

A woman in a red jacket and grey pants stands on a large, moss-covered fallen log in a dense, lush forest. The forest is filled with tall trees and various green plants, creating a vibrant and natural setting. The lighting is soft, filtering through the canopy.

How governments can democratize decarbonization

Why being more inclusive can enable government leaders and their communities to accelerate the race to net zero.

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1

The race to net zero has begun in earnest, and governments are now grappling with how to accelerate deeper decarbonization.

2

Who shoulders the upfront costs of the transition has become a key roadblock to a just transition of the economy to net zero by 2050.

3

Government leaders need to democratize decarbonization strategies to bridge competing public needs and accelerate economy-wide climate action.

Despite the headlines, the pace of decarbonization has accelerated significantly over the last year. With funds from the US Inflation Reduction Act and the European Green Deal starting to flow, for example, and many regulations coming into force over the next two years, countries are now locked into a race to net zero, with the winners ultimately dominating climate investment, tech innovation and economic growth for the years to come.

As a result, the issue for many government leaders is no longer whether a just green transition will happen, but when and how they will be able to align stakeholders across society to be willing to absorb the initial costs – from job losses to scaling critical mineral mining and climate technologies – associated with decarbonization.

Recent global polling suggests it's not a matter of public support for climate action, which is vast,¹ but a matter of deep collective illusion that no one else in society shares supporters' opinion and willingness to act.² Couple this widespread misconception with growing distrust of governments globally,³ and it's no wonder that public sector leaders are seeing a backlash from a variety of constituencies that see their health or economic futures in peril as a result of decarbonization.⁴

While this dynamic has long hindered climate action, it's resurfaced as a critical political fault line during a global election supercycle.⁵ Renewed efforts to frame climate action as an unacceptable trade-off between economic growth and environmental protection could become politically resonant, just as government leaders need to increase, not diminish, their climate ambition.

In this context, it's understandable to think that delaying implementation, or making emissions reductions more gradual, would ease concern. Although that might provide a temporary solution, it does little to increase a country's competitiveness in the race to attract the green investment needed to benefit from green growth.



How then, can government leaders bridge public concerns about the costs of the transition to break through to deeper decarbonization?



Four pathways to democratizing decarbonization

Decarbonization is a complex issue that requires massive societal shifts, and high levels of public trust and engagement, to be successful. Electric infrastructure and transportation need to be scaled, workforces transformed, emerging technologies scaled, and unreplaceable carbon-intensive industries abated.

Although transitioning the entire economy requires high initial investments, delaying the transition limits the growth potential of the transformation. Recent EY research shows that the more swiftly governments transition their economies, the better chance there is for an orderly, just transition to net zero by 2050.⁶

It's easy to be paralyzed by the complexity of transitioning an entire economy, let alone doing it equitably so that the shift to sustainable sectors and practices simultaneously addresses current socioeconomic disparities in the low-carbon economy, and prevents new ones. Recent experiences from around the world, however, show a path forward for government leaders willing to democratize decarbonization and empower those most vulnerable to be at the center of accelerating decarbonization across the economy. Here are four important ways governments can do just that.

1 Determine those impacted across the entire economy, including the degree of disadvantage, to improve policy sequencing and coherence.

The multifaceted nature of the transition and its impacts means that nearly every sector, and everyone in society, will be impacted by decarbonizing the economy. This complicates government leaders' ability to determine and prioritize those most impacted, when impacts will occur and how those impacts can best be resolved, throughout the transition process.

While the transition of the energy sector has received much due attention, it should not distract from those at risk, or already at a disadvantage, in other sectors as well. For example, governments can:

- **Conduct just transition readiness assessments based on international standards and in partnership with local business and community leaders.**

In Scotland, government leaders conducted a gap analysis and survey of the North Sea oil and gas sector to better understand what infrastructure and public support is needed, helping identify that the workforce

transition was larger than previously estimated. In the US, the national Environmental Protection Agency created a digital tool that leverages community data to identify those at risk of environmental injustice, which the agency now uses it to target grant and technical assistance programs funded by the Inflation Reduction Act.

- Use international standards to identify gaps in local industry and opportunities for public-private-labor partnerships to accelerate progress. The Moroccan government set up the Agency for Sustainable Energy (Masen), a Build, Own, Operate and Transfer (BOOT) public-private partnership (PPP) to create the world's largest solar energy complex, with an official goal of sourcing at least 35% of labor and equipment in-country – a goal it exceeded by 5% while establishing the country's energy self-sufficiency.

2 Streamline climate governance to empower action across all levels of society.

At present, most governments are sending mixed signals to business and society about decarbonization. During the recent global energy crisis, many governments supported energy companies in delaying the transition to fully renewable value chains and operations. Continued support for carbon-intensive industries offsets green business incentives to transition from fossil fuels, which, in turn, reinforces uncertainty for workers, consumers and investors. That uncertainty is ultimately undermining government leaders' ability to attract and nurture new green investment, businesses, talent and communities.

To prevent this from becoming a vicious cycle that derails decarbonization, government leaders should couple top-down mandates to reduce emissions with clear pathways for local government, community and business leaders to participate in the design, planning and implementation process of decarbonizing the economy at the subnational levels. For example, governments can:

- **Simplify climate and green transformation governance.** Chile passed its recent national climate change framework law in 2022, following years of public consultation, including a constitutional convention focused on accelerating a national vision of a just green future. This law decentralized climate governance and significantly increased the amount of climate policies introduced and implemented across the economy by mainstreaming decarbonization throughout every level of government and the economy.
- **Employ ecological planning strategies to create and implement a national framework adaptive to local contexts.** France's president created a dedicated directorate in the prime minister's office in May 2022 to oversee the development and planning of an iterative, national climate action agenda. This has involved ongoing public consultation and contributions by all the ministries, economic sectors, representatives of local authorities, think tanks and environmental associations, to build consensus for a collective, system-wide approach.

3 Invest in participatory, deliberative processes to overcome delicate issues.

To move quickly, governments will need the support of communities and workers, who will bear some of the most disruptive impacts of the transition. As a result, top-down mandates such as carbon pricing and sectoral emissions reduction targets need to be coupled with bottom-up strategies that localize decarbonization and address the variety of competing needs that can make the up-front costs of transitioning untenable.

While it may seem like bringing more voices to the table can gridlock solutions, data shows that including diverse stakeholders from the beginning of governance processes creates more sustainable outcomes and a richer variety of solutions. As decarbonization has taken hold, the failure to include communities from the start of the local sustainable development process has even resulted in political consequences for some elected leaders. For example, governments can:

- **Embrace trifacta partnerships to meet impacted communities where they are.** In Spain, the national government worked with labor unions and industry associations from coal-producing regions to establish a participatory process to equitably close Spanish coal mines in line with EU policy in 2018. This successfully replaced industry subsidies and invested €250 million in coal mining-dependent regions over 10 years to fund re-skilling, early retirement and local re-employment programs.
- **Turbocharge participatory processes with technology.** In response to an enormous public petition about lacking climate protections in 2021, the Austrian parliament established a nationwide, sortition-based citizens assembly (Klimarat) to recommend climate policies. The 100 Austrians chosen to serve by lottery sought feedback and received 5,000 responses from their fellow citizens through Polis, an open-source machine learning and statistics system for gathering, analyzing and understanding what large groups of people think in their own words.⁷

4 Design decarbonization mandates and mechanisms to level the playing field.

As nations devise climate strategies to attract and nurture green investment, business and talent, there is a risk of countries softening the rule of law or environmental protection standards in domestic and international decarbonization value chains to undercut competition. This has already become apparent in the race for rare earth mining. In the Democratic Republic of Congo, for example, massive industrial mining for cobalt has led to accusations of corruption and local resource poisoning for little local benefit. Decarbonization without sustainability may appear to be a way to leapfrog the competition, but it will ultimately recreate current disparities in the green economy; disparities that have already made the current economy unsustainable and difficult to govern. For example, governments can:

- **Use regulation to deepen equality for workers and industries at home and abroad.** The European Green Deal coupled a high carbon price with the Carbon

Border Adjustment Mechanism (CBAM) to address carbon leakage across domestic and international industrial value chains. By levying a charge on the carbon content of imported goods, the CBAM is designed to ensure fairness for industries and protect workforces in countries adhering to their climate commitments.

- **Promoting decentralized decarbonization.** Significant progress in renewably electrifying rural India has resulted in part from Decentralized Distributed Generation (DDG) schemes that allow various entities to develop renewable energy projects, including state governments, private developers, non-governmental organizations (NGOs) and village councils (Panchayats). One such initiative, the Saubhagya Scheme, has helped close the “last mile” electrification gap for nearly 22 million rural households by facilitating the installation of solar power packs in villages where grid extension remains unfeasible.

How can governments help communities unlock a low-carbon world?

While every decarbonization journey will be unique, there are three practical steps every government leader should take to build the trust and community necessary for unlocking deeper decarbonization; priorities every government leader should implement to democratize decarbonization locally, to win the race to net zero globally:

- Build broad alliances across sectors.
- Invest in transparency and participatory practices locally.
- Use policy to offset the upfront economic costs of the transition.

Ultimately, democratizing decarbonization locally can help countries win the race to net zero globally.

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