

Chapter 3

The socio-ecological dimension of the EU's recovery: further traction for the European Green Deal?

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Introduction¹

The setting up of the Recovery and Resilience Facility (RRF) can be considered a quantum leap in the process of European integration (Vanhercke and Verdun 2022). First, in order to finance this instrument, the European Union (EU) has issued debt of unprecedented size and scope. Second, the RRF relies on strong mechanisms of conditionality and monitoring of the usage of funds, thus potentially enhancing the EU's influence on national policies and priorities (Bokhorst, this volume). Resources provided to the Member States are to be used to finance investment and reforms – to be proposed by the Member States in national Recovery and Resilience Plans (RRPs) – enabling recovery from the Covid-19 crisis and in line with EU priorities set out in the RRF Regulation. One top priority is to promote the transition towards environmentally sustainable economies and societies (the so-called 'green transition'). As made clear by EU institutions in several documents, the stated ambition is not simply to promote a green transition: this transition should be 'just', ensuring that both the risks and opportunities deriving from the transition are fairly distributed across social groups and territories, 'leaving no one behind'. To achieve a just transition, a certain degree of consistency and integration between green transition policies and social policies is needed, making them compatible and mutually reinforcing.

Against this background, recent studies have investigated the 'socio-ecological dimension' of the RRF through analysing its constitutive documents, assessing whether, to what extent and how this instrument could promote the integration of green and social policies (Sabato et al. 2021). Other studies have looked at RRF implementation at national level, providing a macro-analysis of the relationship between the social and green dimensions of the national RRFs submitted to the European Commission and exploring, in a small number of plans, cases in which the two dimensions are interconnected (Theodoropoulou et al. 2022). In this chapter, we go one step further: a) proposing an analytical framework suited to identifying specific measures constituting the socio-ecological dimension of national RRFs and their key features; b) applying this analytical framework to the study of the RRFs of six countries, with a view to providing

1. This chapter draws on and further develops analyses by Sabato et al. (2021) and Theodoropoulou et al. (2022). We would like to thank the co-authors of those papers: respectively Matteo Mandelli (University of Milan) and Bart Vanhercke (European Social Observatory), as well as Mehtap Akgüç (European Trade Union Institute) and Jakob Wall (Dondena Centre-Bocconi University). We would also like to thank Milena Büchs (University of Leeds), Matteo Mandelli, Slavina Spasova and Bart Vanhercke (OSE) as well as Richard Lomax for their precious feedback on an earlier draft. Last but by no means least, we are grateful to Federico Moja (University of Milan and OSE) for his valuable contribution to the empirical research for this chapter. Any remaining errors and misinterpretations are the sole responsibility of the authors.

concrete illustrations of policies for the socio-ecological transition proposed by the Member States; and c) shedding light on the functions that welfare states are expected to perform in the green transition.

The chapter is structured as follows. Section 1 discusses how the notions of ‘green transition’ and ‘just transition’ have been used in key EU policy documents and strategies, notably the European Green Deal (EGD) and the RRF. Section 2 presents the analytical framework for the research. Section 3 provides an overview of the relationship between the social and green dimensions of national RRP, based on available data covering 25 national plans. In Section 4, we apply our analytical framework to the study of six RRP, illustrating specific measures foreseen by the Member States and identifying the main features of the socio-ecological dimension of these plans. The concluding section summarises the key findings, reflects on policy implications and highlights open issues for future research: since this is one of the first studies analysing the national RRP from a socio-ecological angle, it should be considered as exploratory. As a result, in Annex 1 we discuss the implications of our methodological and analytical choices, highlighting key aspects to be investigated in future research.

1. A just, green transition for the EU?

In December 2019, the European Commission published the European Green Deal, an overarching strategy for transforming the EU’s economy and societies with a view to achieving climate-neutrality by 2050 and to protecting, conserving and enhancing the EU’s natural capital (European Commission 2019: 2). While the EGD is primarily an economic strategy aimed at fostering gross domestic product (GDP) growth and competitiveness in the EU, more explicitly than in previous EU overarching strategies, it also aims to make economic objectives compatible with environmental objectives, in particular the fight against climate change. The EGD is indeed presented as an integral part of the EU strategy to implement the United Nations’ 2030 Agenda for Sustainable Development and – together with the Climate Law and the Paris Agreement – is considered the key EU policy framework for achieving the so-called ‘green transition’ (Bruyninckx et al. 2022). The latter is defined as ‘the transition of the EU economy and society towards the achievement of the climate and environmental objectives [of the EU²] primarily through policies and investments [...]’ (European Commission 2021a: 24). Indeed, the EGD is based on the assumption that, if well designed, the policies for the green transition have the potential to bring simultaneous economic and environmental gains, in particular through decoupling economic growth from resource use (for criticism of the feasibility and desirability of this approach, see Fronteddu 2020, Laurent 2021, Haberl et al. 2020, Parrique et al. 2019).

2. The phrase ‘climate and environmental objectives’ refers to the six objectives laid down by Regulation (EU) 2020/852, namely: climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems (European Parliament and Council of the European Union 2020: art. 3b). In the present chapter, the expressions ‘green objectives’ or ‘objectives of the green transition’ refer to those objectives.

In the EGD, the European Commission also refers to socio-ecological challenges, showing awareness that the transformations envisaged to achieve the green transition will have significant social impacts: besides opportunities (e.g. the creation of new 'green' jobs), the green transition is indeed expected to entail severe social challenges, including job losses and redeployment related to industrial restructuring, issues connected to the (re)distribution of the costs of the transition (for instance, energy poverty and the regressive impacts of taxes on home energy), and challenges related to overall changes in lifestyles (including, for example, the financial difficulties of low-income households to adopt low-carbon technologies). To prevent and address these challenges, the European Commission refers to the need to achieve a 'just transition'. Originally put forward by the trade union movement in the 1980s, the notion has been used over time by a number of societal players and international organisations (Galgóczi 2018; Sabato and Fronteddu 2020)³, inevitably resulting in just transition becoming a contested concept (Stevis et al. 2020) with somewhat blurred boundaries and with various possible interpretations and usages.

In the EGD, the notion has been used with a twofold meaning (Sabato and Fronteddu 2020). On the one hand, just transition has a strong territorial connotation, emphasising social investment policies to ensure worker employability in those territories hardest hit by economic restructuring. This is, for instance, the main objective of the Just Transition Mechanism (JTM) proposed in the EGD. On the other hand, more generally, the 2017 European Pillar of Social Rights (EPSR) was identified as the EU reference framework to ensure a just transition for *all* European citizens. This role of the EPSR was restated in the European Commission's (2020a) Communication on 'A strong social Europe for just transitions', without however providing specific indications of policies to be implemented to achieve the EPSR objectives in the context of the green transition⁴. After the outbreak of the Covid-19 pandemic, the European Commission made it clear that recovery measures should be in continuity with the EGD, including its ambition to promote a just transition (Sabato and Mandelli 2021).

Pursuit of the green transition also characterises the main instrument for EU recovery from the Covid-19 pandemic: the Recovery and Resilience Facility. Totalling 672.5 billion euros – 360 billion in loans and 312.5 billion in grants (2018 prices) –, the RRF is intended to support reforms and investments undertaken by EU Member States, with a strong emphasis put on promoting the green transition. The latter is the first of the RRF's six 'pillars'⁵, and Member States are asked to allocate a minimum of 37 per cent of expenditure in their RRFs (i.e. the largest mandated share across the six RRF pillars)

3. From a theoretical angle, the notion of just transition is based on principles of both distributional justice (fairly sharing the costs of the transition and addressing current and potential inequalities) and procedural justice (ensuring the participation of citizens and stakeholders in the decision-making process and in policy implementation) (McCauley and Heffron 2018; Newell and Mulvaney 2013). In an attempt to use this notion in a more systematic way and to develop a comprehensive policy framework to guide policymaking, in 2015 the International Labour Organisation (ILO) drafted a set of concrete guidelines on just transition (ILO 2015).
4. For a critical view of the overall 'EU framework for just transition', in terms of both consistency and sufficiency, see Akgüç et al. (2022).
5. The RRF 'pillars' refer to European policy areas deemed as key to achieving recovery from the Covid-19 crisis and enhancing the long-term resilience of the EU and of its Member States (European Parliament and Council of the European Union 2021: recital 10).

to investments and reforms supporting this objective (in particular, the EU climate objectives). Other RRF pillars have more marked ‘social’ objectives, including pillar 4 (social and territorial cohesion), pillar 5 (health, and economic, social and institutional resilience), and pillar 6 (policies for the next generation, children and youth)⁶. Thus, at least from the text of its constitutive documents, one can conclude that the RRF has both a green and a social dimension. While these dimensions often appear as separate (pertaining to different pillars), in some cases they interact, to the extent that Sabato et al. (2021) refer to the RRF’s ‘socio-ecological dimension’. According to their analysis, this dimension consists mainly of two elements. First, when implementing reforms and investments related to the green transition, Member States are asked to consider their social dimension and their impact on equality, while also justifying how their plans will ensure a just transition (ibid: 41)⁷. Second, emphasis is placed in the RRF on the role that education and training policies can play in enhancing worker employability in a greener economy, thus making an explicit link between the green transition and social policies.

More concrete EU guidance on policy packages to be implemented by the Member States to ensure a ‘fair’ transition has been provided only recently (well after the submission of Member States’ RRFs), through a Council of the European Union (2022) Recommendation on ‘ensuring a fair transition towards climate neutrality’, adopted in June 2022. This Recommendation calls on Member States ‘to adopt and implement, in close cooperation with social partners as relevant, comprehensive and coherent policy packages, addressing the employment and social aspects to promote a fair transition across all policies, notably climate, energy and environmental policies [...]’ (Council of the European Union 2022: (2)). To do so, the Recommendation indicates actions to be taken in four domains: a) active support for quality employment; b) quality and inclusive education, training and lifelong learning, as well as equal opportunities; c) fair tax-benefit systems and social protection systems, including social inclusion policies; and d) access to affordable essential services and housing.

2. Exploring the socio-ecological dimension of EU recovery: analytical framework

From the discussion above, it emerges that a just transition approach requires a degree of coherence and integration between different economic, social and environmental policies, in order to make their respective objectives compatible and, wherever possible, mutually reinforcing. While both the EGD and the RRF call for a just transition

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6. The other pillars of the RRF are digital transformation (pillar 2) and smart, sustainable and inclusive growth (pillar 3).
 7. Besides establishing this principle at a general (and rather generic) level, however, the RRF only mentions that social and distributional implications need to be carefully taken into account in relation to a few specific green transition policies, including reforms aimed at ‘greening’ fiscal policies, measures for the renovation of buildings and the promotion of energy efficiency, and the need to pay particular attention to marginalised communities with regard to their access to environmental services such as waste prevention and management and water re-use infrastructure.

approach, indications on the types of policies to be implemented for such a purpose are relatively limited and rather vague. Against this background, the two objectives of this chapter are: a) to understand whether the RRP's effectively contain measures with an explicit ambition to simultaneously promote social goals and the environmental – and climate-change-related goals of the green transition – i.e., in our terminology, whether they have a socio-ecological dimension; and b) to understand what role national welfare states are expected to play in this context. To do this, we first need to develop an analytical framework for empirically analysing the RRP's, allowing us to determine their socio-ecological dimension.

To identify the concrete measures to be analysed, we start out from Matteo Mandelli's (2022:8) definition of eco-social policies (or socio-ecological policies): 'public policies *explicitly* pursuing both environmental and social policy goals in an *integrated* way' (italics in the original). In this definition, two main dimensions for an empirical identification of eco-social policies are highlighted: a) *explicitness*, meaning that the ambition to simultaneously pursue social and environmental goals should be made clear in the declared objectives and expected outputs of the policies at stake; and b) *integration*, i.e. the establishment of concrete policy measures allowing the simultaneous pursuit of environmental and social goals, tackling the interconnections between these two policy domains either by directly unifying or by coordinating different policies. Importantly, the integration between social and environmental policies can proceed in two directions, related to the core rationale of the policy in question (Mandelli 2022): a) environmental-to-social policies, i.e., adding a social dimension to environmental policies with a view to addressing the social implications of environmental issues and policies; and b) social-to-environmental policies, i.e., adding an environmental dimension to social policies.

Drawing on the framework proposed by Sabato et al. (2021: 21), we then identify four functions that welfare states could be expected to perform in the green transition:

1. *Benchmarking function*. The principles and rights embedded in welfare states can affect policies for the green transition by defining social criteria and objectives to be considered and respected while designing and implementing these policies. In this case, the reference is to the need to design policies that – while primarily aimed at achieving objectives related to the green transition – are also consistent with the achievement of social objectives. For instance, the need to protect vulnerable households, ensuring adequate and affordable access to clean energy, should be taken into account in the design of low-carbon energy policies, while the distributional consequences and the impact on the most vulnerable should be carefully considered when designing environmentally friendlier fiscal systems through carbon pricing and environmental taxation.
2. *Enabling function*. In this case, welfare policies – while pursuing primarily social objectives – are made compatible with the climate and environmental objectives of the green transition, with a view to facilitating the achievement of the latter. Welfare policies could act as enablers of the green transition in two respects. First, the emphasis is on the *social investment* function of the welfare state,

i.e., on its role in fostering the development of capabilities and human capital, and, if targeted, in providing the skills needed in a greener economic model and facilitating the transition of workers between economic sectors. Examples are policies such as education and training, re-skilling, and active labour market policies, when explicitly linked to the provision of competences for the green economy.

Second, welfare policies can contribute directly to some of the objectives of the green transition when these policies (and the related social infrastructure) are purposely designed in a way reducing their ecological footprint. One example of this are policies and practices for affordable (social) housing incorporating an ecological dimension, for instance to meet energy performance goals (see Machline et al. 2018). Examples in the field of labour market policies may include working time reductions, seen by some scholars as a solution simultaneously bringing social gains (in terms of improved wellbeing and quality of life) and environmental gains (limiting rises in energy consumption and emissions and reorienting household budgets in a lower carbon direction) (Gough 2017: 186-191). Importantly, while social investment proponents usually highlight the contribution of these policies to enhancing economic competitiveness and GDP growth, policies aimed at reducing the welfare state's ecological footprint are proposed in the literature on sustainable welfare (Büchs and Koch 2017; Hirvilammi and Koch 2020), a strand of the literature usually relying on the notion of de-growth.

3. *Buffering function.* The focus here is primarily on social protection and assistance policies (e.g., unemployment and minimum income schemes, healthcare and pensions). These policies can act as buffers, ensuring that all citizens are protected during the transition and tackling any increases in inequalities deriving from the transition process. Examples of measures explicitly linked to the green transition range from income support schemes for workers affected by economic restructuring (e.g., European Commission 2021b: 30) to forms of basic income schemes such as transition incomes or various types of vouchers (Bohnenberger 2020; Büchs et al. 2022). Besides cash benefits, buffers may also take the form of in-kind provisions. In this respect, part of the literature on sustainable welfare emphasises the role that universal basic services (Institute for Global Prosperity 2017; Coote and Percy 2020) could play during the green transition (Büchs 2021)⁸.
4. *Consensus builders or conflict management function.* In this case, welfare state institutions could be used to build a consensus on the green transition or to manage the conflicts inevitably deriving from it. Established social dialogue

8. Universal basic services refer to 'an unconditional provision of public services that address needs satisfaction to everyone in society' (Büchs 2021: 1). Some of these services could be explicitly linked to the achievement of environmental objectives (for instance, the provision of basic amounts of (green) electricity or water to everyone for free or the provision of social housing) (ibid.: 2). While these services would undoubtedly have a buffer function, in our analytical framework many of them would be included under the benchmarking or enabling function (see Annex 1).

structures and practices – involving employer and trade union organisations, and public authorities – would be key in this respect. In line with the notion of just transition, civic dialogue practices involving a broader array of players would also play an important role in ensuring consensus or managing transition-related conflicts.

Importantly, these four functions relate to different dimensions of public policies: a) the normative dimension (welfare states as benchmarks for the green transition); b) policy programmes and instruments (welfare states as enablers of or buffers in the green transition); and c) the procedural dimension (welfare states as consensus builders or conflict management tools).

The discussion above allows us to identify a number of elements for an analytical framework that could be used to: a) single out measures in the RRP relevant to the socio-ecological transition ('explicitness'); b) shed light on the relationship between their social and the green dimensions ('direction'); and c) understand their implications in relation to the role of welfare states in the green transition ('functions').

Collecting information on the existence of planned policy interventions integrating the ecological and social dimensions, and on the extent and nature thereof along the lines suggested by Mandelli (2022) across the entire set of RRPs, would be a formidable task. The vast majority of RRPs have hundreds of pages and are in most cases available in the national language(s) only. Moreover, while the RRF Regulation imposed several conditions to be respected to access funding, national administrations still had considerable freedom in choosing which investments and reforms to propose and how to structure their national programmes into components, i.e., sets of policy interventions under different headings. The latter also depended on which national policies already existed or were planned in the context of national recovery and/or transition plans for the aftermath of the pandemic. Thus, there is a trade-off between analysing the information provided in the national RRPs to get an idea on whether and how integrated the green and social dimensions of proposed policies are, and the capacity to draw conclusions for the RRF as a whole by covering as many countries as possible.

The RRF Scoreboard – launched by the European Commission in December 2021 to help monitor RRF implementation – has not been particularly helpful in easing this trade-off, as it contains only one indicator reporting on the joint progress made towards green and social objectives, namely the 'population benefiting from protection measures against floods, wildfires, and other climate related natural disasters', measured in terms of the number of people (European Commission 2021c).

We thus take a two-pronged approach to gauge the socio-ecological dimension in the RRPs. We start by providing some basic data on spending and a qualitative assessment of the joint contribution of different policy bundles targeting green and social objectives to obtain a crude but across-the-board picture of the planned intentions of the Member States submitting RRPs (Section 3).

We then add (Section 4) further details from specific country case studies illustrating whether and in which ways there are explicit plans to integrate green and social goals and policies, in line with the insights of the analytical framework presented above. We apply this analytical framework to six countries, selected according to two criteria: a) countries belonging to each of the six clusters of ‘eco-welfare states’ identified by Zimmermann and Graziano (2020); and b) since the RRP are usually available only in the national language, countries with plans written either in English or in a language spoken by the authors. Our sample of RRP thus includes Belgium (cluster 1 in the classification developed by Zimmermann and Graziano (2020)), Italy (cluster 2), Denmark (cluster 3), Ireland (cluster 4), France (cluster 5) and Spain (cluster 6).

3. Pursuing green and social objectives in the EU recovery: macro-level analysis

In this section, we provide data from the RRP of 25 Member States⁹ on certain metrics indicating policies combining both green and social objectives. We rely on two sources: a) information from the assessments made by the European Commission of the RRP submitted by Member States from spring 2021 onwards; and b) a dataset compiled by Bruegel, assigning the proposed funding to the different RRF pillars.

Covering the criteria introduced in the Regulation setting up the RRF, the European Commission assessments of the RRP were published as Staff Working Documents (SWD). One of these criteria was ‘relevance’, i.e., whether an RRP ‘contributes in a comprehensive and adequately balanced manner to all six pillars referred to in Article 3 considering the specific challenges of the Member State concerned and taking into account the financial contribution of the Member State concerned and the requested loan support’ (European Parliament and Council of the European Union 2021: L57/56).

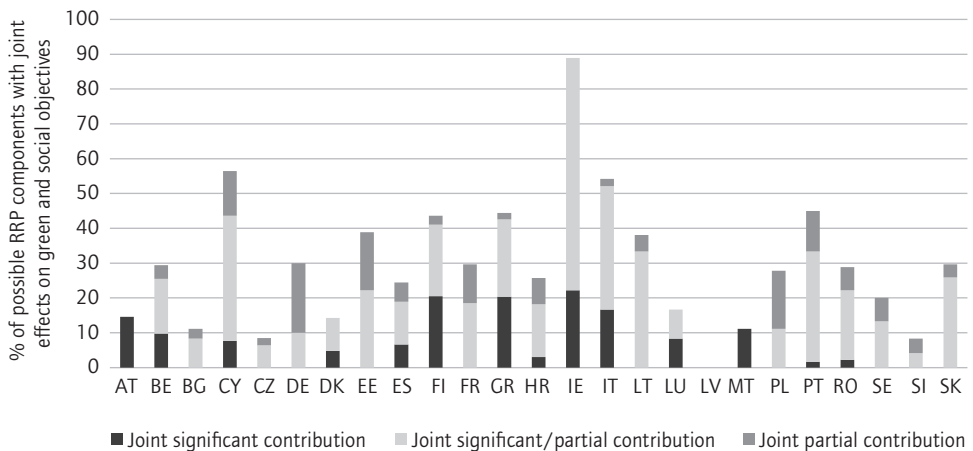
To that end, each SWD provides a table with the expected ‘contribution’ of each RRP component – that is, of each set of policy interventions (investments and reforms) bundled under different headings – to each of the RRF policy pillars, stating additionally whether this contribution is expected to be ‘significant’ or ‘partial’. The accompanying text in the relevance section explains these assessments by presenting the proposed RRF amounts to be spent by component, i.e., one of the policy inputs, and the policy outcomes as mentioned in the RRP. It is not entirely clear, however, what the relative weights of policy inputs (amounts to be spent) or contributions have been in determining the assessment of relevance and whether any additional assessments beyond those mentioned in the national RRP have been undertaken. RRP received an overall rating for their relevance, covering all components. Moreover, this information clearly does not expressly address whether and how policy interventions are integrated, i.e., whether they explicitly aim to jointly tackle green and social objectives.

9. By June 2022, all 27 Member States except the Netherlands had submitted a national RRP. By that date, 25 of these had been fully assessed by the Commission, with the assessment of the Hungarian RRP still outstanding at the time of writing this chapter.

For lack of better information and notwithstanding the above caveats, we have used the tables showing which contribution each RRP component is expected to make to each pillar to gain a preliminary idea of whether any balance is struck between green and social objectives in the RRP, i.e. between pillar 1 of the RRF (green transition) and pillars 4 (social and territorial cohesion), 5 (health and economic, social and institutional resilience), and 6 (policies for the next generation, children and young people)¹⁰. We assume that RRP components with a jointly significant contribution to both the green transition and one of the social pillars suggest a greater balance than RRP components with a significant expected contribution to one of these pillars but only a partial contribution to the others (or only a partial contribution to any of them).

Figure 1 shows, by national RRP submitted and assessed by June 2022, the extent to which the proposed RRP components are expected to have jointly significant or partial contributions to the green transition objective and to at least one of the social objectives.

Figure 1 Shares of RRP components (by national RRP) making a joint (significant, significant/partial or partial) contribution to the green transition and to one of the social pillars of the RRF



Note: Each share is calculated by counting the number of RRP components for which it is expected that there will be a joint (significant/partial) contribution to the green transition pillar and one of the three social pillars over the total number of RRP components where such joint contributions are observed. Each RRP component can have at most three joint contributions to the green and to one of the three social pillars. Thus, the total number of possible components is dictated by the number of components in an RRP x the maximum number of possible joint contributions.

Source: Authors' elaboration based on the European Commission's formal assessments of 25 national RRP submitted and assessed by June 2022.

10. We chose to omit the pillar on smart, sustainable and inclusive growth from this calculation as its 'social' character is more ambiguous. This is because measures set to promote smart growth, for example promoting R&D and innovation (especially radical, as opposed to incremental, innovation) or through reforms promoting an easier reallocation of labour across firms, may, without targeted policy interventions, be associated with greater inequality and thus less inclusive growth. While there can be policy synergies between smart and inclusive growth, they are by no means to be taken for granted. Given that the European Commission assessment of the contribution of each RRP component to each of the RRF policy pillars does not distinguish between policy interventions included in each component, we chose not to consider this pillar among those referring to social objectives.

Figure 1 shows that, while most Member States have proposed RRP components expected to contribute significantly to both the green transition and one or more of the social pillars, these components are relatively scarce. RRP components expected to contribute significantly or partially to the green transition and to one of the social pillars are more common. The above data suggests that, at least ex-ante, the balance between the contribution of RRP components to the green and one of the social pillars of the RRF is relatively weak in most RRFs.

The European Commission assessments of any expected joint contributions of RRP components to the RRF's green and social policy pillars are not always easy to dissect, as they often refer to sets of measures included under a specific RRP component, in many cases containing several investments and reforms. It is not always clear whether and to what extent all measures included in a component have been assessed as jointly contributing to the different pillars. To get an idea, however, the Belgian RRF – thanks to the concise structure of its components in comparison to other RRFs examined – allows us to gain a certain understanding of the Commission's assessment of the expected contribution of different measures to the green and social pillars. For example, 'Renovation of buildings' (component 1.1) is expected to improve the energy efficiency of buildings, thus contributing significantly to the green transition pillar. Some of these buildings are used for the provision of social services, such as social housing, education, sport, youth, cultural and training facilities, thus contributing 'significantly' to social cohesion. Others are used as schools, universities, sports facilities and youth infrastructure in the French community, thus expected to partially contribute to the pillar of policies for the next generation, children and young people, such as education and skills (European Commission 2021d). The 'social infrastructure' component (4.3) is expected to significantly contribute to social cohesion by addressing the shortage of – among others – early childhood care, especially for vulnerable households, and to partially contribute to the green transition through the 'energy-efficient' renovation of childcare facilities (European Commission 2021d).

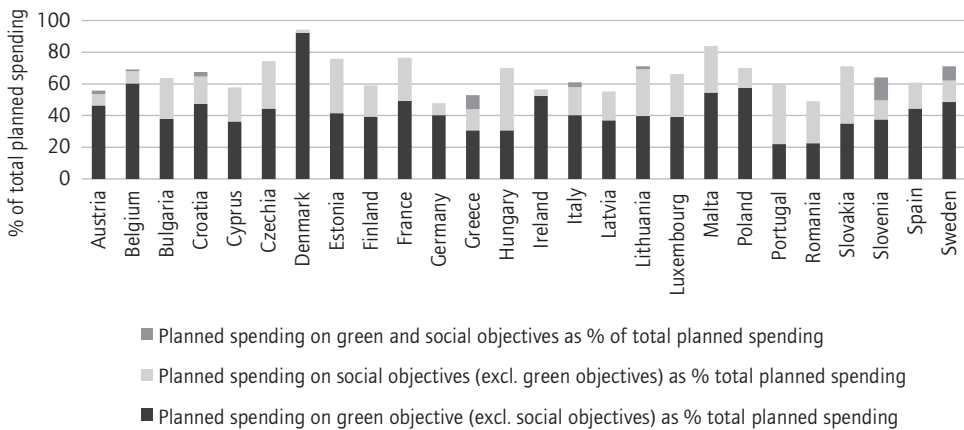
Moving on to the next set of macro-indicators of a balance (or lack thereof) between green and social objectives in national RRFs, we examine a) the share of planned spending on measures relating to the green transition objectives compared with spending on measures for social objectives; and b) the share of planned spending jointly targeting green and social objectives as a share of total planned spending. Proposed measures in the latter category include investments in education and training to fill skill gaps or needs in green sectors and technologies, the improvement of energy efficiency by promoting the renovation of buildings, or other measures combating energy poverty, investments in waste prevention or management (boosting circular economy models) and in water re-use infrastructure, and the provision of environmental services to marginalised communities.

Using data from Bruegel (2021), Figure 2 shows, for the national RRFs submitted to the European Commission, a) the share of RRF costs wholly or partly targeting the green

pillar, excluding spending on any of the social pillars¹¹; b) the share of planned spending wholly or partly targeting one of the social pillars, excluding any spending on the green pillar; and c) the share of spending simultaneously targeting the green and one or more social pillars.

As mentioned by the dataset's authors, assigning planned spending to single pillars is particularly difficult. However, one can see that, in most cases, planned expenditure targeting the green pillar, excluding any spending on the social pillar, is greater than that targeting one or more social objectives, excluding any spending on the green pillar, although there are also several country exceptions with more balanced figures, such as Estonia, Hungary, Portugal, Romania and Slovakia. Moreover, in only eight of the 25 countries – Austria, Belgium, Croatia, Greece, Italy, Lithuania, Slovenia and Sweden – were the dataset's authors able to assign spending to policy interventions jointly targeting the green and one or more social pillars. Even in these cases, the share of planned spending simultaneously targeting both objectives is relatively tiny compared to the other categories, apart from Slovenia where the joint green and social spending amounts, in terms of the planned costs, to almost the same share as the spending on solely social measures. Greece and Sweden also have some of the highest shares of such 'integrated' green and social planned spending compared to the rest.

Figure 2 Distribution of planned national RRP costs among actions targeting green and/or social objectives



Source: Authors' calculations using data from Bruegel (2021).

11. The authors of the Bruegel dataset assigned planned spending to single pillars (objectives of the RRF) and also to joint pairs of pillars. For the purposes of Figure 2, we have calculated the share of joint spending on the green and one or more of the social pillars (i.e. pillar 1 and pillar 4, 5 or 6) as one category; planned spending on the green pillar alone and either of the non-social pillars (pillars 2 and 3) as a second category; and planned spending on one or more of the social pillars and the remaining pillars other than the green as a third category.

Again, there are several caveats. The data in Figure 2, even in the category of planned spending jointly targeting green and social objectives, do not tell us much about the way in which the green and social aspects of the interventions are integrated. The data pertaining to the planned spending on the green (excluding social) and the social (excluding green) pillars similarly does not necessarily provide a full picture of the actual balance between green and social policies in Member States, as their starting positions, most notably in respect of their welfare states and their environmental policies (and therefore their needs but also their own capacity for spending), vary quite substantially.

4. The welfare state and the green transition: evidence from six countries

In this section based on a more in-depth analysis of 52 measures identified in the six countries under scrutiny¹², we illustrate the policy areas linked to those measures constituting the socio-ecological dimension of the RRP, and the welfare state functions they refer to.

4.1 Welfare states as a benchmark for the green transition

Most of the identified measures explicitly combining a green and social dimension (see Table 1 in Annex 1) are *primarily* aimed at achieving the objectives of the green transition (for instance, energy efficiency). However, they are *also* framed in a way attempting to take account of the principles of social fairness and justice. According to our analytical framework, these measures pertain to the benchmarking function of welfare states in relation to the green transition. This is the function to which we most often assigned policy measures in the RRP under scrutiny. Such measures were found in five of the countries examined: Belgium, Denmark, France, Italy and Spain. The most common type in this category were investments aimed at improving the *energy efficiency of buildings*, both residential and public buildings. While such programmes often concern the population as a whole, measures with a more marked benchmarking role for the welfare state usually involve a) the provision of specific energy efficiency incentives and subsidies for the most vulnerable households; and b) a focus on the energy-saving renovation of social infrastructures such as social housing, schools and universities, or healthcare facilities.

Other measures attributable to a benchmarking function include *reforms of tax systems* aimed at making the systems environmentally friendlier and supportive of the green transition. Environmental taxes are typically regressive as they are imposed on consumption, irrespective of income. Measures countering this regressive character are thus often necessary, if anything to avoid political opposition to them. These reforms include both the ‘greening’ of the taxation system and the introduction of green budgeting (Belgium and Spain) to make tax systems more progressive and/or increase taxes on

¹² Information has been taken from the RRP of the six countries under scrutiny (Government of Belgium 2021, Government of Denmark 2021, Government of France 2021, Government of Ireland 2021, Government of Italy 2021, and Government of Spain 2021). More details on the measures selected are provided in Annex 1 (Table 1).

polluting activities with a view to reducing taxation on labour. In both the planned Belgian and Spanish fiscal reforms, there is some awareness of the possible negative distributional implications of these reforms and a commitment to address these implications in a socially fair way. The same applies to the Green Tax Reform envisaged by Denmark.

Other measures primarily concern the *management of natural resources*. However, special attention to marginalised or vulnerable communities seems to characterise their design. These measures range from the management of forests with a view to revitalising rural areas facing the risk of depopulation (Spain), to managing drinking and other water infrastructure in areas where populations face a high risk of poverty (for instance, French overseas territories).

A few measures concern *transport systems*, with a view to making them more effective and environmentally sustainable, and more accessible for vulnerable groups. Examples of these types of measures were identified in Belgium, where for instance the 'modal shift' component, in particular towards rail, is expected to contribute significantly to the green transition pillar through more sustainable mobility, as well as to social cohesion, by decreasing reliance on the personal use of motor vehicles where costs may be associated with poverty.

4.2 Welfare states as enablers of the green transition

The enabling function of the welfare state is the second most frequent function addressed in the RRP's examined. All the Member States included in this analysis proposed 'enabling' policies akin to social investment and related to the acquisition and development of *green skills, education and training* and activation policies for those impacted by the green transition.

In some cases, the proposed interventions focused specifically on providing 'green' skills and activation support to programme beneficiaries, with women possibly over-represented (for example, the SOLAS Green Skills Action Programme in Ireland). In the majority of cases, however, education and training policies in the RRP's have a broader scope, including – but not limited to – the provision of skills and competences for the green transition. In some cases, the focus is on acquiring digital skills and competences deemed to be useful for the digital and green transition. Examples include a) Spain's national digital skills plan, investment in the acquisition of new skills for the digital, green and productive transformation, and the digital transformation of vocational training; and b) Belgium's upgrading of the advanced training infrastructure in Wallonia.

Activation policies often build on (or extend) existing policy frameworks. For example, in France, additional spending from the RRP has been earmarked for the 'Associations of Professional Transition' to facilitate transitions in sectors likely to be impacted by the green transition, and for 'France Competences', a structure financing a growing number of contracts aimed at professionalisation, apprenticeships and promoting work-study contracts. Facilitating the mobility of workers across sectors (including green sectors)

is also an objective, for example, of the Belgian reform aimed at permitting workers who find less than full-time employment to combine benefits.

While the examples listed above mainly facilitate the green transition by providing workers with the skills and competences for a greener economy, other measures do so by ‘greening’ the welfare state and, notably, the *social infrastructure*. We thus also find in this category interventions for renovating buildings providing social services (for example, education) and for extending facilities for the housing of vulnerable persons in line with energy efficiency and environmental sustainability criteria. Examples include the development of public utility housing and housing for vulnerable persons in Wallonia (Belgium). Similar activities – the construction and renovation of public buildings with social functions – are to be found in the Italian RRP. The construction of social housing with adequate energy performance, with the aim of addressing energy poverty but also of regenerating otherwise possibly declining areas and improving quality of life, is also proposed in Italy and Spain.

Last but not least, we came across an intervention aimed at strengthening culture and awareness of climate challenges, educating and promoting sustainable lifestyles, and practices aiming to develop *educational material* for use in schools and involving schoolteachers (Italy).

4.3 Welfare states as buffers in the green transition

Measures related to the buffer function of the welfare state are rare in the RRP examined. The only example coming close to our definition was found in the Spanish RRP, in its component 23: ‘new public policies for a dynamic, inclusive and resilient labour market’. That programme component plans investment to promote inclusive growth by linking social inclusion policies to the Minimum Living Income (*Ingreso Mínimo Vital*). The labour market policies component in which this measure is included aims *inter alia* to orient activation policies towards upskilling workers and thus enabling them to work in emerging sectors, including the green one in which labour demand is increasing as the Spanish economy transforms. The link between the measure and green transition is somewhat loose, as the latter is just one of the transformations – but obviously not the only one – that the Spanish economy needs to undertake.

4.4 Welfare states as consensus builders or conflict management tools for the green transition

Few interventions in the RRP relate to welfare states acting as a consensus-building or conflict management tool for the green transition. In most cases, governments stated that reforms and investment in *labour market policies and skills development* systems aimed at enabling the green transition (see Section 4.2) would be designed following consultations with the social partners. For example, the Belgian RRP mentions that social partners will be involved in programmes enhancing mobility and skills acquisition,

as consensus is important for fostering labour market reform, while the Spanish RRP envisages that the planned labour market reform will be accompanied and supported by a modernisation of collective bargaining and social dialogue. Similarly, the strategic plan for vocational training in Spain is to be accompanied by social dialogue on such training, thereby consolidating the strategic alliance supporting the plan.

A more direct link between green transition policies and social dialogue can be found in Component 10 of the Spanish RRP on just transition. It foresees the creation of *Just Transition Agreements* in territories particularly affected by the green transition (namely, coal-mining regions and territories affected by power plant closures), with a view to supporting redundant workers and their communities and promoting the development of these territories. These agreements would include trade union and employer representatives.

Other measures involve a broader array of stakeholders in addition to the social partners, thus promoting *civic dialogue*. For instance, energy communities are to be developed in Spain to empower citizens in the energy transition and to support participative, formative and constitutional processes within communities. Furthermore, France established a Citizens' Convention consisting of 150 randomly selected citizens, which provided 149 legislative proposals to the government for the RRP. The Convention also identified six climate-related themes which have been taken into account in the July 2021 law on Climate and Resilience.

Conclusions

Given the magnitude of the social challenges deriving from the green transition, since the 2019 EGD, the European Commission has stressed the importance of ensuring that such a transition is 'socially just'. Apart from underlining the need to conjugate and pursue simultaneously the green and social objectives of the transition, the EGD contains few indications on concrete actions to be implemented for such a purpose, while the role to be played by welfare states during the transition remains unclear. Since the RRF is expected to represent a key instrument for both pursuing the green transition and ensuring a socially fair recovery from the Covid-19 crisis, we have tried in this analysis to identify if and how the Member States have proposed concrete policies integrating social and green objectives, thus concretising the just transition notion proposed in the EGD.

Both our macro-analysis and our case studies show that the national RRFs present a socio-ecological dimension to varying degrees, containing measures explicitly aimed at integrating social and green transition objectives and policies. However, the macro-evidence presented in Section 3 shows that these measures are still relatively scarce, suggesting that the socio-ecological dimension of the RRFs is, overall, limited.

Our more in-depth analysis of six RRFs allowed us to shed light on the specific policy measures constituting the socio-ecological dimension of the plans and on the functions that welfare states are expected to perform during the green transition. These measures largely correspond to the indications provided in the RRF Regulation (European

Parliament and Council of the European Union 2021) and Guidelines. Most of the measures identified in the six countries pertain to the benchmarking and enabling functions of welfare states, while measures related to the conflict management/consensus building and buffer functions are limited.

We find a prevalence of measures linking the promotion of energy efficiency in buildings to social concerns, setting up schemes and incentives for the most vulnerable households or focusing on the renovation of social infrastructure such as social housing or schools. Other measures aim principally at creating or improving social infrastructures, but doing so in an environmentally sustainable way and thus reducing their ecological footprint. Finally, measures aimed at linking education, training and skill development policies to the needs of the green transition emerged in all the RRP examined, together with other measures to increase 'skills intelligence' and adapt employment services.

In the country cases where the benchmarking function of the welfare state involved changes in the tax-benefit system, planned increases in environmental taxes take precedence over and/or are presented more concretely than changes in taxes on labour or the launch of subsidies to support more socially vulnerable groups or those affected by the tax increases. For example, in the cases of Spain and Denmark, their RRPs provide for the setting-up of expert committees to consider such socially oriented changes in the tax-benefits systems. There is, therefore, an 'aspirational' element in these plans, with governments seeming to be more resolute in increasing environmental taxes than in reducing labour taxes, possibly revealing cautiousness given uncertainties about the future form of the EU's fiscal rules.

All in all, also taking into account some biases possibly deriving from our analytical choices and the specific features of the RRF (see Annex 1), our analysis shows that, while the national RRPs have a socio-ecological dimension, this seems rather 'unbalanced', in the sense that measures providing citizens and workers with buffers against the possible negative consequences of the green transition are underdeveloped, while the role to be played by social dialogue in the framework of the transition is not always evident in the measures proposed. To ensure a just transition, more comprehensive and coherent policy frameworks to simultaneously pursue the social and green objectives of the transition are needed. The 'Recommendation on ensuring a fair transition towards climate neutrality' adopted by the Council of the European Union (2022) in June 2022 could represent a step in this direction. A preliminary analysis of the Recommendation, however, shows a lack of details when it comes to suggesting actions to ensure that social protection and social inclusion systems – the ones more directly linked to the buffer function of the welfare state – are adapted to the needs arising from the green transition (Council of the European Union 2022: point 6(b)). Against the complex and interrelated backgrounds of the green transition and the social and economic implications of the war in Ukraine – let alone the challenges of a seemingly unending pandemic – the need to adapt traditional welfare provisions to ensure adequate and sustainable buffers for citizens is becoming increasingly pressing. Finding innovative, fair and structural solutions in this respect should indeed be among the key priorities for both policymakers and researchers.

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Annex 1 Methodological choices

The national RRP's were analysed using qualitative text analysis, following a number of steps agreed in advance by the authors to ensure consistency in the process used to identify and interpret national measures.

To understand the overall context, each of the authors first read, in those RRP's available in a language they understood, the parts containing a general introduction to the plan and overviews of the measures included. Using this as a basis, specific components of the RRP's were identified as likely to include reforms and investments simultaneously linked to social policies and policies for the green transition. These components were further examined, with measures fulfilling the explicitness and integration criteria of our analytical framework selected for in-depth analysis. The measures selected were summarised in English and assigned to one of the four functions of the welfare state identified in the analytical framework. Finally, to ensure a consistent interpretation of the measures selected, all of them were collectively discussed between the authors.

Our final sample included 52 measures, distributed as follows among the six Member States studied: 15 measures in Belgium, 4 in Denmark, 8 in France, 1 in Ireland, 10 in Italy, and 14 in Spain (Table 1).

Table 1 Measures included in the analysis (by country and function of the welfare state)

Country	Measure	Measure ID/page (in RRP's)	Benchmarking	Enabling	Buffer	Consensus-building/ conflict-management
Belgium	Renovation of social housing (Flemish government)	I – 1.01. / 56	X			
Belgium	Renovation of social housing (Brussels-Capital Region government)	I – 1.02. / 58	X			
Belgium	Renovation of social housing (government of the German community)	I – 1.03. / 60	X			
Belgium	Improved energy subsidy scheme (Flemish government)	R – 1.01. / 49	X			
Belgium	Renovation of public buildings - schools (Government of the Federation Wallonia-Brussels)	I – 1.09. / 75	X*			
Belgium	Renovation of public buildings – universities (Government of the Federation Wallonia-Brussels)	I – 1.11. / 82	X			
Belgium	Fiscal reform for fossil fuels (Federal government)	R – 1.05. / 101	X			
Belgium	Rail - Accessible and multimodal stations (Federal government)	I – 3.09. / 302	X			
Belgium	Modal transfer subsidy (Brussels-Capital Region government)	I – 3.14. / 320	X			
Belgium	Fiscal reform – tax burden on labour (Federal government)	R – 5.02. / 444	X			
Belgium	Development of public utility housing and housing for vulnerable persons (Government of Wallonia)	I – 4.12. / 421		X		
Belgium	Creation and renovation of early childcare infrastructure (Government of Wallonia)	I – 4.13. / 424		X		
Belgium	Scheme for cumulation and mobility towards sectors with labour shortages (Federal government)	R – 5.01. / 441		X		(X)**
Belgium	Upgrading of advanced training infrastructure (Government of Wallonia)	I – 5.03. / 471		X		

		I – 5.04. / 478		X	(X)**
Belgium	Learning and career offensive (Flemish government)				
Denmark	Replacing oil burners and gas furnaces	2.3.3 / 93	X		
Denmark	Energy savings in public buildings	2.3.5 / 100	X		
Denmark	Energy efficiency in households	2.3.7 / 106	X		
Denmark	Green tax reform	2.4 / 113	X		
France	Renovation plan for private buildings	C1.11 / 65	X		
France	Energy renovation and major renovations of social housing	C1.12 / 71	X		
France	Renovation of public buildings	C1.13 / 76	X		
France	Reform of housing policy to make it more equitable, more efficient and more ecological	C1.R1 / 88	X		
France	Enhancing the security of the drinking water infrastructure and of rainwater purification and management in large cities and the overseas territories	C2.15 / 144	X		
France	Additional funding for Associations of Professional Transition for the financing of professional transitions	C8.119 / 580	X	X	
France	Increasing the funding of France Competences to finance rapid growth in work-study contracts	C8.121 / 585		X	
France	Citizens' convention for the climate	C2.R1 / 177			X
Ireland	SOLAS Green Skills Action Programme	3.2 / 26		X	
Italy	Culture and awareness of environmental topics and challenges	M2C1-13.3 / 124		X	(X)**
Italy	School building replacement and energy upgrading plan	M2C3-11.1 / 140	X		
Italy	Bonus for energy efficiency and safety of buildings	M2C3-12.1 / 141	X		
Italy	Investments in primary water infrastructure for the security of water supply	M2C4-14.1 / 149	X		
Italy	Investments in sewerage and purification	M2C4-14.4 / 151	X		
Italy	Creation of women's enterprises	M5C1-11.2 / 204		X	

Italy	Universal Civil Service	M5C1-I2.1 / 206				X		
Italy	Investment in urban renewal projects aimed at reducing social exclusion	M5C2- I2.1 / 213				X		
Italy	Integrated urban plans	M5C2-I2.2 / 213				X		
Italy	Innovative programme for quality housing	M5C2-I2.3 / 214				X		
Spain	Rehabilitation programmes for economic and social regeneration in residential environments	C2.I1 / 145		X				
Spain	Programme for the construction of social housing apartments in energy efficient buildings	C2.I2 / 145		X				
Spain	Sustainable forest management	C4.R3 / 147		X				
Spain	Development of energy communities to increase the participation of citizens in the energy transition	C7.R3 / 150 and 250						X
Spain	Just transition agreements in energy transition zones	C10.R1 / 153 and 253						X
Spain	Investments in just transition	C10.I1 / 153		X				
Spain	National digital skills plan	C19.R1 / 162				X		
Spain	Digital transformation of vocational training	C20.I2 / 163				X		
Spain	Investment in the acquisition of new competences for the digital, green and productive transformation	C23.I3 / 166				X		(X)**
Spain	Promotion of inclusive growth by linking social inclusion policies to the Minimum Living Income (linked to the necessary changes that the Spanish economy will have to undertake)	C23.I7 / 166					X	
Spain	Improving the efficiency of public spending to, among other things, better align it with the SDG2030	C29.R2 / 172		X				
Spain	Alignments of the general government budget with the ecological transition (green budgeting principles)	C29.R3 / 172		X				

Spain	Reform of fiscal measures contributing to the ecological transition (increased tax rates on various environmentally detrimental activities and changes to promote sustainable mobility and the use of hydrogen as a fuel)	C28.R4 / 171	X				
Spain	Tax measures to be adopted in the short-term on personal incomes to increase revenues but also to make the tax system more progressive, redistributive and just	C28.R8	X				
TOT			32	17	1	7	

* In some cases, policy interventions seem to be equally motivated by the need to renovate social infrastructure buildings in bad condition and to improve their energy efficiency. In such cases, we have classified these interventions as fulfilling the 'benchmarking' rather than the enabling function of the welfare state based on whether they were included under a 'green transition' component of the RRP.

** In some cases, measures aiming to enable citizens affected by the green transition to take advantage of the opportunities that it will offer will be shaped in concertation with social partners. They thus also present an 'indirect' consensus-building dimension and are listed in brackets in this table.

The analytical framework developed and tested in this chapter allowed us to analyse the socio-ecological dimension of the RRP, identifying and classifying specific policy measures from national RRP. While this analytical framework could be useful for future empirical research on eco-social policies and on the future of the welfare state in the green transition, our research should be considered as exploratory, with certain aspects and possible limitations to be highlighted and explored further. These are related, in part, to our analytical choices and, in part, to some specific features of the RRP.

First, our choice to focus on practices with an explicit socio-ecological dimension meant that we excluded measures that, in terms of policy outputs, would achieve this integration *de facto*, even though they were not designed for such a purpose. One example would be a country providing generous unemployment or minimum income benefits that, even if not explicitly aimed at cushioning the consequences of restructuring due to the green transition, would in practice act as a buffer for those citizens and workers concerned.

As mentioned earlier in the chapter, measures assigned to the buffering function of the welfare state were rare. This is explained by the fact that RRF funds can only be used for capital expenditure, whereas income benefits are a current expenditure. This means that Member States can only include in their national RRP reforms not involving spending classified under the buffering function (Bokhorst, this volume). Nevertheless, Member States (some not examined in our chapter) have included a total of 13.4 billion euros of policy interventions classifiable under this buffering function (*ibid*). The European Commission's guidance to Member States on writing up their national RRP indeed allows current expenditure to be included under certain conditions, most notably if a Member State can demonstrate that the measures involved will produce longer-term effects in line with RRF objectives, that their financing will be sustainably ensured after RRF expiry and that the negative effect on the government balance will be only temporary (European Commission 2020b: 13).

Second, we chose to consider the direction of the integration between social and environmental policies – i.e., the core rationale and objective of the various measures – as a key dimension for classifying concrete measures under one of the four functions of the welfare state. While this choice proved useful to navigate through long and complex documents such as the RRP, it may have entailed an over-representation of what we defined as the benchmarking function of the welfare state, especially at the expense of the buffer function. Indeed, some measures that we included in the former function (for instance, incentives and subsidies for low-income households to improve energy efficiency) obviously play a buffer role during the transition and, under a different operationalisation strategy, might have been included in the buffer function. However, since the main rationale of those policies and measures was primarily related to achieving 'green objectives', while also taking into account and addressing their social implications, we classified them under the benchmarking function. Similarly, different appreciations of the main rationale of each specific measure meant that measures related to the same policy area may have been classified under different functions. This is for instance the case with measures related to social housing, classified under the benchmarking category when their main objective was to improve a building's energy efficiency (including social housing), but under the enabling category when the primary

objective was 'social' (for instance, to increase the availability of social housing while also ensuring that the new housing solutions were energy efficient).

Third, while several RRP measures explicitly refer to both social and green objectives, it is not possible to clearly identify the strength of this linkage and the relative importance of each set of objectives. For instance, when reporting on a measure with a clear 'social' rationale, the text of an RRP sometimes briefly mentions that the measure also pursues objectives linked to the green transition (or the other way round). However, the RRP documents do not always make it clear how far this is really the case, since these documents often contain relatively succinct descriptions of complex reforms and investments. Examples include measures related to training and skill development, where national governments briefly mention the fact that these policies should be aimed at – among other things – facilitating the green transition, for instance by providing workers with the necessary skills. In-depth analysis of the formulation and implementation of national initiatives linked to the plans is needed to understand to what extent this is actually the case.

Fourth, while in their RRP documents the Member States report the total amount of financial resources for each measure with an explicit socio-ecological dimension, the distribution of these financial envelopes between social and green objectives cannot be calculated. For instance, many RRP measures foresee investments to improve the energy efficiency of public buildings, with some of them explicitly mentioning social infrastructures. However, it is usually not possible to infer, from the text of the RRP documents, how much of the total financial envelope is earmarked for social infrastructure and how much will go to other types of public buildings. Here again, in-depth analysis is needed, looking at how the related national legislation is formulated and implemented.