



ENTRENCHING

THE JUST TRANSITION

INTO THE EU GREEN DEAL

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THE **SOCIAL CLIMATE FUND**  
AT THE SERVICE OF A  
PLACE-BASED TRANSITION

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## **Disclaimer**

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# ENTRENCHING THE JUST TRANSITION INTO THE EU GREEN DEAL: THE SOCIAL CLIMATE FUND AT THE SERVICE OF A PLACE-BASED TRANSITION

THE SOCIAL CLIMATE FUND PROPOSAL HAS BEEN DESIGNED TO COMPENSATE ENERGY PRICE INCREASES. ITS POTENTIAL WOULD BE MUCH GREATER IF IT WAS TURNED INTO A STRATEGIC INSTRUMENT TO ADDRESS COMPREHENSIVELY THE MULTI-FACETED ISSUES PREVENTING EUROPEAN CITIZENS TO MEET THEIR HEAT AND MOBILITY NEEDS.

Today's energy prices are massively impacting household bills. While this unprecedented crisis must be tackled swiftly by EU leaders, it should also prove an opportunity to deliver an instrument with long-lasting impact that delivers structural change rather than corrective measures. It is in this perspective that a meaningful landing of the Social Climate Fund must be envisaged.

Energy poverty is indeed a crippling problem across Europe (more than 30 million<sup>1</sup> Europeans suffer from it), and the staggering increase in energy prices raises the pressure on the most vulnerable<sup>2</sup>. Whatever the decisions concerning the extension of the carbon pricing system to buildings and road transport, a social climate fund is more than necessary to face the already extremely strong inequalities<sup>3</sup> inherent to the energy transition.

This fund and the amounts dedicated to it must be up to the ambitious goals of a just transition<sup>4</sup>. Local and regional authorities are best placed to offer a response adapted to the local context. Many practical cases<sup>5</sup> show the effectiveness of local action to mitigate energy poverty and democratise the energy transition.

However, the current governance model of the Social Climate Fund is based on a top-down governance approach mirroring that of the Resilience and Recovery Facility (RRF) which risks defeating the purpose of the fund.

<sup>1</sup> Magdalinski E. Delair M. Pellerin-Carlin T. (2021) [How to lift 30 million Europeans out of Energy poverty?](#) Jacques Delors Institute.

<sup>2</sup> Nguyen P-V. Pellerin-Carlin T. (2021). [The European energy crisis spike, overcoming the fossil fuel crisis](#). Jacques Delors Institute.

<sup>3</sup> Rayner L. (2021). [Renewing the social contract to deliver a just energy transition](#). European Policy Centre.

<sup>4</sup> Defard C. Thalberg K. (2022). [An inclusive Social Climate Fund for the just transition](#). Jacques Delors Institute.

<sup>5</sup> Bourgeois M. (2022). [Renewable for All!](#) Energy Cities.



# A TRAP TO AVOID: THE REPLICATION OF THE RESILIENCE & RECOVERY FACILITY MODEL

Last May, Energy Cities organised a webinar<sup>6</sup> looking at the question of whether the Recovery and Resilience Plans would be a “missed opportunity to support local transitions”. Among the speakers was Christophe Rouillon, the French Mayor of Coullaines and President of the SPE group in the Committee of the Regions, to echo our views that the top-down governance model of the Resilience and Recovery Facility is flawed in many ways. According to a Committee of the Regions (CoR) analysis<sup>7</sup> that he presented, most of the plans have been conducted without a proper participation process of local and regional authorities as virtually all Member States except for Belgium, Poland and Germany, only limited themselves to formal and informative consultation exercises. He added that the recovery plans analysed in the CoR study<sup>8</sup> were “blind to territorial disparities and needs.”

In a report<sup>9</sup> published in February 2022, CAN Europe and Bankwatch Europe also regretted the lack of civic participation in the design of national resilience and recovery plans, following a comprehensive analysis of 10 of these plans<sup>10</sup>. Among their conclusions, the authors noted that the national plans also tended to put a disproportionate focus on developing hydrogen as an energy source, with little regard for other existing, greener and more cost-effective options.

In addition, they found that energy communities and prosumers were either insufficiently supported in the plans analysed or not considered at all, once again showing the flawed nature of the centralised governance approach, leaving almost no room for distributed and local solutions. The same conclusion applied to clean mobility measures, where electric mobility was given comparatively much more support than shared, public and active (biking, walking) means of transport which are typically privileged in local climate plans.

<sup>6</sup> The recording of the webinar “Recovery and Resilience Plans, game changer or missed opportunity” (May 2021) is available on [Energy Cities’ website](#).

<sup>7</sup> European Committee of the Regions. (2021). [Regional and local authorities and the national recovery and resilience plans](#).

<sup>8</sup> Ibid.

<sup>9</sup> CAN Europe. CEE Bankwatch Network. (2022). [Reaching for a green recovery, what holds back progress in ten eu recovery and resilience plans](#).

<sup>10</sup> The countries analysed include the Czech Republic, Estonia, Hungary, Italy, Latvia, Portugal, Romania, Slovakia, Slovenia, Spain.



# AN ALTERNATIVE: A PLACE-BASED MODEL BASED ON THE PARTNERSHIP PRINCIPLE

Addressing the social imbalances of the energy transition, whether if only with the limited intention of mitigating the effect of carbon pricing, cannot be solved through one-size-fits-all solutions remotely designed by centralised authorities.

Each context will require different solutions best reflecting the situation on the ground. The RRF model is thus not the way forward. Instead, we are advocating for a Social Climate Facility which is designed and managed at the closest level to the people for which it is supposed to deliver this just transition.

***“ We must have place based strategies, at the right scale and territorial level, adapted to the new drivers of disparities”***

– Commissioner Elisa Ferreira,<sup>11</sup>  
10 February 2022

## SOCIAL ACTION AS A GUIDING THREAD IN NATIONAL ENERGY & CLIMATE PLANS

The social dimension of climate action cannot be considered “in annex” to existing plans but shall form an integral part to it. The EU governance regulation should thus be reviewed to make sure that the just transition is addressed systemically across all proposed measures in National Energy and Climate Plans and that socio-economic impact assessments are conducted prior to identifying specific energy mix solutions or technologies (see our proposals for the revised Renewable Energy Directive<sup>12</sup>).

In addition to this, a specific chapter of the plan should be devoted to the big orientations in how Member States plan to spend their dedicated social climate fund envelopes, while the specifics should be detailed in Operational Programmes based on the Partnership principle.

<sup>11</sup> At the [Presentation](#) of the 8th Cohesion Report at the European Parliament Committee of Regional Development (REGI)

<sup>12</sup> Bolle A. (2022). [Integrated local planning in the revised Renewable Energy Directive](#). Energy Cities.





## COHESION POLICY APPROACH

Not to reinvent the wheel, mirroring the approach of the cohesion policy, the funding should be disbursed through operational programmes designed in close collaboration with regional authorities. To make sure that the more decentralised and local level is also fully involved in this process, Member States shall give priority to local and sub-regional approaches, particularly via earmarking an indicative share of the budget to Community-Led Local Development (CLLD) and Integrated Territorial Investments (ITI).

The model of global grants, given to intermediary authorities such as local authorities or development agencies under the European Social Fund and European Regional Development Fund should be favoured as it is conducive to more integrated local development and thus presents opportunities to structurally address issues such as energy poverty and exposure to market volatility.

## COMMUNITY-LED LOCAL DEVELOPMENT & INTEGRATED TERRITORIAL INVESTMENTS

**The Community-Led Local Development (CLLD)** approach is an already proven model which is close to 30 years old and was created in the framework of the agricultural policy through the LEADER programme. With this model, so-called “Local Action Groups” made up of representatives from the private and public socio-economic sectors are constituted at sub-national level and given a global grant to carry out integrated local development strategies considering the local needs and potential. As of 2014, this approach has been extended to the four EU funds covered by the Common Strategic Framework: the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. Today, there exists already over 3,000 Local Action Groups<sup>13</sup> spread all across Europe, albeit at present more in rural areas in view of the initial historic link with agricultural policies. CLLD has become a compulsory component of all rural development programmes, with a minimum budget allocation of 5%, a share which has already been exceeded by several Member States.

In the 2014-2020 programming period, the model was extended to Cohesion Policy funds with great results and EU audits on the programme which have been very positive<sup>14</sup>.

**The Integrated Territorial Investment** approach only exists since the 2014 programming period and aims at encouraging pooling from different EU resources to implement more holistic territorial investments and typically concerns investments of larger-scale than those covered by the CLLD mechanism, which generally speaking targets communities of less than 100,000 inhabitants. The two approaches are however complementary as several action groups could typically be cooperating in the framework of an ITI. Tackling fuel poverty and ensuring a just transition can only be done through a territorial approach, knowing the local associative fabric, which includes networks and organisations best placed to gain the trust of vulnerable groups through concerted, collective action.

<sup>13</sup> LEADER. (2019). *Best Practice in Community Led Local Development using European Regional Development Fund and European Social Fund*.  
<sup>14</sup> ECOLISE. (2019). *Reshaping the Future: How local communities are catalysing social, economic and ecological transformation in Europe*.



## TECHNICAL ASSISTANCE & CAPACITY-BUILDING FOR LOCAL AND REGIONAL AUTHORITIES

The monitoring and management of EU funding mechanisms is quite resource-intensive and thus requires associated capacity building and technical assistance support<sup>15</sup>. This calls for the set-up of a dedicated EU coordination platform which would ensure the links between the various related initiatives dealing with social climate action and local development (Covenant of Mayors for Climate & Energy, EU Cities Mission, EU poverty observatory, European Leader Association for Rural Development... ) while coordinating the channelling of funds to existing Local Action Groups on the ground and promoting the emergence of new ones through the association of country experts.

This coaching platform should aim at creating a greater pipeline of projects on the ground by fostering soft measures such as community-building of local action groups as well as more technical assistance linked to project engineering. An indicative percentage of the Social Climate Fund should thus be earmarked to funding this new platform, drawing inspiration from the model of the European City Facility.<sup>16</sup>

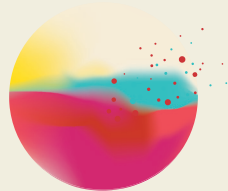
Channelling more EU funding at the sub-national level presents the additional advantage of making EU contributions and added-value more visible to European citizens, a crucial need especially in the field of climate action where populist and anti-European sentiment could otherwise easily thrive.

### Summary of recommendations

- » Extending the Social Climate Fund into a broader Social Climate Facility which addresses social climate action in a more integrated and decentralised way
- » Using the Cohesion Policy approach as a model for the governance of the fund, instead of the Resilience and Recovery Facility
- » Relying on a proven model (partnership principle of the Cohesion policy and its local development mechanisms, see text box above) to guarantee the relevance and effectiveness of social climate action
- » Avoiding that only well-resourced and organised entities access the money: Dedicate a portion of SCF funding to the creation of an EU coordination platform with national focal points dealing with capacity-building and the allocation of seed funding
- » Guarantee that each of the 3000+ Local Action Groups already set up across Europe have a social action agenda through dedicated funding
- » Improving the perceived European added-value through a more local, and thus visible, channelling of climate action funds

<sup>15</sup> Also highlighted in the recent paper from the Jacques Delors Institute. Defard C. Thalberg K. (2022). *An inclusive Social Climate Fund for the just transition*.

<sup>16</sup> The EUCF is a European initiative to support municipalities/local authorities, their groupings, as well as local public entities aggregating municipalities/local authorities across Europe to develop investment concepts to accelerate investments in sustainable energy. More information: [www.eucityfacility.eu](http://www.eucityfacility.eu)



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Energy Cities' mission is to empower cities and citizens to shape and transition to future-proof cities. We showcase concrete alternatives deployed by cities, we advocate changing policy and economic governance at all levels and we foster wide cultural change leading to a future-proof society. Energy Cities community is composed by local leaders of thousands of cities in 30 European countries.