

POLICY REPORT

GREEN DEAL FOR ALL

HOW TO ACHIEVE SUSTAINABILITY AND EQUITY
BETWEEN THE PEOPLE, REGIONS, COUNTRIES AND
GENERATIONS OF EUROPE IN A POST-COVID-19 ERA



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EXECUTIVE SUMMARY

As the coronavirus (COVID-19) pandemic is still unfolding, the relevance of the European Green Deal and its potential role in recovery plans are being heavily debated. While some have argued that it needs to be delayed or abandoned altogether, this paper argues that the Green Deal becomes an even more essential policy in the new context of recovery from the recession and provides an unintended opportunity not to return to the past and instead “build back better”¹. Conversely, the paper warns against an unsustainable recovery pathway which would waste precious public funds on shoring up the fossil fuel economy and lock Europe’s youth and future generations into destructive high-carbon and unsustainable pathways.

The current sanitary crisis has opened up a new understanding of the interrelation between humans, wildlife and our shared ecosystems, and the meaning of well-being and healthy living. Interestingly, concepts such as the ‘One Health’² approach are being elevated in discussions as the pandemic profoundly challenges how we establish priorities and structure our societies.

New ways of living and working are arising from this highly disruptive, large-scale and unplanned experiment. Unforeseen constraints on mobility have forced many people and businesses to change their habits, many becoming much less carbon-intensive. Some of these practices can offer better pathways to accelerate the sustainable transition and adjust our lifestyles to ensure a better quality of life for all. The European Green Deal is a necessary part of the EU recovery plan and therefore should be reflected in the Multiannual Financial Framework (MFF). Whilst it is paramount to address the current emergency needs, planning for the future and the transformation of our economies also needs to be taking place. The European Green Deal can also help create new, quality jobs in sustainable sectors in a context of rising unemployment. However, for social benefits to materialise, the Green Deal must be designed and implemented by putting fairness and equity at its very core. This is the main added value of this report.

To avoid unnecessary trade-offs between the recovery of economies, societies and ecosystems, operationalising the principle of “leaving no one behind” is paramount. This requires addressing the **intra-EU, intra-country and intergenerational equity** challenges that lie at the heart of the multiple environmental crises – including run-away climate change, the mass extinction of animals and plants, waste and pollution.

● **Intra-country equity: Putting equity and well-being for all at the centre of the Green Deal** so that every EU citizen, irrespective of their income, race or ethnic background, gender or community, can be protected from the current and forthcoming impacts of environmental degradation and participate in the Green Deal to the fullest of their capabilities.

1. Adopt green recovery plans to **kick start systemic change in the mobility, nutrition, housing, leisure and energy systems**, including promoting the emergence of novel practices and technologies, their diffusion and uptake within society and the reconfiguration of established systems
2. **Close the financial gap for the Green Deal** by adopting **green quantitative easing** and **exempting investments** necessary for climate mitigation, adaptation or a just transition **from the fiscal rules in the Stability and Growth Pact**.
3. **Increase the ambition of the Just Transition Mechanism**, with new resources mobilised through a green financial transaction tax.
4. **Coordinate green recovery plans more effectively** and use the **reformed European Semester process** to assess the quality of recovery plans and adopt a new approach in terms of recommendations and support for structural reforms. As part of the reform of the semester, the Annual Sustainable Growth Strategy process should be complemented by a **2050 Strategy for Sustainable Prosperity**, with long-term economic indicators, but also relevant indicators on well-being, sustainability and intergenerational equity, upon which progress from Member States would be assessed.
5. **Distribute carbon dividends to European citizens to support recovery and employment** by **eliminating fossil fuel subsidies** and by exploring a coordinated **reduction in the taxation of labour across Member States, compensated by an increase in environmental taxation**.
6. Continue to proceed with Green Deal **structural reforms** while putting a great emphasis on **welfare, employment and regional measures** including **structural reorientation measures** to support

¹ Using the expression of the UN Secretary General Antonio Guterres.

² <https://www.who.int/news-room/q-a-detail/one-health>



affected workers, regions and communities, as well as small and medium-sized enterprises (SMEs).

7. **Adopt targeted initiatives to put “those further behind first”** in each of the sectoral plans of the Green Deal – such as air pollution plans that prioritise highly polluted, poorer areas – and adopt **post-2020 targets for poverty and inequality reduction**.
8. **Promote societal resilience through adequate funding for climate adaptation and the promotion of a green care economy**

● **Inter-country equity: Harnessing the Green Deal for greater cohesion and solidarity** by aiming at a greater convergence in living standards amongst countries and regions and by making the protection of Europe’s commons (water, seas, land and air) a key pillar of the European project.

1. Explore **long-term, inter-country convergence targets for the European Union**, with aligned cohesion programmes, enabling increased investment into priority sectors, such as **low-carbon infrastructure**.
2. Ensure **cohesion programming is well resourced and fully in-line with sustainability goals**, eliminating loopholes and with robust oversight, as an expression of solidarity.
3. Use the Industrial Strategy to foster **locating new industries in depressed regions and less well-off countries**.
4. **Use territorial just transition plans to work directly with local and regional authorities**.
5. Develop **educational programmes** for vulnerable countries and regions that aim at developing human capital for greater participation in the green economy.
6. Put **research and innovation (R&I) for sustainability** at the service of an intra-EU economic, social and ecological convergence.
7. Introduce more **robust enforcement of cross-border pollution infringements**.

8. **Make a 2030 target for coal phaseout a priority of cohesion policy in 2021-27** for health and climate protection, while taking account of the just transition and different capabilities of Member States.

● **Intergenerational equity: Fostering intergenerational solidarity** that includes the equitable burden and benefit-sharing between age groups and between generations.

1. **“Future proof” infrastructure investments** within economic recovery plans.
2. **Integrate intergenerational justice** in the framework of the new Climate Law and into policies under review, such as the Farm to Fork strategy and the Common Agricultural Policy (CAP) reform, better regulation and the semester process.
3. Create an **EU Future Generation’s Ombudsman**: Building on lessons from youth councils and citizen’s assemblies, **support greater youth involvement in voting and existing democratic processes**, starting from the local level and extending voting rights to 16-year-olds.
4. Mainstream **sustainability issues within the EU Youth Strategy 2019-2027** and fund green vocational training for the youth.
5. Address the specific **vulnerabilities of the elderly in the climate adaptation strategy** but also in sectoral policies which might affect prices of essential goods and services.
6. **Promote intergenerational dialogues** as part of the processes around the Future of Europe conference and the Climate Pact.
7. Explore **European green volunteerism programme for pensioners**.
8. Make **green pension fund** investment decisions part of the second phase of the Sustainable Finance action plan.

INTRODUCTION

After years of consecutive growth, Europe is likely to enter a recession due to the exogenous shock represented by the coronavirus (COVID-19) pandemic. According to the International Monetary Fund's managing director and former European Commissioner, Kristalina Georgieva, among others, the recession will be worse than the one caused by the 2008-2009 financial crisis. International organisations recommend governments shield affected people and firms with large, timely and targeted fiscal and financial sector measures; reduce stress to the financial system and avoid contagion; and plan for recovery.³ Some recent economic forecasts suggest a 4 to 8% contraction of global GDP in 2020, which would be twice as large as in 2009⁴ with peaks of a -10% variation for some of the most affected EU member states. Given its severity, the crisis will undoubtedly constitute a unique litmus test for the EU's solidarity and its capacity, - alongside that of its Member States - to protect the poorest and most vulnerable countries, communities and people from the economic and social consequences of the COVID-19 pandemic.

This possibly unprecedented economic crisis is occurring only a few months after the European Commission proposed a European Green Deal, following dire warnings from the scientific community against a rapidly closing window of opportunity to confront environmental crises like run-away climate change, the mass extinction of plants and animals, and rising waste and pollution. Despite efforts to date, the EU finds itself with broadly deteriorating environmental conditions and trends⁵, unable to meet many of its own climate policy goals⁶, and off-track to meet the goals of the Paris Agreement.⁷ The recently launched State of the European Environment

State and Outlook 2020 by the European Environment Agency concludes that *“Europe's environment is at a tipping point. We have a narrow window of opportunity in the next decade to scale up measures to protect nature, lessen the impacts of climate change and radically reduce our consumption of natural resources. Our assessment shows that incremental changes (...) are not nearly enough to meet our long-term goals. Our future wellbeing and prosperity depend on it.”*

In this new and extremely concerning economic and social context, several voices from the industry, political parties and Member States are questioning the validity of the European Green Deal, demanding that it be postponed, weakened or that some of the existing environmental policy instruments, such as the Emissions Trading System (ETS), be suspended or eliminated.⁸ The economic downturn will present serious challenges to public and private budgets and will cause a great deal of economic and social distress, potentially creating further pressure to reprioritise.

The European Green Deal was designed to be the backbone of a sustainable growth strategy for Europe, as outlined in the Annual Sustainable Growth Strategy. In this new context of economic recession, such a growth-enhancing policy is even more relevant. This unforeseen situation offers a unique momentum to amplify the European Green Deal and make sure it is part of a far-reaching European transformation to ensure future policies are socially, sustainably and economically robust.

So far, the European Commission has decided to stay on course with the Green Deal. At the time of writing of

3 See for instance <https://www.theguardian.com/business/2020/apr/09/imf-chief-flags-up-grim-global-economic-forecast-covid-19>

4 See for instance ECF paper and McKibbin, W. and R. Fernando (2020), “The Global Macroeconomic Impacts of COVID-19: Seven Scenarios”, Brookings Institution. <https://www.brookings.edu/research/the-global-macroeconomic-impacts-of-covid-19-seven-scenarios/>

5 European Environment Agency (EEA) (2019), *The European environment — state and outlook 2020*. (SOER 2020) <https://www.eea.europa.eu/soer-2020/intro>

6 The 2020 energy efficiency goal looks unlikely to be reached while the RE goal is in doubt, and the 2030 renewable energy and energy efficiency goals are not on track. <https://www.eea.europa.eu/highlights/climate-change-significant-drop-in>

7 UNEP (2019), *Emissions Gap Report 2019*, <https://www.unenvironment.org/resources/emissions-gap-report-2019>

8 EU Green Deal should be cancelled because of coronavirus, Czech PM says (Green Tech Media), <https://www.greentechmedia.com/articles/read/eu-green-deal-should-now-be-canceled-says-czech-pm>
; Green Deal facing delays due to coronavirus, EU admits (Euractiv)
<https://www.euractiv.com/section/energy-environment/news/green-deal-facing-delays-due-to-coronavirus-eu-admits/>
; EU should scrap emissions trading scheme, Polish official says (Euractiv)
<https://www.euractiv.com/section/emissions-trading-scheme/news/eu-should-scrap-emissions-trading-scheme-polish-official-says/>



this paper, at least 17 Member States have decided to rally behind this vision by calling for a green recovery.⁹ An initial agreement on some measures was reached on 9 April, creating a “safety net” of €540 billion – for member states via the European Stability Mechanism, for companies through the European Investment Bank, and for workers via the European Commission’s new instrument SURE (Support to mitigate Unemployment Risks in an Emergency).¹⁰ However, difficult discussions still lie ahead to decide on longer-term recovery measures, including the divisive issue of joint debt issuance (“coronabonds”), in a context in which Member States are so far failing to find an agreement on the next budget for the EU and in which different visions for an economic recovery are clashing. Yet in these challenging times, it is even more vital that revision of the MFF not only shields climate-related spending but also allows for higher resources to be mobilised to serve a better pathway out of the recovery and mobilise a transformation of the European economy and societies.

The Green Deal sets out a new vision which seeks to unify the EU by simultaneously addressing its economic, environmental and social challenges in a mutually supporting way. It acknowledges the need for a profound transformation of the nature of growth in Europe. In a context in which the fragility of the current economic system is becoming self-evident, the Green Deal, therefore, provides the best available framework from which to construct the pathway towards recovery and “build back better” to strengthen resilience against future shocks:

“The European Green Deal sets a path for a transition that is just and socially fair. It is designed in such a way as to leave no individual or region behind in the great transformation ahead.” “The European Green Deal is our new growth strategy. It puts sustainability – in all of its senses – and the well-being of citizens at the centre

of our action. This requires bringing together four dimensions: environment, productivity, stability and fairness.”¹²

More than ever, concerns regarding equity¹³ will need to be at the centre of the Green Deal’s implementation and Europe’s recovery plans in a way that leads to significant structural changes to society and economy rather than incremental improvements.

A watered-down Green Deal, which fails to kickstart systemic change, would threaten equity between countries and regions, people and generations of the EU – the poorest countries and regions within the EU are likely to be more exposed to impacts and are less prepared to cope with their consequences. Within each Member State, the poorest and most vulnerable households and communities are also likely to be most negatively impacted. Run-away climate change, biodiversity loss and pollution would leave a legacy of risks and hardships for young people and future generations, but also disproportionately negatively affect the poor and the vulnerable including the elderly populations. The evidence shows that the different elements of sustainability support each other in the long-term, particularly if approaches such as ‘One Health’ are taken into account, which is why a coherent and cohesive Green Deal that incorporates the social, environmental and economic aspects should be a central element of any recovery programme.

Legitimate concerns regarding the potential negative impacts that misguided greening policies could have on equity need to be adequately addressed. In the absence of strong pro-equity measures, poorer Member States could fall further behind and the most vulnerable households and communities could see their living standards negatively affected. Likewise, traditional EU responses to past economic and financial crises, which instead of preventing increases in poverty and inequality

9 (20 April 2020) “Four more Member States support call for a green recovery”, (AgenceEurope) <https://agenceurope.eu/en/bulletin/article/12470/10>

10 Valero, Jorge. (10 April 2020) “Eurogroup agrees on €540 billion corona-package” (Euractiv) <https://www.euractiv.com/section/economy-jobs/news/eurogroup-agrees-on-e540-billion-corona-package/>

11 https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

12 European Commission (2019), Annual Sustainable Growth Strategy 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1578392227719&uri=CELEX%3A52019DC0650>

13 It should be noted that concerns may be raised about an implicit primacy of sustainability over equity. However, we believe that the concepts of sustainability and equity are of equal value, that they cannot be achieved one without the other and that they can instead become mutually reinforcing, if the right policy framework is in place.

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contributed to the slowing down of the convergence between Member States, will need to be questioned if societal cohesion and the European project are to survive the challenges ahead.

As a preliminary contribution to future debates, this paper explores policy approaches and suggests concrete measures that can address equity concerns in the context of the European Green Deal and the COVID-19 pandemic. The aim is to move the debate around equity and the Green Deal in Europe into a concrete and actionable forum. The discussion around equity and a sustainable transition is rich and complex; this paper has a limited scope and therefore cannot offer a more comprehensive perspective. It omits many issues – not because they are unimportant, but out of a need to focus the limited space on a few practical suggestions for the EU policymaking context.

The paper is based on desk research and consultation with high-level experts (see full methodology in annex 1) during the first phase of the coronavirus crisis (February-April 2020). Building on previous work focused on climate justice, done in the context of the 2019 UN Climate Action Summit,¹⁴ the paper analyses equity from three different angles: inter-country equity, intra-country equity and intergenerational equity.

Inter-country equity addresses questions such as the differential impacts, responsibilities and capabilities to mitigate and adapt to sustainability problems. Intra-country equity considers these issues in terms of their differential impact on different groups within countries. Inter-generational equity addresses the unique challenges of differential impacts between generations, including future generations, which raise specific concerns in the context of the sustainability crisis. These areas of course overlap, but this is a useful framework for discussing the different issues raised in the debates on sustainability and equity.

The paper is thus divided into three sections:

- **Intra-country equity:** Putting **equity and well-being for all** at the centre of the Green Deal so that every EU citizen, irrespective of their income, race or ethnic background, gender or community, can be protected from the current and forthcoming impacts of environmental degradation and participate in the Green Deal to the fullest of their capabilities.
- **Inter-country equity:** Harnessing the Green Deal for **greater cohesion** and solidarity by aiming at a greater convergence in living standards amongst countries and regions and by making the protection of Europe's commons (water, seas, land, forests, and air) a key pillar of the European project.
- **Intergenerational equity: Fostering intergenerational solidarity** that includes the equitable burden and benefit-sharing between age groups and between generations.

Proposals have been selected not to be comprehensive, but rather to highlight some important initiatives that could be taken immediately to initiate some of the structural changes that are needed in these areas, and to start a debate and discussion around the actions that could be taken immediately, primarily at EU level, but also in coordination with the Member States, to make progress in the area of equity while addressing the sustainability crises in the short to medium term.

While not the focus of this paper, it is also paramount for the EU to address global equity concerns arising from the climate, biodiversity and pollution crises, as well as the present pandemic and its economic consequences. The scope and importance of the global dimension of these questions mean that they need further, separate consideration.

¹⁴ Charveriat, C., Monteville, M., Nesbit, M., Stainforth, T., Billingham, C. (2019) *UNited for Climate Justice - Background paper*, FEPS, https://www.feps-europe.eu/resources/publications/691-com_publications_publications.html; and Billingham, C. (2019) *UNited for Climate Justice - Declaration with guiding proposals for Progressive Climate Action*. FEPS. <https://www.feps-europe.eu/resources/publications/692-united-for-climate-justice-declaration-with-guiding-proposals-for-progressive-climate-action.html>



PART I

Putting sustainability, equity and well-being for all at the centre of Europe's economic recovery and the Green Deal

The implementation of the European Green Deal is occurring in a different context than the one envisioned at the onset. In the absence of a different approach, poverty and inequality in Europe will increase. In the aftermath of the last financial crisis, between 2009 and 2012, the number of “severely materially deprived” people, an indicator which measures extreme poverty, increased by almost 10 million. Since the onset of the 2008 economic crisis, income inequality within the EU Member States has been gradually rising, and it was not until 2016 that the signs of a potential turnaround began appearing.¹⁵ Leaving no one behind, the principles enshrined in the Sustainable Development Goals (SDGs) and the Green Deal, has, therefore, become an even greater challenge given the crisis and the urgent and immediate needs. To address this, this paper proposes the following approaches:

1.1 Coordinated recovery plans as a pathway to systemic change and structural reform

Firstly, it is important to build on the lessons from green investments undertaken during the previous economic crisis: global green measures and investments amounted to around 16% of the total fiscal stimulus spending in 2008-09. In the EU, green investments reached nearly 60% of the stimulus spending.¹⁶ However, most green measures failed to achieve a systemic and lasting change, as most countries left in place environmentally-harmful subsidies and inadequate regulatory regimes.¹⁷

Building on these lessons, forthcoming economic and social recovery plans should be designed to support systemic change aligned with SDGs. Thus, they would need to **cover all the key systems (energy, mobility, nutrition, housing and leisure)**.

Each measure within recovery plans should satisfy the following tests:¹⁸

- **Moves the system along three transformative phases** (the emergence of novel practices and technologies, their diffusion and uptake within society and the reconfiguration of established systems).¹⁹
- Achieves the **right balance between compensation and structural reorientation** measures.
- Addresses major **system lock-ins** (e.g. dominant design; sunk costs; job markets; user practices and lifestyles; infrastructures).
- Strengthens **economic, social and societal resilience** to cope with multiple shocks (see part below).

In contrast to the response to the previous economic crisis, recovery plans must be accompanied by transformative policy measures²⁰, including:

- **Innovation for transformative change policies** (ensuring Horizon Europe and national R&I funding are ringfenced and reoriented towards systems innovation that promotes transformation pathways, allows for experimentation, and supports domain coordination).

¹⁵ Eurostat, 2019. <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/63344.pdf>

¹⁶ Barbier, Edward. (2010) “Green stimulus is not sufficient for a global green recovery”, VOX: CEPR Policy Portal, <https://voxeu.org/article/urgently-needed-global-green-new-deal>, accessed 6 April 2020

¹⁷ Mundaca, L., & Luth Richter, J. (2015). Assessing “green energy economy” stimulus packages: Evidence from the U.S. programmes targeting renewable energy. *Renewable and Sustainable Energy Reviews*, 42, 1174–1186. <https://doi.org/10.1016/j.rser.2014.10.060>

¹⁸ Inspired by chapter 15, 16 and 17 of SOER 2020

¹⁹ Geels (2002) as quoted by SOER 2020

²⁰ Inspired by part 3 and 4 of SOER2020

PART I: PUTTING SUSTAINABILITY, EQUITY AND WELL-BEING FOR ALL AT THE CENTRE OF EUROPE'S ECONOMIC RECOVERY AND THE GREEN DEAL

- **Environmental, sectoral, industrial and fiscal policies**, such as carbon pricing, regulation, removal of harmful subsidies, market creation, subsidies to support the adoption of greener technologies or processes and backing winners.
- **Welfare, employment and regional policies**, including compensation schemes, phase-outs, pro-equity corrective measures, retraining and regional assistance.

Applying such an approach to one of the key systems – transport – would entail the following (Box 1). Other systems, energy, nutrition, housing and leisure, would need their own approaches developed in-depth.



BOX 1: A systems approach to transport

Greenhouse gas (GHG) emissions from transport (including international aviation but excluding international shipping) in 2017 were 28% above 1990 levels²¹, and now make up 27% of all EU emissions. The transport industry is one in which large industrial and corporate entities exert outsized pressure through lobbying and political clout, successfully passing much of the social and economic costs of their industry onto the broader public (including through air, water and noise pollution, climate change, habitat destruction, accidents and social costs) while internalising profits, and to some extent the benefits for their customers. This is a dynamic that needs to be confronted while supporting those employed in these industries and maintaining mobility links. Building on proposals contained in the Green Deal, this paper proposes the following measures

- **Orienting R&I towards new modes and systems of mobility** that are not predicated on individually owned automobiles, including for remote areas which are difficult to connect through rail or bus connections.
- **Increasing the attractiveness and affordability of public transport and non-motorised transport**

options while internalising costs of other modes of transport through increased funding, and taxation and pricing options.

- **Upgrading and integrating Europe's passenger and freight railway system** as part of recovery plans.
- Setting conditions for any support to the airline industry on a five-year pathway that **removes the tax exemption on kerosene for intra-EU flights** (and eventually all international flights), **ends the VAT exemption for flights**, and **removes free allowances** under the ETS for airlines.
- Setting conditions for any support to the automobile industry to a five-year pathway to enhanced sustainability, including **increased targets for zero-emission vehicles** by 2025, the introduction of an **ambitious euro-vignette system and effective road pricing**, and the **removal of fossil fuel subsidies and tax advantages for personal cars** at the Member State level. The entire automobile industry must be transitioning toward the elimination of internal-combustion engines by the early 2030s, and a major transformation is needed now, also bearing the environmental and social effects of new technologies such as batteries in mind.
- **Addressing demand issues** by low-carbon spatial planning, including the prevention of urban sprawl and upgrading of production and communication systems in a way that supports home working and reduces travels; by promoting low-carbon leisure options in cities, such as high quality and affordable recreational facilities and easy access to high-quality green and natural areas; and by supporting shorter food supply chains.

While many of the economic recovery measures will be domestic, the recent announcement made by the Member States in favour of a green recovery could signal a greater willingness from Member States to **coordinate recovery plans more effectively** compared to the previous economic crisis, especially in terms of the greening

21 EEA, Greenhouse gas emissions from transport in Europe, <https://www.eea.europa.eu/data-and-maps/indicators/transport-emissions-of-greenhouse-gases/transport-emissions-of-greenhouse-gases-12>, Accessed 04/03/2020,



component. The EU institutions should use a **reformed European semester process** to assess the quality of recovery plans using the tests above, address systemic risk beyond the strictly economic and financial sphere, introduce new sustainability indicators (such as public funding for just transition) and adopt an approach in the form of recommendations and support for structural reforms.²²

1.2 Distributing carbon dividends as part of the response to the crisis

Taking advantage of the low oil prices, the EU and its Member States should **eliminate fossil fuel subsidies** from their budgets and redistribute the savings equally amongst their citizens to offset the costs of transition. This would allow for decarbonisation of the economy while maintaining broad citizen support. In 2013, the OECD estimated the total value of fossil fuel subsidies in the EU at €39 billion – equal to an annual expenditure of approximately €603 per person, although this varies considerably by country²³. Albeit in a different context and at a different scale, such an approach has, for instance, been used in Canada (see box). The EU and its Member States should also consider, in the context of crashing ETS prices, to **establish a carbon price floor**, as was done in the UK already, for example, to provide a consistent price signal. Higher ETS prices in 2019 have finally started to produce dividends in terms of significant emission reductions, and this incentive cannot be lost as it resulted from many years of difficult policy decisions and compromises²⁴. Proceeds could also be earmarked to the economic, social and ecological recovery by contributing for instance to a universal basic income in Europe, a measure which has been explored by some Member States and which is regaining traction in the wake of the crisis.

22 IEEP, (2020), *Role of a reformed European Semester within a new sustainable economy strategy* <https://ieep.eu/publications/role-of-a-reformed-european-semester-within-a-new-sustainable-economy-strategy>

23 Directorate-General for Internal policies (2017), *Fossil Fuel Subsidies* [https://www.europarl.europa.eu/RegData/etudes/IDAN/2017/595372/IPOL_IDA\(2017\)595372_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2017/595372/IPOL_IDA(2017)595372_EN.pdf)

24 Wttengel, Julian. (2 April 2020) "German emissions covered by European trading drop 14 percent in 2019", *Clean Energy Wire*. <https://www.cleanenergywire.org/news/german-emissions-covered-european-trading-drop-14-percent-2019>

25 The Ex'tax Project, <https://ex-tax.com/>



CASE STUDY 1: Revenue recycling to population

The Canadian province of British Columbia instituted a carbon tax in 2008. Evidence suggests that the tax has reduced emissions by 5-15% with little economic side-effect. One feature of the tax's implementation was to recycle its revenues back to the population, largely through a system of fairly progressive tax cuts. Studies on the effect of the tax are not fully conclusive, but the latest research suggests that the combination of tax cuts and credits has protected the lowest income households from income decreases. Polling has shown that the tax has become increasingly popular over time. Considering the generally difficult political environment for carbon taxation in North America, this case can be considered as an example of a socially neutral but effective climate mitigation policy that managed to maintain popular support. A trade-off of this approach is that it does not provide additional funding to invest directly into a sustainable transition.

Source: Murray, Brian & Rivers, Nicholas. (2015). British Columbia's revenue-neutral carbon tax: A review of the latest "grand experiment" in environmental policy. *Energy Policy*. 86. 674-683. 10.1016/j.enpol.2015.08.011.

Carbon dividends can also take the form of a **steep reduction in the taxation of labour, compensated by an increase in environmental taxation**.

The Green Deal proposes to "create the context for broad-based tax reforms, removing subsidies for fossil fuels, shifting the tax burden from labour to pollution, and taking into account social considerations". One of the potential supply-side measures to respond to the crisis will include a reduction in employer payroll taxes. The Ex'tax project²⁵ outlines the fact that "high taxes on labour encourage businesses to minimise their number of employees. Resources, however, tend to be untaxed; they are used unrestrained. This system causes unemployment, overconsumption and pollution".

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In 2011, the EU's flagship initiative *Roadmap to a Resource-efficient Europe*²⁶ called for a major shift to environmental taxes by 2020²⁷. Discouragingly, the trend has, in fact, gone in the opposite direction, dropping from 6.3% in 2009 to 6% in 2018, while labour taxation represents almost 50% of all tax revenues²⁸. Although decision-making power on taxes remains mostly at the Member State level, the Commission's proposed changes to the qualified majority voting (QMV) rules around taxation would be a structurally important change in this area, with the benefit of less distortion and fragmentation between Member States in their tax regimes²⁹. While this is not the focus of this paper, other forms of taxation should be explored, including taxing capital or digital data.

Lastly, additional funding to support affected households and SMEs could be mobilised through a **Financial Transaction tax**, such as the one proposed by the Commission in 2013. Levying a small charge on certain financial transactions would be optimal for raising significant funds (€ 30-35 billion under the 2013 proposal) and shifting the tax burden. This would necessitate that the proceeds from such a charge are earmarked for spending on the just transition.

1.3 Double benefit policies that support transformation and reduce multidimensional inequalities

Poorer citizens, who are most at risk in the current crisis, are also the most affected by environmental degradation (see Box 2).



BOX 2: Multidimensional inequality and environmental degradation

Because of their greater exposure to hazards like pollution, noise and extreme temperature, the health of Europe's poorer citizens is more negatively affected by environmental degradation than other income groups.³⁰ Poorer households also have less access to green spaces, with negative effects on their physical and mental health³¹. Likewise, poorer households have less access to nutritious and healthy food due to food deserts in low-income neighbourhoods and the unaffordability of fresh fruits and vegetables.

Due to gender norms, **men and women** are also impacted in different ways. Women were particularly affected during the 2002-2003 heatwaves in Europe – in Portugal, for instance, their mortality rates were twice as high as men's.³² By contrast, as most workers in carbon-intensive sectors are men, they are the ones who suffer the most from the switch away from these sectors³³.

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- 26 European Commission. (2011), *Roadmap to a Resource Efficient Europe*. COM(2011) 571 final. <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0571:FIN:EN:PDF>
- 27 IEEP et al. (2017) *Capacity building for Environmental Tax reform report*. https://ec.europa.eu/environment/eir/pdf/ETR_and_Civil_Society_Background_Report_Final.pdf
- 28 Eurostat. Environmental tax statistics. Data extracted in January 2020. Accessed 07 April 2020. https://ec.europa.eu/eurostat/statistics-explained/index.php/Environmental_tax_statistics#Environmental_taxes_in_the_EU
- 29 Eero Yrjö-Koskinen, Emma Watkins and Patrick ten Brink. (4 March 2019) "Time to get rid of EU's unanimity rule on green fiscal matters," Euractiv. <https://www.euractiv.com/section/climate-environment/opinion/time-to-get-rid-of-eus-unanimity-rule-on-green-fiscal-matters/>
- 30 EEA (2018), *Unequal exposure and unequal impacts: social vulnerability to air pollution, noise and extreme temperatures in Europe*, <https://www.eea.europa.eu/publications/unequal-exposure-and-unequal-impacts/>
- 31 IEEP. (2017) "Access to Nature Reduces Health Inequalities: An IEEP Briefing". <https://ieep.eu/publications/access-to-nature-reduces-health-inequalities-an-ieep-briefing>
- 32 European Institute for Gender Equality. (2012). *Review of the Implementation in the EU of area K of the Beijing Platform for Action: Women and the Environment Gender Equality and Climate Change*. <https://eige.europa.eu/sites/default/files/documents/Gender-Equality-and-Climate-Change-Report.pdf>
- 33 Charveriat, C. (2017) "Climate change: a feminist issue, but a generational issue too" *Europe's World*. <https://www.linke-din.com/pulse/climate-change-feminist-issue-generational-too-celine-charveriat>



There is a **rural-urban divide** when it comes to the climate, pollution and biodiversity crises. In rural areas, 12.2% of the population faces difficulties in accessing public transport, compared to 5.7% in intermediate areas and 2.3 % in cities.³⁴ This is why any increase in the cost of private transport would hit rural households disproportionately. The climate and biodiversity crises will strongly affect rural livelihoods, agricultural production as well as tourism. By contrast, urban areas are likely to be more exposed to other types of impact (for instance extreme heat events, air pollution) than their rural counterparts.

Compounded inequalities linked to **racial or ethnic discrimination** and lower socio-economic status also need to be explored. One in three Roma in the EU lives without tap water at home and, beyond lacking access to public environmental services, “many [Roma] communities are disproportionately exposed to environmental degradation and pollution stemming from waste dumps and landfills, contaminated sites, or dirty industries”.³⁵

The European Green Deal rightly emphasises the need to leave no one behind. In 2008, the EU set a target of lifting 20 million people out of the risk of poverty or social exclusion by 2020. As of 2017, the number of people

lifted out of poverty since 2008 was 4.2 million³⁶. Thus, it appears unlikely the EU will meet its goal, calling for enhanced measures to address poverty. Moreover, according to Eurostat, there is a worsening trend for all the four inequality indicators used to monitor progress on SDGs in the EU³⁷. Given the current economic context, this target will have to be maintained beyond 2020, and it could be complemented by a target regarding severely materially deprived people.³⁸ Such targets would need to be complemented by specific double benefit policies that accelerate the sustainability transition while fostering convergence in well-being and living standards of all citizens. Examples include:

- **Sectoral initiatives to put “those further behind first”**, including free low-carbon public transport in urban areas; green social housing programmes; priority air pollution action plans for the most affected communities; innovative solutions to remove barriers to mobility for the rural poor; addressing food deserts and the lack of affordability of healthy and sustainable food such as fruits and vegetables³⁹; and renovation requirements for the sale or rental of energy-efficient properties poverty.⁴⁰
- **Equitable green taxation**, such as a **variable tax structure on consumption**, where feasible – for instance, with a low price for subsistent use, as is often the case on water and sometimes energy pricing, followed by a proportional price increase with consumption. This recognises the basic needs while discouraging

34 European Network for Rural Development (2013), *What can LEADER/CLLD and other bottom-up initiatives do for social inclusion in rural areas?* https://enrd.ec.europa.eu/sites/enrd/files/w8_factsheet1_leader_clld.pdf

35 Heidegger, P.; and Wiese, K. (2020). Pushed to the wastelands: Environmental racism against Roma communities in Central and Eastern Europe. Brussels: European Environmental Bureau <https://eeb.org/library/pushed-to-the-wastelands-environmental-racism-against-roma-communities-in-central-and-eastern-europe/>

36 Raibagi, Kashyap. (17 April 2019) “Europe might fall short of its poverty eradication target for 2020”. European Data Journalism Network. <https://www.europeandatajournalism.eu/eng/News/Data-news/Europe-might-fall-short-of-its-poverty-eradication-target-for-2020>

37 Eurostat. 2019. Sustainable development in the European Union.

38 Eurostat. (May 2019) “SDG 10 – Reduced inequalities Statistics Explained”. <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/63344.pdf>. Accessed 19 April 2020;

Darvas, Z. (18 February 2020) “The EU’s poverty reduction efforts should not aim at the wrong target” Bruegel Blog Post. <https://www.bruegel.org/2020/02/the-eus-poverty-reduction-efforts-should-not-aim-at-the-wrong-target/>

39 Shaw, H. (2006) “Food Deserts: Towards the Development of a Classification”, *Geografiska Annaler. Series B, Human Geography* Vol. 88, No. 2, Geography and Power, the Power of Geography (2006), pp. 231-247 <https://www.jstor.org/stable/3878390?seq=1>;
IPES Food, (2019). *Towards a Common Food Policy for the European Union*, http://www.ipes-food.org/_img/upload/files/CFP_ExecSummary_EN.pdf

40 Delors, J., Fernandes, S., Pellerin-Carlin, T. (29 January 2018), “Europe Needs a Social Pact for the Energy Transition” *Europe for All*. Policy Brief. <https://institutdelors.eu/wp-content/uploads/2018/01/SocialPactforEnergyTransition-DelorsFernandesPellerinCarlin-January18.pdf>



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high usage.⁴¹ The EU could also encourage **additional luxury taxes** to incentivise sustainable consumption. The taxes could focus on high-end sports cars, yachts or private jets, large houses and luxury tourism, for example, as these are products with particularly high environmental externalities. A progressive **“frequent flyer levy”** at EU level would be an additional measure that would allow people to continue basic access to air travel, but limit “luxury” travel.⁴² A **financial transaction tax for a just transition** could also be explored (see above).

- **Structural reorientation measures to support affected workers, regions, communities and SMEs**, such as skills upgrade, assistance in finding jobs, wage subsidies, regional assistance for economic diversification, and assistance to stimulate reorientation towards new technologies and markets.⁴³
- **Measures to improve inclusivity in the green economy** by supporting the green and social economy, green training programmes and education for unskilled workers and youth.
- **Pro-equity adaptation**: ensuring that Europe's adaption policy design and related funding aims at protecting livelihoods and assets of Europe's most vulnerable citizens.

Financing such policies would require an **expanded Just Transition Mechanism, whose funding (€7.5 billion) and scope are, so far, inadequate**. For example, Germany has agreed to €40 billion for affected coal regions, workers and companies as part of plans to end its use of brown coal by 2038 (in addition to other measures)⁴⁴. When considering the availability of resources in

less affluent countries, a significantly larger scale is needed. This mechanism should be complemented by the adoption by each Member States of **national just transition programmes** building on good practices such as Spain's (box). Funding allocated under the Just Transition Mechanism should respect the ‘polluter pays principle’, to ensure that public funding is not being used to cover the obligations of those who have profited from environmental damage⁴⁵, but instead enables structural change that will benefit workers and communities.



CASE STUDY 2: Spanish Coal Mine Closures & Just Transition

In 2018, the Spanish government came to an agreement with trade unions to close most of the country's coal mines. The agreement provided €250 million for mining regions to help in their just transition. The agreement combined early retirement schemes for miners over 48, with environmental restoration work in pit communities and re-skilling schemes for cutting-edge green industries. Over 1.000 workers in Spain's northern mining regions – Asturias, Aragón, and Castilla y León – lost their jobs as part of the package. About 600 workers were eligible for social aid under the scheme, while about 60% of the miners were eligible for early retirement. An action plan is envisioned for each mining community, including plans for developing renewable energy and improving energy efficiency, and investing in and developing new industries.

41 Gough, Ian (2019) “Necessities and luxuries: how to combine redistribution with sustainable consumption.” In: Meadowcroft, James, Banister, David, Holden, Erling, Langhelle, Oluf, Linnerud, Kristin and Gilpin, Geoffrey, (eds.) *What Next for Sustainable Development?: Our Common Future at Thirty*. Social and Political Science 2019. Edward Elgar, Cheltenham, UK, pp. 138-158. ISBN 9781788975193 <https://doi.org/10.4337/9781788975209.00018>

42 Devlin, S., & Bernick, S. New Economics Foundation, (2015), Managing aviation passenger demand with a frequent flyer levy https://b.3cdn.net/nefoundation/58e9fad2705500ed8d_hzm6yx1zf.pdf

43 Spencer and all, 2008, as cited by SOER 2020, p. 393.

44 Hodgson, Robert. (19 Feb. 2020). “Just transition fund offers ‘peanuts’ to Europe's coal regions.” ENDS Europe. <https://www.ends europe.com/article/1674532/just-transition-fund-offers-peanuts-europes-coal-regions>

45 Hanoteaux, R., Mustata, A., (14 January 2020), “Funding the right incentives for the just transition,” CEE Bankwatch Network, <https://bankwatch.org/blog/funding-the-right-incentives-for-the-just-transition>



1.4 Promoting societal resilience through climate adaption and a green care economy

Considering the current crisis, policy frameworks and funding programmes should be reoriented to strengthen societal resilience, not just through economic or financial systems, but also for health, social, societal and ecological systems. Risk reduction, both to covariant and idiosyncratic shocks, should become a greater priority.

Given that the world is almost certainly on a trajectory for global heating of at least 2 degrees, and likely more, **adaptation policy** will be a key element for strengthening resilience⁴⁶ at the EU level to help address the imbalances in impacts across countries and regions. In the Green Deal, the European Commission commits to adopt a new, more ambitious EU strategy on adaptation to the climate emergency. Adaptation will be a key factor that tangibly affects many of the most vulnerable peoples' lives. Without effective adaptation measures to future-proof households and the economy, the lives of people in vulnerable areas risk becoming unstable and untenable. This would require the following approach:

- **Prioritise the adaptation of health and care systems**, so they can better respond to a changing disease burden (e.g. the expansion of insect-borne diseases, frequent heat waves).
- **Ensure adequate levels of funding**, starting by monitoring adaptation spending through clear separation between budget tracking for adaptation and mitigation spending in the EU budget.
- **Enhance the prominence of inclusive adaptation programmes within the Covenant of Mayors'** agenda to ensure wide-spread local engagement and empowerment of local actors.

- Enhance and prioritise the consideration of **eco-system-based approaches to adaptation in the new EU adaptation strategy** and related programming.
- Explore social and societal innovations that could boost resilience to multiple shocks, whether economic, sanitary or environmental.

Another way to increase resilience and respond to citizen concerns in the wake of the crisis will be to build a stronger **green care economy** by:

- promoting the **creation of care jobs** within recovery plans;
- increasing the **resilience of care systems** to extreme weather events linked to climate change and a changing disease burden, including an increased likelihood of the propagation of insect-borne diseases in Europe;
- accelerating the **decarbonisation and circularity of the health care sector** through R&I and investments;
- addressing key **environmental health issues**, such as pollution and noise, as part of disease prevention;
- guaranteeing access **to green and blue spaces** as part of health promotion policies and Europe's biodiversity strategy, given their proven positive impacts on health.⁴⁷

Beyond recovery plans, a concrete avenue for making progress on this issue will be the upcoming communication of the European Commission on the economy of well-being, building on the 2019 conclusions of the European Council⁴⁸

46 Task Force Energy Communities (2019), *Energy Communities in the EU*, https://www.h2o2o-bridge.eu/wp-content/uploads/2020/01/D3.12.d_BRIDGE_Energy-Communities-in-the-EU-1.pdf

47 Pleson, E., Nieuwendyk, L. M., Lee, K. K., Chaddah, A., Nykiforuk, C. I., & Schopflocher, D. (2014). "Understanding older adults' usage of community green spaces in Taipei, Taiwan." *International journal of environmental research and public health*, 11(2), 1444–1464. <https://doi.org/10.3390/ijerph110201444>

48 Economy of Wellbeing: the Council adopts conclusions. (24 October 2019) European Council 13171/19. <https://www.consilium.europa.eu/en/press/press-releases/2019/10/24/economy-of-wellbeing-the-council-adopts-conclusions/>

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1.5 Closing the financial gap for the Green Deal and the sustainability transition

In the context of the COVID-19 pandemic, all European governments are faced with enormous economic and social challenges. Compensating for losses by affected firms and supporting households facing the loss of income and employment requires the mobilisation of new public funding, yet many states are already struggling to face the cost of their existing debts.

The European Commission identified an annual funding gap of €180 billion to achieve the existing climate and energy targets by 2030. According to estimates from the European Investment Bank (EIB), meanwhile, the overall investment gap in transport, energy and resource management infrastructure has reached a yearly figure of €270 billion⁴⁹.

Given the need for governments and private companies to respond to the economic and social challenges linked to the current crisis, there is a great risk that green investments will be negatively affected. During the previous financial crisis, total environmental expenditure (both public and private) as a share of GDP did not decrease. According to available evidence, this is due to increased green spending linked with fiscal stimulus programmes.⁵⁰ However, despite the recovery of fiscal revenues in the EU by 2011⁵¹ and more than seven years of growth, public environmental expenditure in constant prices has remained flat between 2006 and 2018, at around €100 billion⁵².

Instead, a steep increase in both public and private investments is necessary to deliver the Green Deal's vision, with some calling for a Green Marshall plan⁵³.

To finance such a plan, the following measures should be explored:

- **Exemption of investments necessary for climate mitigation, adaptation or a just transition from the fiscal rules in the Stability and Growth Pact**, particularly given the urgency of such investments, which may require high levels of public investment in the early years. To avoid the abuse of the provisions, the “maximum amount of Green Deal investment exempted could be related to the level of the ‘green investment gap’ in each country, which would be discussed and determined each year as part of the European Semester”, and investments would need to follow the green taxonomy.⁵⁴ To ensure comparability and rigour among Member States, common metrics would be essential. The American economist Joseph Stiglitz has proposed exempting productive investment, defined to include not only infrastructure but also investments in education, health, and innovation⁵⁵. This would allow countries to address chronic under-investment and unlock simultaneous investments for long-term sustainability.

- **Adequate macroeconomic policies in the eurozone: The EU and its institutions should send powerful macroeconomic policy signals to the market through monetary policies.** Central Banks and the EIB could provide green quantitative easing by buying bonds issued by firms or governments to fund environmentally-friendly investments. This can reduce the cost of borrowing for such projects, thus encouraging the practice, with added benefits as an economic stimulus promoting employment in these and related sectors⁵⁶. The European Central Bank (ECB) could also do more to guide lending in Europe, especially in a time of economic crisis, to balance social and private costs. As suggested by Stiglitz, the EU should “encourage some

49 European Commission. Communication from the Commission: to achieve EU climate and energy targets by 2030. COM(2018)97 final. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0097&from=EN>

50 Görlach, B., Porsch, L., Marcellino, D. and Pearson, A., (2014), *How crisis-resistant and competitive are Europe's Eco-Industries?*, Ecologic Institute, Berlin, <https://www.ecologic.eu/10477>.

51 Eurostat. Tax Revenue Statistics. https://ec.europa.eu/eurostat/statistics-explained/index.php/Tax_revenue_statistics. Data extracted on 29 October 2019

52 EEA. Environmental protection expenditure. Published 29 Nov 2018. Last modified 26 Nov 2019. <https://www.eea.europa.eu/airs/2018/resource-efficiency-and-low-carbon-economy/environmental-protection-expenditure>

53 Sanchez, Elena. (20 March 2020) “Will coronavirus torpedo the Green Deal?” EUObserver. <https://euobserver.com/coronavirus/147815>; Lesser, I. (1 April 2020) “A coronavirus ‘Marshall Plan’ alone won’t be nearly enough” EUObserver. <https://euobserver.com/opinion/147929>

54 Claeys, Gregory, (10 December 2019) “The European Green Deal needs a reformed fiscal framework.” Bruegel. <https://bruegel.org/2019/12/the-european-green-deal-needs-a-reformed-fiscal-framework/>

55 Stiglitz, J. (2019) FEPS: *Rewriting the Rules for the European Economy*. https://www.feps-europe.eu/attachments/publications/book_stiglitz-rewriting_rules.pdf

56 Dafermos, Y., Nikolaidi, M., & Galanis, G.. (2018), “Can Green Quantitative Easing (QE) Reduce Global Warming?” FEPS Policy Brief. <https://www.feps-europe.eu/attachments/publications/feps%2520gperc%2520policybriefgreenqe.pdf>



types of lending, whether to smaller firms or minorities, and to discourage other types of lending, such as to property speculators, or for mergers and acquisitions. The ECB could also restrict bank lending portfolios—maximum lending in some areas, minimum in others. Especially in a deep economic downturn, credit must flow to where it can best resuscitate the economy”.⁵⁷

- Encouraging and **facilitating the development of green and social financial products** that are attractive to individual investors who want to make sustainable choices and to collective investors like pension funds who want to future-proof their portfolio and/or to ensure that their investments contribute to environmental sustainability goals. **Green Bonds**, already in use by the EIB, are a useful tool for scaling up investments in sustainable infrastructure. This is a proven way of raising funds for public investments that can use the financial power of the EIB and other lending institutions to offer low-interest rate means of financing infrastructure with benefits for sustainability across a broad spectrum.
- The EIB has set itself the target of doubling its climate target from 25% to 50% by 2025, thus claiming to become **“Europe’s climate bank”**.⁵⁸ The EIB – alongside national development banks – should maintain these targets and play an important role as a counter-cyclical lender. It should push for a new scale of lending during this crisis, and work more closely with national banks, to ensure that SMEs have access to credit.
- Reforming the **European Fund for Strategic Investment** and its successor plan, **Invest EU**. Despite shrinking public resources, these programmes will likely be maintained, since they rely on highly leveraged lending, with a somewhat heavier reliance on risk-sharing with the private financial sector, and the use of increasingly complex financial instruments and products, rather than direct lending using traditional instruments like loans. While these programmes have had some success in increasing loan volume to meet targets, and this has led

to some very significant achievements, there is a trade-off in terms of the degree of ‘policy steer’ that the EIB can have in administering these programmes, which will become increasingly problematic with the implementation of an explicit programme of structural change like the Green Deal. In addition, the programmes have led to a situation where private actors can use public funds for their private benefit while leaving a great deal of risk in the hands of the public.⁵⁹

- **Ring-fencing R&I funding for innovation for sustainability**: the EU and its Member States are not yet reaching the 3% European target of gross domestic R&I expenditures as part of GDP. At the European level, it would be vital that the funding set aside for Horizon Europe is not affected by the crisis and the current MFF negotiations. The European Commission has said that the new Horizon programme will “involve local communities in working towards a more sustainable future, in initiatives that seek to combine societal pull and technology push”.⁶⁰ It will be important to ensure that less developed regions and countries can access this initiative, to ensure that their priorities and interests are represented. The European Innovation Council “will dedicate funding, equity investment and business acceleration services to high potential start-ups and SMEs”.⁶¹ Care must be taken to ensure that SMEs are given access to these funds and that non-traditional actors in more peripheral areas have as much access as those with more experience with EU funding. R&I that benefits particularly the adaptation needs of Southern Europe and other vulnerable regions must be maintained and enhanced.

57 Stiglitz, J. (2019) FEPS: *Rewriting the Rules for the European Economy*. https://www.feps-europe.eu/attachments/publications/book_stiglitz-rewriting_rules.pdf

58 European Investment Bank. (14 November 2019) “EU Bank launches ambitious new climate strategy and Energy Lending Policy” <https://www.eib.org/en/press/all/2019-313-eu-bank-launches-ambitious-new-climate-strategy-and-energy-lending-policy>

59 Griffith-Jones, S. & Naqvi, N. “Leveraging Policy Steer? Industrial Policy, Risk-sharing and the European Investment Bank”, in Forthcoming in Daniel Mertens, Matthias Thiemann, and Peter Volberding (eds.): *The Reinvention of Development Banking in the European Union. Industrial Policy in the Single Market and the Emergence of a Field*. Oxford: Oxford University Press.

60 European Green Deal.

61 European Green Deal.

PART II

Harnessing the Green Deal for greater cohesion and solidarity in Europe

While economic disparities⁶² have decreased between Member States since 2000, most of the convergence took place in the period preceding the 2008 economic crisis. There are still marked differences in purchasing power adjusted GDP per capita: the worst-off country in this regard, Bulgaria, has a purchasing power representing only half of EU's average (Eurostat, 2019). The capacity to make further progress on convergence will be put to the test by the forthcoming economic recession as well as the differential effects of – and the levels of preparedness to – the climate, pollution and biodiversity crises amongst European countries. This is why the European Green Deal, and more largely Europe's economic recovery strategy post-COVID-19, should aim at contributing to greater convergence while seeking to address these broad differences between countries and regions. In a context in which some countries – because they feel they have the most to lose while having the least capacity to make progress without unacceptable social and economic consequences – are reluctant to move quickly toward carbon neutrality, zero pollution and no net loss of biodiversity, unlocking this dynamic will be crucial to the success of the Green Deal.

THE CHALLENGE OF INTRA-EU EQUITY: UNEQUAL VULNERABILITY, RESPONSIBILITY AND CAPACITY

Environmental degradation is already disproportionately affecting some parts of Europe. The life expectancy of citizens from Central and Eastern Europe, for instance, is more severely affected by air pollution than in Western Europe, with estimated Years of Life Loss three times as high in those regions than in other parts of Europe (see figure 1)

Forthcoming impacts of the climate emergency vary considerably across the EU, with the worst affected regions primarily in the Arctic, Southern Europe, and coastal and mountain regions⁶³. Should current trajectories of emissions persist, parts of Southern Europe are expected to experience extreme heat events once every two years and yields of rain-fed maize are expected to decrease by 50%.⁶⁴ These differentiated impacts, as illustrated by figure 2 could contribute to creating further divergence – rather than convergence – in the EU.

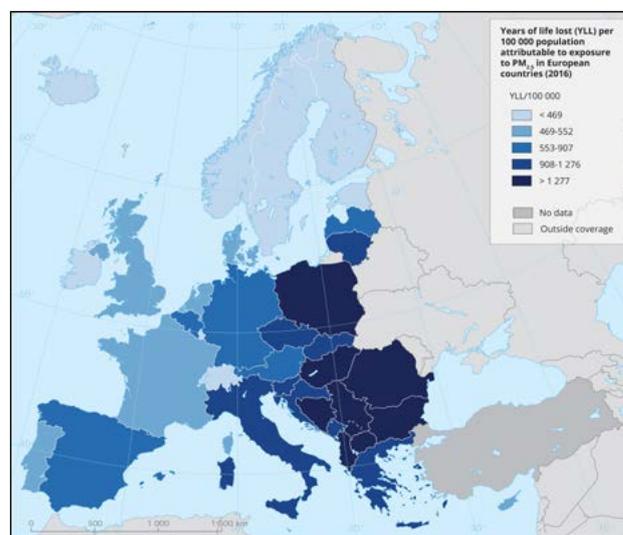


Figure 1: Years of life lost per 100 000 population attributable to exposure to PM_{2.5} in European Countries (2016) (SOER 2020)

62 As measured by differences in purchasing power adjusted GDP per capita and adjusted gross disposable income of households per capita.

63 EEA Report No 1/2017, *Climate change, impacts and vulnerability in Europe 2016: An indicator-based report*. <https://www.eea.europa.eu/publications/climate-change-impacts-and-vulnerability-2016>

64 Presentation by EEA of the European Environment State and outlook 2020, to the EESC, 12th February, 2020.

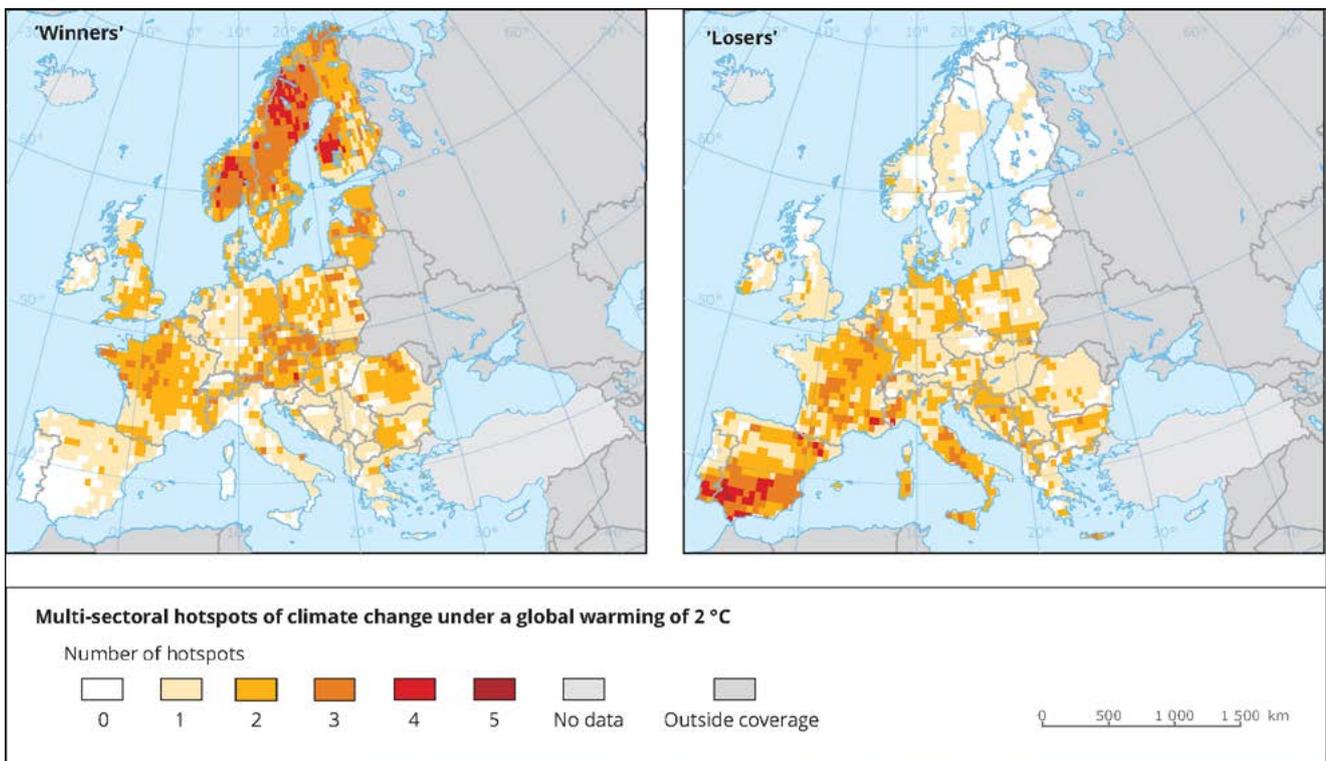


Figure 2 - <https://www.eea.europa.eu/data-and-maps/figures/multi-sectoral-hotspots-of-climate>

1.5.1 Unequal responsibilities and capacities

Looking at the total cumulative historical CO₂ emissions of EU-27 countries on a per capita basis (based on 2017 population), Luxembourg, Germany, Belgium, Estonia, and the Czech Republic stand out as having the highest levels, while Latvia, Cyprus, Spain, Portugal, Croatia, and Malta have the lowest⁶⁵. Different baselines produce slightly different results, but it is fair to say that there is a considerable difference in historical emissions per capita

within the EU (by around a factor of three to four). It is hard to make categorical generalisations about these differences between Member States, either by geography or development level, although Southern countries tend to have lower levels of cumulative emissions per capita.

While per capita emissions in the EU as a whole have declined in most countries over recent years, several Eastern European countries – Estonia, Poland, Bulgaria, Croatia, and Latvia – have witnessed an increase in such emissions between 2000-2017. Today's per capita

⁶⁵ <https://ourworldindata.org/co2-and-other-greenhouse-gas-emissions#cumulative-co2-emissions>. Data originally from Le Quéré et al. (2018). Global Carbon Project; Carbon Dioxide Information Analysis Centre (CDIAC). Per capita calculation based on Eurostat populations for 2017.

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emissions are the highest in Luxembourg (20 tonnes) and the lowest in Sweden (5.5). See table 1 for details.

Luxembourg	20,0
Estonia	16,0
Ireland	13,3
Czechia	12,3
Netherlands	12,0
Cyprus	11,6
Germany	11,3
Poland	11,0
Belgium	10,5
Finland	10,4
Austria	9,6
Greece	9,2
EU-28	8,8
Bulgaria	8,8
Denmark	8,8
Slovenia	8,5
Slovakia	8,0
Spain	7,7
United Kingdom	7,7
Italy	7,3
Lithuania	7,3
France	7,2
Portugal	7,2
Hungary	6,6
Croatia	6,2
Latvia	6,1
Romania	5,9
Malta	5,5
Sweden	5,5

Table 1: Tonnes of CO2 equivalent per capita (2017) (Eurostat)

Member States that have larger or more diversified economies and low levels of debt per GDP are much better prepared to cope with the negative effects of climate and other environmental emergencies as well as for the transition from a fossil fuel economy. In general, Southern, Central and Eastern European countries are still lacking infrastructure, have lower R&I capacity, less robust social

protection systems, higher levels of poverty⁶⁶, more limited access to public and private finance and poorer environmental governance. Southern Europe also suffers from a significant public debt problem, with Spain, Cyprus, Greece and Portugal suffering from much higher debts as a percentage of GDP than the European average⁶⁷.

Within this context, the vulnerability of the outermost regions of Europe is much higher than those of the rest of the EU. At the same time, their levels of responsibility and capacity are also much lower.

CASE STUDY 3: Europe's outermost regions



Europe's outermost regions (French Guiana, Guadeloupe, Martinique, Mayotte, Reunion Island, Saint-Martin, Azores, Madeira and the Canary Islands) present a stark case of the difficult climate justice issues related to transport. These regions will be very severely affected by the direct impacts of climate change, such as sea level rise and hurricanes, but also the internalisation of externalities in international transport. Their remote position means that these territories are dependent on fossil fuel intensive transport and are vulnerable to policies designed to restrict the use of these modes. Any future transportation policy will need to take the position of these regions into account, along with similar regions.

In 2017, the European Commission published a communication on the outermost regions titled *A stronger and renewed strategic partnership with the EU's outermost regions*. The communication introduces a sustainable development strategy, which makes many valuable suggestions and is a step in the right direction. It includes particular exceptions from EU transport policies like the inclusion of aviation in the ETS. Exceptions such as these could be argued to be consistent with the principles of climate justice, at least in the medium term, and highlight the difficulties and trade-offs in implementing equitable sustainability policies while conducting an aggressive climate mitigation policy.

66 SDSN & IEEP. (2019). *The 2019 Europe Sustainable Development Report*. Sustainable Development Solutions Network and Institute for European Environmental Policy: Paris and Brussels. <https://ieep.eu/publications/2019-europe-sustainable-development-report>;

European Committee of the Regions. (2019). "Opinion: Research Infrastructures – the Future of the European Research Area (ERA) from a Regional and Cross-border Perspective" CDR 896/2019. <https://cor.europa.eu/en/news/Pages/closing-europes-innovation-divide-horizon-europe-funding-alone-is-not-enough.aspx>

67 Eurostat. "General government gross debt - quarterly data". <https://ec.europa.eu/eurostat/web/products-datasets/-/teina230>



From an equity perspective⁶⁸ and in light of the need to accelerate decarbonisation, the countries with the highest incomes, emissions and footprint should, therefore, take on more ambitious domestic targets than other countries of the EU. Beyond domestic action, better-off countries should increase their contribution to climate finance and other forms of support to countries that are further behind. This would also contribute to the greater cost-effectiveness of climate action as it is in these countries that the greatest gains in both energy and material efficiency can be made with existing technology.

Operationalising such equity principles should be a priority within the implementation of the Green Deal. According to the European Commission, one of the main objectives which will drive EU investments in 2021-2027 will be a “[g]reener, low-carbon Europe, by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management” implementing the Paris Agreement. A significant share of cohesion funding (30% as a minimum) will focus on this priority according to the Commission. While significant, resources available are not yet proportionate to the needs. The Commission estimates that even the current 2030 climate and energy targets would require €260 billion in annual investment⁶⁹, and those targets do not fully account for decarbonisation by 2050, or a full just transition as foreseen under the Green Deal. Similarly, the role of the Just Transition Mechanism (JTM)⁷⁰, which focuses on the regions and sectors that are most affected by the transition will be crucial. The scale of funding so far provided (€7.5 billion) is not on the scale of the challenge, even counting the additional matching funds from the EIB and other cohesion funds and considering that this funding has previously existed in different forms under cohesion funding.

Intra-EU climate justice and equity should not fall prey to current negotiations of the MFF, marked by the growing isolationism of net contributor countries, which are often those most rhetorically enthusiastic about the Green Deal. The climate and sustainability crises cannot be solved through domestic action alone. To build trust,

oversight of spending needs to be timely and robust to ensure alignment with the principles of the European Green Deal.

1.6 Proposals

- As part of a real “deal” between European countries, open a dialogue within the European Council about **long-term convergence targets for the EU**, which should cover economic, social and ecological inequalities, with intermediate objectives, but also evaluations on progress made, so corrective actions can be taken. On this basis, ask for an independent panel of experts, following the model of the Stern Report, to assess financing needs, both for mitigation and adaptation.
- Take advantage of a stronger link between the European Semester and the new cohesion policy⁷¹ to take a more **holistic approach to structural reforms** needed in the most vulnerable countries. This could entail assessing **resilience to multiple shocks**, not just economic ones, but also making recommendations regarding the **adequacy of just transition plans, climate adaptation plans**.
- **Use territorial just transition plans** as a way to work **directly with local and regional governments**, as proposed for example by some mayors in Visegrad countries⁷², and to consult with the local population and stakeholders, including workers and their representatives as part of an enhanced social dialogue⁷³. Cities and municipalities should be given the space they need to experiment with inclusive decarbonisation, to kick-start change, which can be subsequently scaled up.
- **Develop financing programmes for vulnerable countries and regions that aim at developing human capital to participate in the green economy**. It will be critical to ensure that job seekers can be matched with the skills that are needed in the green economy to make it a success for both the citizens and the industry.

68 Climate Equity Reference Project, <https://climateequityreference.org/>

69 European Commission, NATIONAL ENERGY AND CLIMATE PLANS BRINGING PRINCIPLES TO ACTION, https://ec.europa.eu/energy/sites/ener/files/documents/national_energy_and_climate_plans_v4.pdf

70 European Commission, (2020), The Just Transition Mechanism: Making Sure No One is Left Behind, https://ec.europa.eu/commission/presscorner/detail/en/fs_20_39

71 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018SCo283&from=EN>

72 Zalan, Eszter. (2020, February 13) “Central Europe mayors join in direct EU funds plea”, *EU Observer*. <https://euobserver.com/political/147435>

73 Kumar, S., Americo, A., Billingham, C. (2016) FEPS: *The New Social Contract: A Just Transition*. <https://www.feps-europe.eu/Assets/Publications/PostFiles/445.pdf>

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- **Use the industrial strategy to foster locating new industries in depressed regions and less well-off countries** through incentives and subsidies. This can entail, for example, locating industries like battery construction, recycling, or bio-based industries in areas previously reliant on mining.
- **Cross-border pollution must be a focus of the EU.** One of the original reasons for placing environmental policy at EU level is that pollution does not respect borders, whether it be air- or water-borne. Pollution generated in one Member State continues to be a significant problem for other Member States. One study quantified the cross-border health effects of air pollution from coal use in electricity generation in the EU, estimating the total associated economic costs at up to €62.3 billion annually.⁷⁴ This represents a classic case of the polluter *not* paying. The EU should enhance enforcement of existing pollution regulations in areas where pollution generated in one Member State affects another, as well as tightening rules, particularly concerning air pollution, which continues to inflict very high costs on vulnerable populations. Coal plants, in particular, cause dispersed and severe health damage,⁷⁵ representing an unjustifiable imposition given the alternatives available, and should be phased out by 2030, also for compliance with the goals of the Paris Agreement.⁷⁶
- **Facilitating a coal phase-out by 2030 should, therefore, be a priority of cohesion policy in 2021-27**, while establishing robust just transition plans.
- **Put R&I at the service of an intra-EU economic, social and ecological convergence**, through building on the lessons of existing programmes,⁷⁷ more creative use of funds from structural funds, Horizon Europe and loans from the European Investment Bank, the inclusion of intra-EU convergence as a cross-cutting challenge to be addressed by Horizon Europe missions, and by ensuring that R&I projects address the specific needs of countries that are further behind.

74 The Lancet. (9 July 2016) "Air pollution—crossing borders". [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(16\)31019-4/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(16)31019-4/fulltext)

75 Client Earth. (7 July 2016) "23,000 early deaths in EU from coal-plant pollution" <https://www.clientearth.org/coal-plant-pollution-causes-23000-early-eu-deaths-year/>

76 Climate Analytics. (2017) *A stress test for coal in Europe under the Paris Agreement*. <https://climateanalytics.org/briefings/eu-coal-phase-out/>

77 European Commission, "Spreading Excellence and Widening Participation" <https://ec.europa.eu/programmes/horizon2020/en/h2020-section/spreading-excellence-and-widening-participation>. Accessed 15 April 2020.

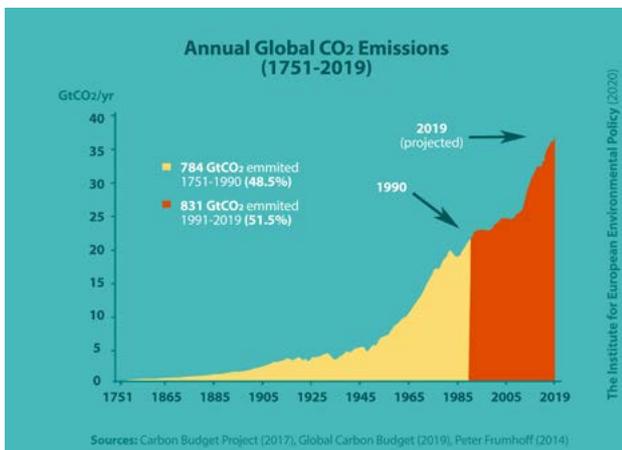


PART III

Fostering Intergenerational Solidarity

According to the legal scholar Edith Brown Weiss⁷⁸, every generation needs to pass on the Earth and its natural resources in no worse conditions than it was received, by preserving the diversity of natural resources, maintaining the quality of the environment, and ensuring non-discriminatory access among generations to the Earth and its resources⁷⁹.

Decisions made now – in the Green Deal and within recovery and reconstruction plans – will have long-lasting implications for future generations and must reflect the interests and views of younger citizens. Before the current crisis, with the rise in youth activism around climate change, the issues of intergenerational justice and solidarity rose to the top of the political agenda, both in the EU and at the UN. As the European Commission highlighted in its recent reflection *Towards a sustainable Europe by 2030*⁸⁰, the current generation is running an ecological debt that future ones will have to pay back – with interest.



Based on figures from Carbon Budget Project presented by Our World in Data, "Cumulative CO₂ Emissions by world region, 1751-2017." <https://ourworldindata.org/grapher/cumulative-co2-emissions-region?stack-Mode=absolute>. [Accessed 24 April 2020]

Projected emissions for 2018-19 based on Global Carbon Budget 2019, by Pierre Friedlingstein, et al. (2019), *Earth System Science Data*, 11, 1783-1838, 2019, DOI: 10.5194/essd-11-1783-2019.

Concept based on chart by Frumhoff, Peter. (15 December 2014) *Global Warming Fact: More than Half of All Industrial CO₂ Pollution Has Been Emitted Since 1988*, Union of Concerned Scientists. <https://blog.ucsusa.org/peter-frumhoff/global-warming-fact-co2-emissions-since-1988-764>

The generations in power since the 1980s can plausibly be held responsible for the present situation of climate emergency, having failed to act effectively against the problem when it became clearly understood; more than half of all historical emissions have been emitted after 1988⁸¹ as demonstrated by the chart below. A key question to address is how an effective response to the climate emergency and the other challenges can successfully and immediately consider generational justice issues.

Despite the increased consensus around the need to address intergenerational equity, policy responses have so far been inadequate. Diverse participatory democracy approaches have been used to ensure that wide stakeholder groups are informed and consulted. However, these have proven limited with respect to the interest of future generations. Many young people have the impression that they are not really 'spoken with' but rather 'spoken to'. They feel their participation serves the purpose of 'youth washing' of certain policies or decisions, rather than being a genuine exercise in consultation and inclusion. Successful engagement and appropriate inclusion require a level of trust and open communication. Young people should be considered and involved as equal partners in a continuous dialogue (as opposed to one-off meetings) on policy development and processes, to which they can provide valuable contributions.

Beyond the issue of the unequal representation of interest in decision-making and democratic processes, intergenerational equity requires the following issues to be addressed:

78 Weiss, E. B. (2008) "Climate Change, Intergenerational Equity, and International Law" 9 *Vt. J. Envtl. L.* 615-627 <https://scholarship.law.georgetown.edu/facpub/1625> <http://ssrn.com/abstract=2734420>

79 Charveriat, C., Monteville, M., Nesbit, M., Stainforth, T., Billingham, C. (2019) UNited for Climate Justice - Background paper, FEPS, https://www.feps-europe.eu/resources/publications/691-com_publications.publications.html

80 European Commission. *A Sustainable Europe by 2030*. (2019) https://ec.europa.eu/commission/publications/reflection-paper-towards-sustainable-europe-2030_en

81 Frumhoff, Peter. (15 December 2014) *Global Warming Fact: More than Half of All Industrial CO₂ Pollution Has Been Emitted Since 1988*, Union of Concerned Scientists. <https://blog.ucsusa.org/peter-frumhoff/global-warming-fact-co2-emissions-since-1988-764>

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- Assessment of the cost of delayed or insufficient action to younger and future generations;
- Principles for the equitable sharing of the remaining carbon budget;
- Application of the precautionary principle in terms of the effects of long-term pollutants on future generations and the environment;
- Carbon lock-in effects, lack of adaption and resilience of infrastructure and investments.

That being said, the current crisis risks overshadowing these concerns and tilting decision-making even more either towards the very short-term or towards the interest of only some age groups. The economic recession is also likely to affect youth disproportionately, as has been the case in previous crises through a rise in youth unemployment, impoverishment or inability to afford tertiary education due to loss of income of parents.⁸² Even before the crisis, young people faced an accumulation of problems which are not limited to only climate or environment. Although the situation has improved in recent years, youth unemployment, especially in southern Europe, remains significantly above national averages. Although it has decreased – from 24% in 2013 to less than 15% in 2019 – the EU's youth unemployment rate remains very high. The average rate is more than double the overall unemployment rate (less than 7%) and masks big differences between countries.⁸³

1.7 Proposals

PARTICIPATION, INCLUSION IN DECISION-MAKING AND CONSENSUS BUILDING

Building on the case of youth councils and citizen's assemblies (see case study 4 below) to propose new participation of youth in European decision-making processes.

82 Goldin, N. (13 March 2020) "If history repeats: Coronavirus' economic danger to youth" Atlantic Council. <https://www.atlanticcouncil.org/blogs/new-atlanticist/if-history-repeats-coronavirus-economic-danger-to-youth/>

83 Youth employment, European Commission, <https://ec.europa.eu/social/main.jsp?catId=1036>

84 Giuseppe Pellegrini-Masini, Fausto Corvino and Alberto Pigni, (2019) "Climate justice in practice: adapting democratic institutions for environmental citizenship" in *A Research Agenda for Climate Justice*, Harris, P. Ed. Edward Elgar Publishing. & Iñigo González-Ricoy and Axel Gosseries. (2016) *Institutions For Future Generations*. Oxford University Publishing.



CASE STUDY 4: Youth assembly Ireland

Ireland is a good example of positive youth involvement in politics. More than 150 young people from all 26 counties gathered for the event in the Dáil. Once the debate concluded, they announced their 10 recommendations on climate change.

Ireland has developed consultative mechanism of citizen assembly. The Citizens' Assembly was an exercise in deliberative democracy, placing the citizen at the heart of important legal and policy issues facing Irish society. With the benefit of expert, impartial and factual advice the 100 citizen Members considered among other issues, climate change. Their conclusions formed the basis of a number of reports and recommendations that were submitted to the Houses of the Oireachtas for further debate by our elected representatives.

- Promoting the **role of young parliamentarians in the European Parliament as well as European programmes to support greater youth involvement in voting and existing democratic processes, starting from the local level.**
- **Lowering the voting age to 16**, which would go in the direction of giving more voice and power to the young generation in the current democratic setting with no new institutions.

THE INSTITUTIONALISATION OF DUTIES/ ACCOUNTABILITY TO FUTURE GENERATIONS

Building on several institutional precedents⁸⁴, clear mechanisms to ensure accountability need to be put in place, to ensure equitable representation in decision-making and to rebuild the trust of the youth in democracy and the European project.



- **Full recognition at both EU and MS level of the rights of future generations** (including to healthy environment, resources, nature, clean air and water) and mechanisms to ensure the observance of the rights of future generations. A concrete avenue for such recognition would be the **integration of intergenerational justice in the framework of the new Climate Law**, for instance, and the recognition of the importance of irreplaceable biodiversity to future generations.
- **Future Generation’s Ombudsman**: The creation of an EU–level advisory role on the interests of future generations (as well as similar roles at the national level).⁸⁵ The Fridays for Future movement and other recent manifestations of awareness of the problem have made the need for rapid progress in implementing solutions increasingly clear.



CASE STUDY 5: Ombudsman for Future Generations Hungary

Article P of Hungary’s Constitution provides that “[n]atural resources, in particular arable land, forests and the reserves of water, biodiversity, in particular native plant and animal species, as well as cultural assets shall form the common heritage of the nation; it shall be the obligation of the State and everyone to protect and maintain them, and to preserve them for future generations”. In 2007, the Hungarian Parliament created a special Ombudsman for Future Generations, which was grouped with other Ombudsmen in 2012 under the Commissioner for Fundamental Rights. The Ombudsman for Future Generations holds the status of a Deputy Commissioner and reports annually to the Parliament. The Parliament elects the Ombudsman who has an overarching mandate to protect and monitor the interests of future generations.

Source: Environmental Rights Database. “Hungary’s Ombudsman for Future Generations”. <http://environmental-rightsdatabase.org/hungarys-ombudsman-for-future-generations/>

- **Include a “future generations” focus in the new climate science advisory body**, proposed by the Commission President Ursula von der Leyen⁸⁶. Establishing such a body would be an important step to addressing one of the calls of Fridays for Future leaders that politicians should “listen to the scientists”.⁸⁷ This body should operate based on the identification of a list of areas where intergenerational justice issues need to be addressed. Options could include requiring the body’s progress reports to explicitly identify issues where policy choices risk loading costs onto future generations.

MAINSTREAMING AND COHERENCE WITH OTHER POLICIES

As part of the “green oath”, the Green Deal framework should ensure a **genuine integration of intergenerational considerations in the policy cycle**. Concrete avenues to do this include:

- **“Future-proofing” infrastructure plans within economic recovery plans** by integrating discount rates that reflect long-term and future generations interest within decision-making.
- As part of the reform of the semester, the Annual Sustainable Growth Strategy process should be complemented by a **2050 Strategy for Sustainable Prosperity**, with long-term economic indicators (such as Gross Formation of Fixed capital), but also relevant indicators on well-being, sustainability and intergenerational equity, upon which progress from Member States would be assessed.
- Integration into the **Better Regulation Guidelines, which are also currently being reviewed to integrate SDGs**⁸⁸: To live up to a green oath to ‘do no harm’, the explanatory memorandum accompanying all legislative proposals and delegated acts should include a specific section which explains the potential implications for future generations. Sound methodologies would need to be proposed to assess such impact.

85 Nesbit, M. and Illés, A. (2015) Establishing an EU ‘Guardian for Future Generations’. Report and recommendations for the World Future Council, Institute for European Environmental Policy, London. <https://ieep.eu/publications/establishing-an-eu-guardian-for-future-generations>

86 See for example the report at <https://www.politico.eu/article/von-der-leyen-uses-climate-in-a-bid-to-get-commission-top-job/> which records that she “told the Renew Europe group that she wanted to set up a scientific council to measure climate progress”.

87 Fridays for Future. “Greta’s Speeches”. Greta Thunberg Full Speech 2019-02-21 in Brussels: “We want politicians to listen to the scientists”. <https://www.fridaysforfuture.org/greta-speeches>

88 European Green Deal: p19.



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- **Mainstreaming into sectoral policies** that are currently under discussion: For instance, the **Farm to Fork strategy and the CAP reform** should have an explicit objective to protect the right of future generations to have access to healthy ecosystems and sustainable food systems, which will be capable of sustaining their nutrition needs. The annual **Semester process**, which is currently under review, should be complemented by a 2050 strategy for sustainable prosperity and growth, with relevant indicators on intergenerational equity, upon which progress from Member States would be assessed.

SYNERGIES WITH EDUCATION, YOUTH UNEMPLOYMENT AND LIVELIHOOD POLICIES

- **Green jobs training should be integrated into adult learning programmes as part of a just transition and in vocational training for the youth.** Up to 60 million new jobs in the green economy could potentially be created by 2030 – if properly managed, green growth can provide an opportunity to address the youth employment challenge while simultaneously preserving the environment and increasing climate resilience⁸⁹.
- **Mainstreaming of sustainability issues within the EU Youth Strategy 2019-2027.** The strategy notes that youth cooperation shall make the most of youth policy's potential. In the coming years, the strategy strives, among other things, to improve policy decisions with regard to their impact on young people across all sectors, notably employment, education, health and social inclusion. However, climate, environment and sustainability are not among the policy areas explicitly mentioned. This should be further addressed and prioritised.

INTERGENERATIONAL SOLIDARITY

The COVID-19 pandemic will also disproportionately affect the elderly. In terms of casualties, numbers are likely to be higher amongst the elderly due to their vulnerability to respiratory diseases but also their living conditions. This age group is also highly vulnerable to some of the impacts of climate change. Casualties linked to the extreme heat events are rising in Europe.⁹⁰ Many elderly in Europe also live close to the poverty threshold: one in seven EU pensioners is at risk of poverty.⁹¹ These older citizens have very low fixed incomes and/or depend on their children's incomes for subsistence. The elderly are particularly vulnerable to shocks, whether those are covariant (economic crises, natural disasters), idiosyncratic (disease, loss of household member) and to changes in the pricing of essential goods and services (cost of heating). Strengthening the resilience of the elderly should be at the heart of the reconstruction phase of the COVID-19 crisis.

At the same time, the elderly are an essential agent of change for the Green Deal and the recovery to the crisis, with many grandparents actively participating or promoting climate activism by their children and grandchildren. According to national reports on volunteering, Austria, Belgium, Finland, France, Romania, Slovenia, Spain, Sweden saw an increase in the number of volunteers amongst the elderly.⁹² There are multiple ways in which the older population can actively contribute to the implementation of the Green Deal, including through community work, voluntarism, behavioural changes like decreasing the carbon footprint and serving as a role model, and investments in green pension funds.

- Taking into consideration the specific vulnerabilities of the elderly in **Europe's climate adaptation strategy** but also in sectoral policies which might affect the prices of essential goods and services.

89 "Decent Jobs for Youth", <https://www.decentjobsforyouth.org/theme/green-jobs-for-youth>. Accessed 10 April 2020.

90 Climate Change Post. (26 August 2019) "Damage and fatalities extreme weather events in Europe on the rise", <https://www.climatechangepost.com/news/2019/8/26/damage-and-fatalities-extreme-weather-events-europ/>; Irfan, U. (28 June 2019) "113 degrees in France: why Europe is so vulnerable to extreme heat", Vox. <https://www.vox.com/world/2019/6/26/18744518/heat-wave-2019-europe-france-germany-spain>

91 Eurostat. (15 January 2019) "1 in 7 pensioners at risk of poverty in the EU" <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20190115-1>

92 GHK. (2010) *Study on Volunteering in the European Union. Final Report*. https://ec.europa.eu/citizenship/pdf/doc1018_en.pdf



- **Promoting intergenerational dialogues as part of the processes around the Future of Europe conference and the climate pact:** The societal recognition of the diversified understanding, needs and responsibilities of the various age groups (factoring in the rights of the future generations) can be reinforced through events that could bring together representatives of different age groups, to allow older generations the opportunity to interact and exchange views with young participants on specific topics.
- **Exploring European green volunteerism programme for pensioners.** With the ageing of Europe's population, pensioners could take a proactive role in the Green Deal and in managing nature and communal spaces. Links with **the Erasmus + programmes should also be explored.**
- **Greening pension fund decisions:**⁹³ With over €4 trillion in assets, European pension funds should be a key avenue for the implementation of the Sustainable Finance action plan. This would highlight the profitability and viability of green financial products. Moreover, it would protect pension funds from investing in stranded assets and alleviate the regulators' fear to take appropriate measures in the light of the environmental crisis. This would help to end the short-term mentality of the financial sector which, in turn, could regain the confidence of the younger segments of society

93 Rust, S. (9 March 2018) "EC sustainable finance action plan 'is important' for pension funds," *IPE News*. <https://www.ipe.com/ec-sustainable-finance-action-plan-is-important-for-pension-funds/10023582.article> Della Croce, Raffaele & Kaminker, Christopher & Stewart, Fiona. (2011). "The Role of Pension Funds in Financing Green Growth Initiatives." https://www.researchgate.net/publication/254439243_The_Role_of_Pension_Funds_in_Financing_Green_Growth_Initiatives; Pensions Europe. (2019) "Pension Funds Statistics and Trends 2018" <https://www.pensionseurope.eu/system/files/PensionsEurope%20Pension%20Funds%20Statistics%20and%20Trends%202018.pdf>



CONCLUSION

At the time of writing of this paper, the COVID-19 pandemic is still at a critical and urgent phase, with most of Europe in “lockdown.” During this phase governments have clear short-term health and safety considerations to prioritise. A lot is still unknown about the scope and length of the crisis. Nonetheless, a political discussion is already taking place about the role of the European Green Deal following this unprecedented disruption, with some advocating to abandon it, yet many others calling to embrace it as the core of the recovery.

The next months will see important decisions that will mobilise an enormous amount of resources, and set the policy framework in the EU for the next decade. Discussion is still ongoing about the specifics of measures designed to help the economy recover. Other longer-standing policy packages, including the multiannual financial framework 2021-27, the CAP, the Farm to Fork Strategy, the revision of the 2030 climate and energy targets and supporting legislation, and Horizon Europe will be finalised over the coming months.

As outlined in this paper, there is no contradiction between the Green Deal and the recovery from the COVID-19 pandemic, nor between integrating equity considerations into the heart of the recovery measures and the Green Deal. In fact, for a more robust, long-term recovery from the sustainability and health crises that confront us, these are all essential components to ensure resilience and helpful synergies. It is also fair to say that the COVID-19 pandemic has shown that the measures deemed possible to address a crisis can shift radically when the political will is mobilised, and when the danger is made clear. Implementing the suggestions made in this paper is quite possible in light of the scale of the danger to the EU, even with the additional challenges that the COVID-19 pandemic presents. Even if this requires a break from tradition, and re-opening certain concepts and concluded policies, the EU must confront this challenge as robustly and coherently as possible while it still can – including through a deeper and integrated consideration of equity. Otherwise, Europe faces another decade of failure to address the worsening crises, with no time left to spare.



ANNEX: METHODOLOGY

This paper is based on a framework of climate justice initially developed by a group of experts convened ahead of the UN Climate Action Summit in September 2019 by FEPS and its knowledge partner IEEP⁹⁴, which highlighted the importance of tackling the inter-country, intra-country and intergenerational justice issues that lie at the heart of the climate crisis.

While this framework was initially developed with regard to climate justice, it was used as a for a broader consideration of the sustainability crises (including pollution, biodiversity and inequality) facing the EU, as the European Commission outlined in its European Green Deal proposal following the European Parliament election in 2019.

IEEP, in consultation with FEPS, drafted a paper considering concrete suggestions to better address these three dimensions within the context of the European Green Deal in early 2020. The aim was to consider practical, but potentially provocative or disruptive suggestions for policy changes that could move the EU beyond the incremental policies that had been used over the previous years to address the challenges of the European Green Deal as a whole – that is to say including all aspects of the Green Deal, particularly equity and social considerations, which are often overlooked. As a part of this research, the issue of the sustainability of the economic growth model was not addressed, although this assumption can certainly be challenged by those considering a just and sustainable transition. However, given the current political situation at EU and Member State level, this was not considered a productive avenue of proposal for the moment.

A group of experts with particular insight into the different areas of focus was assembled to comment and give suggestions on a draft paper in March 2020. These comments were considered by the authors and incorporated to the extent possible, bearing in mind the practical focus of the paper and its length. Experts were also offered the option to submit a brief comment for a separate section of the paper. The development of the COVID-19 pandemic and the resulting, unprecedented societal disruption led to further restructuring and redrafting of the paper to make it relevant to the current situation.

⁹⁴ Charveriat, C., Monteville, M., Nesbit, M., Stainforth, T., Billingham, C. (2019) *UNited for Climate Justice - Background paper*, FEPS, https://www.feps-europe.eu/resources/publications/691-com_publications.publications.html



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