all (ILO, 2016).

Therefore, a Just Transition framework addresses the climate crisis while avoiding social injustices related to phasing out certain economic activities. As a result, a JT can create jobs, secure green growth, and potentiate new skills in workers while taking care not to exacerbate inequalities for shifting to a low-carbon economy.

This conversation is not detached from Colombia's reality. Through its NDC, updated in 2020, the country has committed to reducing greenhouse gas emissions by 51% by 2030 and achieving carbon neutrality (net-zero emissions) by 2050. Additionally, Colombia has made a commitment to adopt a JT approach in this process. As of February 2023, the Labor Ministry is developing a *Strategy for a Just Transition of the Workforce*, the Energy Ministry is working on a *Just Energy Transition Strategy*, and the National Development Plan 2022-2026 includes actions pertaining to the JT.

This Toolkit strives to provide policy makers at the national and regional levels, as well as other relevant actors, with tools to analyze, design, and co-create policies and interventions that reduce the negative impacts of climate action and help materialize possible co-benefits aligned with the country's broader development agenda.

What is a Just Transition?

The JT concept emerged from labor unions and environmental justice groups who recognized the need to phase out environmentally harmful industries, while at the same time providing just pathways for workers in those industries to transition to other high road jobs and careers. It was incorporated in the 2015 Paris Agreement as a way of signaling the importance of minimizing negative impacts from climate policies and maximizing positive social impacts for workers and communities. Since then, it has gained traction as a guiding principle for the climate transition internationally.

Definition

A Just Transition is a transition to a low-carbon, climate-resilient economy, which maximizes the benefits of climate action, creating decent employment, and minimizes the negative impacts for workers and their communities (ILO, 2015).

Just Transition is a principle, a process, and a practice. It has two dimensions (Ferrer Marquez et al., 2019):

- 1) It is an agenda for change in favor of the decarbonization of the economy, committed to achieving a sustainable, resilient, and inclusive society that eradicates poverty and guarantees decent work.
- 2) It aims to ensure, as part of the transition process, that the impacts on the most vulnerable populations and regions are anticipated and managed in a fair and concerted manner, while maximizing the opportunities for socio-economic transformation.

Scope of a Just Transition

There is ongoing debate around the scope of a JT. It starts with affected workers and scales up to communities, consumers, producers, and businesses, to finally reach broader citizens in order to address the overall consequences of economic and social change.

The Wuppertal Institute (2022) has defined four different approaches to a JT depending on its scope and

depth of reform:

	Scope		Depth of reform
	Objective	Stakeholders involved	
Status quo transitions	Creation of new jobs	Businesses and corporations	No fundamental reforms
Managerial reform transitions	Accomplish greater equity and justice within the existing economic and political system	Trade unions, employers, and the Government	No fundamental reforms
Structural reform transitions	Modified governance structures that expand citizen participation to better address inequalities and injustices	trade unions, employers, and the Government, plus other social actors	deeper changes at the decision-making level
Transformative transitions	Promote alternative development pathways that aim to overcome entrenched problems like racism, patriarchy, and classism	Widespread participation	Deep structural reforms or overhauls of existing economic and political systems

Each country will choose the scope of its JT depending on national, regional, and local circumstances and geographies, according to existing capabilities, culture, values around equity and social justice, past development choices, and future objectives. This is why social dialogue, which implies the involvement of the social partners in the decision-making processes of governments, is a crucial aspect of a JT.

Just Transition Principles

The following are seven principles for policymaking related to a Just Transition, developed by the Stockholm Environment Institute (Strambo & Atteridge, 2020):

1. **Actively encourage decarbonization.** The prospect of negative impacts in carbon-intensive regions is not a reason to avoid or delay decarbonization. Delay is fundamentally unjust. A swift decline in emissions towards a near-zero carbon economy will protect the most vulnerable communities from the worst impacts of climate change and allow carbon-intensive regions to proactively shape their future.
2. **Avoid the creation of carbon lock-in and more “losers” in these sectors.** Avoid undermining and complicating the transition by furthering investment or other forms of support to carbon-intensive industry or fossil fuel production.
3. **Support affected regions.** Generate opportunities to maintain economic vitality and stability.

<p>Prioritize support to regions with lower capabilities to invest and implement diversification strategies, and those who bear lower historical responsibility for global emissions.</p> <p>4. Support workers, their families and the wider community affected by closures or downscaling. Provide assistance to find new livelihood opportunities. When re-employment is not possible, ensure that adequate social protections are available. The economic and social impacts of transition should not exacerbate the vulnerability of the most marginalized or weakest people. The transition must not compromise basic rights of workers or threaten broader human rights.</p> <p>5. Clean up environmental damage and ensure that related costs are not transferred from the private to the public sector. The polluter pays principle should be respected.</p> <p>6. Address existing economic and social inequalities. Social equity and the empowerment of vulnerable social groups must be an explicit goal in designing support measures, evaluating economic opportunities, assessing impacts, and prioritizing transition support outcomes.</p> <p>7. Ensure an inclusive and transparent planning process. The transition process should be based on wide social dialogue. Economic development paths and priorities should be determined locally. International cooperation and solidarity are needed for financial and technological support.</p>

Pillars of action and capabilities for a Just Transition

A JT is supported by the following action pillars (Ferrer Marquez et al. 2019):

Economic Development	Early assessment of the socio-economic impacts of climate change and responses to it.
	Public investment in low-carbon sectors and technologies.
	Diversification of local economies.
Social Dialogue	Social dialogue among key stakeholders and development of transition strategies.
Quality of Employment	Training and reskilling for affected workers.
	Social protection, including for retirement and health.
	Ensuring rights at work and employment.

These pillars require developing and/or strengthening the following capabilities:

Governance	Effective governance and institutional arrangements that allow for the alignment of different development agendas, political commitment, and follow-through.
Social Dialogue	Constructive and trustworthy spaces for social dialogue.
Policy Design and Implementation	Measurement of possible policy impacts (e.g. in the labor market, at the regional level, on the environment). Public policy design that is coherent with climate goals and JT and that is user centered with clear goals and priorities.

	Public policy implementation with available resources and in adequate timeframes. Policy monitoring and evaluation, with feedback-loops to incorporate lessons learned.
Financing	Identification and mobilization of financial resources.

Just Transition in Colombia

In Colombia, there has been significant progress in the creation of policies that seek to achieve the country’s objectives for climate change mitigation and adaptation. After the release of the country’s updated NDC in 2020, there has been an increase in interested parties' efforts to identify and manage possible changes in the composition of economic resources due to the energy transition. Through its NDC, updated in 2020, Colombia committed to reduce greenhouse gas emissions by 51% by 2030 and achieve carbon-neutrality (net-zero emissions) by 2050. To accomplish these objectives, the country will need to transform its economic and productive structure.

Existing JT Commitments

Colombia made a commitment to adopt a JT framework in its updated NDC. It states that “the Just Transition will seek to contribute to improve the quality of life and the social and economic inclusion of the population, guaranteeing not to leave anyone behind and counting on a social dialogue that links participation of employers, workers and government, as well as active citizen participation in its design and implementation.” Colombia’s NDC commitments include the development of a Strategy for a Just Transition of the Workforce, currently¹ being produced by the Labor Ministry. In tandem, the Energy Ministry is working on a Just Energy Transition Strategy.

The National Development Plan 2022-2026 includes actions pertaining to a JT. The Plan has a focus on achieving a progressive energy transition. It commits to education, training, and labor reskilling of workers in highly polluting industries as an answer to economic changes aligned with carbon neutrality.

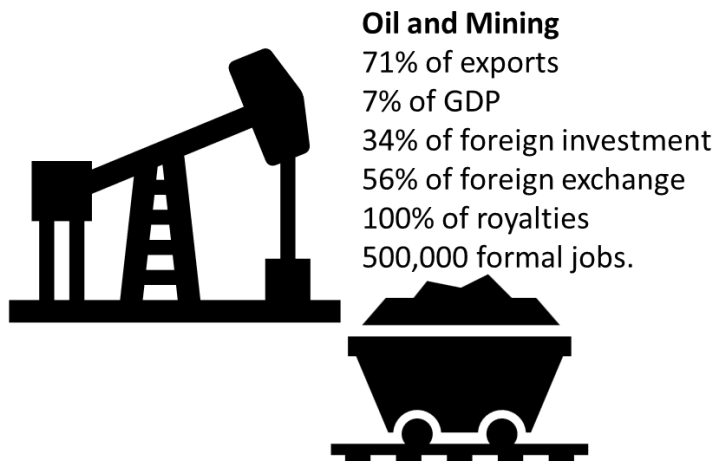
Furthermore, the National Development Plan includes actions to diversify the economy and to favor the creation of new jobs in non-extractive sectors, particularly in regions highly dependent on mining and fossil fuels.

Colombia’s climate goals, and a JT framework is an opportunity to make progress on other development goals the country has set forward, including poverty and inequality reduction, regional integration, and productive transformation.

Sectors Likely to Be Impacted by Low-Carbon Transitions

From Colombia’s NDC and its National Development Plan, the sectors most likely to be impacted by the energy transition are mining and fossil fuels. Most Colombian exports are concentrated in these sectors: between 2017 and 2021 they represented 71% of exports. These sectors represent 7% of GDP, generate 34% of foreign investment, 56% of foreign exchange, 100% of royalties (80% coming from fossil fuel production and 20% from mining), and generate 500,000 formal jobs. This is particularly important in a country with high labor informality, estimated at close to 70% of the workforce.

¹ as of February 2023.



Additionally, Colombia has had low productivity and diversification within its economy. Between 2012 and 2021, productivity made no contribution to economic growth (DNP, 2023). This is likely caused by the lack of diversification of productive activities and their low complexity level. Given this scenario, the transition needed to achieve the country’s climate goals will have significant effects on communities, workers, regions, local and national government, consumers, and firms, especially those related to the fossil fuel sector.

Other sectors that will be impacted are transport, industry, and housing. However, in the medium term, these sectors will experience gains in productivity from climate action, thus possibly leading to an increase in growth and employment.

Current Policy and Regulatory Framework

Colombia has several policies that aim to guide climate policy. The National Climate Change Policy, the Climate Change Law of 2018, and the recent Climate Action Law (2021), which in turn have the NDC commitments as a reference and consider JT as a relevant pillar in carbon neutrality, climate resilience, and low carbon development.

Thus, one of the implementation goals defined in Article 7 of the Climate Action Law points out the importance of including climate change in formal education, and education for work and human development by 2030 as an essential component to promote a JT. Similarly, Article 15 states that the Ministry of Labor, together with the Intersectoral Commission on Climate Change, shall establish by 2023 the strategy and actions for JT of the workforce, which "will aim to generate new training opportunities and work training, and reducing gaps in access to green jobs" (Law 239, 2021).

Other policies that guide climate action are different CONPES² and decrees of the National Government, such as the Green Growth Policy, the National Strategy for Low-Carbon Development, the Energy Transition Policy, among others.

² Consejo Nacional de Política Económica y Social. It is the highest national planning authority and the principal advisory body to the Colombian government in all aspects related to socioeconomic development.

SISCLIMA³ is the governance body responsible for coordinating GHG reduction and climate change adaptation actions in the country. The performance of SISCLIMA is framed in the following strategies:

- National Climate Change Adaptation Plan (PNACC, by its acronym in Spanish).
- Colombian Low Carbon Development Strategy (ECDBC, by its acronym in Spanish).
- Colombian Long-term Climate Strategy (E2050)
- National Strategy for the Reduction of Emissions due to Deforestation and Forest Degradation of Colombia (ENREDD+, recently known as Forests and Territories of Life).
- Financial Protection Strategy Against Disasters
- National Climate Financing Strategy (ENFC, by its acronym in Spanish).

In terms of JT, the Green Growth Policy established in the CONPES⁴ 3934 of 2018 incorporates the concept of green jobs in its specific objectives. The main objective of the policy is to promote by 2030 the increase in productivity and economic competitiveness of the country while guaranteeing the sustainable use of natural capital and social inclusion in a climate-compatible way (CONPES 3934, 2018).

In December 2022, the Ministry of Labor, Ministry of Energy, and the regional office for the ILO signed the "Pact for Green Jobs, Environmental Justice and Just Transition in Colombia". This Pact focuses on defining strategies to enhance the promotion of green jobs through the development of new job skills and the adaptation of the productive sector to meet the challenges of green growth, based on business formalization, increased labor productivity, and human resource management.

The National Development Plan 2022-2026 includes as one of its main objectives accelerating a just energy transition that is equitable, gradual, and sovereign, with broad stakeholder participation. It also prioritizes economic diversification and labor conversion for regions and jobs in the mining and fossil fuel sector affected by the transition.

Challenges for a Just Transition

Poverty and Inequality

Colombia has high poverty and inequality rates. In 2021, 39.3% of the population was under the poverty line, and 12.2% of those were in extreme poverty. Additionally, the Gini coefficient was 0.52, making Colombia one of the most unequal societies in the region and globally. There are also significant inequalities within regions of the country. While departments like Cundinamarca, close to Bogota, have a poverty rate of 22.8%, others like La Guajira have poverty levels closer to 70%. These disparities play out in other dimensions, such as educational attainment and educational quality, employment, informality,

³ National Climate Change System (Sistema Nacional de Cambio Climático - SISCLIMA) is an inter-institutional coordination system with the mandate of defining policy and action guidelines to promote resilient and low-carbon development. SISCLIMA is composed of technical committees that act as specialized panels, one of these bodies is the Financial Management Committee (CGF), which connects public stakeholders, at national and regional levels, as well as development and private banks.

⁴ National Council for Economic and Social Policy CONPES by its Spanish acronym. Policy document that establishes a diagnostic, goals, and specific actions with responsible entities, as well as a budget and timeline to achieve the policy objectives.

access to health, among others.

Labor market

One of the main difficulties the JT process faces is the structural gaps in the labor market. Specifically, there is a significant proportion of informal employment, differences between urban and rural areas, and gender gaps in the sectors with the most considerable relevance in the transition to carbon neutrality, such as energy and agriculture.

Colombia has a heterogeneous labor market, with high unemployment rates, youth unemployment, and informality. Estimates suggest that, on average, the proportion of workers employed informally is between 50% and 60% (14% above the Latin American average), and unemployment rates are above 10% even in periods of economic growth, this means an average of 3% above the region. Also, the young population (between 14 and 28 years of age) has unemployment rates above 20%. Additionally, the country presents an unequal labor market characterized by gender gaps (Saget, Vogt-Schilb, & Luu, 2020; ILO, 2020). Since 2015 there has been a constant increase in unemployment and a low capacity of the economy to create jobs, even if during the period there were high economic growth rates.

The low salaries, high informality, high unemployment rates, and the disproportionate effect on women and young people may be explained by different causes. First, formal jobs are more expensive: the non-salary cost of the minimum wage is 53% of the salary, and the social security scheme is regressive since poor people have to pay more, as proportion of their wages, to be affiliated. Finally, there are considerable gaps in the quality, quantity, and relevance of education for work.

Policies related to the low-carbon transition do not usually consider the structural problems of the labor market. In this sense, there is a risk of replicating these problems at the time of transition. Nevertheless, the correct planning and execution of JT of the labor force can help to reduce gender gaps, as well as increase the proportion of formal employment. Also, gaps in education and human capital development can foster structural gaps in the labor market and increase the transition costs by not meeting the demand for green jobs. The Labor Ministry will have the challenging task of reviewing and reforming laws, decrees, and policies that hinder labor mobility, paying particular attention to gender and youth employment, and informality effects.

Impact identification

There are also challenges in accurately identifying the sectors, zones, territories, industries, and businesses affected by climate policy. There have been efforts to model how many jobs the transition will create and destroy in different sectors of the economy. The most recent one, commissioned by the Ministry of the Environment in 2020 (MinAmbiente, PNUD & Anthesis Lavola, 2020) uses a general equilibrium model to analyze job losses and gains in three sectors: energy, transportation, and agriculture. The report examines the short-term and long-term impact on these sectors caused by business-as-usual economic growth, climate change impacts, and decarbonization policy. Table 1 shows the results on job creation relative to the 2019 employment level.

Even though agriculture and livestock will be the most affected sectors due to climate change, in the decarbonization policy scenario they absorb workers from other sectors, particularly low-skilled workers. As mentioned previously, the energy sector is expected to lose jobs as the economy transitions to a low-carbon equilibrium, but it is the transport sector that will lose a larger share of workers in the short term due to the transition. It is relevant to note that both the energy and transportation sectors have higher formality levels than the livestock and agriculture sector, so that without intentional policies, there would

be a degradation in the quality of jobs. Policies that facilitate the movement of workers from one sector to another, and that increase qualifications can potentially lead to better outcomes (they were not included in the model).

Table 1. Impact on jobs for 3 sectors and 3 scenarios

	2019		Economic development		Climate change		Decarbonization	
	Employment	Formality	2030	2050	2030	2050	2030	2050
Livestock and agriculture	3,521,000	Low	13%	1%	-5%	-13%	12%	0%
Energy	338,000	High	0%	0%	-1%	-2%	-4%	-5%
Transportation	1,553,175	Medium	-3%	11%	-3%	-9%	-23%	8%

Note: Low formality refers to less than 30% of workers contributing to pensions, medium refers to 31% to 79% of workers, and high formality means more than 80% of workers contribute to pensions.

Identifying impacts in other sectors and by regions is an opportunity to include subnational governments in the JT planning process since they are closer to the local economic and daily activities. Having local governments participate can also facilitate dialogue with workers and civil society. It is also an opportunity for local governments, especially cities, to link their local climate policies with national goals.

Financing

Finally, Colombia faces challenges on how to finance its JT. The country needs to devote resources to a) identify and measure possible impacts of climate policy on specific economic sectors and regions, b) design policies to mitigate and compensate these impacts, c) implement said policies in a relevant timeframe, d) evaluate their success. Currently, the financing gap to achieve its NDC is 1.04% of GDP annually⁵. Therefore, it is necessary to find other financing sources for a JT, and recommendations to this end are further elaborated in our accompanying brief, *'The Main National Investment Priorities and Gaps for a Just Transition in Colombia.'*

Key Elements for Further Improvement

The following recommendations are organized around the capabilities needed to move forward with a JT strategy in Colombia. The country must move forward with actions on each of these capabilities to be adequately prepared to plan and implement a JT.

⁵ For more detail on Just Transition financing for Colombia, see the document "Main National Investment Priorities and Gaps for a Just Transition in Colombia"



Effective Governance and Institutional Arrangements

A JT does not depend on a single national institution or agenda. On the contrary, transversal and coordinated work is required by the main actors, such as communities, companies, the government, civil society associations and unions, and academia. As such, the following actions should be executed in parallel when implementing a JT strategy:

- Introduce JT as a guiding principle for climate policy by creating a JT Committee in the Intersectoral Commission for Climate Change (CICC, from its name in Spanish). In this space different ministries, such as the Labor Ministry, Energy Ministry, Commerce, Tourism, and Industry Ministry, among others, can coordinate different actions to achieve a JT and generate synergies between different development agendas. This Committee can also promote coordination among other actors outside the national government.
- Ensure the sectoral and territorial climate change management plans (PIGCCS and PIGCCT) include actions and indicators around JT, and that they are aligned with Colombia’s NDC, Low Carbon Development Strategy, and the 2050 Strategy.
- Use the regional climate change nodes and the regional competitiveness and innovation commissions to identify needs and decentralize the transitions, since locally owned and led approaches delivered along with national authorities appear to work best.
- Establish a JT Policy (CONPES) in line with the National Development Plan 2022-2026 to coordinate actions and guide public policy around the topic.

Measurement of Possible Policy Impacts

The first step to advancing a JT is to identify and measure economic and social impacts of climate policy

on different population groups and regions, by:

- Providing resources to the National Planning Department to analyze impacts of climate policy at the micro level (poverty, labor market) as well as at the macro level (foreign exchange, royalties, etc.). This type of analysis is not the area of expertise of sectoral ministries.
- Updating and expanding the analysis made in 2020 on impacts of climate policy on three economic sectors (agriculture, transport, and energy).

Constructive and Trustworthy Spaces for Social Dialogue

A JT requires the early inclusion of diverse stakeholders in order to understand their concerns and expectations, and to identify proposals and possible solutions. Social Dialogue is one of the guiding principles of the transition towards environmentally sustainable economies and societies for all (ILO, 2015). Inclusive processes strengthen the ability of governments and other stakeholders to jointly consider factors such as the rate and magnitude of change and uncertainties, associated impacts, and timescales of different JT initiatives. Formation of such inclusive processes can be achieved by 1) preparation of social dialogue; 2) execution of social dialogue; and 3) upholding agreements.

Actions to enhance social dialogue:

- Identify and harness existing productive spaces for social dialogue, environmental or not. For example, the regional competitiveness and innovation commissions, where government, industry, academia, and social organizations gather to discuss and promote regional projects related to competitiveness. Invite relevant actors to these spaces if they don't already participate (e.g., industries in decline, trade unions, educational institutions).
- Provide complete, transparent, and relevant information to all stakeholders.
- Manage expectations. Dialogue spaces should increase awareness on sustainable development, JT, decent work and the creation of jobs derived from the implementation of the climate agenda. The government should be very transparent on the measures that can be implemented and the timeframe to do so. There should be an agreement on the methodology that will be followed. The quality and outcome of these spaces will determine whether communities shift towards or away from climate resilient development.
- Strengthen regional climate change nodes to lead JT discussion in the territory.
- Define what outcomes look like to be legitimate. Communicate agreements and define relevant outlets. For example, National Just Transition Strategy.
- Establish mechanisms to evaluate and monitor actions and outcomes. Define mechanisms to solve controversies.

Public Policy Design and Implementation

A JT requires prior planning and the establishment of plans, policies and investments that will lead to a sustainable future with full employment, decent work, and social protection.

General principles

- Promote low-regret and timely actions through multi-sectoral, multi-actor and inclusive planning. Low-regret actions are measures that can begin to be enacted now without being certain about all dimensions of future climate change.

- Use specific instruments to solve market, government or coordination failures that impede the desired outcomes to be reached.
- Articulate policies by coordinating government at different levels, and between the government-communities-private sector-academia.
- Implement instruments that are viable in the current Colombian institutional context. As the government develops more capabilities, public policy will evolve alongside.
- Implement programs that have proven efficiency and effectiveness. Learn from implementation and be willing to make changes.
- Be transparent about selection and targeting mechanisms, as well as about results.

Labor market

- Remove existing barriers and frictions in the labor market so that it can better respond to changes in industry employment caused by climate policies. Specifically:
 - Redesign Colombia's social protection scheme to promote equity in access by financing the system with resources from the National General Budget and not through salary contributions that today pose a barrier to formal employment generation.
 - Contributions to social security should be based on worker's incomes and not based on the minimal wage.
 - Give formal recognition to workers involved in the gig economy.
 - Create an unemployment insurance scheme that covers salaried and independent workers. Existing unemployment protection mechanisms are limited and do not provide effective protection against unemployment.
 - Improve the public job service (SPE) by expanding its databases and using machine learning and other tools to better match job seekers with job openings.
- A specific approach on gender, age, and informality needs to be assessed while identifying the challenges of the stakeholders in adopting an inclusive and JT to avoid increasing existing inequalities and instead ensure opportunities for those groups.
- Identify short- and medium-term actions to support workers (both directly and indirectly impacted) through new jobs, particularly green ones, reskilling, mental health support, and access to financial resources.
- Improve training and reskilling schemes for workers by considering the needs and economic development objectives of regions and communities. Provide resources to SENA to design and offer specifically designed courses for workers in affected industries.

Economic Diversification

In general, Colombia has low economic diversification and sophistication levels. This is even more stark in fossil fuel producing regions that are centered around this activity. A JT requires promoting and prioritizing economic diversification in these areas.

- Tailor economic diversification strategies to the specificities of the affected community. They need to consider the needs for a JT, specific challenges of the territories, such as declining populations, skills limitations, underdeveloped organizational and institutional set-ups, or poor market connections.

Newly elected subnational governments will take office in January 2024. Their local development plans are an opportunity to include JT and climate-friendly economic diversification.

- Encourage efficiency-promoting foreign direct investment. This type of FDI can contribute to the productive transformation of the economy, boost exports, and generate employment. FDI in Colombia has been mostly concentrated in the financial services and mining sectors.
- Ensure long-term consistency of economic diversification policies, as well as careful use of productive subsidies: make clear what selection metrics are used and establish credible sunset clauses.

Policy monitoring and evaluation

Public policy is experimental by nature. Implement programs that have proven efficiency and effectiveness. Monitor and evaluate constantly to guarantee constant program improvement. Be willing to make changes.

- Through the National Planning Department monitor and evaluate policies and programs related to JT. Results should be presented in the Intersectoral Climate Change Commission (CICC) and evaluation results shared widely.
- Encourage knowledge sharing on JT experiences throughout the country from the private sector, associations and academia, the exercise of actively sharing knowledge and good practices in terms of environmental sustainability should be encouraged.

Identification and mobilization of financial resources

Colombia faces a significant financing gap to achieve its NDC objectives. Public resources are not enough, and international and private sources have been more volatile. Most observed actions have focused more on planning rather than implementation. For a JT to materialize, finance is key.

- Ensure coherence between financing instruments, green taxonomy, certification, and monitoring schemes.
- Develop a social taxonomy to complement the green taxonomy published in 2022.
- Identify other sources of financing for interventions related to JT in other development agendas, not necessarily climate change.
- On the part of international organizations and donors, the path must be paved for the mobilization of funds and support for the JT through green projects with beneficial impacts on communities.
- Ensure resources from oil and coal production today are used for JT interventions in the short and medium term. A devoted JT fund could help formalize the government's intentions.

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