



Research paper
**'A just transition towards climate neutrality for
the EU: debates, key issues and ways forward'**

**Seminar 'It Takes Two to Tango. A Policy Debate for a Just,
Green Transition for the EU'
Brussels – 05 June 2023**

Sebastiano Sabato, Milena Buchs, Josefine Vanhille

Aims of the Research paper (1)

The starting point: the need for a **Just Transition**

- **acknowledging interdependence between social and ecological issues;**
- **EU context: the European Green Deal and the (just) green transition**

Aims of the Research paper (2)

From a **welfare state perspective**:

- Clarify the links between social and green transition **policies**
- Reflect on how to build **transition-proof welfare states**
- Assess the emerging '**EU framework for a Just Transition**'
- Identify areas for **strengthening** the EU framework for Just Transition

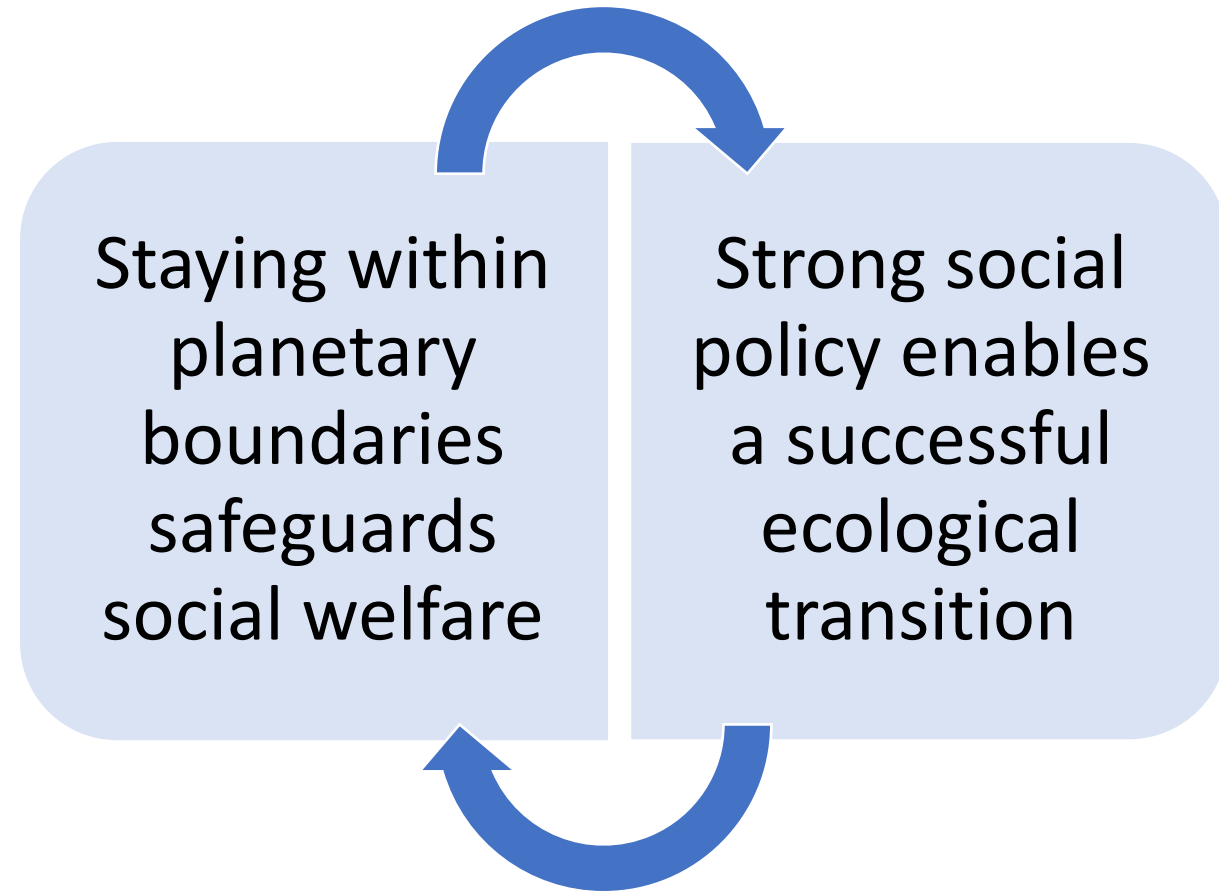
Outline of the presentation

- Part I : The 'socio-ecological nexus', the EU green transition and the welfare state
- Part II : Emergence of an EU framework for JT
- Part III : The way forward

Part I

**The 'socio-ecological nexus',
the EU green transition and the welfare state**

The 'socio-ecological nexus', the EU green transition and the welfare state (1)



From the **social policy** literature:

intergenerational equity ; importance of services such as housing, healthcare, mobility, energy, food, ... for social welfare ; distributive effects ; labour market impacts, welfare state impacts, re-defining the role of social protection in the context of ecological shocks

The 'socio-ecological nexus', the EU green transition and the welfare state (2)

- **European Green Deal: EU growth strategy**
 - Acknowledging the interlinkages between social, economic and environmental spheres
 - Eight macro-areas for action: interlinked and mutually reinforcing
 - Stressing the importance of a **'just' or 'fair' transition**

A European Green Deal

Striving to be the first climate-neutral continent

Climate change and environmental degradation are an existential threat to Europe and the world. To overcome these challenges, the European Green Deal will transform the EU into a modern, resource-efficient and competitive economy, ensuring:

- no net emissions of greenhouse gases by 2050
- economic growth decoupled from resource use
- no person and no place left behind

The 'socio-ecological nexus', the EU green transition and the welfare state (3)

- **A successful implementation of the EGD requires:**
 - high degree of integration
 - between a vast array of policies
 - at different levels of governance
 - taking into account interdependencies between multiple policy areas

The 'socio-ecological nexus', the EU green transition and the welfare state (4)

Just transition as a contested concept

Several dimensions of justice:

distributional + restorative + recognition + procedural justice

A working definition:

Need to **consider and address the possible uneven social implications** of policies for the transition towards a more environmentally sustainable development model and to **distribute fairly costs and opportunities**, ensuring **meaningful involvement of stakeholders and citizens** in the making of decisions.

The 'socio-ecological nexus', the EU green transition and the welfare state (5)

The notion of a **just transition** has the potential to

- ensure consistency and integration of social and ecological objectives and policies
- While acknowledging the **essential role of the welfare state** in achieving a fair green transition.

➔ Just transition principles as a blueprint for making welfare states

- compatible with ecological imperatives
- supportive of green transition policies

The 'socio-ecological nexus', the EU green transition and the welfare state (6)

4 functions of the welfare state in the green transition:

1. Welfare states as **benchmarks** for the green transition. The principles and rights on which welfare states rely could act as a benchmark for designing and implementing the policies for the green transition.
2. Welfare states as **enablers** of the green transition (social investment policies + greening the welfare state).
3. Welfare states as **buffers** in the green transition (e.g., social protection policies).
4. Welfare states as **consensus-builders** or **conflict-management tools** of the green transition (social dialogue/ civil dialogue).

Part II

**The emergence of an EU framework
for a Just Transition**

The emergence of an EU framework for a Just Transition (1)

The EGD and the just transition: some ambiguities

- **Narrow understanding** of the just transition
- The **European Pillar of Social Rights** as the reference framework for ensuring a just transition but no details on **how welfare states should adapt**
- **Unclear role of the EU** when it comes to allowing national welfare states to adapt to the challenges of the green transition.

The EU framework for a just transition

a series of EU policy orientations and instruments aimed at ensuring that the EU and its Member States can exploit the opportunities deriving from the green transition while addressing and cushioning the related social challenges

The emergence of an EU framework for a Just Transition (2)

The Just Transition Mechanism: making sure no one is left behind



A new Just Transition Fund

of €19.2 billion in current prices, is expected to mobilise around EUR €25.4 billion in investments.



InvestEU "Just Transition" scheme

will provide a budgetary guarantee under the InvestEU programme across the four policy windows and an InvestEU Advisory Hub that will act as a central entry point for advisory support requests. It is expected to mobilise €10-15 billion in mostly private sector investments.



A new Public Sector Loan Facility

will combine €1.5 billion of grants financed from the EU budget with €10 billion of loans from the European Investment Bank, to mobilise €18.5 billion of public investment.

Six pillars of the Recovery and Resilience Facility



Green transition



Digital transformation



Smart, sustainable and
inclusive growth



Social & territorial
cohesion



Health, and economic, social
and institutional resilience



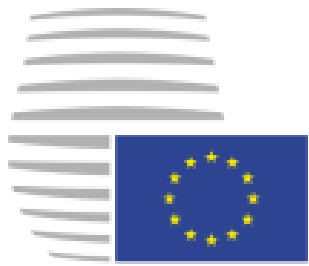
Policies for next generation

Social climate fund explained



member states can use the revenues assigned to the social climate fund to help those most in need through:

- **measures and investments** for increasing the energy efficiency of buildings, building renovation, the decarbonisation of heating and cooling in buildings, and the uptake of zero and low-emission mobility and transport
- measures providing temporary and limited direct **income support**



Council of the
European Union

**Brussels, 7 June 2022
(OR. en)**

9107/22

**Interinstitutional File:
2021/0421 (NLE)**

**SOC 266
EMPL 165
CLIMA 209
ECOFIN 430**

LEGISLATIVE ACTS AND OTHER INSTRUMENTS

**Subject: COUNCIL RECOMMENDATION on ensuring a fair transition towards
climate neutrality**

The emergence of an EU framework for a Just Transition (6)

Functions of the welfare state	Just Transition Fund	Recovery and Resilience Facility	Social Climate Fund	(2022 Council Recommendation)
Benchmarking	x	x	x	x
Enabling	x	x	(x)	x
Buffer			x	x
Consensus building / conflict management	x	(x)	x	x

The emergence of an EU framework for a Just Transition (7)

Challenges and limitations

- Decoupling of growth and emissions termed 'unrealistic'
- What about the 'global dimension' of just transition?
- Relative weakness of the EU 'social dimension'
- integration, comprehensiveness, consistency remain rather partial and funding not sufficient
- Monitoring of Member States' implementation

Part III

**The way forward:
strengthening the EU framework
for a Just Transition**

The way forward: strengthening the EU framework for a Just Transition (1)

We explore three possible **ways forward**:

- **Considering policy solutions identified in sustainable welfare literature**
- **Embedding just transition in EU socio-economic governance**
- **Enhancing social and civil dialogue**

The way forward: strengthening the EU framework for a Just Transition (2)

1. Consider policy options identified in sustainable welfare literature

- Designed to target agreed social and ecological priorities in a more direct way, without necessarily aiming for / depending on economic growth
- Fulfilling basic needs in a way that respects planetary boundaries

• Examples

- Redistributive policies
- Working time reduction
- Universal basic services
- Decreasing growth-dependency of welfare states' financing

- 
- Shelter
 - Food
 - Healthcare
 - Education
 - Transport
 - Information
 - Legal aid & democracy



- Implemented examples exist, from wellbeing economy in EU-countries

The way forward: strengthening the EU framework for a Just Transition (3)

2. Embedding just transition in EU socio-economic governance

- **The European Pillar of Social Rights**

- Reference framework for EU social policies and just transition policies.
- How to 'adapt' the implementation of the EPSR to the needs of the socio-ecological transition?
- Assessing the completeness of the Social Scoreboard when it comes to key dimensions of the socio-ecological transition.

- **The European Semester**

- Need to strengthen environmental and social considerations in the Semester.
- Key to monitor the implementation of the 2022 Council Recommendation and ensuring consistency among EU just transition instruments.
- Need to strengthen the knowledge basis on the socio-ecological transition.
- Risk of overburdening the Semester process.

The way forward: strengthening the EU framework for a Just Transition (4)

3. Enhancing social and civil dialogue

Decision-making process as important as outcomes

~ ‘procedural’ dimension of social justice: key for effective and responsive governance of a just transition.

Strengthen & use existing structures and develop/ experiment with new structures for dialogue and consultation

sharing information



consultation



negotiation



+

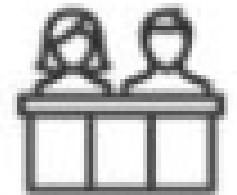
preferendum



deliberative fora



mini-publics



The way forward: strengthening the EU framework for a Just Transition (5)

Policy recommendations

1. Ensuring a full and balanced **implementation** of the 20 principles of the **European Pillar of Social Rights**

- more attention to the EPSR principles on social protection and social inclusion (incl. minimum income guarantee)

2. Implementation of the EPSR principles through **more innovative, less growth-dependent eco-social policies** (incl., sustainable welfare policies)

- E.g., Universal Basic Services, working time reduction, measures to address energy and transport poverty

The way forward: strengthening the EU framework for a Just Transition (6)

3. **Monitoring national implementation** of the EU just transition framework (and of national just transition strategies) through the European Semester:

- Exploring ways to use the reporting procedures of the National Energy and Climate plans

4. Exploiting existing EU fora and practices for **mutual learning and exchange of good practices** (e.g., Joint EMCO/SPC reviews, peer reviews) to:

- Monitor/facilitate the implementation of the 2022 Council Recommendation on fair transition;
- Reflect on/disseminate more innovative eco-social policies

The way forward: strengthening the EU framework for a Just Transition (7)

5. Broadening the **knowledge basis** on the linkages between green transition and social policies:

- further develop the **EPSR's Social Scoreboard** to include indicators for (better) covering areas particularly important for the fairness of the green transition
- improve the assessment of **eco-social policy expenditure** and to regularly perform assessments of the **distributional implications of green transition policies** (e.g., methodology for reporting social expenditure, distributional impact assessment methodology)
- **Integrated eco-social indicators: an EU Just Transition Scoreboard?**

The way forward: strengthening the EU framework for a Just Transition (8)

6. Enhancing the **democratic dimension** of the green transition:

- Effective social and civil dialogue
 - going beyond the standard EU participation portfolio (e.g., further developing ongoing experimentations such as deliberative mini publics)
- ! The risk of a '**green transition fatigue**'!

Thank you for your attention!

N° 52 / May 2023

research paper

Observatoire social européen

**A just transition
towards climate
neutrality for the EU:
debates, key issues
and ways forward**



Ose
PAPER SERIES

Sebastiano Sabato, Milena Büchs and
Josefine Vanhille

www.ose.be

rue Paul Emile Janson 13 / 1050 Bruxelles / tel: 32 (0)2 537 19 71 / fax: 32 (0)2 539 28 08 / email: info@ose.be