

The Green Rebound: Mobilising COVID responses for climate neutrality

Briefing Paper 2: Mobilising the European Green Recovery

Climate Strategies' members discussed how to **formulate and mobilise the European Green Recovery package** in the COVID-19 response. Some questions considered were:

- What are the key elements to be included in the recovery package, reflecting on the definition of 'green' for different sectors?
- What is the role of governance and the prioritisation of financial support at different levels, considering the transferability of lessons from COVID-19 crisis to climate crisis?
- How will the interconnected global economy be impacted, and does this offer opportunity for enhanced climate action?

COVID-19 insights

Governments have been quick to act on regulation development during the COVID-19 crisis, and on the whole, there has been widespread public support for governments leading role. This momentum could be leveraged to accelerate the green recovery, however, instruments employed in response to this crisis should not just be short-term fixes but should **encompass longer-term strategies to align with the green recovery**. Lessons learnt during and after the crisis should inform the European Green Recovery. Importantly, these lessons could influence the structure of transitions to carbon neutrality by offering unexplored avenues for climate action, which go beyond embedded pathways.

Bottom-up transformation and social equity

The crisis may have influenced individual priorities, having provided the opportunity to pause and reflect amidst the lockdown. For example, a highly-visible impact of the crisis response has been **improvements to local environments**, such as improved air quality and a drop in GHG emissions. This may be capitalised on to steer transformations and public reactions could be learnt from to **build societal buy-in for enhanced climate action**, beyond top-down approaches.

Communities have experienced a stronger-than-usual **reliance on governments for support**, which stems from the immediate dangers to health and life posed by the virus. In contrast, climate risks have different geographical impacts and are felt over longer time-frames. Hence, it may be important to take lessons from the endurance of such governmental-reliance, and to consider the growing agitation from certain measures.

At the national-level it has been made visible that many governments are reliant on trade and global value chains rather than in-country production of key products. **Increasing support for**

self-sufficiency can help to reduce vulnerability during crises, particularly in hard-to-reach places. This could be realised by empowering local, place-based networks and smaller producers. To meet people's needs, social equity should be at the core of recovery packages and assessment of financial instruments. Financial instruments should also be balanced across Europe, increasing the sense of European solidarity and capacity to make joint decisions.

National and EU-level governance (case study: Spain)

The role of government has been strengthened, creating an opportunity to learn from crisis reactions and **establish the key elements that increased resilience, for future climate transition**. In Spain, there has been consideration to kickstart investment in the utilities sector towards transition (for production and networks). National-level support (e.g. [Carbon Contracts for Difference](#)) can support transition, but EU-wide backing is needed. Currently there is no clear EU dimension to the investments or project approach, which is needed for refinancing to decrease finance cost and ultimately increase access to financial streams.

At the same time, the corona crisis may result in countries reindustrialising their regions and rebuilding local value chains to make sure they have enough supplies for future crises and emergencies.

There is debate as to whether richer EU countries should mutualise bonds issued by other countries, and there has been opposition (primarily from the Netherlands and Germany). However, joint EU-wide investments are likely to come to fruition in areas such as climate change and renewable energy. **The EU dimension of local issues should be found to foster transition via the recovery package** (e.g. less urban pollution – clean mobility linkages).

EU and the international context

At the trade-climate interface, there is concern that this type of support isn't available in the Global South. As development models are built on globalisation, impacts on value chains must be evaluated as the EU becomes more inwardly-focused. However, we must also address the main obstacle to achieving climate neutrality at EU scale – that industry can't bear the costs in a globally competitive environment. As the unequal impacts of COVID-19 are played out, it will be important to assess how the relative competitiveness of different countries has been impacted economically, as well as the role of different types of recovery support.

Within Europe, there may be geopolitical effects on the acceptance of Border Carbon Adjustment (BCA) proposals in the EU Green Deal. Internationally, there is a need to identify opportunities for solidarity, as joint responsibility underpins climate cooperation. For example, during the COVID-19 crisis, countries are working together on technology transfers and models for sharing intellectual property rights (e.g. WHO initiatives). Cooperation should be identified for technology and

finance, and the scope to provide support promoting climate and clean energy action must be understood.

'Greening' different sectors

It is easier to explore and understand policy instruments and impacts for larger actors. Public finance has a high-impact, and private investment could be attracted over time. There has been demand for a stronger role for regulation from basic materials producers if green recovery to go ahead.

'Green' must be defined for different sectors in the recovery packages to support the attachment of effective strings for sustainability at the EU level (some countries, like the Netherlands, have already prepared concrete proposals for consideration). At the material level, policy instruments are needed for industrial production and can accelerate a shift to basic climate-friendly production.

Next Steps

- (i) Identify lessons and priorities.
- (ii) Determine relevance to different themes and policy objectives (including players and roles to support targeting).
- (iii) Assess implications for governance approaches, regulation and programme design, translating learnings to policy processes using policy instruments.
- (iv) Spaces to act: Member States 2030 energy and climate plans, Green Recovery Alliance (EU Parliament)

Follow up dialogue is needed to identify **what are the key lessons**. We would clarify themes and policy areas (objectives), and then translate them into policy instruments and implications. This will be supported by brainstorming documents and potential survey to other CS Members.

This briefing paper was prepared based on a videoconference on 27.04.2020 attended by the following Climate Strategies Members: [Julian Barquin](#), [Kasturi Das](#), [Maurits Henkemans](#), [Tom Kram](#), [Karsten Neuhoff](#), [María José Sanz Sánchez](#), [Peter Wooders](#).

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