

### **BRIEFING PAPER** December 2022

# THE CASE FOR MEMBER STATES TO ENACT THE EU CLIMATE COMMITMENTS UNLOCKING THE SUPPORT FOR A SOCIALLY FAIR TRANSITION

TAUBE VAN MELKEBEKE AND NAMITA KAMBLI

Member states have made strong climate commitments at the EU-level. When carrying them out at home, national governments can unlock a strong public mandate by integrating climate action and social fairness under a governance framework adapted to their national circumstances. This briefing develops the case for governments to take strong ownership over climate commitments and proposes a governance approach to muster the political means to do so.

By taking ownership over climate commitments and joining social and climate action from the get-go, national governments can:

- Deliver European climate neutrality objectives and contribute to reducing climate impacts.
- > Become a frontrunner, strengthening their economic and political position at EU and international level.
- > Directly and visibly improve living conditions and strengthen households' and businesses' resilience.
- > Increase public support and governments' political capital for climate action.



# The public support dilemma

European governments are seemingly stuck between a rock and a hard place. On the one hand, they are criticised for not acting enough on climate; on the other, they dread public backlash when they do.

Acting on climate change has become crucial for governments' legitimacy.<sup>1</sup> The direct effects of climate change on people's lives have become increasingly visible, with media referring to it as "the new normal".<sup>2</sup> By hitting the poorest hardest, climate impacts risk both increasing existing economic inequalities and causing more people to fall into poverty.<sup>3</sup> In all European countries, citizens are dissatisfied with the pace of climate action by their policy makers: more than eight out of ten European citizens believe that governments are too slow in acting against climate change and environmental degradation.<sup>4</sup>

Russia's invasion of Ukraine has not disrupted this consensus. Two-thirds of citizens agree that the war should accelerate the green transition through measures such as investing in renewables and reducing energy consumption.<sup>5</sup>

**Yet climate action has had a mixed social record**. Climate change-related interventions have at times been likely to disadvantage lower-income households and vulnerable groups<sup>6</sup> while benefiting wealthier households. For example, some subsidies to clean energy investments (such as electric cars, energy efficiency in homes) disproportionately benefit richer households.<sup>7</sup> Researchers identified the redistribution effects of different climate policies and concluded that "climate policies can have substantial distributional [regressive] side effects."<sup>8</sup>

<sup>&</sup>lt;sup>1</sup> Goodman James, Climate Science, 18 May 2022, Social Movements and Climate Change: "Climatizing" Society from Within

<sup>&</sup>lt;sup>2</sup>Jon Henley, the Guardian, 8 August 2022, **'The new normal': how Europe is being hit by a climate-driven drought crisis** 

<sup>&</sup>lt;sup>3</sup> Céline Guivarch; Nicolas Taconet; Aurélie Méjean, International Monetary Fund, September 2021, Linking Climate and Inequality

<sup>&</sup>lt;sup>4</sup> European Investment Bank, Climate Survey edition V 2022-2023

<sup>&</sup>lt;sup>5</sup> European Investment Bank, 27 October 2022 Majority of people in the European Union and beyond say the current crisis should accelerate the green transition

<sup>&</sup>lt;sup>6</sup> Kalina Arabadjieva, ETUI, 14 June 2022, **The missing link between social inequalities and the European Green Deal narrative** 

<sup>&</sup>lt;sup>7</sup> Francesco Vona, OECD, 9 December 2021, Managing the Distributional Effects of Environmental and Climate Policies: The Narrow Path for a Triple Dividend

<sup>&</sup>lt;sup>8</sup> Georg Zachmann; Gustav Fredriksson; Grégory Claeys, Bruegel, 2018, **The distributional effects of climate** policies



**It does not have to be this way**. Governments can overcome the apparent public support dilemma by making social cohesion and inequality concerns central to climate policy design.

# Building deep public support for effective and fair climate action through national ownership

National governments can muster deep and resilient public support by taking ownership over their transition and proactively joining climate and social agendas. They can simultaneously contribute to achieving European climate neutrality objectives, create economic opportunities, and manage the social dimension.

Research finds that three fundamental beliefs are major predictors of whether people support a given climate policy:<sup>9</sup>

- > the perceived ability to reduce emissions (effectiveness)
- > the impact on people's own household's finances (self-interest)
- > the impact on poor and low-income households' finances (inequality).

**Climate policy has generally focused on the effectiveness, only partially addressing inequality and self-interest concerns of households**. Too often we find that social aspects of climate change policies are merely tackled by compensatory and ex post policy making. In general, the norm seems to be to first outline climate strategies, and to assess and partially compensate the social impacts only at a second stage – in the best case.

Building public support requires developing strategies which simultaneously put climate commitments and social concerns at their core. This means for example complementing expanded production in the renewable sector with investments in up- and reskilling citizens, targeting clean energy subsidies and energy-saving and efficiency services to vulnerable households and businesses, investing in public transport, etc. A successful systemic strategy will not only increase the acceptability of climate policy, but also reduce inequalities and improve social cohesion, thereby creating a fairer and more resilient society.

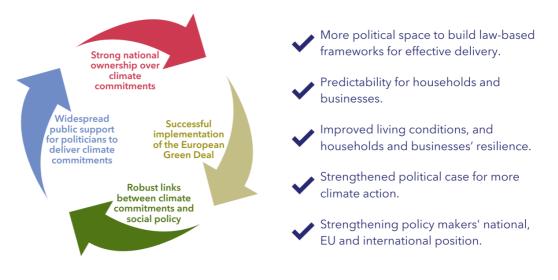
<sup>&</sup>lt;sup>9</sup> Antoine Dechezlepretre et al., 5 September 2022, **Fighting Climate Change: International Attitudes Toward Climate Policies** 



The European Green Deal only touches the surface when it comes to joining up climate and social agendas. The European Green Deal sets out a goal – climate neutrality by 2050 for the bloc as a whole – and a common policy framework. In essence, the framework establishes principles, intermediary targets, red lines, and common tools. However, it does not, and cannot, take into account all economic, historical, or cultural specificities of each member state.

National governments can identify linkages, challenges and opportunities across climate and social policy. Given their national competences on social policy, governments can act to tackle social concerns and impacts related to both climate change and the commitment to fight it, which will be crucial to prevent backlash. The implementation stage of the European Green Deal is the chance for all 27 member states to take strong "ownership", by translating the EU climate commitments to the national context and strengthening their local social dimension. National ownership is therefore critical to unlock the public support for ambitious delivery.

*Figure 1. By taking national ownership over climate commitments, governments build a virtuous cycle and unlock public support for delivery of the commitments* 



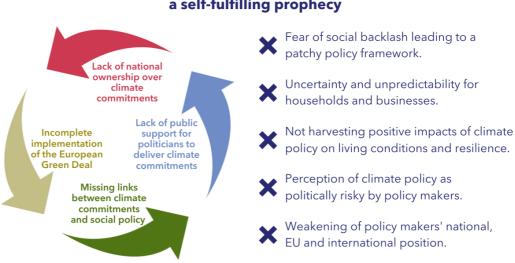
### National ownership over climate commitments: a virtuous circle



**Conversely, the absence of such ownership results in a lack of integrated national social and climate agendas**, facilitating perceptions among citizens that climate policies are socially unfair and EU-imposed. This obstructs the national delivery of legal requirements, for example in terms of delivering decarbonisation targets, and puts the joint delivery of the EU's climate neutrality by 2050 at risk.<sup>10</sup> Civil society argues that these disconnects have already contributed to a rise in populist successes, which have sprouted from the frustration and hopelessness of many voters who feel that political systems are not working for them.<sup>11</sup>

The impasse does moreover not improve living conditions, nor strengthen households' and businesses' resilience. Over time, it worsens the impacts of climate change and its undesirable social effects.

*Figure 2. Lack of national ownership over climate commitments leads to a vicious cycle that reinforces a lack of public support for their implementation* 



### Lack of national ownership over climate commitments: a self-fulfilling prophecy

 <sup>&</sup>lt;sup>10</sup> E3G et al., 7 February 2022, The success of the European Green Deal depends on its national ownership
<sup>11</sup> Friends of Europe, May 2019, 'Vision for Europe' provides 10 recommendations to reform the European Union



### Good governance as an enabler

Member states can turn ownership of climate commitments into a societal and political success story if they build their governance on a combination of good foundations and innovative best practices.

### Foundations of good climate governance

Good governance is critical to delivering long-term strategies, such as climate goals. In essence, it encompasses the structures, processes and actions through which private and public actors interact to address societal goals.<sup>12</sup> These structures, processes and actions accordingly set out the space for political action, make policy predictable and enforceable, while promoting positive social reform.

# The following recommendations can help member states put in place a framework for good climate governance:

- > Enshrine a national climate neutrality target (of 2050 at the latest) in law, where not already in place.
- > Build (or adjust) a comprehensive long- and medium-term strategy, based on tracing back the steps and milestones needed to deliver the climate neutrality target. All additional short-term measures should be tested for consistency and alignment with the long- and medium-term strategy.
- > Couple the tracing back process with in-depth analysis of the social cohesion impact of each step, such as the potential to perpetuate existing inequalities or trigger new disparities. Tackle the undesirable effects of the different steps by adapting the policy design.

### Novel approaches to climate governance

Conventional approaches to governance have so far struggled to incorporate the above aspects. We outline some innovative practices, applied in varied sectors, that can improve the quality and acceptability of governance frameworks and facilitate the joining up of climate and social agendas. None of these approaches are mutually exclusive but should be considered as building on one another. They should complement – and not replace – principles of EU governance, such as transparency and multilevel coordination with a diverse range of stakeholders.

<sup>&</sup>lt;sup>12</sup> IPCC, 2022, WG II Summary for Policymakers



#### **Transition governance**

A sustainable and fair transition is unachievable without a comprehensive understanding of structural dynamics and actor networks. Transition governance provides a set of tools to create space for transformative change to just, sustainable futures.<sup>13</sup> It does this through a participatory process of engaging, visioning, learning, and experimentation.<sup>14</sup>

For example, an experimental transition governance process was implemented in Rotterdam, the Netherlands, to explore how the changes to a just and sustainable mobility future could be accelerated. It led to the co-creation of a transition strategy based on clean and shared mobility in 2030. It also increased public awareness and support for active mobility and public transport, accordingly shaping urban spatial and mobility policies.

### **Inclusive governance**

Climate-resilient development is enabled when equity and justice are prioritised, and when decision-making processes, finance and actions are integrated across governance levels, sectors and timeframes.<sup>15</sup> Inclusive governance means understanding inclusion in terms of both process – how decisions are made and with whom – and outcomes – how prosperity and opportunities are distributed and shared across the population and why.<sup>16</sup>

Sweden is a prime example of inclusive governance applied to sustainable development goals and green economy policies.<sup>17</sup> Its policies include mandatory consultations for all new policies, mainstreaming gender inclusion, and strong employee representation on the boards of companies with more than 25 employees.

### Humble governance

The more complex or uncertain a policy issue, the more useful it is to approach it with "humility". This is the basis to the humble governance approach which advocates adopting new institutional arrangements, processes, and cultural practices to build trust when addressing complex societal issues such as climate

<sup>&</sup>lt;sup>13</sup> Derk Loorbach et al., Journal of Urban Mobility, December 2021, **Transition Governance for just,** sustainable urban mobility

 <sup>&</sup>lt;sup>14</sup> Giorgia Silvestri, Julia Wittmayer, and Tessa de Geus, 2020, Workbook for urban transition makers
<sup>15</sup> IPCC, 2022, WG II Summary for Policymakers

<sup>&</sup>lt;sup>16</sup> OECD, 4 March 2020, What does "inclusive governance" mean?

<sup>&</sup>lt;sup>17</sup> Green Economy Tracker, 2022, How well are we doing? Inclusive governance



change.<sup>18</sup> It draws on experimentalist governance,<sup>19</sup> which promotes continuous iteration and learning. Critical to this is moving away from top-down steering to a networked model based on deliberative problem-solving and the openness to adapt and change course as new insights arise.

In this spirit, the Humble Timber<sup>20</sup> project in Finland set up a nine-actor alliance, including the Finnish Ministry of Environment and building industry stakeholders. The alliance established tangible solutions with respect to carbon-neutral construction to deliver Finland's ambitious housing targets.

# Acknowledgements

We thank contributors and reviewers who provided insight and expertise for this briefing: Manon Dufour, Elisa Giannelli, Pepe Escrig, Daniele Gibney and Johannes Schroeten.

## About E3G

E3G is an independent climate change think tank with a global outlook. We work on the frontier of the climate landscape, tackling the barriers and advancing the solutions to a safe climate. Our goal is to translate climate politics, economics and policies into action.

E3G builds broad-based coalitions to deliver a safe climate, working closely with like-minded partners in government, politics, civil society, science, the media, public interest foundations and elsewhere to leverage change.

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<sup>&</sup>lt;sup>18</sup> Demos Helsinki, Humble Government: How to Realise Ambitious Reform Prudently

<sup>&</sup>lt;sup>19</sup> Charles F Sabel & Jonathan Zeitlin, Oxford Academic, 18 September 2012, Experimentalist Governance

<sup>&</sup>lt;sup>20</sup> Demos Helsinki, 2022, Humble Timber: Building towards a carbon-neutral future