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**Research Report**

## Sustainable Development Goals (SDG) 16: A governance compass towards just transition?

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## Sustainable Development Goal (SDG) 16: A Governance Compass towards Just Transition?

Pooja Balasubramanian, Anita Breuer,  
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### Summary

The 2030 UN Agenda for Sustainable Development of 2015 prominently stresses that “the SDGs are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental” (UN [United Nations], 2015, p. 3). Behind this statement lies a reality of complex interlinkages between the Sustainable Development Goals (SDGs) and their targets, the implementation of which may produce synergies but also trade-offs.

Another innovative trait of the 2030 Agenda is its strong commitment to the “quality of governance”. While the debate about the necessary elements of governance continues, most definitions today include inclusive and participatory decision-making, accountability, and transparency as its key institutional characteristics. These characteristics have been enshrined as targets under SDG 16 on “Peace, Justice and Strong Institutions” that are not only considered desirable outcomes but also as enablers of all other SDGs. Yet another central, transformative promise of the 2030 Agenda is to Leave No One Behind (LNOB), which requires the participation of all segments of society to contribute to its implementation.

There is broad consensus in contemporary academic and policy debates that innovative governance approaches will be essential to achieve an integrated implementation of the interlinked SDGs and to fulfil the LNOB commitment.

A more recent debate, which has gained traction since the 26th UN Climate Change Conference in 2021, focuses on the just transition towards climate-just, equitable and inclusive societies. At the centre of this debate lies the understanding that governments will be unable to gain public support for the prioritisation of climate actions if they do not succeed in drastically reducing poverty and inequality. It will be necessary that just climate transition be based on the principles of procedural, distributional and recognitional justice.

So far, these two debates have run in parallel without cross-fertilising each other. This Policy Brief makes the case that the debate on just transition has much to gain from the academic findings generated by research on the role of governance in managing SDG interlinkages. It is based on a recent study by IDOS and the UNDP Oslo Governance Centre (UNDP OGC) that collates empirical evidence on the effects of governance qualities (SDG 16) on the reduction of poverty (SDG 1) and inequalities (SDG 10) (DIE\* & UNDP OGC, 2022). The study finds that:

- Improved levels of participation and inclusion are positively associated with poverty reduction;
- Higher levels of access to information, transparency and accountability help to improve access to basic services and targeting of social protection policies.

These findings provide policymakers with an empirical basis to argue that investments in the achievement of the governance targets of SDG 16 can act as catalysts for interventions seeking to reduce poverty and inequalities.

Against this backdrop, this Policy Brief argues that the governance targets of SDG 16 are not only institutional preconditions for the reduction of poverty and inequalities but also contribute towards just transitions. More specifically: they are institutions that contribute towards the justice principles that constitute the basis of just transition and exhibit the governance qualities postulated by SDG 16.

It is important to note that debates on the quality of governance and just transition do not take place in a political vacuum. In view of global trends towards auto-cratism (V-Dem 2022), the empirical findings regarding the enabling governance effects on poverty and inequality reduction carry the important policy implication that action to support just transition will in all likelihood be more successful if accompanied by proactive measures to protect and support democratic institutions and processes.

## Governance for sustainability transitions

The UN 2030 Agenda for Sustainable Development comprises 17 Sustainable Development Goals and 169 related sub-targets. The SDGs are characterised by complex interlinkages between economic, social and environmental goals and targets. Achieving an integrated implementation of the 2030 Agenda will include maximising synergies and minimising trade-offs between these goals and targets in order to achieve policy coherence. For instance, while more growth might help to reduce poverty, it could worsen climate change if it is not green growth.

Several targets under SDG 16 refer to key institutional principles of governance such as transparency, accountability, and inclusive participation. Importantly, the governance targets under SDG 16 are not just considered as desired outcomes in themselves but are widely recognised to be enablers of all other SDGs and global sustainability transformation. The Global Sustainable Development Report (GSDR) of 2019, for example, highlights the quality of governance as an important lever to bring about transformational change. In a similar vein, the more recent debate on “just transition” towards a climate-just, equitable and inclusive society places strong emphasis on procedural justice, which constitutes one of the core values of governance as outlined in SDG 16. Evidence from the impacts of the COVID-19 pandemic supports arguments regarding the decisive role of governance. A recent OECD report (OECD [Organisation for Economic Co-operation and Development], 2022) that draws on 67 evaluations of government COVID-19 responses concludes that civil society participation and transparency in decision-making facilitate the implementation of crisis management responses. At the same time, a lack of governance structures resulted in poor and marginalised individuals being denied public healthcare and social protection measures, such as transfers in cash and kind.

Over the past years, a growing body of scholarly research has developed and applied various different methods to identify and evaluate interlinkages between the SDGs. However, despite the systemic importance of SDG 16, recent studies on SDG interlinkages have either excluded or provided limited coverage of SDG 16 targets. To address this gap, IDOS and the UNDP OGC have conducted a study to compile existing empirical evidence on the relationship between governance (SDG 16) and two goals that are essential to achieving just transition to sustainability: Ending Poverty (SDG 1) and Reducing Inequalities (SDG 10).

## The reduction of poverty and inequalities: necessary conditions for just transition to sustainability

Past growth-oriented development trajectories have failed to alleviate dire poverty in many countries and have led to a world that is marked by existential environmental threats and persistent inequalities. Motivated by this reality, sustainability transition research adopts a **systems perspective** in its search for clues into how the transition to a more sustainable order might come about. Essentially it is concerned with the question of how radical changes towards an ecologically-safe future can occur in a way that goals of social development are not hindered or reversed. As transition scholars have argued, reconciling the economic, environmental, and social dimensions of sustainability is essential for such radical changes to happen.

Poverty cannot be separated from inequality, particularly from a sustainability standpoint that requires one to pay close attention to the unequal consumption of finite natural resources. However, a narrow perspective on poverty as an exclusively quantitative measure is still often found in research and debates on development. Therefore, the lens needs to be widened from poverty to inequality in order to not only capture quantitative aspects of poverty but also the underlying power relation-

ships that sustain structures of inequality and thereby enable the persistence of poverty.

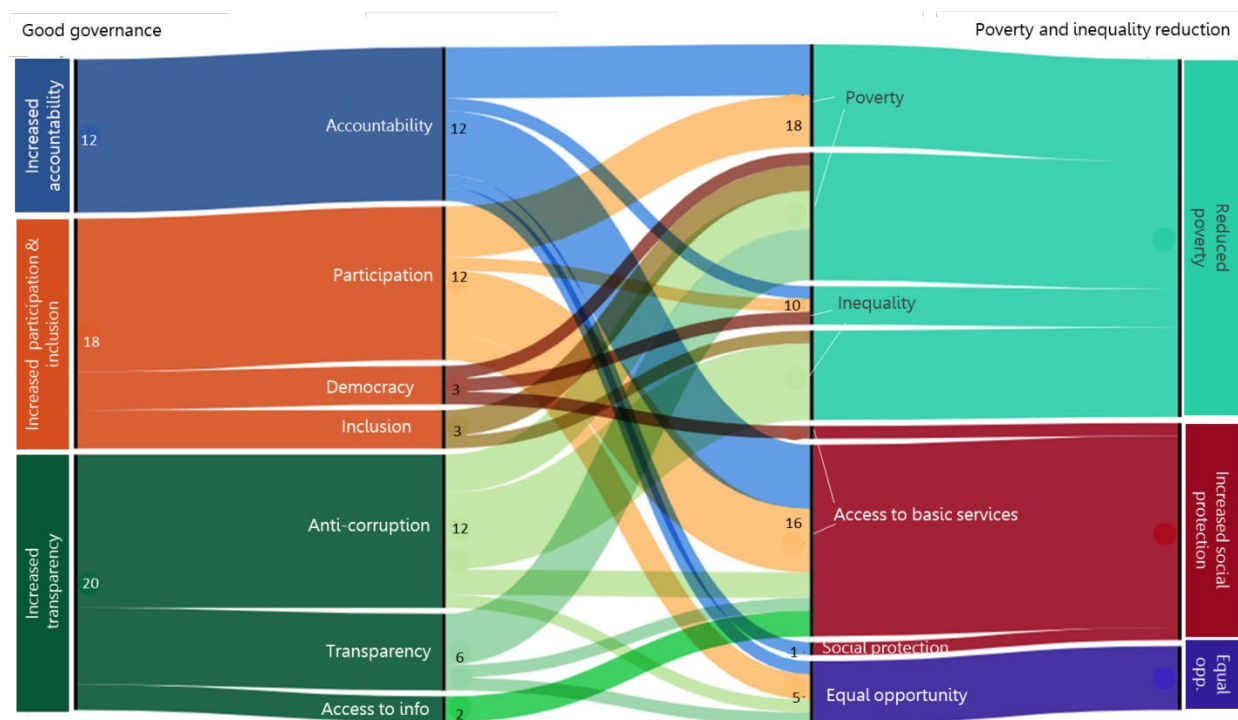
Directing our attention to how aspects of governance promoted by SDG 16 can impact the reduction of poverty (SDG 1) and inequalities (SDG 10) is thus a good starting point to make findings from research on SDG interlinkages fruitful for the debate on just transition.

## The impact of SDG 16 (governance) on reducing poverty and inequality: evidence from research

To close the knowledge gap on the systemic effects of SDG 16, a UNDP OGC/IDOS research

team conducted a review of scholarly articles published since 2015. The team screened over 400 studies that addressed the question of how specific characteristics of governance impact upon the achievement of poverty reduction (SDG 1) and reduced inequalities (SDG 10). In particular, we included reduced corruption (SDG 16.5), accountable and transparent institutions (SDG 16.6), inclusive and participatory decision-making (SDG 16.7), and access to information (SDG 16.10). Based on this screening exercise, 61 studies were assessed as highly relevant to answer this question and were subjected to an in-depth systematic review. These studies covered between 3 and 170 countries from all world regions.

Figure 1: Flow diagram of studies indicating enabling interlinkages



Source: DIE & UNDP OGC, 2022 (slightly modified)

The reviewed studies revealed that increased levels of accountability, participation, and inclusion, as well as transparency, and corruption control positively contributed towards increasing the access to social protection measures, that intend to reduce poverty and contribute to creating equal opportunities and can protect people from

the effects of social, economic, and environmental crises (see Figure 1). Selected key findings regarding these positive relationships and their underlying paths are the following: Several studies established a **positive impact of accountability on poverty reduction through the improvement of social protection systems** such as cash

or conditional cash transfers or social assistance and pension schemes. On the one hand, increased electoral accountability – induced for example through the introduction of local elections – was found to result in increased citizen engagement and political competition, which, in turn, led to a better targeting of social expenditure and increased access to basic services. On the other hand, increased social accountability was demonstrated to have an enabling effect on social protection through improved public perceptions of programme effectiveness, legitimacy, and buy-in. On a more general level, electoral and social accountability were found to reinforce the “poverty reduction effects” of economic growth and have thus proven to be an important means of redistribution in societies.

Evidence also attests to the **positive impact of transparency and corruption control on the reduction of poverty and inequalities**. Among the detrimental effects of corruption are the creation of a biased tax system and tax evasion that reduce public revenue and undermine the capacity of governments to fairly redistribute wealth and to spend on basic services, which would otherwise reduce poverty. Conversely, enhancing corruption control through the enforcement of contracts and property rights was shown to facilitate fairer distribution. Generally, corruption is less likely to occur when the chances of being caught and punished are high, and this is determined by factors such as financial transparency, oversight, regulation, and law enforcement. On the downside, it is important to note that alleged anti-corruption efforts are often misused by leaders and international institutions with autocratic ambitions to constrain the autonomy of independent agencies and concentrate power in the executive.

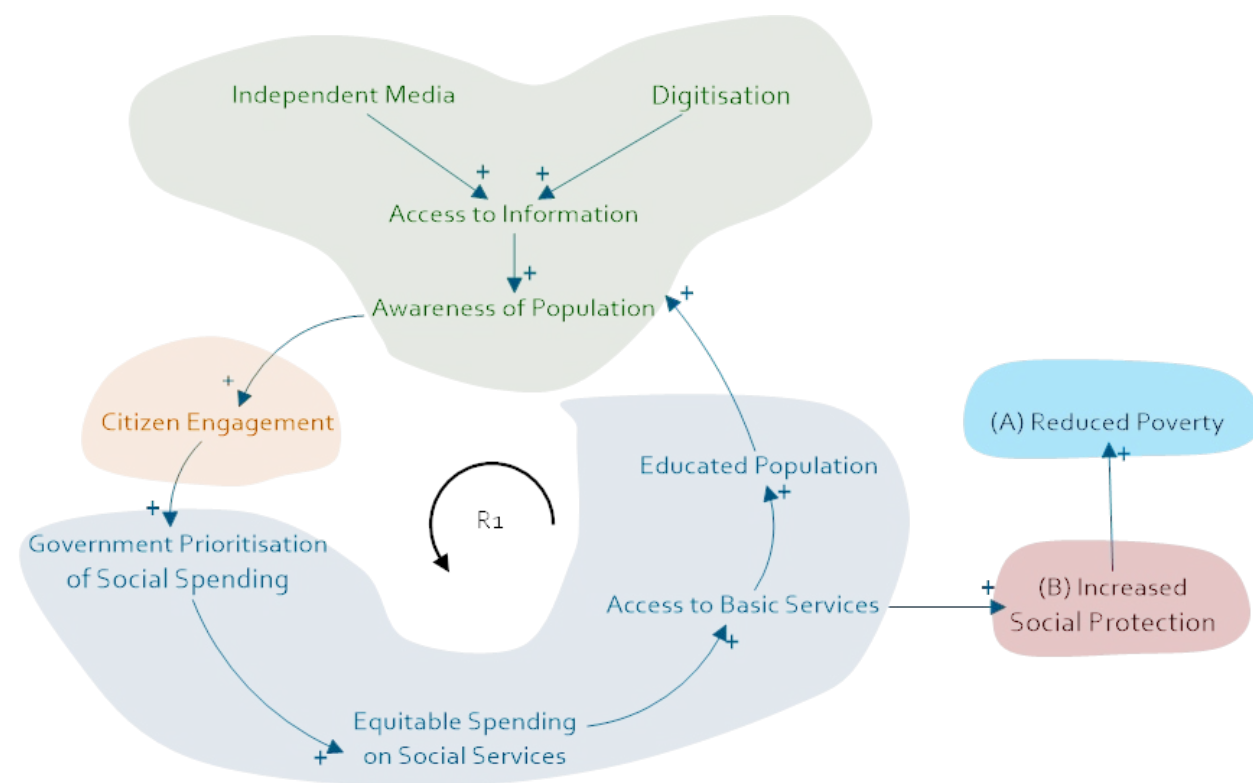
Furthermore, increased participation and inclusion can act as enablers for the redistribution of growth, thereby reducing poverty. Notably here, most of the reviewed studies dealing with the effects of increased levels of participation and inclusion

defined them as distinctive features of democratic governance. Studies also testified to **diverse positive effects of increased access to information upon poverty and inequality**. For example, access to information can contribute to increased awareness in the target populations of social protection programmes which, in turn, helps to improve these programmes.

It is important to note that the above positive effects of governance characteristics on poverty and inequality are rarely direct. Instead, they are underpinned by a complex array of causal relationships and dynamics that are often indirect or act in complement with other enabling factors that may depend on the respective context. Applying a **systems-mapping approach**, the research team therefore extracted information about these causal relationships from the reviewed studies in order to identify positive feedback loops (see Figure 2). Feedback loops represent reinforcing dynamics in complex systems. They are important in order to pinpoint key entry points for interventions and accelerators to facilitate the achievement of intended outcomes. In the feedback loop illustrated in Figure 2, for example, improved access to information through independent media or digitalisation can raise public awareness, thereby promoting citizen engagement. Responding to this engagement and assuming the preference of the average citizen for redistribution through social spending, the government prioritises the latter. This, in turn, improves equal access to basic services such as education, which not only contributes to the reduction of poverty and inequality but also reinforces public awareness.

The lesson here is that interventions directed at one of different entry points in this feedback loop, such as improving access to information through the support of independent media, can accelerate the reduction of poverty and inequalities. As such, this approach allows one to identify mechanisms that could contribute to reducing poverty and inequality, under certain conditions.



**Figure 2: Feedback loop on awareness raising**

Note: Reinforcing loop R1 "Raising awareness"

Source: DIE & UNDP OGC, 2022 (slightly modified)

## Policy implications

The current global policy debate on “just transition” is concerned with how to achieve a socially just and acceptable transition to a climate-neutral and climate-resilient global economy. At the core of this debate is the assumption that efforts to abate environmental threats will not succeed unless they are combined with measures to reduce poverty and inequality and unless they comply with the principles of distributional justice (that is, the socially just allocation of resources); procedural justice (that is, fairness in the political processes that allocate resources and resolve disputes); and recognitional justice (that is, the consideration of vulnerable groups who may be implicated by these changes and recognition of their right and needs) (Bennett et al., 2019). Clearly, however, these forms of justice will not simply “happen” on their own but require adequate institutional structures to promote them. Against this backdrop, the governance targets under SDG 16 can be considered as the necessary institutional preconditions

for distributional, procedural, and recognitional justice to materialise. This assumption resonates with the 2030 Agenda’s core principle of LNOB, as well as with the principle of indivisibility and the related debate on governance approaches to addressing interlinkages, harnessing synergies, and mitigating trade-offs between economic, social, and environmental SDGs. The recent study by IDOS and UNDP OGC indicates that the debate on just transition can (and should) build on the rich evidence that has been generated by SDG research in several ways.

First, the study lends robust empirical support to the argument that the governance targets under SDG 16 are not only desirable outcomes in themselves but can catalyse interventions to improve social protection and reduce poverty and inequalities. This finding is highly relevant at a time when funding for anti-poverty and social protection measures needs to be used as efficiently as possible to cushion the social impact of the necessary energy transition to combat the climate crisis and the persistent social

effects of the COVID-19 pandemic as well as impacts of the Russian war against Ukraine on global food markets.

Second, achieving just transitions will require smart policy solutions that combine climate protection with improvement of social protection, for example through the redistribution of carbon tax revenues through social transfer programmes. The negotiation of such policy solutions needs to be supported by institutional structures that facilitate socially fair and just outcomes. The findings of our study indicate that inclusive participation, accountability, and transparency are governance characteristics that can contribute towards such outcomes.

Beyond the findings of the DIE/UNDP OGC study, it is important to note that the debate on the qualities

of governance and just transition is not being conducted in a political vacuum. While the governance characteristics of transparency, accountability, and inclusive and participatory decision-making are not exclusive to democratic regimes, they are more frequently found in democratic than in autocratic contexts. Against the backdrop of a global autocratisation trend and democratic decline (V-Dem 2022), the empirical findings regarding the enabling effects of governance as outlined in SDG 16 for the reduction of poverty and inequalities have an important policy implication: efforts to support just transition – be it at national levels or within the context of international development cooperation – will in all likelihood be more successful if accompanied by bold and proactive measures to protect and support democratic institutions and processes.

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