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FIT FOR SOCIETY

BENCHMARKS FOR A SOCIAL 'FIT FOR 55' PACKAGE

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With the Fit for 55 package, the European Union (EU) is embarking on a deep transformation of its economy which, in turn, will imply profound changes for society. This briefing therefore proposes five benchmarks alongside concrete recommendations to strengthen the social dimension of the package – a prerequisite to its success.

European institutions will spend at least the next two years negotiating the wide-ranging reform of the EU's flagship climate, energy, transport, and industry policies. Social acceptance will be fundamental not only to the negotiations, but also to the successful implementation of the package. Broad-based support will depend on:

- > How citizens perceive the benefits arising from the package
- > How the package will manage the transition of regions, sectors, and workers from old to new technologies and production processes
- > How much confidence the package can garner in the governance framework supporting it
- > How the package enables more inclusive and participatory climate action
- > How the package is perceived in terms of fairness between Member States



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Five benchmarks for a social offer accompanying the Fit for 55 package



A co-created, positive story for climate action: The Fit for 55 package needs to convince citizens that climate action benefits them to rally their support for changes on the ground. This includes the promotion of success stories alongside clarity on how the distributional impacts of climate policies will be managed from the outset and how climate action can strengthen social cohesion.



Broadened Just Transition measures: The Fit for 55 package needs to extend Just Transition measures to all economic sectors to anticipate and manage social change. This involves the development of transition strategies in all industrial regions and setting up an exchange format on Just Transition in the car industry.



Good transition governance: The Fit for 55 package needs to ensure that support measures reach those in need, including through tighter conditionalities in the Social Climate Fund. By closing data gaps on cross-cutting issues and strengthening social indicators in NECPs, governance of the package could enable better monitoring of social impacts to course correct if needed.



Everyone empowered to have a say: The Fit for 55 package needs to create pathways for all stakeholders to be involved in shaping the package and its delivery. The inclusion of local and regional governments in shaping Social Climate Plans will help to achieve a better representation of public interests.



The entire EU benefits: Increasing confidence that the green transition creates opportunities for all Member States will generate national support for the package. Making Central and Eastern Europe a priority for technical assistance to develop bankable projects and scale-up existing ones will help the region accelerate its green transition.



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The Fit for 55 package needs a strong social dimension to convince and deliver

The Fit for 55 package needs to include a strong social offer. Social impacts dominated reactions from national governments, political groups, and civil society when the European Commission released its Fit for 55 package on 14th July 2021. The package proposes wide-scale legislative reform of all European flagship climate, energy, and transport policies to reach the EU's new target of at least 55% emissions reductions by 2030 compared to 1990 levels and put the bloc on track to become climate neutral by 2050. How the proposals will impact people across the EU is likely to be at the heart of the upcoming negotiations and will ultimately determine the success of this reform.

A strong social offer will not only help in the approval of the package, but also deliver the proposed reforms on the ground at the necessary pace. Their implementation will require an unprecedented level of action on people's part because the reforms will impact every sphere of people's lives from housing and energy to mobility and work. To secure the buy-in from governments, regions, and citizens, the Fit for 55 package needs to make climate action fair, affordable and attractive, and set out how social impacts will be anticipated and proactively managed.

For this to happen, the social dimension of the Fit for 55 package needs to be strengthened to go beyond financial instruments such as the Social Climate Fund. The Commission's traditional response to social concerns has largely focused on financial compensation, which on its own is too transactional. For example, despite its positive contribution to regional transitions, the Just Transition Fund led to a narrowing of the Just Transition debate to compensating workers and regions dependent on the coal industry. To convince Member States and citizens that the Fit for 55 package will leave them better off, the EU needs to move beyond tackling this political challenge solely with financial instruments.

How the Fit for 55 package addresses social concerns has an effect beyond Europe's borders. It can become a best practice example of how to implement climate targets based on broad political and public support. Large economies including the United States, Japan, and South Africa have announced their ambitions to be net zero by 2050. They will closely follow the design and implementation of the package to assess whether it can offer a model of 'whole-of-economy-and-society' transformation that they can adapt domestically.



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This briefing sets out five benchmarks for how to strengthen social aspects of the Fit for 55 package and other legislation implementing the European Green Deal. The first set of proposals will be followed by further reforms around energy, climate, transport, industry, and sustainable products and consumption towards the end of the year. All will be amended, for better or worse, through intense negotiations between the Commission, Parliament and Member States. These negotiations present a critical opportunity to advance the European Green Deal vision for an inclusive transition and to better address social considerations across the proposals.

Benchmark 1: A co-created, positive story for climate action

The Fit for 55 Package needs to convince Europeans that climate action will improve their lives and contribute to social cohesion. With its July 2021 proposals, the Commission has put forward a vision of how climate action can enhance the wellbeing of people, boost their prosperity and resilience, and contribute to intergenerational and international solidarity. This narrative now needs to be reinforced across all levels of government. At the same time, it is important to be transparent about the possible adverse impacts of climate action in the service of strengthening solutions to address these.

- > **The Commission, Members of the European Parliament (MEPs) and national leaders should clearly communicate how climate action across policy files helps reduce social injustices:** The impacts of climate change exacerbate social inequalities because the poorest parts of society are also the hardest hit.¹ Climate action can help build resilience against vulnerabilities. For example, accelerating renovation of the worst performing housing stock occupied by low-income households through, among other files, the Energy Performance of Buildings Directive (EPBD), can help address their greater vulnerability to heatwaves² or energy price shocks that stem from poor housing conditions. At the same time, the societal costs of inaction and delaying climate mitigation need to be clearly spelled out.

¹ DW (2019). [Climate change reinforces inequalities – even in developed countries](#)

² Euractiv (2019). [Heatwaves hurt the poor most: time for an EU plan](#)



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- > **The Commission, MEPs and national leaders should build confidence that the distributional effects of climate policy will be managed:** In addition to compensatory mechanisms like the Social Climate Fund, this needs a fair distribution of costs and investment between governments, industries and consumers by strengthening the polluter pays principle across files, ensuring that the burden of the cost is shared more progressively. This includes phasing out free allocations under the EU's existing emissions trading system (EU ETS) much earlier than planned and attaching strict climate conditionality criteria to the Modernisation and Innovation Funds.
 - > **Cities and regions, as well as European institutions, governments, and stakeholders should promote local success stories of the green transition to shape the narrative:** These are particularly helpful in Central and Eastern Europe (CEE) to illustrate that the implementation of the Fit for 55 package is feasible. Ideally, these stories would come from the region itself or countries which are relatable such as Greece or Spain. Recently submitted National Recovery and Resilience Plans can shine a light on good practice examples and city networks offer ample experience of addressing social inequalities as part of local climate plans.³ Making clear links between positive local stories and the contribution of EU policies and funding can help build trust in, and improve, the EU's role. Initiatives such as the Energy Poverty Observatory can be built up to amplify best practices, relevant for example for Member States' Social Climate Plans for the Social Climate Fund.

Benchmark 2: Broadened Just Transition measures

With the Fit for 55 package, the EU needs to broaden its approach to Just Transition to encompass all economic sectors. Just Transition is an approach to aligning social and climate agendas.⁴ On a more practical level, it offers proven tools and processes to anticipate and proactively manage the social impacts of the transition and reap its benefits, while ensuring the pace of the transition is aligned with the Paris Agreement.

- > **The Commission, together with Member States, should start a process to develop transition strategies for all industrial regions:** The transition strategies developed under the Just Transition Fund are limited to regions

³ C40 Cities Climate Leadership Group (2019). [Inclusive climate action in practice](#)

⁴ CAN-E (2021). [Just Transformation Vision](#)



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directly dependent on fossil fuel industries. Transition strategies for a broader set of industrial regions should develop perspectives for affected workers through upskilling, reskilling and lifelong learning programmes as well as retirement schemes. Beyond a focus on employment, they need to create future-proof regions with diversified, resilient economies and high quality of life. Importantly, the EU needs to ensure that stakeholders, such as local authorities, civil society, and social partners, are involved.⁵ The transition pathways for industrial sectors that the updated EU Industrial Strategy announced should inform these strategies.⁶

- > **DG REGIO should set up an exchange format to facilitate experience sharing between regions in the automotive⁷ and other industries:** The proposed tighter CO₂ standards for cars will accelerate the shift from internal combustion engines to electric vehicles and transform existing jobs in the sector.⁸ In particular, Central and Eastern European regions will be affected by the transition to e-mobility as they are among the EU countries with the highest share of direct automotive manufacturing jobs.⁹ The exchange format can become part of the Just Transition Platform and be linked to the 'Automotive skills alliance', committed to re- and upskill the workforce across the car value chain under the Pact for Skills.¹⁰ DG REGIO needs to foster a better understanding of how emerging transitions in more geographically diffuse and less unionised industries, such as heating, could be managed.
- > **The Commission needs to support Member States in creating decent green jobs:** This needs better data on the impacts of the Fit for 55 package on skills needs at regional and sectoral levels as well as an EU-wide debate on how to ensure new green jobs are high-quality and adhere to good working standards.¹¹ This requires a central role for social partners and could take place as part of the Just Transition Platform or together with the Commission Recommendation for Effective Active Support to Employment (EASE).

⁵ Europe Beyond Coal (2019). **Seven golden rules for open and inclusive Just Transition planning at the regional level**

⁶ European Commission (2021). **Updating the 2020 new industrial strategy: Building a stronger single market for Europe's recovery**

⁷ IndustriAll Europe et al. (2021). **Urgent need for a Just Transition framework for Europe's automotive workforce**

⁸ Cambridge Econometrics (2018). **Fuelling Europe's future**

⁹ ACEA (2020). **Share of direct automotive employment in the EU, by country**

¹⁰ European Commission (2020). **Commitments under the Pact for Skills**

¹¹ ETUC (2017). **Defining quality of work: an ETUC action plan for more and better jobs**



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Benchmark 3: Good transition governance

The Fit for 55 package’s social dimension needs to be supported by ‘better regulation’ and stronger governance. It needs to ensure that social support measures are evidence-based, reach those most in need, and enable the EU and Member States to monitor the social impacts of the transition to be able to course correct. To this end, the EU, Member States, and the regional and municipal levels need to align their policy tools and work across all levels of government: competencies to design and implement social policies lie mostly in the hands of national governments, while delivery happens at the local level.

- > **European institutions should assign stricter social and climate conditionalities to the Social Climate Fund:** A higher share of funding should be earmarked to both support vulnerable households and facilitate investment in clean alternatives. This should go hand-in-hand with more stringent criteria for ensuring clean investments meet the needs of low-income households. Although direct income support can serve as an initial measure to shield low and lower-middle income groups from increased carbon pricing, making clean alternatives accessible to everyone should be the ultimate priority. Moreover, safeguards need to be put into place to guarantee that the fund is not used for technologies that lock-in emissions, such as gas boilers for heating.
- > **The Commission needs to close data gaps with support from Member States:** Providing data on cross-cutting issues such as energy poverty, gender inequalities, vulnerabilities to climate impacts, or even job creation and losses helps to better understand the intersection of climate and social issues and design more effective support measures. This will also strengthen the development of national plans to access the Social Climate Fund by identifying households most vulnerable to a carbon price on heating and road transport.
- > **European institutions should strengthen the social dimension in NECPs beyond Social Climate Plans:** The Fit for 55 package will be followed by a revision of National Energy and Climate Plans (NECPs) in 2023. Member States are required to outline “to the extent feasible, the health, environmental, employment and education, skills and social impacts including just transition aspects (in terms of costs and benefits as well as



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cost-effectiveness) of the planned policies and measures”.¹² However, the way in which Member States report varies greatly and should be streamlined by developing common social indicators – enabled by better data collection – they have to report on.

Benchmark 4: Everyone empowered to have a say

Shared ownership and participation will be pivotal to societal acceptance of the Fit for 55 package and, consequently, of the European Green Deal. Enabling citizens and civil society to become full stakeholders in the process either through more participatory formats or the strengthening of citizen-led initiatives such as renewable energy communities will create greater legitimacy and transparency in the negotiation and implementation of the Fit for 55 package. Better representation of public interests is necessary to balance the dominant role of incumbents in EU policymaking¹³ and produce better policy, legislation, and implementation. Current proposals should make more concrete propositions for how to enable meaningful participation.

- > **European institutions should strengthen the role of local governments and citizens in allocating the Social Climate Fund:** They should be consulted in the development, implementation, and monitoring of Social Climate Plans to access the fund and part of its funding should be directly allocated to local authorities based on a sub-national index of need.¹⁴ Alternatively – or complementarily – it can also be distributed competitively among local authorities but this will require dedicated technical assistance to develop proposals.
- > **The Commission should increase civil society participation in expert groups shaping sectoral industrial policy and flagship initiatives:** The Platform on Sustainable Finance (initially called Technical Expert Group) is an example of good practice. In contrast, low civil society participation was originally a concern regarding the Clean Hydrogen Alliance.¹⁵ For existing and potential expert groups related to the Fit for 55 package, the Commission

¹² European Commission (n.d.). **National energy and climate plans (NECPs)**

¹³ InfluenceMap (2021). **Industry associations and European climate ambition**

¹⁴ Euractiv (2021). **Make the Fit for 55 package fit for cities**

¹⁵ CAN Europe et al. (2020). **Letter: Clean Hydrogen Alliance launch and future work strands: involvement of civil society organisations/NGOs**



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should re-evaluate how these groups are resourced, ensure they have a clear governance structure and mandate, and that diverse expert feedback is incorporated at all stages of the legislative process.

- > **National governments need to work with social partners to strengthen social dialogue structures:** The pandemic has put social dialogue at risk in some Member States.¹⁶ Many elements of the package, such as stricter CO₂ standards for cars and vans, directly affect workers through changes to production processes. In the implementation of the Fit for 55 package, workers and their representatives need to be engaged at national, regional, sectoral and company level in co-developing transition pathways and skills development and social protection programmes or securing (investment in) high-quality jobs in green sectors.¹⁷

Benchmark 5: The entire EU benefits

The Fit for 55 package needs to strengthen confidence that benefits from the green transition will be spread across the entire EU to garner political support. More needs to be done to convince national governments in Central and Eastern Europe (CEE) of the package's positive impact on their economies and societies.

- > **European institutions and national negotiators should further strengthen solidarity between Member States in the Fit for 55 proposals:** The proposals already recognise the more difficult starting levels of countries in CEE, for instance, through emissions targets under the Effort Sharing Regulation based on GDP and a larger Modernisation Fund to support industrial decarbonisation. Boosted funding needs to be matched with strong climate conditionalities and exclusion criteria to ensure it accelerates the transition in the region. Access for CEE to the topped-up Innovation Fund should be improved through technical assistance in applying for funding as the first call of proposals was dominated by Western European countries.¹⁸
- > **The Commission, businesses, investors and civil society need to communicate the Fit for 55 package as an economic opportunity for CEE:** More renewable energy capacities will strengthen the position of CEE

¹⁶ Eurofound (2021). **Involvement of social partners in policymaking during the COVID-19 outbreak**

¹⁷ ILO (2016). **Guidelines for a just transition towards environmentally sustainable economies and societies for all**

¹⁸ European Commission (2020). **First Innovation Fund call for large-scale projects**



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countries in supply chains as global corporations increasingly make clean energy a requirement for their suppliers to reduce their carbon footprint.¹⁹ Stricter CO₂ standards for cars will drive demand for e-mobility, providing an opportunity for the region to attract the production of batteries and electric vehicles, and with it more skills-intensive jobs.²⁰ Buildings renovation and heat decarbonisation will create local jobs, increase household and business spending power, inducing further job creation,²¹ while tackling high levels of energy poverty²² and air pollution.²³

- > **National governments in CEE must use the unprecedented EU financial resources to invest in the transition, supported by technical assistance from the Commission:** CEE receives a large share of the new EU budget and Recovery and Resilience Facility to accelerate the green transition in the region.²⁴ However, a significant amount of the funding available remains below green investment potentials, for example the share of green spending is too low in many recovery plans.²⁵ Governments need to seek technical assistance from the Commission to achieve better absorption and prioritisation of green investments. If DG REFORM prioritises technical assistance to CEE, it can create the technical capacity at national, regional, and local level to develop bankable green projects and scale-up existing climate programmes, such as for buildings renovation.²⁶ It will also enhance innovation capabilities at the national level to develop clean technologies and supply chains.²⁷

¹⁹ E3G (2021). **Boosting renewable energy in the Visegrad region: The role of business**

²⁰ CEDEFOP (2021). **Sectors in transition: the automotive industry**

²¹ European Commission (2017). **The macro-level and sectoral impacts of energy efficiency policies**; University of Strathclyde & Bellona Europa (2020). **Laying the foundations for a net zero society**

²² EU Energy Poverty Observatory (2020). **Member State reports on energy poverty 2019**

²³ EEA (2021). **European city air quality viewer**

²⁴ European Commission (2021). **The EU's 2021-2027 long-term budget & NextGenerationEU**

²⁵ **Green Recovery Tracker**

²⁶ Euractiv (2021). **Balance climate ambition with recovery efforts so that East can meet West**

²⁷ E3G (2021). **Next Generation EU? Research & innovation in Central and Eastern European recovery plans**



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