POLICY BRIEF

Making the twin transition work

How to mitigate inequalities across the policy cycle

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KEY MESSAGES

1 **Transitions are not neutral: they can reinforce or mitigate inequalities**, as they do not affect all people, organisations and territories the same way. Existing inequalities can influence who benefits from transition policies and who is left behind. Policymakers should account for differences in capacity, access to resources and policy instruments across populations, territories and organisations as they design transition policy interventions.

2 **What we call "inequality pathways" may increase the risk of unequal outcomes of transition policies**. These pathways include, for instance, fragmented governance, territorial disparities, skills-labour mismatches, uneven effects of funding mechanisms and weak feedback loops. Policymakers can use these to prioritise policy action for mitigating transition inequalities.

3 **Three cross-cutting conditions indicate a high risk of reproducing inequalities:**

1) the assumption that all territories and actors start with similar capacities;
2) over-reliance of policy solutions on market-based mechanisms to allocate resources; and
3) lacking effective monitoring and corrective mechanisms in transition measures.

4 **Transition inequalities may be mitigated in three main ways:**

1) making equity a design principle and not just a compensatory measure,
2) providing targeted support to public administrations, intermediary organisations, or local ecosystems that lack capacities, and
3) taking a system-level, long-term approach going beyond political and budgetary cycles.

Furthermore, policymakers should build policy mixes that leverage existing sectoral measures to improve reach and transformative effects on the inequalities.

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