Universiteit Antwerpen

KU LEUVEN HIVA
RESEARCH INSTITUTE FOR WORK AND SOCIETY

4 Principles and 2 Policy packages for a Just Transition in Belgium

Kris Bachus, University of Antwerp

Allison Dunne, HIVA-KU Leuven

December 2024

13 December, 2024

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1. Introduction

The General Estates for a Just Transition, a participatory process on a Just Transition (JT) in Belgium, established by the Belgian Federal Minister for the Climate, the Environment, the Sustainable Development and the Green Deal, concluded its consultation process at the end of 2023. This involved all sectors of society brought together in four different processes which culminated in a Conference for a Just Transition in Belgium (November 2023) and in a Conference for a Just Transition in the context of the Belgian presidency of the European Council (March 2024). This participatory process resulted in four reports with recommendations: by academic experts from the 'High Committee', by citizens from the 'Agora', by civil society organisations from the 'Forum', and by the federal public services. The Advice Councils were also invited to contribute. All reports and inputs are freely available on the Just Transition Portal (www.justtransition.be/).

Based on that consultation process and additional scientific literature, the authors of this report present a vision for a Just Transition Blueprint for Belgium. We outline the main challenges accompanied by a proposal of a Just Transition Policy Package (JTPP) to guide policymakers to take action.

The Blueprint links to the General Estates for a Just Transition in two ways. First, proposals from the 'High Committee', the 'Forum', the 'Agora' and the 'federal public services' are used as direct input to the Blueprint. In those cases, the references to the specific document are added in the endnotes of the Blueprint. Secondly, the proposals of the General Estates are used to design the four JT principles of chapter 3, upon which the policy proposals put forward in parts 4, 5, and 6 of the Blueprint are proposed. In those cases, the General Estates reports provide indirect input to this Blueprint. The proposed Just Transition Policy Package (part 5) is meant as one possible concrete policy scenario, among alternative versions of proposed measures that could be designed to tackle the just transition challenge.

What is the just transition?

'Governments design policies in a way that ensures the benefits of climate change action are shared widely, while the costs do not unfairly burden those least able to pay, or whose livelihoods are directly or indirectly at risk as the economy shifts and changes'. (Scottish Just Transition Commission (2021))[i]

A Just Transition is a climate transition where our 2050 net-zero goal is met without delay whilst ensuring that this shift is also equitable and just. A just transition policy package (JTPP)

aims to ensure a fair shift towards a climate-neutral economy. A shift in relative prices is a key component of the climate transition. This means making sustainable goods and services more affordable, while polluting alternatives become more expensive. This shift is essential to encourage societal actors to adopt sustainable practices and innovate towards achieving the net-zero target. At the same time this is not without risk. It can be regressive in nature, disproportionately affecting low-income households and other vulnerable groups in society[ii]. To ensure that no one is left behind in the transition to a climate-neutral society, a well-designed just transition policy package needs to include measures that mitigate these negative impacts of the shift.

The scale of this challenge demands effective cooperation amongst the six governments of Belgium. The interconnectedness of the challenges that just transition policies must address require a systematic and holistic view embodied in a whole-of-government approach to deliver a just transition. This blueprint stresses the importance of placing this high on the political agenda of all levels of government.

A shared just transition policy package should enhance policy coherence across different policy areas. Clear and measurable objectives, data collection, monitoring and evaluation processes play a vital role in the blueprint. The High Committee for a Just Transition calls for the creation of a Knowledge Centre for Just Transition whilst the federal administrations include the creation of a body of independent and non-politicised experts authorised to assess the relevance and quality of just transition measures.

The remainder of this blueprint is structured as follows. First, it outlines, in brief, the challenges a Just Transition Policy Package (JTPP) has to address. Second, the principles and conditions that a proposed JTPP should be premised on are spelt out. Following this, the concrete measures of the proposed JTPP are put forward. The final section of this blueprint explores the implications of that JTPP scenario for procedural justice.

2. Just Transition Challenges

Achieving a just transition is fraught with numerous challenges that span social, economic, political and procedural dimensions. This section explores the obstacles that must be navigated to realise a just transition in Belgium, highlighting unequal climate impacts, regressive policy impacts, procedural justice complexities and the need to address the reallocation of resources.

Climate impacts

> *'Human-induced climate change, including more frequent and intense extreme events, has caused widespread adverse impacts and related losses and damages to nature and people, beyond natural climate variability. Across sectors and regions, the most vulnerable people and systems are observed to be disproportionately affected.' (IPCC, 2022[iii]: 9)*

By 2022, we had crossed six out of nine planetary boundaries[iv] that keep the Earth's environment stable and safe for us. The scientific evidence[v] illustrates more frequent, intense extreme events will occur as a result of climate change. The broader public is also concerned; 8 in 10 Belgians believe climate change is a serious threat to humanity[vi]. The six warmest years experienced by Belgians have all occurred in the last 20 years[vii]. Heatwaves are both more frequent, last longer and are more intense. Heat is not the only threat. Water presents its own challenges, including periods of water strain due to shortage, increased rainfall during winters, floods and rising sea levels.

Climate impacts affect everyone, but not everyone is affected to the same extent. Climate impacts on individuals, communities and regions vary, depending on how vulnerable they are, and their level of exposure[viii]. The European Environment Agency[ix] emphasises that this uneven distribution of climate impacts reflects the socio-demographic differences within Europe. Those most affected tend to be those already at a disadvantage, because of their age, health or socio-economic status. As noted by the High Committee for a Just Transition[x], socio-economically disadvantaged populations, the elderly, people with health problems, children and pregnant women suffer greater risks from climate impacts because of their exposure, sensitivity and/or reduced capacity to adapt.

Individuals, and communities can be vulnerable in more ways than one and can find themselves exposed to several climate-related hazards. Lower socio-economic groups face larger climate risks because of where they live[xi], often living in older less energy efficient housing[xii] that they may not own themselves, have livelihoods that are more likely to be affected, and have less means to mitigate or adapt to climate change[xiii]. At the same time, this is inherently unfair given that 'vulnerable communities who have historically contributed the least to current climate change are disproportionately affected[xiv]'. Around the world and within countries, the carbon footprints and energy consumption are substantially larger amongst wealthier people compared to those at the other end of the scale[xv].

Climate policy impacts

> *Policy measures have consequences for equity: because they can rearrange or strengthen existing power relations, because they can phase out or spare certain harmful practices, because they can deepen or reduce existing inequalities between people, groups or countries. Climate policy therefore always has social effects.' Sabato et al (2023:15)*[xvi]

Addressing climate change requires the acceleration of climate mitigation and adaptation policies through the use of a variety of policy instruments available to government. While these policies are crucial to address climate change, there are important social consequences connected to each. Climate policies can inadvertently create winners and losers in the transition[xvii]. Policies that reduce greenhouse gas emissions can have a positive impact on the most vulnerable (e.g. through improved air quality and health outcomes). However, climate policies can also be regressive (i.e. disproportionately adversely affecting vulnerable groups compared to other groups), including in Belgium[xviii]. Increasing energy prices, as an example, lead to stronger **purchasing power losses** for vulnerable groups[xix] as energy expenses make up a much bigger share of their income compared to wealthier households. This lack of resources hinders their ability to make optimal choices to reduce the costs of the transition to a net-zero society and adapt to minimise the impact of climate change[xx]. Taxes imposed solely on 'luxury' items, like air travel, are unique in demonstrating a progressive distributional effect, placing a heavier financial load on wealthier individuals[xxi].

Wealthier households are advantaged by their greater capacity to make green investments[xxii] and thus subsidies designed by government to incentivise such investments are disproportionately taken up by higher income households[xxii]. We see that vulnerable groups often have **lower access to climate subsidies**. This phenomenon is sometimes called 'the Matthew effect'. This lack of access can further hinder their ability to adapt to climate change and transition to a low-carbon economy. Investments aimed at biodiversity protection or climate change adaptation strategies such as greening, housing retrofitting, etc. carry the risk of displacing vulnerable individuals to less healthy neighbourhoods. This displacement is a consequence of low-carbon **gentrification**[xxiii], which can render these improved areas unaffordable for more vulnerable groups[xxiv].

Climate change and climate change policies can lead to **job losses and intersectoral job shifts**. As noted by the High Committee (p. 69), 'there will probably be major shifts for which people will need to be prepared'. These changes in the job market have a stronger negative impact on vulnerable groups, necessitating proactive policies that address education and training needs or the projected job opportunities may not become a reality.

Procedural Justice

A just transition is not only about distributive justice to minimise inequalities resulting from the transition to a carbon neutral society. Procedural justice is also central to a just transition.

This involves solving issues of injustice resulting from the exclusion of affected groups from participation.

Traditionally the most vulnerable and marginalised are not heard. Ensuring real **inclusion** in the decision-making process is the first challenge facing a just transition. This is multi-faceted; resource constraints, information requirements, mistrust in decision-makers, and a lack of collective organisation all pose risks that must be tackled through appropriate support mechanisms.

There is also diversity in the stakeholders that are impacted and should be **represented** in such processes which includes industry, trade unions, communities, poverty organisations, civil society, interest groups, which makes it difficult to ensure all viewpoints are represented in the decision-making process. Furthermore, this diversity of stakeholders often reflects power imbalances such as large business interests versus local communities. And yet, the just transition has to be politically and publicly acceptable if it is to be implemented successfully. Finding the balance between competing interests is challenging[xxv].

Belgium's governance structure also presents several challenges which are well-documented. There are multiple levels of government, each with its own competencies and responsibilities making cohesive climate policies challenging. As highlighted by several of the actors involved in the participatory process[xxvi], **effective climate action requires strong coordination** and a whole-government approach. Achieving this can pose difficulties due to differing priorities and mandates. The fragmented nature of the political system can also lead to short-term visions rather than governments which agree on a just transition policy package.

Finally, inclusion, representation, communication and coordination are not the only challenges when it comes to procedural justice. Ensuring that the **outcomes of participatory processes are actually implemented** and that the outcomes are in line with the inputs given by these stakeholders is a major challenge.

Funding

*'As a general reminder, the cost of doing nothing will be much higher than the cost of action.' (*Federal administrations report, p. 9)

The just transition entails a substantial need for investment. According to the IPCC, industrialised countries should allocate up to 4% of their GDP towards climate change mitigation efforts between 2017 and 2050. **For Belgium, this translates to an annual investment of 11 to 22 billion euros**.[xxvii] This means that between 2023 and 2030, Belgium will need to invest 165 billion euros in the climate transition.[xxviii] However, the annual energy costs in Belgium are expected to peak in 2030, to then drop again to a level that is lower than the 2020 level.[xxix]

The resources required for the climate transition will have to primarily be redirected from polluting activities to green alternatives: to achieve net-zero in Europe, €25 trillion needs to be redirected, and an additional €5 trillion in financing is needed[xxx]. For Belgium, a shift away from fossil fuel subsidies (€ 14.6 billion euro in 2021, of which less than 3% is aimed at vulnerable citizens) to climate investments seems to be an obvious primary source of funding[xxxi]. Such a shift would create a double dividend of funding the transition while phasing out incentives for fossil fuel consumption. Moreover, as a third dividend, the OECD[xxxii] stated in 2017 that there is evidence that reforms of these fossil fuel subsidies can avoid regressive impacts and compensate for rising energy prices.

"Costly government subsidies to companies that are totally dependent on fossil fuels should be stopped. Government should encourage companies to exit fossil fuels and actively invest in the environmental transition." (Civil Society report, p. 19*)*

A key barrier is **the knowledge gap** about the potential adverse impact of climate change on the value of financial assets. The climate-related financial risks are still underestimated by public and private actors. This can explain that the current allocation of capital among financial institutions is often inconsistent with the mitigation objectives[xxxiii].

Another challenge is the **lack of public acceptability** of policy instruments to redirect funds, such as carbon pricing.[xxxiv] Increased use of carbon pricing can face strong public opposition, suffer from a lack of trust in the government's ability to utilise the revenues effectively and fairly, as well as concerns about the regressive impacts if not designed with this in mind. A just transition policy package has to ensure that climate policies which redirect funds are not blamed as the main driver of social injustices.

3. Principles

Achieving a just transition requires a policy-making approach that couples both environmental and social equity goals. To guide the design of a policy package in support of that ambition, we identified four core principles that could underpin a just transition policy package. These principles serve as conditions that the Just Transition Policy Package (JTPP) must meet.

Principle 1: No delay

> *"Vulnerable populations are already suffering more from the crises we are experiencing. Without adequate measures, poverty and inequalities continue to increase… "* (Federal administrations report, p. 9)
>
> *"Various stakeholders highlighted the immediate risks of climate change and ecological issues, stressing that delays exacerbate existing inequalities and vulnerabilities, particularly for those already living in poverty"* (Civil Society Forum report, p.11)

The essence of a just transition lies in its urgency. Delaying action is fundamentally unjust as it exacerbates the current unequal impacts of climate change, as already outlined by Reitzenstein et al. (2018)[xxxv] who argue that the transition is only just if it is fast enough. Authors of the Stockholm Environment Institute report[xxxvi] state that "*nothing justifies postponing the first principle: the decarbonisation imperative. Delays that leave regions behind as decarbonisation accelerates across the globe are inherently unjust – as are the ramifications of unchecked climate change itself*". **A primary condition for realising a just climate transition is to realise the climate transition itself**. This principle implies that just transition should never be accepted as an excuse for inaction or delaying climate action.

Principle 2: No crowding out

> *"Keeping the prices for energy low cannot be considered an appropriate way of achieving social policy objectives. Instead, measures should be designed to improve the situation of poor households while keeping the incentive to save energy and other resources." (EEA (2011), p. 21))*[xxxvii]

Measures to ensure the climate transition is equitable can inadvertently incentivise polluting activities which run counter to the objectives of a transition to a carbon neutral society. We can look to the recent energy crisis for examples of this. The group of households eligible for the social tariff for water, electricity and natural gas was expanded to include pensioners and

single parent families in certain financial situations as well as low-income families below a given threshold. In addition, there was a lowering of the VAT rate (which is now permanent) of both electricity and natural gas. Whilst such measures provide short-term relief, they reduce energy saving incentives and as such go against the first principle of no delay in the climate transition.

In designing a Just Transition Policy Package, **social measures that do not crowd out CO_2 reduction efforts should be preferred**[xxxviii]. Concretely, this means that preference will be given to social measures that do not lower energy prices (such as a lump-sum energy voucher or lump sum payment), compared to preferential energy prices.

Principle 3: No regressivity

Whilst the first two key principles encompass the urgency to transition to a carbon neutral society given the unequal impacts of climate change, the third principle attempts to address the potential shortcomings in an 'environmental' only approach. Current environmental policies do not always integrate social distribution into their design. In fact, many of these measures can be considered socially regressive even if that regressivity is unintentional.

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*"Energy costs weigh relatively more heavily on the budgets of low-income households. As a result, price increases (taxes and contributions) hit them harder. Without compensation, the tariff policy has a regressive effect. Policies need to take these factors into account." (*High Committee Memorandum)

"The effects of the ecological crises further exacerbate existing inequalities…Poorer households spend a larger share of their income on basic goods and services' that have a relatively large footprint: transportation, heating, food…Many policies designed to promote ecological behaviour and sustainable living are mainly aimed at wealthier citizens" (Civil Society Forum report, p.11-12)

A well-designed just transition policy package avoids regressivity entirely, building on two strategies. The first is to adopt measures that are not regressive in nature, e.g. taxes on air travel[xxxix]. Secondly, in recognition that it is not always possible to fully avoid regressive policies during the transition, compensation measures are needed to offset those regressivity effects. **Compensative measures are needed to fully ensure that all regressivity risks are avoided** and the financial burden does not fall on those least able to afford it. The goal of full compensation should particularly be guarded on the level of the whole JTPP, rather than on individual sub-measures.

Principle 4: Targetting

> *"financially secure households have mainly used the rise in disposable income caused by the lower VAT rate on energy to increase their savings.". (Peersman & Wauters (2022), p. 29)*[xl]
>
> *"socioeconomically weaker groups are less likely to make the transition and remain dependent on more polluting energy sources for longer. If this group is disproportionately affected by a measure, corrective measures should be considered"* (Civil Society Forum Report, p. 19)

A lesson to be drawn from the 2022 energy price crisis is that, while effective in avoiding poverty, implementing financial relief measures for the whole population is a very expensive solution, creating pressure on the government budget and reducing the potential depth of the relief measures for the most vulnerable groups.

Therefore, to serve the just transition in an efficient and equitable way, **redistributive measures should be restricted to those who are most vulnerable**[xli], rather than a distribution across all sections of society or a system that advantages the already privileged portions of society[xlii].

Alongside equity and fairness, efficiency arguments can be made. Efficiency in just transition policies means making the best use of available resources. Again, this translates into a principle whereby there is targeted support towards those who need it most rather than blanket policies[xliii]. The advantage of such a principle is that limited resources to support the transition are used in the most efficient and effective way. Providing support to those who can afford to manage the transition with their own resources is inefficient in this regard (as well as undermining the principles of fairness and equity).

4. The Just Transition Policy Package: Part I

In section 2 of this blueprint, we mentioned that the just transition entails a substantial funding need. In this blueprint, we present a policy scenario that has the potential to not only fill that need, but also to create a triple dividend, by (1) generating funds to meet the funding needs of the climate transition, (2) providing an incentive to reduce greenhouse gas emissions (by changing relative prices), and (3) eliminating (or at least minimising) any risks of regressive impacts. We suggest a proposed Just Transition Policy Package (JTPP) that contains a fiscal reform on the one hand and a reform of the subsidy landscape on the other hand. While other policy reforms can be considered, the proposed JTPP has the potential to (1) realise the climate tax shift with maximal compliance with the four principles presented in section 3, and (2) tackle all regressive risks described in section 2.

The budget-negative fiscal reform

The proposed fiscal reform takes the shape of a climate tax shift, which introduces a carbon tax, but returns all the tax revenues to society. Numerous studies, including the High Committee scientific report[xliv], confirm that a climate tax shift is an effective way to reduce carbon emissions, provided that the level of the carbon tax is set high enough[xlv]. The High Committee Memorandum (p.17) also confirms that the redistributive effect of a carbon tax can be mitigated by returning revenues to households in the form of dividends.

However, taxes are a very unpopular policy instrument, especially in a country that has high taxes, such as Belgium. A carbon tax that generates revenues for the government budget will, therefore, suffer from low acceptability amongst the general population. To avoid this, experts tend to suggest the use of a climate-neutral tax shift. However, even with all revenues returned ('recycled') to society, public support might still be rather low. Therefore, in this blueprint, we propose a **budget-negative climate tax reform**; in other words, the tax shift will lower the overall tax level rather than increasing it.

Such a tax shift will introduce a carbon tax based on the carbon content of energy products, which means that liquid fossil fuels (diesel, petrol, heating oil) will be taxed higher than natural gas, and renewable energy will not be charged at all[xlvi]. While exemptions granted to vulnerable groups should be kept to a minimum to comply with principle 2, the design of the tax shift will be aimed at reducing regressive risks as much as possible (principle 3), e.g. by imposing a higher tax rate on air travel than on heating fuels, as only the latter are known to be regressive.

The proposed tax shift will generate government **revenues, which will be fully returned to society**, in a way that removes most of the regressive impacts the carbon tax might have (principle 3)[xlvii]. Measures that weaken the incentive to reduce emissions, e.g. by lowering energy prices, should be avoided or at least kept to a minimum (principle 2). Ideally, targetting support towards vulnerable groups will not only be based on income, but will also take into account other vulnerability risks, including long distance commuting for work and renting rather than owning a house[xlviii].

To use the revenues from the fiscal reform in a way that avoids regressive impacts, the government has two options. First, it could introduce a **lump-sum payment for every citizen in Belgium**. While this option is not fully compliant with the principle of targetting, studies confirm that it is still a very effective way to remove regressive impacts[xlix]. The primary explanation for that effect is that a lump-sum payment of – say - € 300 – increases the purchasing power of a low-income citizen with a higher percentage compared to a high-income family. Secondly, the government could aim for full targetting (principle 4), by **restricting the lump-sum payment to low-income groups**. The exact group of beneficiaries is to be decided by the policy maker; the lowest 40% incomes could be a group that would remove most regressive impacts. However, a binary attribution rule (you are either in or out) might be perceived as unfair to the people who just fall out of the eligible group. To eliminate that risk, we recommend using gradual attribution rules: for example, the lowest 30% incomes (first to third income deciles) get 100% of the payment, the fourth income decile receive 80%, and the fifth income decile still gets 50% of the lump-sum payment.

We note that it is not a requirement to spend 100% of the revenues on the lump-sum payment in this scenario. In any case, we recommend reserving a percentage (e.g. 10%) for other measures to support the just climate transition (see part II of the JTPP in the next section). Furthermore, part of the revenues could be used for other purposes, e.g.

(1) reducing social security contributions on labour to avoid a negative employment effect of the climate tax shift;
(2) investing in climate-friendly practices (e.g. wind energy), which increases public support of the tax shift;
(3) investing in a support programme for vulnerable groups (see section 5), which further reduces regressivity risks;
(4) compensating companies that might face a loss of competitiveness due to the carbon tax.

In the proposed budget-negative tax shift, the government will recycle more than 100% of the revenues from the carbon tax, thus introducing a net tax cut. Of course, this recommendation will have to be balanced against other budgetary priorities.

The subsidy reform

Subsidies are a very popular policy instrument among policy makers and citizens alike. However, their implementation often leads to unsustainable effects[l]. Therefore, we propose to include three types of subsidy reform into the JTPP proposal.

The first reform concerns the **gradual reduction (phase-out?) of fossil-fuel subsidies**[li]. Potential examples include professional diesel, the preferential tax treatment of company cars, and lower VAT and excise tax rates for certain energy products and target groups. First, we recommend to start reducing these subsidies as soon as possible, as it will be an important source of funding for the (just) climate transition. The federal Planning Bureau has calculated that the peak of the costs of the climate transition will already occur in 2030.

The second reform is the introduction of a **Matthew test for climate and other environmental subsidies**[lii]. After the reform, such subsidies will only be implemented if no

Matthew effect is expected, or if the necessary side measures are taken to make sure the benefits of the subsidy are fairly distributed among income groups. The side measures can be part of the design of the subsidy (e.g. by targetting or by automatic attribution of the subsidy for vulnerable groups), or other measures, such as proactive communication tailored to vulnerable groups. Subsidies that fail the Matthew test, even with social mitigation measures, will not be introduced if this policy scenario is implemented.

The third reform constitutes a consistent application of principle 2 '*No Crowding out*'. As concluded by the European Environment Agency[liii], **keeping energy prices low for social purposes is not a good solution**[liv]; instead, poverty-reducing policies should be designed such that the energy saving incentive is not weakened (principle 2). A consequence of this principle is that we recommend phasing out the existing social prices for electricity, natural gas, and drinking water. In a similar vein, we recommend bringing the VAT level of electricity and natural gas back to the original 21% as part of this policy reform procedure. The regressive impacts this would entail can be fully removed as part of the revenue recycling options described in fiscal reform proposed as the first part of the JTPP. Indeed, replacing the general measure of the lower VAT rate by a measure targeted to low-income groups significantly improves the efficiency of this measure aimed at avoiding regressive risks.

5. The Just Transition Policy Package: Part II

The fiscal shifts in part I of the proposed policy package are a necessary, but not a sufficient condition for a just climate transition in Belgium. Changing relative prices is not a panacea for all the challenges related to just transition. Many other measures will be needed, some to support the two proposed reforms, some that also do not have a connection with the fiscal instruments. In this blueprint, we briefly describe four types of other measures supporting a just transition.

Support programme for vulnerable groups

Part of the revenues from the carbon tax would be reserved to provide additional support for vulnerable groups. Some of the purposes this fund can be used for include:

- Targetting can sometimes be difficult due to the so-called 'horizontal disparities'. This means that income is not the only indicator to determine vulnerability. Some people in the low-income groups can be well-off due to property ownership, and conversely, some people in the higher income groups may be vulnerable due to health problems, single parenthood, indebtedness or other reasons. People living in rural areas, tenants, and people using heating oil for their central heating system are some examples of groups that run the risk of losing out more than other groups due to the climate tax shift in Belgium[lv]. We recommend increasing research efforts to get an even clearer picture of all the potential vulnerabilities, in order to further improve targetting all the support to the groups with the greatest needs.
- Today, people in energy poverty, not able to pay their energy bills, can already apply for support from the local government welfare centres. This system can be expanded to deal with the unwanted regressive impacts of the climate transition.
- Supporting people with limited financial resources to make climate investments in their homes: energy retrofits, heat pump, insulation,… Here, targetting (principle 4) is very important considering the high cost of such investments. The support can be financial (e.g. a subsidy or a guarantee system to reduce vulnerable citizens' barriers to the financial market[lvi]), but support to remove other types of barriers these groups are confronted with are equally important. For example: information, market exploration, price negotiation with construction companies, instructions on the correct use of the new equipment, and many others.
- Monitoring and designing an optimally targeted support package is a complex and time-consuming effort, which might require expansion of the capacity of the competent administrations on the federal and regional levels.

Job loss compensation programme

Although a well-designed tax shift is not expected to cause net job losses on the macro level, some sectors (especially the energy sector) and workers might be faced with economic decline and job losses. For other workers, a transfer from one sector to another could be required, and efforts will be needed to support those workers to make that transition. Training and lifelong learning will be key strategies[lvii]. While the priority is strongly on re-employment and reskilling of these workers, in some cases this strategy might be

unsuccessful. To offer a safety net to that residual group, which can be expected to contain a lot of vulnerable labour market profiles, a fund for reskilling workers could be created for the workers who lose their job due to the climate transition.

Communication

Vulnerable groups typically run the risk of non-take-up, not getting all the benefits they are entitled to. Therefore, on top of the extensive general communication campaign to support a JTPP, additional tailored communication targeted to vulnerable groups is needed. This is needed for the whole topic of the climate transition, and especially for the design and the impacts of any Just Transition Policy Package. Typically, communication should be provided to (1) compensate for incorrect information launched by opponents of the budget-negative tax shift (2) convince people with low trust in government that the tax shift will truly be budget-negative, and the revenue recycling will be fully executed as promised.

Creating a level playing field

Although the European Union has a single market, fiscal competition between member states, for example to attract foreign direct investment, is still a common practice. To avoid carbon leakage, it is important for Belgium to negotiate with its neighbouring countries, the EU and the UK, to boost mutual cooperation for their climate strategies. The revision of the EU Energy Taxation could be an instrument for this, but up to now this revision has always failed due to a reflex of competition rather than cooperation by certain member states.
A just transition is at the centre of the EU Green Deal, however concrete measures to enhance cooperation between member states rather than (economic) competition will be required to practice what is preached.

6. Procedural Justice

Participation

"Participation in decision-making constitutes a principle of good governance and agency practice. It is a tool to democratically restrain executive power and catalyse transparency and public accountability, while at the same time creating a sense of public 'ownership' of the outcome."

High Committee on Just Transition

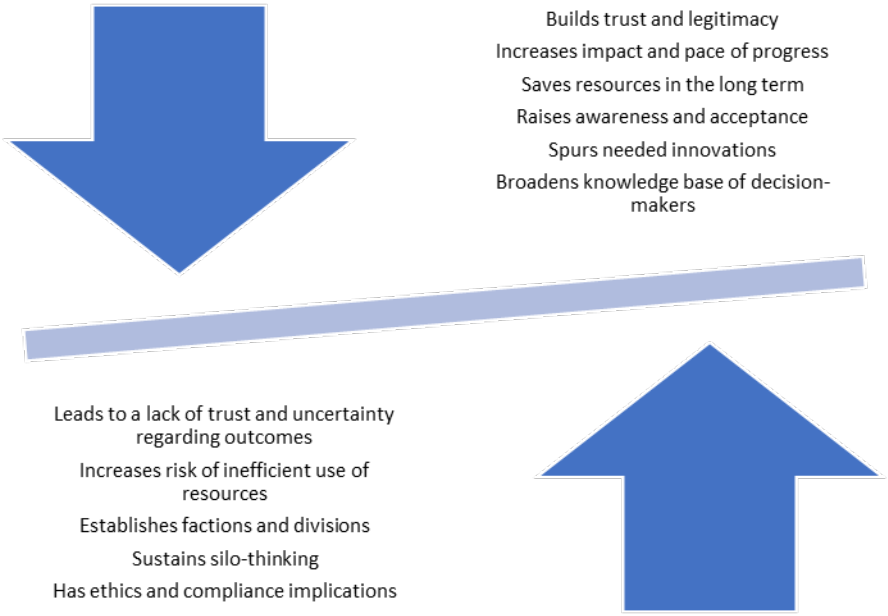
Irrespective of the specific design elements of the Just Transition Policy Package, that package should represent a shared vision of a just transition for Belgium and sit within inclusive participation processes.[lviii]

The most vulnerable and under-represented groups in our society are often outside such processes and are at risk of not being heard[lix]. The IPCC[lx] is very clear in their argumentation that the inclusion of marginalised people in policy design processes "increase the democratic impetus for climate action" and "makes climate mitigation policies more effective".

Citizens Agora recommends:

"Involve groups in the development of practical plans…so that the solutions obtained are the right ones for all parties"

The European Commission provides a toolkit[lxi] for the design of governance structures and stakeholder engagement processes for coal regions in transition. The figure outlines a range of benefits of engaging stakeholders as well as the risks of not doing so, which are equally applicable to a just transition participatory process.



Source: European Commission Governance of Transitions[lxii]

It has been argued that inviting all relevant parties to provide input into decision-making is not sufficient for procedural justice. It must be accompanied by procedures such that they can 'genuinely influence outcomes[lxiii]'. In practice this requires a two-way information flow between decision makers and stakeholders through participatory mechanisms.

Coordination

If Belgium want to realise a just transition that leaves no one behind, it is imperative that its policy levels and actors cooperate and coordinate in an intense and open way. **Realising a just climate transition in Belgium will be as good as impossible without strong coordination and cooperation, especially between the three regions and the federal government**[lxiv]. In the past ten years, climate policy coordination between the regions and the federal government has been difficult, which is illustrated by the Belgian National Energy and Climate Plan, which has a limited coordinated part and a longer part per entity, leading to a plan of no less than 818 pages.

Accountability

An ambitious monitoring and evaluation framework is needed to successfully deliver the Just Transition Policy Package. It is a mechanism that ensures transparency and that those involved in the process are held accountable. The monitoring should be done or at least validated by a neutral body[lxv], which could be an existing organisation such as the Court of Audit or a new body, which could take the shape of an observatory or knowledge centre with a formal evaluation task, working independently or as part of an interparliamentary service.

The monitoring and accountability reporting should focus on the progress towards the goals, correct and full implementation of the policy package, evaluation of the effectiveness and

efficiency of the policy package, foresight studies, the costs and benefits of the policies, including the cost of inaction and the cost of non-compliance with the EU 2030 and 2050 targets (potential fines).

The OECD[lxvi] argues for policy priorities that 'continue to develop relevant metrics and analytical tools to incorporate the impacts of climate change and the costs of inaction into economic policy design and implementation'. In a just transition, this would translate into the development of metrics to measure both the economic and social impacts of various options on different groups ensuring that it measures whether action is avoiding the escalation of inequality.

"Concrete translation of objectives into a national policy and structural monitoring of the implementation of these objectives through relevant indicators. Planning is accompanied by attention to evaluation to monitor progress and focus support policies in the right places."

Civil Society Forum Report

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7. Endnotes

[i] Scottish Government Just Transition Commission (2021). A national mission for a fairer, greener Scotland.
[ii] As noted by the Civil Society Forum Report (p.11-12) individuals living in poverty are especially vulnerable to price increases...poorer households spend a larger share of their income on basic goods and services that have a relatively large footprint: transportation, heating, food.
[iii] IPCC_AR6_WGII_SummaryForPolicymakers.pdf
[iv] Wang-Erlandsson, L., Tobian, A., van der Ent, R. J., Fetzer, I., te Wierik, S., Porkka, M., Staal, A., Jaramillo, F., Dahlmann, H., & Singh, C. (2022). A planetary boundary for green water. Nature Reviews Earth & Environment, 3(6), 380-392.
[v] IPCC, 2023: Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, pp. 1-34, doi: 10.59327/IPCC/AR6-9789291691647.001
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[vii] Royal Meteorological Institute of Belgium. (2020). Climate Report 2020. Retrieved from https://www.meteo.be/meteo/download/fr/15526885/fileid/scenariosbelgium_final407017208119.pdf
[viii] As also recognised by the Civil Society Forum Report p.11 which notes that 'not everyone is affected in the same way by the effects of ecological crises. Some individuals, communities, businesses and sectors are more vulnerable than others'.
[ix] European Environment Agency (2018). Unequal exposure and unequal impacts: social vulnerability to air pollution, noise and extreme temperatures in Europe, EEA report. Publications Office of the European Union, Luxembourg.
[x] Fransolet, A. & Vanhille, J. (eds.) (2023). Just Transition in Belgium: Concepts, Issues at Stake, and Policy Levers. Scientific report on behalf of the High Committee for a Just Transition, Brussels: November 2023.
[xi] For example, lower socio-economic neighbourhoods tend to have less and lower quality green space exposing residents to extreme temperatures compared to more affluent neighbourhoods
[xii] Stevis, D., & Felli, R. (2020). Planetary just transition? How inclusive and how just? Earth System Governance, 6, 100065.
[xiii] Martin M. A., Sendra O. A., Bastos A., et al. (2021) Ten new insights in climate science 2021: A horizon scan, Global Sustainability, 4 (E25), 1-20.
[xiv] IPCC 2023 (p. 5) Synthesis report. IPCC_AR6_SYR_SPM.pdf
[xv] Chancel L. (2022) Global carbon inequality over 1990-2019, Nature Sustainability, 5 (11), 931-938.
[xvi] Sabato S., Büchs M. and Vanhille J. (2023) A just transition towards climate neutrality for the EU: debates, key issues and ways forward. Background paper commissioned by the Belgian Federal Public Service – Social Security, OSE Paper Series, Research Paper No. 52, Brussels: European Social Observatory
[xvii] Sabato S., Büchs M. and Vanhille J. (2023), id.
[xviii] Fransolet, A. & Vanhille, J. (eds.) (2023). Just Transition in Belgium: Concepts, Issues at Stake, and Policy Levers. Scientific report on behalf of the High Committee for a Just Transition, Brussels: November 2023.
[xix] Büchs M., Ivanova O. and Schnepf S. V. (2021) Fairness, effectiveness and needs satisfaction: new options for designing climate policies, Environmental Research Letters, 16 (12), 124026.
[xx] As described in the Federal Public Services Report (p.8) 'new technologies that reduce energy consumption require a financial investment that is difficult or even impossible for vulnerable households. People living in poverty do not have the financial resources for long-term cost and consumption savings'.
[xxi] Flues, F. and A. Thomas (2015). "The distributional effects of energy taxes", OECD Taxation Working Papers, No. 23, OECD Publishing, Paris.
[xxii] Due to their financial means, access to credit and that they are more likely to own their housing.
[xxiii] As described in the High Committee Scientific Report (p.113) as the eviction of tenants due to the demolition of their dwellings or the excessive increase of their rents following energy renovation projects, or urban greening projects as part of biodiversity protection or climate change adaptation strategies.
[xxiv] Beretta, I., Cucca, R. (2019). Ecological gentrification. A European perspective. Introduction. SOCIOLOGIA URBANA E RURALE; Grossmann, K., 2019. Energy efficiency for whom? A Conceptual view on retrofitting, residential segregation and the housing market.

[xxv] What is the just transition and what does it mean for climate action? - Grantham Research Institute on climate change and the environment (lse.ac.uk)
[xxvi] See p.27 of the civil society 'forum' report as one example. Contribution of organised civil society | Just Transition
[xxvii] https://www.ipcc.ch/report/ar6/wg3/chapter/chapter-15/
[xxviii] https://www.mckinsey.com/capabilities/sustainability/our-insights/net-zero-or-growth-how-belgium-can-have-both
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[xxx] https://indd.adobe.com/view/a5990abb-2ad2-48bd-805a-ef80c679e0df
[xxxi] See page 11 Cantillon, B. and Hudon, M., (2023) Towards a Social-Ecological State: Political Memorandum
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[xxxv] Reitzenstein, A. et al (2018), A just transition for all or just a transition? Discussion Paper.
[xxxvi] Atteridge, A. and Strambo, C. (2020). Seven principles to realize a just transition to a low-carbon economy. SEI policy report. Stockholm Environment Institute, Stockholm.
[xxxvii] EEA (2011), Environmental tax reform in Europe: implications for income distribution, EEA Technical report No. 16/2011, Copenhagen.
[xxxviii] See the statement made by FPS Public Health (p. 20 of the Federal Public Service Report) that "an equitable environmental transition must be organised according to four principles of action: enforcement of environmental objectives and standards (the 'Do No Harm' and 'Do Not Roll Back' principles); investment in environmental transition (decarbonization, biodiversity and circular economy); reform of taxation and of the allocation of subsidies (carbon tariffs, environmentally harmful subsidies, taxation of the aviation sector and of chemical products); and finally, the strengthening of the current normative framework, particularly the product standard".
[xxxix] See p.10 Cantillon, B. and Hudon, M., (2023) Towards a Social-Ecological State: Political Memorandum
[xl] Peersman G. & Wauters J. (2022), Heterogeneous household responses to energy price shocks, NBB Working Paper Research, N° 416.
[xli] See the Civil Society Forum Report p.11 which highlights the central principle of 'leaving no one behind' so that even the most vulnerable benefit from the transition. The report highlights (p. 11) the beneficial impacts that could be felt amongst the most vulnerable as a result of the transition (e.g. better insulated homes, improved urban environments, etc.) whilst recognising that the most vulnerable groups often do not have sufficient resources to make adaptations or investments. This is echoed in the Federal Public Services Report (p.8) by recognising that new technologies that reduce energy consumption require financial investment that is at best difficult and in some cases impossible for vulnerable households. The Citizens Agora document also highlights the importance of targeted measures to support vulnerable groups. It includes specific recommendations such as providing temporary housing for tenants during major renovations and setting maximum rent increases after energy renovations.
[xlii] See the Federal Public Services Report (p.19) which states that 'the Belgian government is responsible for ensuring that certain groups in society are properly supported and that the necessary support measures are taken for this purpose.
[xliii] FPS Mobility provides an example of what is seen to be 'just targeted support' in the Federal Public Services Report (p.10) in Rail Vision 2040 where particular attention is paid to specific target groups to take into account various vulnerabilities to offer differentiated fare formulas.
[xliv] The High Committee Scientific Report (p. 120) highlights that "smart taxation schemes are needed to disincentivise undesirable effects and incentivise sustainable practices".

[xlv] See, for example Köppl, A., & Schratzenstaller, M. (2023). Carbon taxation: A review of the empirical literature. Journal of Economic Surveys, 37, 1353–1388.
[xlvi] We recommend to exempt the companies that are part of the EU ETS, as their carbon emissions are already priced. However, emissions covered under ETS2 should not be exempt, as that system is designed to have a carbon price that is not too high.
[xlvii] The High Committee Memorandum (p.17) suggests that the redistributive effect of a carbon tax can be mitigated by returning revenues to households in the form of dividends.
[xlviii] Heyndrickx, C., Bachus, K., De Bevere, A., Grandjean, G., Schepers, W., van der Loo, S., Vanrykel, F., & Van Zeebroeck, B. (2022). Proposal for a green tax reform, research report.
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[l] Bachus K. (2010), Instrumenten voor klimaatbeleid, een multilevelperspectief, algemeen referaat, Vlaams Wetenschappelijk Economisch Congres Glokaal beleid in Europa. Lokaal beleid voor een globale markt: concurrentie of coördinatie binnen de EU, Gent, 19 november 2010.
[li] For example, the High Committee Scientific Report highlights the importance of phasing out fossil fuel subsidies as part of broader efforts to finance the transition. It states (p.84) fossil fuel subsidies, currently provided in the form of budgetary expenditures or tax exemptions, were estimated at €13 billion per year in 2020 (or 2.8% of Belgian GDP)" and emphasises that these subsidies "keep economies locked into carbon-intensive technologies, undermine efforts to enhance the competitiveness of sectors contributing to decarbonisation, and are often socially inequitable."
[lii] The Civil Society Forum Report (p. 19) calls on measures to avoid the "Matthew effect," whereby the poorest cannot share in the equitable transition, because some of the measures proposed so far are only accessible to people with high incomes, who are also rewarded with subsidies and tax exemptions (e.g., solar panels, electric cars, etc.)
[liii] EEA (2011), Environmental tax reform in Europe: implications for income distribution, EEA Technical report No. 16/2011, Copenhagen.
[liv] The High Committee Memorandum (p.18) suggests re-examining social measures that subsidise fossil fuels, such as VAT rates and the social energy tariff given their ecological impact.
[lv] de Bevere A. and Grandjean G. (2023), The Horizontal Distributional Impacts of Carbon Pricing and Revenue Recycling Policies. A Microsimulation Study for Belgium, CEREC working paper.
[lvi] See also the recently published report 'Policy Options for a Belgian Sustainable Finance Strategy'
[lvii] The High Committee Memorandum (p.16) recommends investment in reskilling and, where appropriate, subsidise the promotion of high-quality employment in sectors that support the green transition, such as construction and the circular economy. The Civil Society Forum Report (p.18) received several contributions calling on governments to invest in opportunities for businesses to upskill and retrain workers, with the goal of creating quality jobs on a livable planet
[lviii] Lee, S. & Baumgartner, L. (UNDP) 2022, How Just Transition Can Help Deliver the Paris Agreement. How Just Transition Can Help Deliver the Paris Agreement | United Nations Development Programme (undp.org)
[lix] As highlighted in the High Committee Memorandum (p.14) " Low-income and less educated groups are hardest hit by environmental issues, but they are underrepresented in formal and informal political participation in environmental decision-making. This hinders the recognition of specific needs in environmental policy and undermines its legitimacy".
[lx] (p. 5) Creutzig, F., J. Roy, P. Devine-Wright, J. Díaz-José, F.W. Geels, A. Grubler, N. Maïzi, E. Masanet, Y. Mulugetta, C.D. Onyige, P.E. Perkins, A. Sanches-Pereira, E.U. Weber, 2022: Demand, services and social aspects of mitigation. In IPCC, 2022: Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [P.R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lisboa, S. Luz, J. Malley, (eds.)]. Cambridge University Press, Cambridge, UK and New York, NY, USA. doi: 10.1017/9781009157926.007
[lxi] governance_of_transitions_toolkit_-_platform_for_coal_regions_in_transition_0.pdf (europa.eu)
[lxii] Governance of transitions toolkit - European Commission (europa.eu)
[lxiii] (p.24) Macquarie R, Green F, Kenward T, Müllerová H, Feigerlová M, Balounová E (2023). Just and robust transitions to net zero: A framework to guide national policy. University College London, Grantham Research

Institute on Climate Change and the Environment, ClimLaw: Graz, Centre for Climate Law and Sustainability Studies, Center for International Climate Research.

[lxiv] As highlighted by the High Committee Memorandum (p.22) ”the policy instruments for a just transition are dispersed across various domains (environment, energy, mobility, agriculture, social protection, employment, health, and development cooperation) and at many levels (local, regional, federal, European). This highly fragmented and stratified structure inevitably leads to significant coordination challenges.”

[lxv] The Federal Public Services Report includes a call from FPS Social Security highlighting that ”there is a particular need for a permanent body that can ensure the necessary coherence between the various existing instruments and structures." POD Social Integration also calls for a "body of independent and non-politicized experts, authorized to assess a priori and a posteriori the relevance and quality of measures, some environmental, some social."

[lxvi] (p. 38) OECD (2017), Investing in Climate, Investing in Growth, OECD Publishing, Paris.