



*Employers entrusted to deliver
Sustainability Growth Innovation*

Position Paper

SGI Europe priorities on addressing social and labour aspects
of the just transition towards climate neutrality

05 November 2021

Executive Summary

- **SGI Europe fully endorses the ambition of the European Commission to make the European Green Deal the "new growth strategy"** and its ultimate aim to turn the EU into a fair society with a modern, resource-efficient and competitive economy decoupled from resource use. **Services of general interest (SGIs) will play a central role in bringing to life this intention** and need the right framework to ensure that the transition is just for the workers they employ and the citizens they serve.
- SGI Europe **welcomes the upcoming proposal for a Council recommendation to proactively tackle all dimensions of a fair and just green transition** whilst supporting the implementation of the European Pillar of Social Rights. It is crucial for the proposal to:
 - **include a dedicated approach putting access to SGIs and essential services** (as defined in the EPSR) **at the heart of the transition**;
 - **address a broad scope of essential services**, covering all the services of Principle 20, supported by an operational **definition of accessibility, affordability, availability**;
 - contribute to more effective and sustainable support mechanisms to **guarantee access to all essential services**, to mitigate the adverse impact of the green transition, including through European funds and the sharing of best practices and mutual learning activities;
 - recommend **monitoring and evaluating** whether the reforms and investments undertaken in the National Recovery and Resilience Plans **improve access to essential services**.
- In the context of the upcoming proposal for a Council recommendation, SGI Europe calls on Member States to:
 - **involve social partners in creating just transition strategies** dealing with socio-economic challenges, optimise employment and competitiveness opportunities for workers and enterprises, and contribute to inclusive and fair transitions.
 - **increase awareness and understanding of the employment opportunities** and challenges of the green transition, facilitate knowledge and experience exchange across institutions and sectors, and promote the principles and values of sustainability across sectors and at all levels;
 - **increase the attractiveness** of specific occupations in essential sectors of the green transition through raising the image and visibility of VET education and through communication campaigns about occupational opportunities and career prospects in essential services;
 - **improve skills and employment intelligence**, especially at local and regional levels, through better cooperation between public authorities, employers, education and training providers, and public employment services;
 - continue efforts of **making VET become the first choice** by raising its profile and visibility in other policy areas and integrating VET in the EU agendas on regional development, innovation and industry;
 - **intensify technical assistance** offered to the Member States to address the lack of awareness and understanding opportunities on EU funding;
 - **improve the training offer** to inactive, unemployed, and NEETs, and provide quality and inclusive guidance and counselling services;
 - involve social partners in **modernising education and training curricula, reforming skills and employment strategies, and strengthening job creation** within the greening transition.

SGIs in a Just Transition towards Climate Neutrality

SGI Europe fully **endorses the ambition of the European Commission to make the European Green Deal¹ the "new growth strategy"** and its ultimate aim to turn the EU into a fair society with a modern, resource-efficient and competitive economy decoupled from resource use. The package 'Fit for 55' presented by the European Commission on 14 July is ambitious. It must strengthen the path toward the 2030 climate-policy targets while paving the way for the 2050 net-zero-emissions goal.

Today, challenges such as the rise of energy prices or the social consequences of the pandemic have made the **path toward a just and fair green transition even more urgent**. They require a stronger focus on the broader social dimension of the green transition. According to the 2020 Housing in Europe report, *"6.9% of the European Union (EU) population said in an EU-wide survey that they could not afford to heat their home sufficiently"*² in 2019, prior to the rise of energy prices.

The opportunities and costs of the transition should be shared in a fair way, addressing current and future potential inequalities at the level of individuals, social groups, sectors, communities, regions, and countries. **SGIs are at the heart of this fair transition** by delivering essential services to citizens, such as waste management, energy, transport, social housing, water, environment, telecommunications, healthcare, and education.

In this context, employers and providers of SGIs need to be given the right framework to ensure the transition is just for the workers they employ and the citizens they serve. The proposed Social Climate Fund³, which puts a special emphasis on alleviating social impacts on the most vulnerable groups by proposing new investment solutions to those affected by carbon pricing policies, is a step in the right direction.

Climate policies cannot be deployed in a context of growing inequality. The implementation of the EU climate action will have to integrate this dimension at its core to foster its acceptability for all EU citizens. The transition will only be socially feasible if the right tools are developed, focusing on creating new sustainable jobs, adapting the workforce's skillset, and expanding **access to essential services for fair transitions**.

SGI Europe welcomes the intention of the European Commission to propose a Council recommendation to proactively tackle all the dimensions of a fair just green transition. In the aftermath of the COVID-19 pandemic, implementing the principles of the European Pillar of Social Rights (EPSR) will be key to ensuring the transition's success, balancing the environmental, social, and economic dimensions.

It is crucial for the proposal to include a dedicated approach putting access to SGIs and essential services (as defined in the EPSR) at the heart of the transition.

¹ The EU Green Deal, COM(2019) 640 final, https://ec.europa.eu/info/sites/default/files/european-green-deal-communication_en.pdf

² Eurostat, Housing in Europe (2020), <https://ec.europa.eu/eurostat/cache/digipub/housing/index.html?lang=en>.

³ Proposal for a regulation of the European Parliament and of the Council establishing a Social Climate Fund, COM/2021/568 final, <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52021PC0568>

Enabling affordable access to essential services for all

Extending measures to improve access to essential services to all essential services, including social housing

Including access to essential services as a central component of the upcoming Council recommendation will be crucial. **Enabling affordable access to services, including energy and transport**, for all, focusing on vulnerable groups and regions, **is of utmost importance for enabling a just and fair green transition.**

Effective access to essential services of sufficient quality, such as water, sanitation, healthcare, energy, transport, financial services, and digital communications, is key to **guaranteeing social and economic inclusion**. The European Commission should put forward a streamlined approach when it comes to access to essential services, and a **close connection should be established between the Recommendation for a fair and just transition and the future report on access to essential services**, announced in the European Pillar of Social Rights Action Plan and planned for 2022.

The European Commission rightly identified that, in the absence of accompanying policies, regressive effects from, i.e. carbon pricing and energy taxation, may risk exacerbating energy and transport poverty. However, it is **important to acknowledge that people struggling to pay their energy bills or transport are likely to struggle to pay for other essential services** (water, telecommunications).

A broad approach that acknowledges the **interconnection between the root causes of poverty and access to all essential services is necessary** to guarantee a just and fair transition. We now call on the European Commission to push forward a **broad scope including all the services mentioned in Principle 20 in the Council recommendation for a fair and just transition**. As such, the European Commission has already stated in its Communication on a 'Strong social Europe for just transitions' that: *"Living a life in dignity means getting the support needed to look for a job, being able to access affordable and quality health care, decent opportunities for education and training, affordable housing, and affordable access to essential goods and services, including water, energy, transport, and digital communications."*⁴

In line with this approach, **renovating and investing in the social housing stock should be seen as an investment, not a cost**. Social housing providers are at the forefront of the green transition by making their properties more affordable, livable, and environmentally friendly. The promotion of the renovation wave, including in the social housing sector, was rightly mentioned as an essential service during the hearing of the social partners on the upcoming Council Recommendation.

The importance of Principle 19 and the role of social housing providers in the just transition towards climate neutrality should be better recognised. This can be done by **strengthening the social housing sector by creating incentives for Member States to invest further**, supporting social, cooperative, and public housing providers by adjusting state aid rules to allow for the investment needed.

Improvement in the targeting of the funding opportunities available through, amongst others, the Renovation Wave, ERDF, or ESF+, can address the specific needs of the essential services and the housing sector.

⁴ A strong social Europe for just transitions, COM(2020) 14 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0014>

Monitoring and evaluating access to essential services

Another critical aspect of promoting access to essential services is improving and developing data collection and **monitoring and evaluation mechanisms**. The ESPN Report "Access to essential services for people on low incomes in Europe"⁵ identifies accessibility, availability and affordability as critical elements. However, there is a heterogeneity about Member States' approaches to the use of concepts such as "essential services," "people on low income," and indicators of affordability, accessibility, and availability.

Data collection and monitoring, and evaluation mechanisms should form the basis of evidence-based policymaking. The Energy Poverty Observatory has proven how measurement, monitoring, and sharing of knowledge in this field, can raise awareness and help understand the wide range of socio-economic factors surrounding energy poverty. **Other essential services will however be heavily affected by the green transition** as well, risking adverse impact on the most vulnerable parts of society. There is a need to **improve monitoring and evaluation of access to sectors, such as water, sanitation, public transport, and digital communications**, through a multi-faceted approach similar to the one adopted for tackling energy poverty.

When recommending Member States to tackle challenges related to access to essential services, the European Commission should **also encourage and monitor the effectiveness of the support mechanisms put in place**.

Furthermore, Member States should be encouraged to **set up inclusive institutional structures which allow for multi-level and multisector dialogue** and cooperation with stakeholders to develop expertise and integrated approaches to facilitating access to the six essential services.

The recommendations made by the European Commission to the Member States should lead to **more effective and sustainable support mechanisms guaranteeing access to all essential services covered by Principles 19 and 20 of the EPSR**.

Key Recommendations

- The proposal for a Council recommendation **should address a broad scope of essential services**, covering all the services of Principle 20, **supported by an operational definition of accessibility, affordability, availability**.
- **Essential services should become an integral part of the European Semester's analysis**, including additional outcome indicators within the Social Scoreboard making full use of EU and national data sources.
- The European Commission **should recommend monitoring and evaluating whether the reforms and investments** undertaken in the National Recovery and Resilience Plans **improve access to essential services**.
- The Recommendation should **contribute to more effective and sustainable support mechanisms to guarantee access to all essential services**, with a view to mitigating the adverse impact of the green transition, including through European funds and the sharing of best practices and mutual learning activities.

⁵ Baptista, I. and Marlier, E. (2020), Access to essential services for people on low incomes in Europe. An analysis of policies in 35 countries, European Social Policy Network (ESPN), Brussels: European Commission.

Preparing a sustainable and fair labour market

Greening and the emergence of new technologies mean that **occupational profiles need to be adapted with new skills**. Implementing activities to support job mobility and career transitions, enhancing access to continuous training and addressing skills mismatches is essential and requires active participation of social partners at all levels.

The COVID-19 pandemic has put unprecedented pressure on SGIs and the education and training sector. In the context of the recovery and the green transition, a significant challenge is to **equip the learning facilities, human resources, and education infrastructure with the necessary tools**. Moreover, investment gaps in the education and training systems, especially in disadvantaged areas, foster doubts about a twin transition **delivering quality employment, reducing job polarisation and supporting upwards social convergence across the EU**.

Against this backdrop, fostering very dynamic, accessible, and flexible education and training systems across Member States, which **encourage the acquisition of transversal skills for all age groups**, is fundamental. Such transversal skills include problem-solving, conflict resolution, digital and ICT skills⁶, STEM skills, consensus building, information management, interpersonal expression, environmental responsibility, and critical and creative thinking. Furthermore, in order to make pro-active re-skilling and up-skilling possible across all educational levels and to particularly improve adult education and training systems' performance, continuous assessment and adaptation of national education systems is of crucial importance. An **improved skills matching based on labour markets needs will, in turn, enable enterprises to be more productive and competitive, thereby creating the conditions for them to create quality jobs**.

It will be crucial to further raise awareness about employment opportunities and the challenges of the green transition, as well as to facilitate knowledge and experience sharing across institutions and sectors and promoting the principles and values of sustainability. **Skills forecasts and skills intelligence gathering need to be implemented through partnerships between public authorities, social partners, education and training providers, and public employment services**, including at local and regional levels, focusing on the skills associated with the digitalisation and the greening of economies.

The European Pillar of Social Rights Action Plan sets a new target whereby at least 60% of all adults should participate in training every year by 2030. In order to make pro-active re-skilling and up-skilling possible across all educational levels and particularly improve adult education and training systems' performance, **continuous assessment and adaptation of national education systems are of crucial importance**. Furthermore, by strengthening the **cross-sectoral collaboration between education stakeholders and those from the labour market**, it is possible to **ensure that a mismatch of needs and expectations with regards to competencies and skills is prevented on both sides**.

Innovation, that has a market and positive societal impact, will be even more crucial in the years ahead for a socially just and competitive Europe **in the face of ambitious environmental targets, digitisation, and demographic changes**. It is, therefore, necessary to **strengthen collaboration and partnership between relevant actors** involved in research, innovation, and labour markets, including universities and enterprises, to better provide skills in line with rapidly evolving labour markets. Both public and private investments are essential to increase Europe's innovation potential: **SGIs and public services provide the necessary infrastructure to support research and innovation and therefore need to be supported through long-term investments**.

⁶ According to the EU Digital Economy and Society Index (DESI) in 2019, 44% of individuals in the EU lacked of least basic digital skills

Key recommendations

- Member States need to **actively involve social partners in modernising** the education and training curricula, **reforming their skills and employment strategies for encountering the new skills and training needs**, and strengthening the opportunity of jobs creation within the greening of the economy.
- Member States and social partners should **create just transition strategies**. Where applicable, these just transition strategies should be negotiated through social dialogue and collective bargaining structures. These should aim to deal with socio-economic challenges, optimise employment and competitiveness opportunities for workers and enterprises, and contribute to inclusive and fair transitions.
- Member States and social partners should **increase the awareness and understanding of the employment opportunities and challenges of the green transition**, facilitate knowledge and experience exchange across institutions and sectors, and promote the principles and values of sustainability across sectors and at all levels.
- Member States and national social partners need to **tackle the challenge of increasing the attractiveness of specific** occupations in the key sectors affected by the environmental transition through raising the profile and visibility of VET education and through communication campaigns at the local level devoted to raising awareness about occupational opportunities and career prospects in essential sectors such as energy, transport, water, and telecommunications.

Addressing the skills needs for a Just Transition

Putting environmental sustainability at the core of lifelong learning should be a fundamental value across all EU education systems. **Cross-educational collaboration, starting from early childhood education, is also vital for developing sustainable transversal skills, which facilitate learners to integrate well into the future labour market** and take a responsible and active role in future societies. **Developing a shared understanding of certain vital elements** regarding environmental sustainability, including defining terms such as "green skills," **will play a pivotal role** in achieving the EU's climate ambitions.

Even in Member States where there are currently no skills shortages, **demographic changes will have a major impact on recruiting activities and create difficulties** in hiring suitable professionals and retaining employees. Preliminary outcomes of the on-going project 'Green Skills in VET,' implemented by SGI Europe and the European Federation of Education Employers (EFEE), show that **skills shortages and mismatches at the sectoral level are also caused by a lack of "attractiveness" of certain sectors** and industries, especially for youth. This issue calls for raising the image and visibility of Vocational Education and Training (VET) – both Initial Vocational Education and Training (IVET) and Continuing Vocational Education and Training (CVET). It also calls for raising awareness about occupational opportunities and career prospects within key sectors such as energy, transport, water, and telecommunications.

For many education providers, **the task of training the necessary skills in line with the digitalisation and greening of economies is too expensive if done by themselves**. For this reason, intermediary bodies that can facilitate the dialogue between companies and educational institutions, allowing them to focus on each other's activities, are needed.

Low-skilled workers represent a significant percentage of the EU working-age population, and more strategic, sustainable, and coherent approaches are needed to **support them in accessing and progressing through upskilling pathways**. Furthermore, adequate levels of both private and public investment are necessary, as only a combined effort would allow addressing the existing major funding gaps in this area.

The training funds can support skills development and address the skills needs of enterprises and workers. They can also contribute to effective and inclusive life-long learning and employee training **and incentivise investments in skills across sectors providing services of general interest**, which can, in turn, underpin Europe's economic and social recovery and long-term growth and employment.

Key recommendations

- Member States and the EU need to **continue the efforts of making VET become the first choice**. It is important to raise the image and visibility of VET in other policy areas and integrate VET in the EU agendas on regional development, innovation and industry. This will strengthen outcomes, increase budgets for VET initiatives and improve the quality and image of VET.
- Member States and the EU need to **continue the efforts of making VET become the first choice**. It is important to raise the image and visibility of VET in other policy areas and integrate VET in the EU agendas on regional development, innovation and industry. This will strengthen outcomes, increase budgets for VET initiatives and improve the quality and image of VET.
- Member States need to **improve the training offer to inactive, unemployed, and NEETs, together with the public employment services, the social partners, and in consultation with relevant social services providers**. It is also important that quality and inclusive guidance and counselling services are available.
- Member States and national social partners need to **improve skills and employment intelligence, especially at local and regional levels**. In this sense, better collaboration is needed between public authorities, employers, education and training providers, and public employment services.
- The EU should **intensify the technical assistance offered to the Member States for the new funds made available** at European level for skills, education, and training, including the Just Transition Fund and the ESF+, to address the lack of awareness and understanding on EU funds available for local authorities and smaller companies, as well as the new support schemes.