



Deep Decarbonization Pathways

# NDC INSIGHTS

n°7

## No transition without inclusion: Why the path to net zero must be fair


### Climate justice starts with economic justice

The transition to net zero is reshaping economies—and with it, the everyday costs of energy, transport, and food, therefore affecting people’s lives and livelihoods in complex ways. If rising prices in these essentials, and the social consequences they trigger, the social and economic costs of climate action may fall hardest on the people who are already economically vulnerable, which in turn risks worsening inequalities and undermining public support. The challenge is clear: how do we make the low-carbon transition fair, fast, and feasible?

The latest Deep Decarbonization Pathways (DDP) report shows that inclusive climate policy in national pathways to net zero is essential, and possible. But it requires a proactive approach, building on a wide range of tools—from carbon tax reform to clean mobility subsidies—that countries have at their disposal to organize the transition. This is a question of well-designed national policies and international cooperation to enable them.

### Reforming fiscal systems to reduce inequality


Carbon pricing is a critical lever for reducing emissions. But without careful design, it can raise energy and transport costs, hitting lower-income households the hardest.

 Country in focus: *Brazil*

**Brazil** shows how carbon pricing can support—not punish—the poor, if it is considered not as the silver bullet to reduce carbon emissions but as a component in a broader package of policies and actions. In the DDP scenario, revenues from the carbon tax are used to reduce labor taxes and fund direct transfers through social safety nets like Bolsa Família. This dual approach boosts job creation and household purchasing power, especially for the bottom 20%, whose real income more than doubles by 2050.

### Making sustainable transport affordable for all


Low-carbon mobility is only equitable if it’s accessible. Public investment in public transport and zero-emission vehicles must go hand-in-hand with affordability policies.

 Country in focus: *United States*

The **U.S.** pathway integrates major subsidies for electric vehicles (EVs), public transit expansion, and compact city planning. By lowering the cost of clean mobility and reducing the need for personal cars, these policies help ensure that the benefits of the transition reach low-income and underserved communities.

### International solidarity as a cost-cutting tool

Developing countries face a specific equation: high capital costs, limited fiscal space, and exposure to international finance markets. Here, fairness means notably unlocking cheaper capital for clean investments.

 Country in focus: *Argentina*

The **Argentina** analysis considers international cooperation that lowers the cost of renewable energy investments—via soft loans and de-risking instruments. The results show that it can reduce electricity prices and accelerate clean energy deployment, while supporting domestic growth and avoiding adverse trade impacts from imported technologies.

### What this means for NDCs

It is clear that climate ambition must go hand-in-hand with social protection and economic inclusion. The transition to net zero will reshape energy systems, transport infrastructure, and industry, but without thoughtful design, it could also deepen inequalities and erode public support.

Nationally Determined Contributions (NDCs) must move beyond purely technical mitigation targets and explicitly discuss the set of policies and measures to be considered into the core of mitigation strategies to ensure inclusive transition and to shield the most vulnerable. Equally, international cooperation must play a central role in supporting countries with limited fiscal space and high investment costs. Mechanisms like soft loans, de-risking instruments, and concessional finance can help unlock the massive infrastructure shifts required, especially in emerging economies where credit costs remain a major barrier. Being explicit about these needs from a country standpoint should be a core component of national plans

In short, NDCs must recognize that fairness is not a constraint on ambition—it is what makes ambition possible.

### Next in NDC Insights

Coming soon: a special edition diving into two major economies shaping the global transition. We’ll explore how the **United States** and **South Africa** are designing their pathways to net zero—each with its own challenges, opportunities, and lessons. Stay tuned for the launch of our country fiches, offering insights into national strategies, sectoral shifts, and what’s needed next.

#### Missed the last newsletters? Download:

- n°1 "[Beyond pledges: Are NDCs addressing the transformations we need?](#)"
- n°2 "[What role for Carbon Capture and Storage? A measured look at its place in the transition](#)"
- n°3 "[Can land use deliver on climate and development goals?](#)"
- n°4 "[Can we tackle non-CO<sub>2</sub> emissions without compromising food security?](#)"
- n°5 "[From ambition to action: Where can countries reduce emissions in the next five years?](#)"
- n°6 "[Laying the foundations for long-term emissions reductions](#)"

### About the DDP and why this newsletter matters

The [Deep Decarbonization Pathways \(DDP\)](#) initiative supports countries in designing strategies for deep emissions cuts aligned with development goals.

Since 2013, DDP has worked with local experts to build bottom-up, country-driven pathways that turn climate ambition into real, grounded action.



## Stay updated with the country news, publications and events!

Argentina

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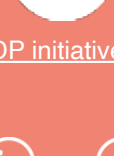
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