



EXPLORING A JUST TRANSITION IN SOUTHEAST ASIA

POLICY BRIEF
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EXECUTIVE SUMMARY

Southeast Asia is at the frontline of the climate crisis. The region faces rising temperatures, deadly heat waves, intensifying floods and typhoons, sea-level rise threatening megacities and deltas, and mounting pressure on food, water, and energy systems. At the same time, ASEAN economies are still industrialising, with large infrastructure and energy access gaps, deep social inequalities, and significant dependence on fossil fuels and resource extraction. The International Court of Justice's recent Advisory Opinion on climate change has sharpened expectations: states now face clearer obligations to prevent climate harm, protect human rights (including the right to a clean, healthy, and sustainable environment), and regulate companies under their jurisdiction. In this context, a "just transition" is no longer optional or rhetorical. It is the central test of whether Southeast Asia can decarbonise while safeguarding livelihoods, reducing inequality, and upholding the rule of law.

The conference "**Exploring a Just Transition in Southeast Asia,**" held at the National University of Singapore on 7 August 2025, underscored three core messages. **First, just transition must be people-centred:** communities, workers, and vulnerable groups must be partners and beneficiaries, not collateral damage, of climate policies.

Second, law and governance are decisive; progressive constitutions and environmental laws in the Philippines and Indonesia show that rights exist on paper, but weak enforcement, legal rollbacks, and entrenched oligarchic interests can easily turn transitions into new forms of injustice.

Third, finance and investment must evolve to support socially inclusive transitions, embedding human rights and social outcomes into taxonomies, financial instruments, and due diligence. High-level recommendations emerging from the discussions include: (1) developing nationally owned, place-based justice pathways that integrate mitigation, adaptation, and social protection; (2) strengthening rule-of-law institutions and environmental governance to ensure transparency, accountability, and meaningful participation; and (3) aligning financial frameworks—public, private, and blended—with clear just transition objectives, including funding for communities, reskilling, and rights protection.



BACKGROUND AND CONTEXT

1. Climate vulnerability, development pressures, and inequality in Southeast Asia

Southeast Asia is simultaneously one of the world's most climate-vulnerable regions and one of its most dynamic growth centres. Many ASEAN countries are already experiencing frequent and severe climate impacts:

- Coastal and delta regions face sea-level rise, land subsidence, and saltwater intrusion, threatening cities like Jakarta and Manila as well as major rice-growing areas.
- Small islands and coastal communities are exposed to storm surges, typhoons, and erosion, with disproportionate impacts on fisherfolk and indigenous groups.
- Heat stress, floods, and droughts increasingly disrupt agriculture, infrastructure, and public health systems.

At the same time, ASEAN economies are under intense pressure to grow, industrialise, and create jobs. Large segments of the population remain employed in informal sectors and resource-dependent livelihoods. Energy demand is rising rapidly, and most countries still rely heavily on coal, oil, and gas, with significant export revenues from fossil fuels and critical minerals such as coal, nickel, and copper. Ambitious plans for new industrial zones, smelters, airports, ports, and biofuel expansion compete with the need to protect forests, coastal ecosystems, and community lands.

These twin realities—high climate risk and ongoing development needs—create a complex landscape for transition. The costs of inaction are catastrophic, but poorly designed or rushed transitions can worsen poverty, displace communities, and deepen inequalities. The conference discussions repeatedly highlighted:

- the spatial concentration of harms (for example, mining in small islands, coal-dependent districts, coastal reclamation zones);
- the unequal distribution of benefits, where large corporations and politically connected actors capture rents, while local populations bear environmental and social costs; and
- the uneven capacity of governments and institutions across the region to design and implement inclusive policies.

In this context, just transition is not simply an ethical add-on; it is a practical condition for political legitimacy, social stability, and durable climate action. Without justice, transitions risk backlash, loss of trust, and stranded social as well as physical assets.

2. The ICJ Advisory Opinion and its implications

The International Court of Justice's recent Advisory Opinion on climate change issued in July 2025 provides authoritative clarification of states' obligations under international law, even though advisory opinions are not legally binding, it represents a pivotal moment for climate governance and just transition policymaking. The Court clarified that:

- Climate change constitutes a “severe,” “far-reaching,” and “urgent and existential threat,” and that anthropogenic greenhouse-gas emissions are “unequivocally” caused by human activities.
- States owe a stringent due-diligence obligation to prevent significant harm to the climate system, requiring proactive regulation, scientific assessment, and the use of all available means. Nationally Determined Contributions (NDCs) must therefore reflect each state's “highest possible ambition”.
- Limiting warming to 1.5°C is the legally relevant temperature benchmark under the Paris Agreement, shaping the ambition and due-diligence duties of every state.
- The right to a clean, healthy, and sustainable environment is a human right necessary for the enjoyment of rights to life, health, food, water, and housing.
- General rules of state responsibility apply, meaning that failures to prevent climate harm may give rise to internationally wrongful acts and obligations of reparation.

It clarified States' duty to regulate and supervise private sectors under their jurisdiction or control. For governments in Southeast Asia, this means that climate and environmental inaction is no longer only a political risk, but also a potential legal risk at international level. For financial institutions—banks, investors, and state-owned enterprises—the advisory opinion strengthens expectations that financing high-emission activities or failing to conduct adequate human rights and environmental due diligence, may carry heightened liability and reputational risks. Civil society actors may increasingly frame claims in terms of rights violations and failures to respect due diligence standards.

3. Just transition in Southeast Asia must be locally grounded, globally aligned, and justice-driven

The conference made clear that Southeast Asia cannot simply import “just transition” models from Europe or North America. Emissions in many ASEAN countries have not yet peaked: fiscal space is constrained, welfare systems are thinner, and labour markets are more informal. A “copy-paste” approach based on large public payouts or highly centralised transition plans is not feasible.

At the same time, Southeast Asia operates within a global climate regime that demands alignment with the Paris Agreement, net-zero pathways, and emerging norms such as the UN Work Programme on Just Transition. International markets shape demand for critical minerals, biofuels, and manufactured goods; global investors influence capital flows; and regional initiatives such as the ASEAN Taxonomy for Sustainable Finance are increasingly linked to global standards.

Therefore, the approach to ensure a just transition in Southeast Asia must be simultaneously locally grounded, globally aligned, and justice-driven.

A locally grounded approach recognizes that Southeast Asia is not a monolithic region; it encompasses coal-dependent provinces, small island communities, densely populated urban peripheries, and coastal and fisheries economies. Each of these spaces faces distinct vulnerabilities shaped by geography, culture, and socioeconomic structure. Effective transition strategies must therefore be localised—designed around local needs, risks, and aspirations. This requires centring community knowledge and participation, ensuring that indigenous peoples, fisherfolk, smallholders, informal workers, and local enterprises play meaningful roles in shaping transition pathways. Just transition efforts must also acknowledge and build upon existing legal and institutional landscapes, such as the strong constitutional guarantees in Indonesia and the Philippines, while addressing persistent gaps in enforcement and governance.

At the same time, Southeast Asia's transition must remain globally aligned. The region operates within an increasingly robust international legal and normative framework, including the International Court of Justice's advisory opinion on climate obligations, the growing recognition of the right to a clean, healthy, and sustainable environment, and just transition mandates embedded in the UNFCCC process. Alignment also requires engagement with global and regional initiatives—from sustainable finance taxonomies to transition finance guidance—while ensuring these frameworks are adapted to ASEAN's development context rather than imported wholesale. By refining and innovating these tools, Southeast Asia has the opportunity to act not only as a recipient of global norms but as a contributor to them. The ASEAN Taxonomy's tiered structure and the introduction of “remedial measures to transition” exemplify the region's potential to influence global practice with context-sensitive solutions.

Ultimately, a just transition in Southeast Asia must be explicitly justice-driven. This means placing people, dignity, and equity at the centre of climate action. Workers in coal mines and smelters, coastal and island communities living at the frontlines of climate impacts, and populations surrounding industrial zones must be recognised as rights-holders rather than passive stakeholders. Transition policies must confront longstanding structural inequalities, including land dispossession, the marginalisation of indigenous peoples, and systemic exclusion from decision-making processes. To ensure that transitions are genuinely fair and inclusive, legal frameworks, institutional arrangements, and financial mechanisms must incorporate robust social safeguards, human rights and environmental due diligence, clear benefit-sharing mechanisms, and accessible grievance channels. Only by embedding justice at every stage can Southeast Asia pursue a transition that is environmentally sustainable, socially legitimate, and politically durable.

A just transition in Southeast Asia is therefore best understood as a shared but differentiated journey: countries move along different pathways and timelines, but all must commit to embedding justice, transparency, and participation into their climate and development choices. The remainder of the policy brief draws on the conference discussions to identify key principles and concrete recommendations on three interlinked themes: aligning global and local perceptions of just transition; strengthening the rule of law and governance; and harnessing finance and investment to deliver socially inclusive, low-carbon futures.

KEY POLICY RECOMMENDATIONS



Advancing a just transition in Southeast Asia requires coordinated, multi-scalar action involving national governments, ASEAN institutions, financial actors, and state-owned enterprises (SOEs). The conference discussions shows that justice, social inclusion, and community resilience must sit at the core of transition strategies. The following recommendations outline how different actors can institutionalise these principles and translate them into practice.

A. National Governments

National governments should begin by developing comprehensive just transition frameworks that articulate a coherent vision of what the transition entails, who is affected, and how impacts will be distributed.

KEY POLICY RECOMMENDATIONS

Such frameworks must clarify whether just transition refers exclusively to energy-sector restructuring or encompasses a broader climate transition that integrates mitigation, adaptation, and socio-economic transformation. They should also specify institutional responsibilities—across ministries, regulators, SOEs, and local governments—and establish measurable indicators for social, economic, and environmental progress. Given Southeast Asia’s pronounced climate vulnerabilities, these national frameworks must balance decarbonisation with resilience-building and ensure that planning is anticipatory rather than reactive.

Strengthening the environmental rule of law is indispensable. The region’s experience shows that progressive legislation offers little protection in the face of weak enforcement, political interference, and corruption. Governments must pay attention to the legal rollbacks that dilute environmental impact assessments, reinstate safeguards weakened under omnibus reforms, and ensure that executive decrees cannot be used to override statutory protections. Transparent licensing systems for mining, land conversion, and large infrastructure projects are essential, as are anti-corruption efforts that address conflicts of interest in natural resource governance. The judiciary plays a crucial role in safeguarding environmental rights, yet in many countries, judges lack the scientific literacy necessary to evaluate climate impacts or ecological harms. Capacity-building for the judiciary will be critical to bridging this gap.

A just transition also requires institutionalising participatory governance. Communities should not merely be consulted but given meaningful influence over planning processes, including indigenous peoples, fisherfolk, informal workers, women, and youth. Mechanisms for Free, Prior, and Informed Consent must be enforced rigorously, especially in extractive and land-intensive sectors. Participatory monitoring, transparent grievance mechanisms, and legally recognised channels for community representation can all help rebuild trust and strengthen policy legitimacy.

KEY POLICY RECOMMENDATIONS

Governments must further integrate social protection into transition strategies. Reskilling programmes, income diversification initiatives, transitional employment schemes, and gender-responsive support systems are necessary to ensure that workers and communities do not bear the costs of decarbonisation alone. Compensation frameworks and benefit-sharing mechanisms should accompany industrial closures, resource extraction, or renewable energy development, addressing both immediate livelihood disruptions and long-term socio-economic vulnerabilities.

As Southeast Asia becomes increasingly central to the global supply of transition minerals, governments must align critical mineral governance with global justice norms. This includes ensuring traceability and transparency throughout the supply chain, enforcing FPIC and land rights protections, establishing community royalty or trust funds, and monitoring environmental compliance. Without such safeguards, the extraction of minerals needed for global decarbonisation risks replicating patterns of exploitation and ecological degradation.

B. ASEAN

At the regional level, ASEAN should articulate a collective vision for a just transition that complements its taxonomy and situates equity, human rights, and social inclusion at the heart of regional climate action. Such a shared framework would provide coherence across national initiatives while strengthening ASEAN's engagement with development finance institutions and global climate negotiations.

ASEAN can facilitate regional cooperation on transition finance by establishing blended finance platforms, cross-border de-risking facilities, and public-private transition funds that reduce the cost of capital for socially inclusive projects. Regional coordination can also accelerate grid interconnections, renewable energy trade, and cross-border innovation partnerships, supporting countries with differing capacities and resources.

KEY POLICY RECOMMENDATIONS

Free, Prior, and Informed Consent (FPIC) is a principle that is being promoted in ASEAN countries, primarily through the [ASEAN Guidelines on Recognition of Customary Tenure in Forested Landscapes](#)¹ and the [ASEAN Handbook on FPIC](#).² While it is a key principle endorsed by ASEAN to safeguard the rights of Indigenous Peoples and is being applied through forestry and other projects, its implementation varies across member states and can be a challenge due to the 'sensitive' nature of Indigenous issues in the region, as noted by the International Work Group for Indigenous Affairs (IWGIA).³ Governments need to work together in the regional level and independently in their national levels, to make sure that these guidelines are implemented and that the human rights of the people of ASEAN are respected, fulfilled, and protected.

ASEAN in September 2025 adopted the ASEAN Declaration on the rights to a Safe, Clean, Healthy and Sustainable Environment. This declaration articulates shared principles, it establishes regional norms and expectations, creating a benchmark for what is considered acceptable and desirable behaviour among member states. Although it is not legally binding, this declaration places governments to align domestic policies with the declaration to maintain credibility and regional standing. This obligation would align nicely with just transition efforts envisioned for the region.

ASEAN should also invest in regional data systems capable of tracking emissions trajectories, social impacts, labour transitions, and community-level outcomes. The region currently faces significant data gaps, which hamper planning, monitoring, and accountability. A coordinated data platform would be invaluable for policymakers, financiers, and civil society alike.

C. Financial Institutions

Financial institutions must mainstream human rights and environmental due diligence into all aspects of their operations. Traditional risk-based models are insufficient: as panellists repeatedly noted, just transition finance must evaluate real-world impacts on people, not simply financial exposure. This involves assessing distributional effects, monitoring land-use risks, evaluating gendered and community-specific vulnerabilities, and ensuring that affected groups have access to effective remedy mechanisms. Due diligence should extend across supply chains, especially for high-impact sectors such as mining, energy, and agriculture.

Financial institutions should design blended financial instruments that embed social considerations alongside climate goals. Concessional finance can be paired with market-rate capital to fund not only renewable energy assets but also community reskilling programmes, social safety nets, and local development funds. Transition bonds, sustainability-linked loans, and impact-linked structures should incorporate enforceable social clauses, community benefit-sharing provisions, and robust monitoring, reporting, and verification.

Financial institutions must also prioritise place-based approaches, tailoring investment strategies to regional labour markets, indigenous territories, local development plans, and subnational climate vulnerabilities. Facility-level just transition guidelines, including those recently developed for coal phaseout, can help financial institutions operationalise these commitments.

In strengthening transparency, financial institutions should commit to enhanced disclosure, systematic engagement with corporate clients, rights-holders, and accessible grievance platforms. The ICJ Advisory Opinion on climate obligations may serve as a catalyst for climate, human rights, and social governance processes to be considered holistically. This may incentivise financial institutions to assess their legal risk differently.

D. State-Owned Enterprises

SOEs, given their scale and developmental mandates, are uniquely positioned to deliver just transition outcomes. They can anchor supply chains, shape labour markets, and channel large-scale investment toward socially inclusive objectives. To fulfil this role, SOEs must embed community benefits and workforce transformation into their transition strategies, ensuring that workers, contractors, and surrounding communities gain access to reskilling, new employment opportunities, and income diversification.

SOEs should expand local energy sovereignty initiatives, community-led renewable energy projects, and inclusive procurement policies to support micro, small, and medium enterprises transitioning away from fossil-dependent supply chains. Measuring Social Return on Investment (SROI) will help identify high-impact programmes and guide evidence-based resource allocation.

Transparent emissions reporting should be standard practice. Regular disclosure of transition progress, community impacts, and risk assessments will enhance accountability, support investor confidence, and align SOEs with national and global climate objectives.

KEY THEMES AND INSIGHTS FROM THE CONFERENCE

THEME 1: ALIGNING PERCEPTIONS OF JUST TRANSITION

1. Just Transition as a Journey

Across the discussions, just transition was framed as a dynamic pathway rather than a fixed concept. As highlighted by Professor Raphael Heffron, the idea has evolved from its origins in labour rights to become a central pillar of global climate governance and whole-of-society transformation. While global frameworks provide the normative scaffolding, each country must tailor its own transition pathway according to national circumstances, institutional capacity, and socio-economic realities.

ASEAN countries begin this journey from different starting points, shaped by diverse economies, energy systems, and institutional capacities. Yet all countries share responsibility for upholding justice principles—recognition justice, procedural justice, distributive justice, restorative justice, and cosmopolitan justice. These principles offer a coherent foundation for national “justice pathways,” supporting transitions that are inclusive, accountable, and locally grounded while remaining aligned with international norms. What binds these diverse trajectories together is a shared commitment to justice: recognising harms, ensuring equitable participation, distributing benefits fairly, and leaving no one behind.

2. Local Realities, Local Solutions

A central insight from the session was that successful transitions depend on grounding policies in local realities. Speakers underscored that policy design must be informed by the lived realities of communities, particularly fisherfolk, coastal populations, and indigenous groups whose livelihoods are already affected by climate shocks and extractive projects. The Philippines' experience shared by Golly Ramos demonstrates that strong statutory protections are insufficient when implementation is weak. Examples from mining, coastal reclamation, and fisheries governance show how progressive laws can be undermined by political interference, insufficient judicial capacity, and inadequate community engagement. The consequences are borne disproportionately by fisherfolk, coastal communities, and indigenous peoples, whose livelihoods and cultural identities are intertwined with ecosystems under threat. At the same time, bottom-up initiatives like the Daram fisheries project illustrate that when communities, civil society, and local governments collaborate using science-based management and transparent decision-making, they can deliver both environmental resilience and socio-economic benefits. These models demonstrate the transformative potential of community-led governance in shaping a genuinely just transition.

3. Beyond Energy: The Case for a Just Climate Transition

The region's transition must extend beyond decarbonizing energy systems to address adaptation, resilience, and differentiated vulnerabilities. As emphasized by Kuki Soejachmoen, focusing narrowly on energy overlooks the realities of adaptation, climate impacts, and the differentiated vulnerabilities faced by communities across Southeast Asia. Rising sea levels, extreme weather events, and shifting ecological patterns affect each locality differently, requiring tailored, place-based strategies. Whether in coal-dependent districts or climate-exposed fishing villages, affected communities must shape the transition, not merely receive it. Similarly, technology transfer must move beyond "take it or leave it" models that impose externally designed solutions. Instead, transition technologies must be socially embedded, locally adapted, and shaped by the voices of those who will live with their consequences. Localisation of technologies, governance, and decision-making is essential to legitimacy and long-term success.

4. State-Owned Enterprises and Industry Roles

State-owned enterprises and major companies play central roles in Southeast Asia's transition. Pertamina's approach illustrates how industry actors can integrate justice into corporate strategy. Its "dual-growth strategy" seeks to maximise the value of existing fossil assets while expanding low-carbon businesses such as geothermal, biofuels, and CCS. Three principles guide its approach: avoiding stranded assets, ensuring no worker or community is left behind, and supporting national development priorities. Investments in workforce reskilling, community energy sovereignty, and Social Return on Investment (SROI) assessments demonstrate how industry actors can link decarbonization with inclusive development. These efforts also highlight that companies must balance national economic mandates with global climate obligations, ensuring that transition benefits are shared widely and equitably. These insights illustrate the pivotal role of state-owned enterprises in Southeast Asia, where they are often both economic drivers and frontline actors in the energy transition.

Key Takeaways for Policymakers

- Integrate justice principles into climate and energy policy from the outset, not as an afterthought.
- Centre local needs and knowledge through participatory governance, community ownership, and culturally appropriate solutions.
- Strengthen implementation and enforcement mechanisms to bridge the gap between progressive laws and on-the-ground reality.
- Engage state-owned enterprises and the private sector as partners in delivering equitable transitions, with clear expectations for social protection, reskilling, and community benefit-sharing.

THEME 2: JUST TRANSITION AND THE RULE OF LAW

1. Justice First, Transition Second

Speakers emphasised that a just transition cannot be achieved without first securing justice. As Laode Syarif noted, Indonesia's constitutional framework is, in principle, one of the strongest in the world for environmental protection. Article 28H(1) guarantees every person "the right to live in physical and spiritual prosperity, to have a good and healthy environment, and to receive medical care." Article 33(3) states that land, water, and natural resources must be controlled by the state and used "for the greatest prosperity of the people," while Article 33(4) explicitly embeds sustainability, environmental awareness, and fairness into the national economic system. These provisions collectively create a constitutional mandate for environmental governance that is unusually comprehensive by global standards. However, the robust legal framework holds little value without consistent enforcement. In Indonesia, legal rollbacks, corruption, and opaque governance mechanisms routinely undermine environmental protections, particularly in sectors such as mining and plantations. Justice must therefore be the foundation upon which transition strategies are built, ensuring that local communities, especially those directly affected by extractive activities, are not sacrificed in the process of decarbonization.

2. Legal and Institutional Weaknesses

The region's transition is further constrained by gaps in institutional capacity and legal coherence. In Indonesia, the Omnibus Law on Job Creation has diluted environmental safeguards by easing requirements for environmental impact assessments (EIAs), reducing provincial forest cover mandates, and exempting National Strategic Projects from the majority of environmental procedures. These changes enable mining, coal power, and infrastructure projects to proceed with minimal scrutiny.

In the Philippines, the challenge is not the absence of progressive law. There are many statutes that are robust on paper, including the Climate Change Act, the Environmental Impact Statement System, and the Fisheries Code, etc. What is lacking is the judicial capacity to enforce them. Environmental courts lack specialised training, leading to decisions that rely on narrow procedural grounds rather than scientific evidence or social impacts. The inability of courts to assess ecological harm, climate risks, or the cumulative impacts of projects limits their effectiveness as a check against destructive development and undermines just transition outcomes.

3. Political Economy Barriers

A recurring theme across the region is the influence of entrenched oligarchic interests in shaping environmental and energy policy. Research presented by Leonard Simanjuntak shows a steep rise in the number of parliamentarians and ministers holding direct business interests in mining, plantations, and energy sectors. This blurring of public office and private interest results in regulatory capture, where laws and policies serve corporate priorities over public welfare.

These political economy dynamics manifest in concrete contradictions. For example, Presidential Regulation 112/2022 was intended to guide Indonesia's energy transition by permitting new coal-fired power plants for "national strategic projects." In practice, these exemptions have facilitated coal expansion for nickel smelters that supply global transition mineral demand. Similarly, the Palm Oil Fund disproportionately benefits large agribusinesses even though it was originally designed to support smallholders, reinforcing inequities within transition-related commodity chains. These regulatory reforms illustrate how climate and justice goals are often subordinated to industrial lobbying. These patterns entrench inequalities, weaken public participation, and contradict national and international decarbonization commitments.

4. Building Rule-of-Law Foundations

To advance a genuinely just transition, governance frameworks must be strengthened at multiple levels to ensure consistency, transparency, and accountability throughout the transition process. As Fabby Tumiwa noted, multi-level governance is essential: national ministries responsible for energy, labour, environment, and social welfare must coordinate more effectively, while local governments must have the resources and authority to adapt transition programs to regional conditions.

Judicial strengthening is equally important. Courts must be equipped with environmental science literacy, climate knowledge, and the ability to interpret technical evidence. Training modules introduced in countries like Indonesia demonstrate that judicial capacity-building is possible and necessary. Strengthening grievance mechanisms, ensuring access to remedy, and safeguarding civil society participation are also central pillars of rule-of-law-based transition governance.

Key Takeaways for Policymakers

- Reinforce environmental rule of law by strengthening enforcement, inspection, and judicial capacity.
- Protect civic space and guarantee participation rights; end practices such as red-tagging and intimidation.
- Build transparent and accountable transition institutions insulated from political and corporate capture.
- Ensure legal and policy frameworks explicitly address impacts on marginalised groups, including informal workers, small traders, indigenous communities, and those living near fossil or mining operations.

THEME 3: FINANCE FOR A JUST TRANSITION

1. The Reality Gap Between Finance and Social Needs

Discussions revealed a mismatch between climate finance flows and the social needs of transition. As Chaitra Nayak observed, less than 1% of global public energy spending in 2023 (approximately USD 20 billion out of USD 2.2 trillion) was devoted to social protection, reskilling, and livelihood support. This imbalance reveals a systemic undervaluation of the social foundations of transition. Southeast Asia's experience with the Just Energy Transition Partnerships (JETPs) illustrates the same pattern: according to the data made available by Indonesia and South Africa, only around 5–7% of disbursed grants clearly target just transition priorities such as gender empowerment, community development, or livelihood support. The bulk of funding flows instead to studies, workshops, and capacity-building activities, which may be necessary but do not translate into tangible benefits for affected workers and communities. This reality gap signals that social outcomes are still peripheral rather than integral to transition finance.

2. ASEAN Needs a Clear Definition of “What Is Being Financed?”

A recurring theme, highlighted by Sangeeth Selvaraju (JTFL), is the conceptual ambiguity surrounding what counts as just transition finance. Without clarity, financing instruments, expectations, and responsibilities become misaligned. He noted that developed countries tend to interpret just transition narrowly. They focus on compensation for job losses or support for workers displaced by coal plant retirements. In contrast, developing countries increasingly view just transition as encompassing broader socioeconomic transformation, including community regeneration, energy access, industrial upgrading, and poverty reduction. This divergence mirrors the region's emissions trajectory: while Europe has already passed peak emissions, Southeast Asian countries have not, and emissions will likely continue to rise before declining. As JTFL stressed, ASEAN countries are being asked to develop on a low-carbon pathway that no major economy has yet achieved, raising the question of whether such development is part of the just transition.

The scope chosen for a just transition determines the scale of resources needed, the suitable financial instruments—such as public budgets, blended finance, multilateral development bank (MDB) funding, or private capital—and how responsibilities are shared between domestic actors and international partners. A just transition is both sector-specific and place-based, as it must tackle the distinct challenges of each industry while adapting solutions to the social and economic realities of affected communities.

3. ASEAN Transition Taxonomy

Eugene Wong (SFI Asia) explained that the ASEAN Taxonomy for Sustainable Finance represents the world's first regional transition taxonomy, designed specifically for the realities of developing economies. Rather than a rigid green–non-green binary (such as the EU taxonomy), the taxonomy introduces a tiered structure—including “amber” categories—to recognise that countries and sectors start from different baselines. This approach provides flexibility for sectors that cannot immediately meet green standards but are on credible pathways to improvement. At the same time, the taxonomy embeds essential criteria that require both environmental integrity and social safeguards. Any activity must not undermine other environmental objectives and must address adverse impacts through remedial measures—an ASEAN-led innovation that allows projects to proceed with time-bound mitigation commitments. Also, this taxonomy incorporates human rights and social protections, including the prohibition of forced labour and the need for meaningful engagement with affected communities. SFI Asia noted that Indonesia's leadership during its ASEAN chairmanship was instrumental in ensuring that just transition considerations, especially those concerning social protection and community welfare, were hard-wired into the taxonomy.

4. Tools for Financing Social Inclusion

Speakers emphasized the need to develop financial instruments that embed social outcomes directly into financing structures, thereby supporting a just transition. AIGCC highlighted the increasing use of blended finance structures—pairing market-rate loans for clean energy assets with grants or concessional capital dedicated to reskilling, livelihood support, and community development.

These hybrid models help overcome the challenge that social components of transition projects often lack commercial returns. AIGCC also pointed to emerging instruments such as transition bonds and SDG-linked financing that embed social metrics, enforceable clauses on labour rights, and benefit-sharing arrangements with local communities. Monitoring–reporting–verification (MRV) systems are becoming essential components of such instruments, ensuring that social commitments are not rhetorical but measurable and enforceable.

Belinda Hlatshwayo (UNPD) added that financial institutions must treat human rights and environmental due diligence (HREDD) as a mandatory requirement, not an optional ESG enhancement. Under the UN Guiding Principles on Business and Human Rights, financial actors have a responsibility to assess real-world impacts and cascading harms, including land rights violations, gender inequities, and cultural impacts on indigenous communities. Meaningful engagement, transparency, and accessible grievance mechanisms are therefore core elements of credible transition finance.

5. Rising Legal and Reputational Risks

Finally, the ICJ advisory opinion on climate change significantly raises the stakes for financial institutions. The ICJ Advisory Opinion also carries significant implications for financial institutions. UNDP emphasised that the opinion affirms states' responsibility for the actions of companies within their jurisdiction, thereby strengthening the legal and normative basis for scrutiny of corporate and financial sector conduct. In UNDP's assessment, this expands the grounds on which civil society may challenge governments and institutions involved in financing high-emission activities. UNDP noted that climate-related cases may increasingly be brought under human rights obligations rather than solely environmental law, broadening the scope of potential claims. Crucially, under emerging interpretations of universal ("erga omnes") obligations, civil society organisations may not need to demonstrate direct personal harm in order to initiate certain types of actions. It is likely for the ICJ Advisory Opinion to influence how domestic courts and regulators interpret duties related to climate and human rights, thereby heightening legal and reputational risks for financial institutions that lack robust human rights and environmental due diligence.

Key Takeaways for Policymakers and Financial Institutions

- Establish national just transition finance frameworks with clearly defined scope and priorities.
- Embed strong social safeguards, FPIC requirements, and HREDD into all financial instruments, taxonomies, and transition plans.
- Mobilise and empower state-owned enterprises as engines for transition finance and delivery of community benefits.
- Ensure that community benefits such as jobs, livelihoods, participation, and rights protections, are central to all financed activities.
- Meaningful engagement, transparency, and accessible grievance mechanisms are therefore core elements of credible transition finance.

CROSS-CUTTING INSIGHTS

1. People-Centred Transition Must Be Non-Negotiable

Across all panels, a unified conclusion emerged: a just transition is ultimately about people, not technology or emissions curves. Justice requires protecting dignity, equity, and livelihoods, particularly for groups most vulnerable to climate and economic shocks—indigenous peoples, fisherfolk, coal-dependent communities, informal workers, and women. Technical decarbonisation pathways hold little legitimacy unless they are grounded in social protections, inclusive development, and respect for rights. The region's transition strategies must therefore adopt a fundamentally human-centred ethos, where social well-being and community resilience are treated not as add-ons but as core success indicators.

2. Implementation Gaps Are More Serious Than Policy Gaps

Many Southeast Asian countries already possess progressive laws, constitutional guarantees, and high-level commitments. Yet implementation remains fragmented or weak. Local governments often lack the administrative capacity, financial resources, or technical literacy to carry out transition-related mandates. Judicial systems struggle with scientific evidence, environmental cases, and climate jurisprudence. Regulatory inconsistencies—such as exemptions for strategic projects, weakened EIAs, or contradictory licensing regimes—undermine public trust and environmental objectives. Strengthening institutions, not merely crafting new policies, is therefore essential for delivering a meaningful just transition.

3. Transition Requires Building Trust

Trust deficits repeatedly surfaced across discussions. Communities distrust extractive projects because of historical incidents of harms; civil society distrusts institutions due to their opaque decision-making; and investors distrust transition plans that lack transparency or potentially credible enforcement.

A just transition, therefore, must begin with rebuilding trust on multiple fronts. This requires transparent disclosure of impacts, data, and decision-making processes so that affected groups can see how choices are made and by whom. It entails establishing grievance and remedy mechanisms that communities can access safely, without fear of retaliation. It demands meaningful, continuous participation in the decision-making process, such as consultations that start early, occur often, and genuinely shape outcomes rather than merely validate decisions already made. And critically, it requires enforceable accountability for both public institutions and private actors. Trust is never peripheral to the transition process. Without trust, policies will lack legitimacy because of weakened participation and investments will carry unmanageable social and political risks.

4. The Role of Communities Is Foundational

Communities must be recognised not only as stakeholders but as co-owners and co-designers of transition pathways. Experiences from the Philippines, Indonesia, and Malaysia show that locally led initiatives—such as fisheries governance, participatory planning for mining regions, and community-based renewable energy projects—tend to be more resilient and more equitable than the traditional top-down approaches. Community ownership strengthens legitimacy, enhances accountability, and ensures that transition policies respond to lived realities. To deliver a just transition in Southeast Asia, communities need to be central to planning, implementation, monitoring, and benefit-sharing.

CONCLUSION

A just transition represents one of the most consequential governance challenges facing Southeast Asia over the next quarter-century. As the region confronts intensifying climate impacts, rapid demographic and economic change, and widening social inequalities, the question is no longer whether transition will occur, but whether it will unfold in ways that respect rights, reduce harm, and expand opportunities. The deliberations showcased throughout the just transition seminar underscore that justice cannot be treated as an accessory to climate policy. It is the organising principle that determines whether decarbonisation succeeds or falters, whether social cohesion is strengthened or eroded, and whether communities become partners in shaping the future or casualties of poorly designed reforms.



CONCLUSION

The path ahead requires an integrated governance agenda that cuts across law, finance, technology, and social policy. Legal systems must protect environmental rights, ensure transparency in public decision-making, and strengthen judicial capacity to adjudicate climate and environmental claims with “the best available science”. Financial systems must mobilise capital not only for decarbonisation technologies but also for people-centred measures that secure livelihoods, support reskilling, and guarantee meaningful participation. Technological solutions must be locally grounded and co-designed with communities, reflecting the diverse ecological and cultural contexts of the region. At the societal level, inclusive governance and respect for human dignity are indispensable foundations for trust and legitimacy.

Ultimately, the region’s ability to deliver a just transition will hinge on whether communities are empowered as co-architects of the transition. The measure of success is not only the reduction of emissions or the deployment of new technologies, but the extent to which people experience greater security, agency, and well-being. A just transition will be earned when indigenous communities participate meaningfully in decisions over their land; when fisherfolk, informal workers, and coal-dependent regions see pathways for livelihoods beyond extractive industries; and when social and environmental safeguards are strengthened rather than diluted. It will be realised when transparency and accountability are embedded in every institution shaping the transition, when financial resources reach the ground instead of stopping at studies and high-level consultations, and when governments make justice the foundation of their climate strategies.

CONCLUSION

Southeast Asia stands at a critical tipping point. The coming decades will define the character of its economic development, the resilience of its ecosystems, and the dignity of its people. If the region succeeds in embedding justice into transition pathways, it can chart a model of climate action that is not merely compliant with global expectations, but transformative in its own right—one that demonstrates that decarbonisation, development, and equity are not competing objectives, but mutually reinforcing imperatives. A low-carbon future will not be judged solely by the technologies it deploys, but by whether it uplifts communities, protects rights, and leaves no one behind.



ABOUT US

The Asia-Pacific Centre for Environmental Law (APCEL) is a research centre at the Faculty of Law, National University of Singapore. APCEL is committed to promoting research-based capacity building and advancing innovative scholarship in a spirit of partnership. APCEL was established in 1996, in cooperation with the World Conservation Union-Commission on Environmental Law (IUCN-CEL) and UNEP, in response to the call in Agenda 21 to build capacity in environmental law and promote environmental consciousness.

Since its inception, APCEL has pioneered a wide-ranging programme of teaching, research and outreach to galvanise the use of legal mechanisms to address climate change, biodiversity loss, and plastics pollution. Recent projects include research on the Paris Rulebook, sustainability standards, and environmental courts and tribunals. APCEL also brings internationally renowned scholars together, alongside industry and other civil society stakeholders, to share the latest thinking on environmental law and policy at seminars and conferences.