

JOINING FORCES TO ENSURE A GREEN AND SOCIAL RECOVERY



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Abstract ■

With the European Green Deal, the green transition has moved to the top of the EU political agenda, as put forward by President von der Leyen in her first State of the Union speech delivered on September 16th. Its success largely depends on its capacity to gather public support. In this paper, we argue that securing widespread support requires that businesses and citizens behave as actors of change rather than mere passive recipients of the transformations already underway. In the context of the COVID-19 pandemic, we see the recovery period as a crucial moment to codesign such an inclusive and participatory process. To this end, we put forward recommendations exploring the role of three key groups of actors in the transition: businesses, workers and citizens. For each, we warrant that the implementation of an adequate regulatory framework –creating the right environment for companies, as well as supporting vulnerable workers and citizens throughout the transition– should be complemented by concrete measures empowering them to take ownership of the green transition and shaping their own future. This could, for instance, translate into increased participation of companies in European initiatives to foster innovation in their sector, more training opportunities for workers to acquire green skills, concrete actions to eradicate energy poverty and the development of participatory governance structures to strengthen the voice of European citizens.

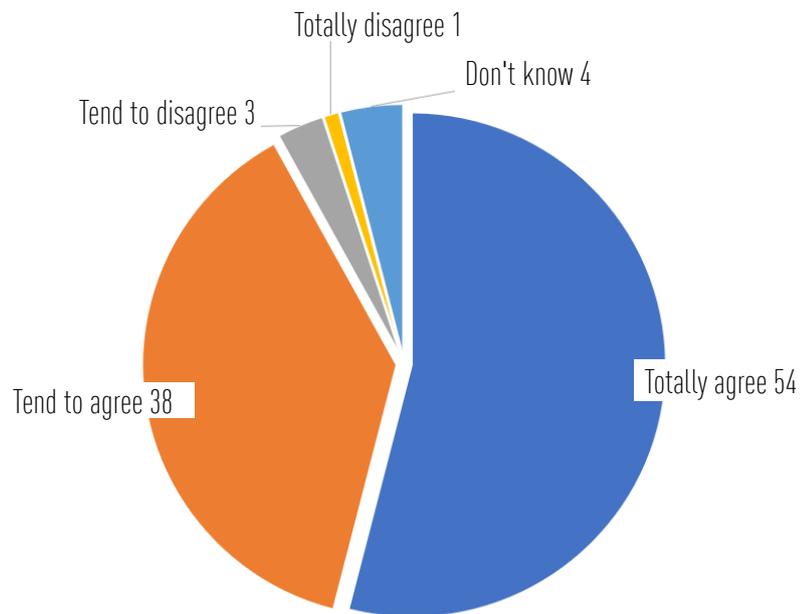
INTRODUCTION ■

The COVID-19 pandemic and related crises have highlighted the interconnectedness and fragility of our health, our environment and our social and economic system. As Europe embarks on the road to recovery, sustainable recovery and resilience investment plans at both national and EU level can create jobs while accelerating a socially just transition towards zero pollution, restoration of biodiversity and climate neutrality by 2050.¹

1. LAMY P., PONS G. et al. *Greener After: A Green Recovery Stimulus for a post-COVID-19 Europe*. Policy Paper, Europe Jacques Delors, 2020.

However, **the success of the green transition in Europe will largely depend on its widespread support by society.** Concrete signs of this support are already visible, as climate is increasingly seen by EU citizens as a political priority,² and 92% of them now agree that the EU economy should become climate neutral by 2050 (see Graph 1).³ This also translates into shifting political scenes, particularly in North-Western Europe where Green parties are now heading key local authorities (e.g. Lyon, Baden-Württemberg) and green transition programmes have been adopted by mainstream political figures.

GRAPH 1 ■ To what extent do you agree or disagree with the statement: We should reduce greenhouse gas emissions to a minimum while offsetting the remaining emissions, for instance by increasing forested areas, to make the EU economy climate neutral by 2050. (% – EU28)



Source: Special Eurobarometer 490 "Climate Change"

Yet, while Europeans clearly support environmental action, the 2013 Bulgarian protests following skyrocketing electricity bills and the 2018 French yellow vests movement triggered by increased fuel taxes, show that unfair green policies may result in popular backlash. To address this, we argue that **not only is it absolutely essential to align green policies with social justice objectives, but that the transition itself must be an inclusive process in which people behave as actors of change,** rather than mere recipients. In other words, it is not about imposing to people what they do not want, it is about co-creating with citizens and end-users the solutions that they need and want.⁴ Such societal appropriation could be achieved through inclusive, participatory decision-making structures that allow for a true choice between different courses of action. The example of the *French Citizens' Convention on Climate* suggests how this could be done in practice.⁵

2. PELLERIN-CARLIN T., CHOPIN T. and PONS G. *Climate change: at the heart of a new European political balance*, Brief, Jacques Delors Institute, 2019.

3. European Commission, *Special Eurobarometer 490 on Climate Change*, 2019.

4. PELLERIN-CARLIN T. and SERKINE P. *From distraction to action: for a bold European Energy Union innovation strategy*, Jacques Delors Institute, Policy Paper, 2016.

5. Upon invitation by French President Emmanuel Macron, 150 randomly chosen citizens representing the demographic distribution of the French population proposed concrete measures for a French CO2 reduction pathway of 40% by 2030. In this regard, the follow-up process, making sure that the citizens' proposals do result in concrete measures, will be crucial. See: IDDRI, *La Convention citoyenne sur le climat : comment transformer l'essai ?*, 2020.

This idea of societal appropriation is however not limited to government action versus citizens' reaction. Companies also have a big role to play: as jobs are being created, destroyed and transformed across sectors due to the transition toward a carbon-neutral economy, **companies should also strive to become major actors of the transition and deeply transform their business models**. Only then can they continue to thrive, provide futureproof employment opportunities for current and future workers, deliver sustainable products and services for all citizens across the EU, and overall drive a fairer transition. It is also crucial that workers, in particular those most directly affected by this transformation, are properly supported and given the opportunities to become actors of the transition themselves.

This paper therefore aims to outline how the post-COVID-19 recovery period can be used to foster social appropriation of the green transition by society at large. To do so, we put forward recommendations on how the EU can not only support businesses (part 1), workers (part 2) and citizens (part 3)⁶ throughout this transformation, but also and above all, empower them to become actors of change.

1 ■ A TRANSITION FOR AND WITH EUROPEAN COMPANIES

Companies are essential actors in the green transition as economic players, employers and innovators, and should therefore be at the forefront of the fight against climate change and environmental protection. This is why it is crucial, in the wake of the COVID-19 pandemic, that the EU and Member States send the right signals for companies to transform into future-proof businesses engaged in the green transition.

1.1 ■ Setting a clear direction at EU level to engage companies towards climate neutrality

*Providing a clear direction for companies – **Businesses themselves recognise the importance of policy certainty around climate action in order to drive innovation and investment.***⁷ To provide such policy certainty, the EU should set a clear direction to companies. This will first be done by the EU with the adoption of the EU Climate Law and the enshrinement of the objective to make the EU economy climate neutral by 2050. Second, the EU must provide medium-term targets on the road to climate neutrality. This is why the European Commission President Ursula von der Leyen recently proposed to update the 2030 climate targets (from 40% to at least 55% cuts in greenhouse gas emissions compared to 1990 levels).⁸ To put more flesh on these objectives, the EU and its Member States should also plan a timeline for specific objectives, e.g. to (1) phase out most polluting activities, such as coal production; (2) end the sale of technologies that are not aligned with long-term objectives (e.g. internal combustion engine cars); and (3) implement energy-efficient solutions (e.g. consumption standards of new buildings). This can start as of 2021 with the forthcoming review of the EU energy and mobility regulatory framework, that President von der Leyen wants to make “fit for 55%”⁹. In the wake of the COVID-19 pandemic, the EU and its Member States also put significant resources on the table by agreeing on a historical recovery plan of €750 billion

⁶. Notwithstanding the importance of civil society organisations such as NGOs as well as of local and regional authorities in the transition, this paper focuses on citizens in their role as workers and consumers, as well as on businesses.

⁷. Business and investor CEO letter on EU 2030 GHG emissions targets, September 2020.

⁸. VON DER LEYEN U. State of the Union Address, Brussels, 16 September 2020.

⁹. *Ibidem*.

(see box 1). Through this ambitious package, **the European Commission sends a strong signal as it wants to earmark 37% of this recovery plan to climate spending.**

In order to incentivise companies to speed up their transformation, an appropriate CO2 price signal will be necessary. To this aim the EU Emissions Trading Scheme (EU ETS) should be reviewed to swiftly reduce the total amount of quotas allocated to the 11,000 industrial plants currently subject to the system, as well as to abolish the free allocations granted to the most polluting sectors that are lagging behind in their transition. As a result, the price of carbon under the ETS could reach €76 per tonne by 2030 in a 55% emission reduction scenario (compared to 1990 levels).¹⁰ To avoid carbon leakage that could result from this increase in domestic carbon pricing, as well as to ensure a level playing field, the European Union should engage in a dialogue with its trading partners with a view to establish a Carbon Border Adjustment Mechanism (CBAM). The CBAM should be presented as a second-best solution, taken up only in the absence of an agreement that recognizes carbon pricing system equivalency. This mechanism ought to be designed as an external transposition of the EU ETS and initially target two pilot products: electricity and cement.¹¹

These regulatory and financial signals will contribute to the definition of a clear political direction, which in turn will help companies endorse the climate objectives and develop their **vision for climate neutrality by 2050.**

BOX 1 ■ A historic budgetary deal at EU level to respond to the coronavirus pandemic and its economic consequences¹²

Unlike the 2009 public debt crisis, the COVID-19 crisis affected all EU countries and is not the result of perceived lack of budgetary discipline. For the EU economy to recover after its GDP contracted by 11.9% in the second quarter of 2020,¹³ **the European Council agreed for a joint borrowing at EU level of €750 billion** (4.7% of EU GDP). If backed by the European Parliament, this would finance €390 billion in new grants and €360 billion in new loans over the next three years (2021-2023). The so-called Next Generation EU (NGEU) recovery plan will provide a sizable stimulus allowing the EU for the first time to act as a macro-economic stabilizer. Overall, the European Commission wants to earmark 37% of NGEU money to Green Deal objectives.¹⁴

Within NGEU, €312.5 billion will be channelled to Member States via a Recovery and Resilience Facility (RRF). Each Member State will have to submit a national Recovery and Resilience Plan (RRP) that should be approved by the European Commission before RRF money is granted to the Member State. The Commission will assess each RRP according to several criteria, especially the RRP's contribution to: 1) address the challenges identified in the European Semester, 2) strengthen the growth potential and resilience of the Member State and strengthen cohesion, and 3) tackle the green and digital transitions. Additionally, no measures from those RRP's should have adverse effects on the climate and the environment. Another €47.5 billion are allocated to REACT-EU, a recovery assistance initiative that aims to hand out financial resources to Member States quicker in order to contribute to crisis mitigation by supporting for instance job maintenance, SMEs and health care systems.

The European Council also agreed on a **€1,074 billion EU budget¹⁵ for the next 7 years to support the recovery plan for Europe.** 30% of this money (€550 billion) is earmarked for climate.¹⁶ Compared to the initial proposal of a € 1.1 trillion EU budget¹⁷ made by the European Commission in 2018, EU agricultural and regional funding was largely preserved, while several forward-looking programmes were significantly cut, including the research and innovation programme Horizon Europe, Connecting Europe Facility (CEF), and the InvestEU Programme, including its Strategic Investment Facility.

10. PYRKA M. *et al.* *The European Green Deal Impact on the GHG's emission reduction target for 2030 and 2050 and on the EUA prices*, Centre for Climate and Energy Analyses. March 2020.

11. LAMY P., PONS G. and LETURCQ P. "A European Border Carbon Adjustment proposal", Europe Jacques Delors, Policy Paper, June 2020.

12. The authors would like to thank Andreas Eisl and Eulalia Rubio for their valuable comments on this box.

13. According to EUROSTAT *July 2020 Inclusion of GDP estimates for Member States*.

14. VON DER LEYEN U. *State of the European Union Address*, Brussels, 16 September 2020.

15. *i.e.* the 2021-2027 Multiannual Financial Framework.

16. The 30% target was part of the European Council's Agreement in July. However, after Ursula von der Leyen announced the Commission's will to increase to 37% the share of NGEU earmarked to climate, the EU budget target might also be reviewed.

17. European Commission, *The EU budget powering the recovery plan for Europe COM/2020/442 final*. 27 May 2020.

Actively involving companies in planning the transition– **Companies should indeed prepare long-term internal strategies on how they plan to align with climate neutrality** as soon as possible and certainly no later than 2050. This transformation necessarily has implications for the workforce. Companies should **involve employees in planning the future** and work with public authorities to ensure that this transition is fair for every worker by **reducing insecurity and providing training opportunities** when facing such structural changes.

The EU will launch by the end of 2020 a Climate Pact which will be another way of engaging all parts of society in climate and environmental action. **As part of this Pact and within structured sectoral initiatives, various companies could commit to a specific deal with EU institutions to back up their long-term strategies.** Fossil fuel companies should pledge to increase their share of investments in sustainable activities every year (e.g. as of 2021, at least 20% of their capital expenditure should be devoted to clean energy spending), while other companies could ensure demand for green goods and services by committing to buying renewable energy (e.g. 50% by 2022), renovating their buildings, purchasing clean vehicles, etc. Public authorities could encourage participation in the deal by providing economic and regulatory incentives.

1.2 ■ Green financing to accelerate the transition and help firms transform

Since the EU engaged in the green transition, it has also been mobilising resources to finance the transformation needed in our economy to align with climate targets (e.g. research and innovation, sustainable infrastructure). With the COVID-19 crisis, additional billions have been promised by decision-makers for the recovery to kick-start the economy, support private investment and accelerate the green transition. Firms are at the forefront of the crisis and the recovery: while they are strongly hit by the economic turmoil, they are encouraged to use this unexpected time and public support to transform into future-proof businesses.

Supporting green investment– Member states are preparing plans with their investment and reform priorities for the next years to receive funding from the European Recovery and Resilience Facility.¹⁸ **Governments should plan investments that can quickly stimulate the economy, create jobs while accelerating the transition towards a greener and more resilient economy.**¹⁹

Concretely, state action could start by upscaling the deep renovation of public buildings like schools and social housing, thus providing a clear market signal to encourage companies from within the construction value chain (from the upstream production of insulating materials to the downstream SMEs that do on-site renovation work) to re-organise the renovation industrial ecosystem. Building renovation works can be rapidly launched for publicly owned buildings while stimulating output and employment in the sector.

Massive investments in clean transport infrastructure –e.g. railways, electric charging points and bike lanes– would also provide opportunities for businesses (e.g. mobility providers and transport equipment manufacturers) while pursuing the long-term transformation of our mobility system. The same is true for sectors linked to the transition towards a more circular economy, in particular with regard to waste and wastewater treatment.

¹⁸. European Commission, *Europe's moment: Repair and Prepare for the Next Generation*, 27 May 2020.

¹⁹. LAMY P., PONS G. *et al.* *Greener After: A Green Recovery Stimulus for a post-COVID-19 Europe*. Europe Jacques Delors, Policy Paper, 2020.

Ensuring that public support contributes to firms' green transformation– While demand for many goods has plummeted with the COVID-19 crisis, authorities can also provide incentives to encourage the purchase of low-carbon products and services so that companies' climate-friendly investments come with confidence that they will find **demand for the greener products they make** (e.g. organic food, low-carbon construction material). Many Member States have for instance implemented or increased subsidies for clean cars.²⁰

As policymakers put large recovery amounts on the table, they also need to **make sure that government support, such as State aid, actually contributes to building a more resilient and sustainable economy**. Several Member States have already committed to billions to bail out airlines with no or very limited strings attached.²¹ The EU needs to review State aid rules so that they integrate environmental conditions and are aligned with the Green Deal.²² At the very least, each large company that receives public support should be required to publish, within the next twelve months, its internal strategy explaining how it will operate in and contribute to a world heading for climate neutrality (including concrete steps to achieve intermediate targets). Such strategy should include clear company-level targets and key performance indicators. The EU should moreover ensure that Member States do properly sanction any company that would not put forward or implement such a strategy.

Finally, to ensure transparency in the implementation of the recovery plan, the bonds issued by the European Commission on financial markets to finance this plan should contain a significant share of "green bonds", which currently make up less than 4% of the global bond market.²³ This is in line with the European Commission's commitment to raise 30% of the €750 billion recovery package of grants and loans through green bonds.²⁴

1.3 ■ Innovating for a successful green transition and European leadership

At a moment where climate is increasingly mainstreamed in EU policies and budget, research and innovation (R&I) are complementary and key to introduce the new technologies, processes, services, techniques and behaviours that will make the green transition a success.

Increasing investment in innovation– While R&I public investment at EU level has been increasing over the last years, the July 2020 historic European Council agreement on the EU budget and recovery plan has cut the amount going to research and innovation in Horizon Europe from €83.5 billion planned in the pre-COVID-19 proposal (in constant 2018 prices) to €80.9 billion today.²⁵ On the private sector side, business R&D is lagging behind in Europe compared to the US and China.²⁶ While the capacity to innovate is essential for a business

20. See ACEA's [overview](#). MAGDALINSKI E., DELAIR M. and PELLERIN-CARLIN T. "Building a clean mobility system in times of COVID-19", Policy paper, Jacques Delors Institute, forthcoming 2020.

21. See Transport & Environment's [Bailout Tracker](#), updated 27 August 2020, consulted on 09.09.2020.

22. TURMES C. [The EU's state aid regime is upside down](#), *Euractiv*, 20 May 2020. Client Earth & Agora Energiewende, "A State Aid Framework for a Green Recovery: Mainstreaming climate protection in EU State aid law", 2020.

23. PONS J-F., [European Recovery Plan: Time for Green and Social bonds!](#), Europe Jacques Delors, Policy Paper, 2020.

24. VON DER LEYEN U., [State of the Union Address 2020](#), 16 September 2020.

25. Amounts from the initial budget proposal for Horizon Europe before the COVID-19 crises and from the Conclusions of the European Council, 17-21 July 2020.

26. PELLERIN-CARLIN T. and SWEATMAN P. "[What businesses can do for the European Green Deal](#)", Jacques Delors Institute, Policy Brief, 2020.

In addition to the fact that the EU generally invests less in R&D as a share of GDP than the US and China, R&D investment from the business sector represents a lower share of the EU's total R&D expenditure. Additionally, private sector energy R&D still largely goes to oil and gas and most patents in the automotive sector are still related to internal combustion technologies. Cf. European Investment Bank, [EIB Investment Report 2019/2020: Accelerating Europe's Transformation](#), 2019; Hernandez Guevara, H. et al., [The 2019 EU Industrial R&D Investment Scoreboard](#), European Commission, Joint Research Centre, 2019.

to adapt and survive on the market, they are now likely to slash their R&I spending in times of such crisis.²⁷ **If Europe wants to act as a prototype of the green transition, it should better fund R&I activities and push corporate R&I to scale up clean technologies** and keep up with the transformations needed.²⁸

Structuring sectoral initiatives – Alongside R&I funding, the EU has been supporting **a growing ecosystem of sustainable and innovative initiatives, where companies can benefit from funding, technical support and pan-European cooperation**. The European Battery Alliance launched in 2017 has already managed to bring together companies to produce batteries in Europe in a sustainable way from extraction of resources to end-life recycling. On top of substantial support provided by the French and German governments last year, the European Investment Bank (EIB) expects over €1 billion of investment in the European Battery Alliance this year.²⁹

Building on this success, the European Commission recently launched a Clean Hydrogen Alliance.³⁰ While the alliance gives space to fossil fuel-based hydrogen with carbon capture and storage, it should instead be used by the industry as an opportunity to engage on the ambitious path of building a fully-fledged renewable hydrogen industrial ecosystem. When it comes to buildings, the Renovation Wave, which should be published in October 2020, is an opportunity to develop a favourable environment for the sector to accelerate large-scale renovation of buildings across the EU. Finally, four Green Deal R&I Missions³¹ (on soil health and food; climate adaptation; climate-neutral and smart cities; and healthy oceans, seas, coastal and inland waters) foresee a process of co-creation, also inviting companies to get involved. Companies should actively participate in crafting those European initiatives to move away from fossil fuels and innovate in their field, but also to reinforce European industrial leadership and create millions of jobs.

2 ■ A JUST TRANSITION FOR WORKERS: REDUCING INSECURITY AND MAXIMISING OPPORTUNITIES

The creation of future-proof jobs is at the heart of the green transition: there are simply no jobs on a dead planet.³² Large public support for the green transition hence requires one to understand **workers as leading players in the transition**. The green transition is affecting the labour market: some jobs are already disappearing, others are being transformed, but the transition overall is very much an engine for employment. According to the International Labour Organisation, if, by 2030, there has been a transition in energy use towards greater efficiency and energy is sourced from renewables, we can reach a net job creation of 18 million jobs worldwide (2 million in Europe).³³ In addition, the COVID-19 crisis and the recovery strategy of the EU are expected to accelerate the green transition, which will intensify changes in the world of work, especially in terms of new skill demand and development.

27. International Energy Agency, *Clean Energy Innovation Flagship report*, 2020.

28. PILSNER L. and DETHIER S. "Fit to deliver climate neutrality: building an EU research & innovation strategy for accelerated decarbonisation", E3G, Brussels, September 2020.

29. MORGAN S. *Coronavirus and the great electric-battery dividend*, Euractiv, 2020.

30. European Commission, *A hydrogen strategy for a climate-neutral Europe*, 2020.

31. European Commission, *Missions in Horizon Europe*.

32. Quote by BURROW S., General Secretary, International Trade Union Confederation, 2015.

33. Despite predictions of net employment growth globally, effects of the green transitions are likely to be heterogeneous across sectors, regions, and categories of workers. Source: International Labour Organisation, *World Employment and Social Outlook 2018, Greening with jobs*, 2018.

The challenge is therefore twofold: supporting those in the most vulnerable positions in an evolving economy and labour market, and ensuring that each worker can effectively become an actor of the transition.

2.1 ■ Providing more security for workers in the transition

To make the green transition just and acceptable in the eyes of workers, it is first necessary to **support those most at risk of suffering immediate negative consequences**.

Supporting the most affected workers– As fossil fuel production and extraction are gradually giving way to renewable energies and energy efficiency activities, fossil fuel workers are losing their jobs. Coal workers are in the frontline. In 2018, the coal industry directly employed 163,000 workers in the EU, a drop of more than 30% since 2012 (see Table 1). This trend is accelerating as coal consumption collapses in Europe (-18% in 2019).³⁴

TABLE 1 ■ Number of persons employed in the coal industry in the EU in 2012 and 2018

	2012	2018	CHANGE 2012-2018
Poland	128 000	91 426	-29%
Germany	34 200	20 001	-42%
Czech Republic	22 000	13 904	-37%
Romania	21 000	16 022	-24%
Bulgaria	13 000	10 294	-21%
Greece	7 500	4 082	-46%
Slovakia	3 700	2 000	-46%
Spain	3 400	1 549	-54%
Hungary	2 100	1 400	-33%
Slovenia	1 600	1 252	-22%
EU-28	240 600	163 000	-32%
United Kingdom	5 800	647	-89%

Source: EURACOAL, *Coal industry across Europe*, 6th and 7th editions, 2017 and 2020

Beyond this sectoral perspective, the labour market costs and benefits associated with the green transition may be unevenly distributed across Member States. This is for instance quite noticeable in the case of coal-related jobs, which are 90% concentrated in five countries –Poland (54%), Germany (13%), the Czech Republic (10%), Romania (8%) and Bulgaria (6%)³⁵– and often in some specific regions where coal mining companies are still among the biggest employers.

Looking at this, it is clear that **the green transition will only be deemed socially acceptable if the workers of adversely affected sectors and regions are properly helped**. Concretely, this could translate into measures aimed at spreading job cuts over time and ensuring new spheres of activity emerge to prevent economic decline and structural unemployment in

³⁴. British Petroleum, *Statistical Review of World Energy*, 69th edition, 2020.

³⁵. European Investment Bank, *EIB Investment Report 2020-21: accelerating Europe's transformation*, 2019.

the most affected regions.³⁶ At the level of the workers themselves, retirement schemes, income replacement and adequate training opportunities are necessary to ensure immediate financial security and boost future employment prospects. The policy challenge here is to develop solutions that answer the need of each groups of workers, including by teaming-up with job-creating businesses who may seek to hire fossil fuel workers (as the wind industry is hiring coal workers in Romania³⁷ and Spain³⁸).

The EU, working in close cooperation with national authorities, businesses and social partners, is well-placed to **anticipate this sectoral and regional restructuring and mobilise relevant support (see Box 2)**. The Just Transition Mechanism, including the new Just Transition Fund, put forward by the European Commission, represents a big step towards social justice. The mechanism is expected to mobilise at least €127.5 billion of public and private investment designed to enable regions and people to address social, economic and environmental impacts.

BOX 2 ■ The Coal Regions in Transition Platform

Launched in 2017 by the European Commission as part of the Clean Energy for all European package, the Initiative for coal regions in transition aims to support EU countries and coal regions to tackle the challenges of the green transition. Engaging all relevant stakeholders, the initiative:

- facilitates collective dialogue among regions and the wider stakeholder community, promoting good practices and cooperation;
- delivers tailored technical assistance to help coal regions in the practical steps towards a carbon neutral economy.

Seven regions were selected to receive support through the initiative: Asturias (ES), Jiu Valley (RO), Karlovy Vary (CZ), Małopolska (PL), Megalopolis Peloponnese (EL), Midlands (IE), Silesia (PL).

With this initiative, the EU takes on a proactive approach that promotes “economic diversification and technology transition through investment in structural transformation, growth and jobs, as well as eco-innovative sectors, rather than only financing compensatory measures for laid-off workers”.³⁹

Nevertheless, **action at EU level can and must be articulated with national and regional strategies**. The German Coal Commission is one example thereof. In January 2019, it presented a roadmap to phase out the German coal sector by 2038 at the latest. On 3 July 2020, the *Bundestag* and *Bundesrat* adopted a legislative package approving both the phase-out timetable and support measures for these coal regions.⁴⁰ Under the latter, the federal government will grant up to €14 billion for regional and local investments in the four most affected states, to support the creation of new jobs and economic activities. These measures will be complemented by additional federal programmes to support coal regions, with a budget of €26 billion.

Lastly, the green transition provides a unique opportunity to include workers in the long-term vision of sectors and businesses as they undergo major internal transformations. Workers cannot be mere passive recipients of such changes but rather should be empowered to be active parts of these changes and **shape their own future**.

36. FERNANDES S. "A Social Pact for the Energy Transition". In: PELLERIN-CARLIN T. et al., *Making the energy transition a European success: Tackling the democratic, innovation, financing and social challenges of the energy union*, Jacques Delors Institute Studies and Report 114, 2017.

37. *Coal miners visit Europe's largest onshore wind farm in Romania*, Wind Europe, 2019.

38. *Iberdrola to close coal plant in Spain, with workers retrained to maintain new wind farms*, Recharge, 2020.

39. PELLERIN-CARLIN T. and OCZKOWSKA M. *Just Energy Transition: A reality test in Europe's coal regions*, Jacques Delors Institute Policy Paper, 2019.

40. Deutscher Bundestag, *Bundestag beschließt das Kohleausstiegsgesetz*, 2020.

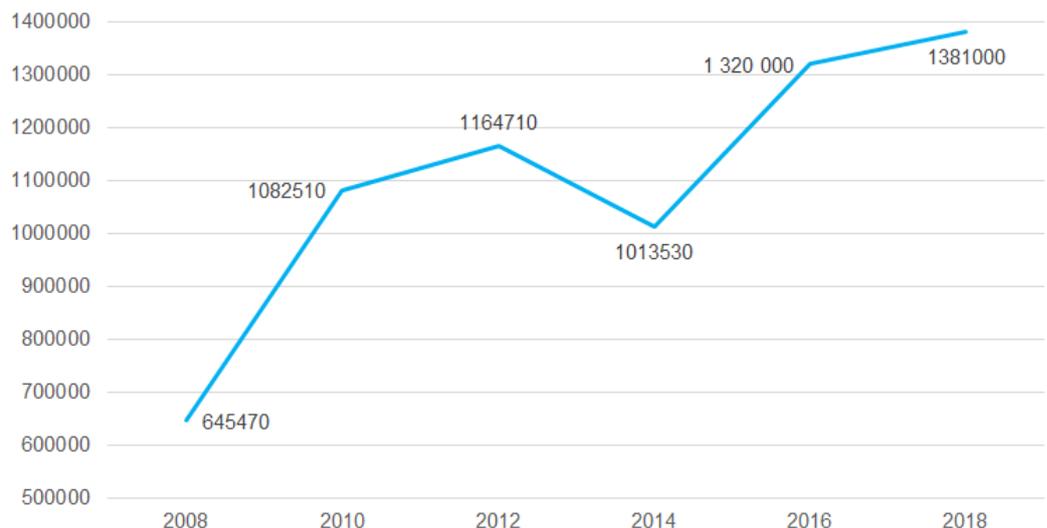
Mitigating the negative impacts of the green transformation is the first step to ensure no one is left behind. However, this reactive approach is insufficient to make it socially acceptable for all workers across the EU. Rather than a threat to one's livelihood, the transition toward a clean economy offers the opportunity to create new and better jobs.

2.2 ■ Maximising the opportunities of the green transition for workers

Boosting job creation– According to the European Commission, **there are already 4 million 'green jobs' in the EU**, including around 1.4 million in renewable energies (see Graph 2) and 900 000 related to energy efficiency activities.⁴¹ This trend is expected to accelerate with further energy and climate action. Job creation is also striking when we look at the growing green(ing) sectors, both in industry and services. Investing in a more circular economy and in e-mobility could create respectively 700,000⁴² and 1 million⁴³ jobs by 2030, while the upcoming Renovation Wave could add up to 4 million new construction jobs on the European labour market, not to mention the associated jobs in the industry (production of materials, etc.).⁴⁴ Waste management could also be a driver of employment growth as half a million jobs could be generated in the EU if we were to reach 70% recycled waste.⁴⁵ Last but not least, tapping into the potential of the circular bio-based economy and organic farming could also lead to positive net employment gains –as outlined by the Food and Agriculture Organization (FAO)–, as these farms are more labour-intensive than industrialized ones.⁴⁶

To maximise this job-creation potential, public authorities and companies have to put their money where their mouths are by boosting investment and fostering innovation in all relevant sectors. This is all the more crucial as the EU's economic situation, including rising unemployment, continues to worsen in the wake of the COVID-19 crisis.

GRAPH 2 ■ Employment figures in the renewable-energy sector in the EU 27 (2008-2018)⁴⁷



Source: Data available in EurObserv'ER's 9th, 11th, 15th, 17th and 19th annual barometers of the state of renewable energies in Europe

41. European Commission, *Fourth report on the State of the Energy Union*, 2019.

42. European Commission, *Europe's moment: Repair and Prepare for the Next Generation*, 2020.

43. Platform for electro-mobility, *European Green Deal and Green Recovery: time to focus on Electromobility*, 2020.

44. LAMY, PONS *et al.* (2020) *Op. Cit.*

45. *Ibid.*

46. Food and Agriculture Organization of the United Nations, *Green jobs for a revitalized food and agriculture sector*, January 2012.

47. The sharp drop in the number of jobs in the renewable sector between 2012 and 2014 is mostly due to the collapse of the solar industry in Europe.

Giving workers the opportunities to learn the right skills for the future– Yet, as these new jobs are created and existing ones transformed, it is imperative that public authorities and companies alike invest in trainings that help workers to reap the benefits of these new opportunities. From a business perspective, **giving EU workers the opportunity to learn the skills needed for the green jobs** will prevent skills shortages that may hinder companies’ performance and capacity to grow. The newly updated European Skills Agenda fully promotes this by giving a stronger focus on the skills needed for the transitions the EU is undergoing and mobilising all partners through the Pact for Skills.⁴⁸

To do so, reskilling strategies within the framework of the green transition should focus on two priorities. First, it is imperative to better **anticipate the skills needed** for “green jobs”. At European level, this is notably done within the framework of the European Skills Panorama, which should further feed Member States’ and companies’ activities in skill development. Second, public authorities and companies must encourage workers to acquire these new skills through appropriate incentives as well as tailored career guidance. Spain has, for example, addressed this challenge head-on by adopting the *Emplea Verde* programme, which, between 2007 and 2014, managed to create 2,600 green companies and 3,500 direct jobs, and to train 60,000 workers, exceeding initial targets.⁴⁹ In addition, it is essential to **encourage young people to prepare for the jobs of the future**, for instance through the creation of a “Green Erasmus Pro”.⁵⁰ Such a programme could increase the mobility of apprentices and trainees in sectors relevant to the green transition.

Turning green jobs into drivers of social progress– Furthermore, public authorities and social partners should **ensure the quality of these new green jobs**, namely in terms of wages, coverage of collective bargaining and health and safety standards. The necessary upskilling of the workforce should for instance translate into higher wages. It is also essential that the new risks coming from the new technologies and working processes associated with green jobs are carefully assessed and fully covered in European health and safety regulations.

3 ■ A TRANSITION THAT EMPOWERS: LIFTING ALL EUROPEANS OUT OF ENERGY POVERTY AND DEVELOPING ACTIVE CITIZENSHIP

Beyond companies and their workers, the green transition aims to ensure better living conditions for all citizens: better health, housing and access to mobility. Once again, we must act on two levels to make this a reality for all: on the one hand, helping vulnerable consumers along the way, with a particular focus on those affected by energy poverty, and, on the other, empowering people to take ownership of the transition, both as consumers and citizens.

48. European Commission, *European Skills Agenda for sustainable competitiveness, social fairness and resilience*, 1 July 2020.

49. European Centre for the Development of Vocational Training (CEDEFOP), *Green Jobs Programme*.

50. FERNANDES S. In: PELLERIN-CARLIN T. *et. al.* (2017) *Op. Cit.*

3.1 ■ Lifting all Europeans out of energy poverty

It is estimated that **more than 50 million households in the EU are experiencing energy poverty**, a situation linked to income poverty but further dependent on high energy prices and poor energy efficiency.

BOX 3 ■ Defining and measuring energy poverty in the EU

Although there is no common European definition of energy poverty, the EU Energy Poverty Observatory (EPOV) defines it as “a situation in which individuals or households are not able to adequately heat their housing or to use other energy services needed at an affordable price”.⁵¹ And because energy poverty is a multi-dimensional concept difficult to capture, the EPOV uses four primary indicators to measure it: (1) the difficulty to afford to keep home adequately warm; (2) the inability to pay utility bills (heating, electricity, gas, water, etc.) on time, i.e. “ar-rears”; (3) abnormally low and (4) abnormally high energy consumption (see Table 2).

The energy transition is a unique opportunity to ensure a better life for those Europeans suffering from energy poverty. However, until now, national politicians have often chosen to increase the support to renewable energy sources through an increase in household electricity taxes, putting the cost of the transition disproportionately on the shoulders of individual consumers and, subsequently, worsening the situation of those struggling to pay their bills and warm their homes.⁵²

The EU is slowly attempting to tackle energy poverty through regulatory and financial support. The Clean Energy for All Europeans package together with current Green Deal proposals are good examples of the Union’s commitment in this regard. Nevertheless, and more than ever, we must put forward a dedicated action plan at EU level to eradicate energy poverty, both allowing to **prioritise the most vulnerable households in the renovation of buildings** and putting forward binding legislation based on national best practices. As part of the EU Buildings Renovation Wave, public authorities should in priority put in place subsidies and regulations to insulate the homes of energy-poor households. Wherever politically feasible, national/regional regulations should compel property owners to renovate their housing property before selling or renting it. Some national and regional authorities in Europe are already implementing this kind of initiatives. For instance, Great Britain has made it illegal for property-owners to refuse requests for energy efficiency improvements from their tenants *and* let housing with very poor energy efficiency ratings (lower than E) when public co-financing for this purpose is available⁵³ – a similar idea is being advocated for by the French Citizens’ Convention for Climate.

Not only will these targeted programmes cut bills and improve the thermal comfort of households unable to afford heating or other energy services, they will also contribute to improving public health and fostering social inclusion through the rehabilitation of deprived neighbourhoods.⁵⁴

51. PYE S. and DOBBINS A. *Energy poverty and vulnerable consumers in the energy sector across the EU: analysis of policies and measures*, Policy report Insight_E, 2015.

52. FERNANDES S. In: PELLERIN-CARLIN T. *et. al.* (2017) *Op. Cit.*

53. UK Government, *Domestic private rented property: minimum energy efficiency standard – landlord guidance*.

54. FERNANDES S. In: PELLERIN-CARLIN T. *et. al.* (2017) *Op. Cit.*

TABLE 2 ■ Energy poverty indicators in % of total population (2015, 2018)

	INABILITY KEEP THE HOME ADEQUATELY WARM (2018)	ENERGY ARREARS (2018)	LOW ABSOLUTE ENERGY EXPENDITURE (M/2) (2015)	HIGH SHARE OF ENERGY EXPENDITURE INCOME (2M) (2015)
EU-28	7.3	6.6	14.6	16.2
Belgium	5.2	4.5	9.8	13.0
Bulgaria	33.7	30.1	9.4	11.5
Czech Republic	2.7	2.1	9.2	10.8
Denmark	3.0	5.1	/	/
Germany	2.7	3.0	17.4	17.4
Estonia	2.3	6.5	18.9	18.7
Ireland	4.4	8.6	14.8	17.6
Greece	22.7	35.6	12.8	16.3
Spain	9.1	7.2	13.0	14.2
France	5.0	6.4	19.5	15.0
Croatia	7.7	17.5	7.5	12.0
Italy	14.1	4.5	13.6	/
Cyprus	21.9	12.2	13.2	12.0
Latvia	7.5	11.6	10.7	12.7
Lithuania	27.9	9.2	14.4	13.9
Luxembourg	2.1	3.6	8.9	11.3
Hungary	6.1	11.1	9.3	9.0
Malta	7.6	6.9	16.7	20.1
Netherlands	2.2	1.5	4.4	10.7
Austria	1.6	2.4	15.0	16.0
Poland	5.1	6.3	19.5	16.3
Portugal	19.4	4.5	6.8	15.1
Romania	9.6	14.4	16.8	16.9
Slovenia	3.3	12.5	8.9	13.9
Slovakia	4.8	7.9	7.9	9.3
Finland	1.7	7.7	29.9	22.3
Sweden	2.3	2.2	24.3	28.7
United Kingdom	5.4	5.4	9.2	18.8

Source: EU Energy Poverty Observatory (European Commission)

3.2 ■ Appropriation of the transition by citizens

Empowering consumers- 67% of Europeans think citizens themselves can and should do more to support the sustainable transformation of our production and consumption models.⁵⁵ However, the **lack of widespread available and affordable green alternatives** (e.g. no vegetarian options in schools and work canteens), **and advertisements that still encourage unsustainable behaviours** (e.g. cheap flights for a short trip, SUVs) **remain essential barriers for consumers to adopt more sustainable consumption patterns** such as organic and less meat intensive diets, low-emission transport and the purchase of energy-efficient products.⁵⁶ The new EU Consumer Agenda planned for the end of 2020 should send a strong message in this direction with concrete measures to empower consumers in the green transition. EU and national consumer organisations also constitute powerful platforms to engage consumers in the transition.⁵⁷

Public authorities should in priority require companies to provide sustainable products and services (cf. part 2). Then, together with consumer organisations who are already strongly involved in this matter, they should develop labels on the environmental footprint of various products (like for electric equipment today), provide financial support for green options (e.g. renewable heating systems, clean vehicles), create ecosystems that facilitate sustainable behaviours (e.g. “right to repair” products, mobility as a service, safe bike infrastructure).

Such measures are especially important in the current COVID-19 crisis which already disrupted many daily practices (e.g. our mobility and work routine) and can thus be used to create new sustainable habits (e.g. through the quick roll-out of bike lanes and car-free areas in cities).⁵⁸

The green transition as an opportunity for active citizenship- Empowering Europeans in the green transition goes beyond their role as mere consumers. Citizens can have an active role in the green transition within their household or community and should have a voice in the governance process to co-create a transition that leaves no one behind.

Involving citizens in decision-making is key for them to take ownership of the green transition and have a say on projects that directly affect them (e.g. the installation of a wind turbine close to one’s home). Known as the “*Not in my backyard*” (NIMBY) phenomenon, local opposition to concrete projects is often based on legitimate reasons such as the impact on biodiversity but also perceptions (e.g. deterioration of the landscape), as well as limited public consultation and fairness throughout the process. This has already led to anti-wind-power decisions, for instance from regions such as *Hauts-de-France* and Bavaria.⁵⁹ Citizen involvement in decision-making can help to move towards a “*Please in my backyard*” attitude instead, where citizens can have a say in the decision and benefit from the project (e.g. having shares in the project, being part of a community). Public engagement in the transition can be seen in the growing number of energy communities where citizens can cooperate to

⁵⁵. European Commission, *Special Attitudes of European citizens towards the Environment*, Special Eurobarometer 501, 2020.

⁵⁶. RIVIERE E., PONS G. and BORCHERS-GASNIER M.A. *The Green Paper*, Joint paper by Europe Jacques Delors and the Centre Kantar sur le futur de l’Europe, 2019.

⁵⁷. BEUC, *Consumers at the centre of the drive to sustainability*, BEUC’s views on the European Green Deal, 2020.

⁵⁸. MAGDALINSKI E., PELLERIN-CARLIN T. and DELAIR, M. *Op. Cit.*

⁵⁹. WEHRMANN B., “Limits to growth: Resistance against wind power in Germany, *Clean Energy Wire*”, 2019; BARBARE J., “Oise : Xavier Bertrand poursuit sa guerre contre l’éolien”, *Le Parisien*, 2019.

produce their own energy. Their legal recognition in the EU Clean Energy Package⁶⁰ created concrete opportunities for citizens to actively take part in the energy market. At the crossroad between the energy transition and social innovation, these communities reflect a profound shift in consumer behaviour and open the door to more active citizenship.

Last but not least, citizens should be actively involved in public debates around the green transition. After the Yellow Vests movement in France raised the need for social justice in the green transition, the government attempted to design solutions that could involve citizens, namely the Citizen Convention for Climate. While French policy-makers should ensure that the Convention's outcomes genuinely feed into ambitious policies, supported now by the recovery plan, **participatory governance structures should be further developed in the EU and its Member States** to strengthen the voice of citizens, especially on a topic like the green transition that deeply affects our daily lives. In this regard, the Conference on the Future of Europe, the Climate Pact and the five R&I Missions launched under Horizon Europe all foresee extensive citizen participation in the process. While the crisis might affect active participation, the Commission should make sure that citizens have a voice in these initiatives, for instance by innovating in participative methods and tools.

CONCLUSION ■

The next few months will be of paramount importance to guarantee that the EU heads down the path of climate neutrality in a socially just way. The recovery plans, together with the many EU initiatives in the works, such as the Renovation Wave, the European Strategy for Sustainable and Smart Mobility and the Action Plan to implement the European Pillar of Social Rights among many others, must reinforce the Green Deal and bring more social justice.

However, as we have highlighted, this will require that all actors of society are given the right tools and play their parts fully to lead the green transition.

This is why we believe the upcoming European Climate Pact could be a great platform to encourage broad societal engagement for a just and green transition. Not only can it bring people and organisations across all sectors together and foster a more participatory approach to environmental action, but it is also the opportunity to deliver on the EU's climate objectives through concrete commitments and pledges. This could create a virtuous circle of sustainable behaviours and help make European companies, workers and citizens into leaders of fair climate action.

⁶⁰. Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity.

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