

solutions for a more sustainable Europe

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Just transition: aligning climate and environmental action with social equity and well-being

Just Transition

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At the 2024 edition of the Think2030 conference on 27 March 2024, IEEP hosted high-level speakers to discuss "Just transition: aligning climate and environmental action with social equity and well-being". Moderated by Chiara Antonelli - Head of Programme Climate and Circular Economy, Institute for European Environmental Policy (IEEP), the session featured interventions by the following speakers: presentation by Elizabeth Dirth - Managing Director, ZOE Institute (co-organisers of the panel)- Speakers: Maria Nikolopoulou - Vice-President NAT section, European Economic & Social Committee; Ella Huys - Climate Policy Expert at Federal Climate Change Department, Belgian Presidency; Mikael Leyi - Secretary General, SOLIDAR; Sébastien Treyer - Executive Director IDDRI, member of Think Sustainable Europe network in France; Michal Len - EU representative, Clean Air Fund. This policy brief is the result of that Science4Policy session discussion.

Just transition: aligning climate and environmental action with social equity and well-being

KEY RECOMMENDATIONS:

- Taking a holistic, coordinated, and integrated policy approach that also takes into account the external impacts of EU policies
- A sustainable economy providing shared wellbeing within planetary boundaries
- Member States' welfare systems and the European social model as backbone of the framework
- Social and civic dialogue as well as local and regional authority participation
- Resilient, strong, and sustainable businesses
- Adequate investment

Leaving no one behind: the just transition to a sustainable society

Pursuing a green and just transition is highlighted as one of the core priorities in the Belgian Presidency's work programme during its mandate as chief negotiator for the Council of the European Union. While substantial progress has been made in some areas of the Green Deal since its launch, many considerations are needed to make the sustainability transition just.

Justice is essential for the sustainability transition, and the sustainability transition is essential for justice. Society needs a paradigm shift to accelerate a just transition to reduce inequalities and ensure well-being within planetary boundaries. On such premises, the Belgian Presidency has stressed the significance of a comprehensive strategy to set up a European Common Policy Framework that advances towards environmental sustainability while leaving no one behind.

The European Economic and Social Committee (EESC) seminal opinion on a Just Transition Policy Framework¹ is one central resource for discussions on a Just Transition in an EU policy context. The EESC synthesises six key elements and underlying proposals. Importantly, the proposals relate to all three dimensions of justice, namely: procedural, distributional, and recognitional justice².

What did the panellists say

During the panel discussion, a few key points emerged. One that was highlighted by several speakers was that neither the green transition nor the social justice question can be restricted to certain sectors. Both are systemic problems that require holistic approaches. Just transition requires the necessary integration of climate and environmental action with social justice, as they are inextricably interlinked to foster sustainable and just societies. Protecting the planet must thus be accompanied with promotion of green jobs, ensuring education and training and eradicating poverty and inequality.

This means that **inequality** is not a concern specifically and solely linked to the green transition. While it should be adequately addressed in a just, ecological shift, inequality is endemic in the economy, across history and throughout sectors. As such, it is important to bear this idea in mind when opposition is raised against the idea of a green transition. Moreover, without strong social policies, the green transition risks exacerbating inequalities and creating new ones. Inequality issues should be in a bullseye, to ensure a successful implementation of just transition policies and processes.

Concerning the EU labour market, just transition arises with many challenges for workers, especially those involved in fossil fuels-driven sectors and, more generally, those characterised by high emissions. Labour market entails a workforce with the right skills to make the transition happen, but the availability of skilled workers is currently a bottleneck for the transition. As such, the transition will have a net-positive impact on jobs, but the distribution of impacts is uneven across sectors, regions, people, and so on, exacerbating the issue. This is particularly true for instance for coal countries and regions, where the just transition in the energy sector has been raised as a major concern for several years. Some workers coming from more traditional and carbon-intensive industries will face serious issues to reallocate in a changed, circular labour sector. Job losses driven by the mismatch between labour demand and supply will likely also be a major driver for social resistance and reduced acceptability of the transition. Moreover, social partners are too often absent from the debates. Some opposition could easily leverage these aspects, while it is more challenging to show the long-term benefits to society. On the other hand, the jobs created or transformed by the transition should be quality jobs. Addressing these concerns requires a holistic approach, addressing robust industrial and social policies to support the transition in all sectors while supporting affected workers with adequate social protection, support for training and reskilling, and strengthened social dialogue and collective bargaining. Public support is crucial, and raising awareness of the green economy's quality job-creating potential can bolster this support.

¹ EESC opinion: Advancing the EU's just transition policy framework: what measures are necessary. <u>Link</u>

² Fraser, N. (2005). Reframing Justice in a Globalizing world. Link

Another key point made by the panellists was the importance of an **inclusive policy process**. Civil society plays a fundamental role when it comes to representativeness and ensuring the social benefits of the transition. While the EU does have processes for consultation, panellists raised concerns that the consultation comes too late in the process. Rather, for it to be effective, stakeholder consultation needs to be an ongoing dialogue with meaningful outcomes and not a box-ticking exercise.

Beyond the process and investigations, the panellists made the case for the importance of **funding**. A comprehensive analysis of the European Green Deal's funding gap, coupled with an environmental, social, and economic distributional impact assessment, is vital for understanding the required funding levels and locations. Experts advocate for more substantial and targeted funding for a just transition. In fact, the Just Transition Mechanism is small in scope and scale and is limited to end in 2027, and the Social Climate Fund, whilst heading in the right direction, is still designed as a compensatory measure for ETS2 implementation and not what it should be. Financing reskilling programs as well as new safety nets would be a major challenge to address for policymakers. The discussion made the case for a comprehensive EU funding strategy, including social and climate issues which could bridge the funding gap in the European Green Deal. This must include supporting investments in sustainable businesses and ensuring redistributive mechanisms, protecting the most vulnerable.

Reducing emissions at the speed and scale needed is not an easy task. All sectors will need to change. The transition will come with multiple benefits, but also challenges. In this exercise, there is a need to unleash creativity and strengthen the social systems and democracy within the EU. The panellists raised the importance of thoroughly investigating the **distributional impacts** of green policy through impact assessments, to make sure that the costs and benefits of the green transition are equitably distributed and that the most vulnerable members of society are protected.

None of the above can be efficiently implemented without appropriate **outcome indicators**. As discussed in the session, data gaps can harm the effective development of outcome-oriented indicators, which must be able to capture, with a satisfactory approximation, policy impacts on the individuals. The issue of the right **policy framework** was then raised. Until now, the Just Transition is still seen as a patchwork of fragmented measures, mostly based on a compensatory approach. Beyond the abovementioned Social Climate Fund and the Just Transition Mechanism, the 2022 Council Recommendation on a fair transition to climate neutrality is a non-binding recommendation to national governments.

On June 17, 2024, the Belgian Presidency adopted the Council Conclusions on "The 8th Environment Action Programme Mid-term review – The way forward to a green, just and inclusive transition for a sustainable Europe". Being part of the enabling conditions of the Programme, the review emphasises the essential role of a just transition to foster change towards climate neutrality in a fair and equitable way^{3.} MSs as well as the EU will need

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³ Review document, available at https://environment.ec.europa.eu/strategy/environment-action-programme-2030 en#documents

substantial efforts to integrate just transition in their policies, calling for a multi-level governance approach, encouraging the presence of marginalised groups and fostering strong dialogue and solid cooperation between the different stakeholders. It is also worth noticing that the Programme "The Establishment of a European Fair Transition Observatory by the European Commission" stresses the importance of ensuring coherence policy making at all levels of governance.

The missing variable in the just transition equation is **timing**. So far, we have experienced misalignment between social and environmental policy timelines. As a result, social policies have been very much focused on the short term, while environmental issues were left to be addressed with a very long-term perspective. As such, when facing the choice of tackling pressing social burdens versus long-term climate and environmental goals, people will most likely choose to address the former. However, long-term success requires long-term thinking. Building on this experience, a just transition needs to recalibrate timing in policies, ensuring rapid and inclusive action while also ensuring environmental objectives in medium and long term. Only integrating time-related strategic thinking can ensure everybody is onboard in a just transition process.

Conclusions from the session

Overall, the discussion brought forward during the Think2030 Conference highlighted that a just transition in the EU means adopting a holistic approach to face significant challenges and bringing about significant benefits for people and the planet. This is where a comprehensive Just Transition Policy Framework can play a key role. The EU needs a systemic approach to address the just transition, which will integrate environmental, industrial, economic, and social policies to ensure a just transition towards sustainability. To raise social acceptability, public awareness must be raised of the green economy's potential and the socio-economic cost of inaction as well as developing a comprehensive EU funding strategy to fill the gaps in the European Green Deal and establishing a Just Transition Observatory to effectively monitor the just transition process. Such a process cannot be engaged without appropriate stakeholder engagement and consultation, which are crucial to reinforce awareness and acceptability of policies put in place. This needs to be combined with reskilling programmes to minimise job losses, implementing new safety nets with wider scope and scale and engaging with more efficient redistribution mechanisms that will support the most vulnerable individuals and regions. As it was also made clear throughout the discussion, an inclusive and fair transition can be reached only by aligning social and environmental policy timelines to include shortterm action and long-term strategic thinking.

As Elizabeth Dirth concludingly remarked, the just transition "needs to be systemic, sexy, and sustained", as developed below:

• Systemic, as it needs to tackle root causes rather than treating symptoms of an economic system not designed for people and the planet. We need a shift in paradigm and mindset and to keep social issues at heart in the context of the green transition and also beyond;

- Sexy, because we should envision the future we desire and communicate it in an attractive way;
- Sustained, since our efforts need to be designed for the long term, understanding that the just transition is an ongoing process that requires commitment and planting the seeds for the future we want.

There is a need for a Just Transition Policy Framework that not only leaves no one behind but also brings everyone in. This is where civil society and building political coalitions have a crucial role in ensuring that everyone's voice is represented and can benefit from the transition. Policymakers would not only need to address such concerns carefully but should also be ready to commit to the Just transition and the challenges and opportunities it entails for many. As different priorities are rising in the political agendas, there is a serious risk that this topic will be overlooked. Justice is essential for the sustainability transition, and the sustainability transition is essential for justice. Society needs a paradigm shift to accelerate a just transition to reduce inequalities while ensuring well-being and social justice within planetary boundaries.

About Think2030

Launched by IEEP and its partners in 2018, Think2030 is an evidence-based, non-partisan platform of leading policy experts from European think tanks, civil society, the private sector and local authorities.

By focusing on producing relevant, timely and concrete policy recommendations, Think2030's key objective is to identify science-policy solutions for a more sustainable Europe.



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