

SOCIAL AND LABOUR ASPECTS OF THE JUST TRANSITION TOWARDS CLIMATE NEUTRALITY

FEBRUARY 2022

Introduction

For the preparation of the proposal for a Council Recommendation on a fair transition towards climate neutrality, the European Commission launched a consultation process with civil society organisations active in the areas of social rights and labour policies, in the last trimester of 2021. The European Anti-Poverty Network contributed to the call for inputs following the strategic dialogue meeting on October 26, 2021. EAPN also responded to the Call for Evidence launched in October 2021, to highlight social and employment challenges of the transition towards climate neutrality in the Union by 2050, as set in the European Climate Law (June 2021). The European Green Deal called on a just and inclusive transition that leaves no one behind. It launched the Just Transition Mechanism to support regions that rely heavily on carbon intensive activities and workers most vulnerable to the transition.

2021 was also the second year of the COVID-19 pandemic and Member States were asked to submit Recovery and Resilience Plans and achieve spending targets of 37% for climate and 20% for digital transition.

In the Fit for 55 package “Delivering on the European Green Deal” (July 2021), the European Commission announced a comprehensive package of legislative proposals and policy initiatives to reduce greenhouse gas emissions by at least 55% by 2030 through higher shares of renewable energy, greater energy efficiency, greener mobility and renovation of buildings while tackling energy poverty. Social fairness and alleviation of energy poverty were brought into the design of some legislative proposals such as the Social Climate Fund, the Energy Efficiency Directive, the Renewable Energy Directive and the Energy Taxation Directive.

The rise in global energy prices, since September 2021, called attention to the precarity of low and middle-income people, risking to become energy poor and the need to adopt emergency measures and longer-term solutions to tackle the root causes of energy poverty and achieve a socially-just decarbonisation across our economic, employment, energy, climate, taxation, welfare and housing policies - [Tackling rising energy prices: A toolbox for action and support](#).

To fully deliver on a socially-just energy transition in the buildings sector, a revision of the Energy Performance of Buildings Directive was issued in December 2021 to capitalise on the Renovation Wave Strategy’s priorities - decarbonisation of heating and cooling, reducing energy poverty and worst-performing buildings – and deliver on deep renovations in the residential sector through the introduction of Minimum Energy Performance Standards and financial and social safeguards.

In the **first section** of this document, EAPN sets out its inputs in response to the European Commission’s consultation with regard to the following reflection areas:

1. The Commission’s description of the state of play and challenges
2. The purpose and scope of the initiative
3. The elements to consider in order to effectively guide Member States towards adequate accompanying policies for a just and inclusive green transitions
4. The roles of civil society and social organisations in the context of the forthcoming Council Recommendation

The **second section** of this document aims to assess the actual proposal published in December 2021 by emphasising the positive elements and the remaining grey areas or negative elements.

Overall, the description of the state of play by the European Commission offers a consistent presentation of the main EU policy initiatives in response to the identified challenges linked to a socially just transition¹. However, EAPN remains with concerns, which should be reflected in the final text of the Council Recommendation, in the interest of people living in or at risk of poverty and energy poverty.

We welcome the inclusion of the principles of the European Pillar of Social Rights in the purpose of the initiative. We encourage a closer link between guidance to enhance Member States' use of ex-ante distributional impact assessments in budgeting and planning of reforms and upcoming guidelines to address the social and labour aspects of the just transition towards climate neutrality, in the Council Recommendation.

The scope of this initiative is quite broad and could merit more detail on certain aspects: 1) The multi-dimensional causes and consequences of energy poverty as a combination of low income and high expenditure of disposable income on energy; 2) The impact of digitalisation on access to education, training, Minimum Income Schemes and Social Protection; 3) The need for public investments to create decent green jobs, retrain those impacted by decarbonisation and finance adequate social protection and minimum income, as well as sustainable energy, housing, transport and food; 4) Complementarity and coherence across funding and policy instruments should entail a 'social ring-fencing' in all policies to ensure people facing poverty and social exclusion are protected from the impact of the transition.

The elements mentioned capture the main challenges and opportunities for a just green transition. However, more evidence on ways to interconnect the actions resulting from the employment, skills and social policies are highly recommended to optimise complementarity and coherence.

¹ For additional information, consult [EAPN key messages on the European Green Deal and Just Transition](#).

A strong social protection toward low income and people at risk or experiencing poverty to make the transition

The Commission established the Social Climate Fund (SCF) to address part of the social and distributional challenges of the green transition in the EU. The extension of Emissions Trading Systems (ETS) to the building sector could jeopardise the positive steps supporting the energy-poor Europeans' access to renovations and renewables schemes and is a cause for concern. The amount of the SCF funding is not sufficient to deliver wide-spread renovations and renewables for energy poor households and will not counter-balance the impact of the new ETS on energy bills².

The presentation of the state of play should contain the results of the impact assessment:

1. Underpinning the 2030 Climate Target Plan, it concluded that a redistribution mechanism could significantly cover the targeted needs of lower income/expenditure deciles.
2. Accompanying the Proposal for amending the ETS Directive within the 'Fit for 55' package, it recognised that emissions trading for buildings will not affect households equally, but is likely to produce a regressive impact on disposable income.

In addition, even if the necessary investments are made, lower-income households in low-income countries will still suffer from fuel price increases. Consequently, the feasibility of decarbonisation of lower-income and vulnerable households is at stake, if not explicitly addressed by national measures. Furthermore, the stress should be put on concrete measures to address the social and distributional impacts of carbon pricing and prevent regressive effects of carbon pricing and energy taxation.

As the Commission points out, Member States are preparing multiple actions to promote a just transition. Synergies across these initiatives should be maximised to ensure both emergency and long-term measures addressing structural causes of unequal access to green jobs, energy efficiency, renovation and renewable schemes. Further guidelines are needed to:

1. Increase synergies and policy coherence across the Recovery and Resilience Plans, the Just Transition Fund, the National Energy and Climate Plans, Long-Term Renovation Strategies, structural and investment funds, the Social Climate Fund.
2. Suggest which fund(s)/initiative(s) could offer more emergency measures (e.g. social tariffs for an immediate contribution to energy poverty alleviation) and which fund(s)/initiative(s) could be dedicated to structural measures (e.g. decarbonisation and renewable programmes for low-income groups).

The European Commission's document states the transition, with the right accompanying policies in place, would create around 1 million jobs in the EU by 2030, specifically middle-skilled and middle-paying jobs. In this respect, it is of pivotal importance to consider how the phase-out of fossil fuels and the transition to clean energies will impact on the workforce in terms of mobility and on the unemployment rate. They might also negatively impact the access to adequate social protection measures covering the actual costs of the green transition for low-income and unemployed people who need to also access new sources of energies and quality green jobs. In fact, more focus is needed to support those who are currently excluded from the labour market, those who are low-paid and underprivileged workers currently employed in traditional energy industries. Concurrently, the

² [EAPN statement on the State of the Union speech](#), 2021.

inclusive upskilling and reskilling of workers and job seekers is necessary to avoid labour market polarisation and unequal access to opportunities. The sustainable shift of workers from one industry to another - including access to their rights - cannot be regulated by the market, which would not take into account skills, age, mobility and relocation capacities, for example. Social protection measures must be guaranteed to support those in need and offset any negative effects of the shift on them.

Moreover, particular attention should be paid to the digitalisation of the society that should follow and support the digitalisation of the economy. In practice, people experiencing poverty lack the necessary skills and/or infrastructure to use digital tools and the internet to access information. The efforts made towards the digitalisation of services need to be founded on policies which guarantee social inclusion and equal access to services and civil rights³.

³ For more information, please consult the [messages](#) from EAPN members and people experiencing poverty, on the occasion of the International Day for the Eradication of Poverty (17 October), specifically the [message regarding digital divide](#) and implications for social exclusion and access to services and civil rights.

Access to clean and affordable energy as a fundamental right

Lastly, the implications of the current energy crisis for vulnerable and low-income households could be better explained. The newly released toolbox tackling rising energy prices alone cannot provide a long-term solution for vulnerable consumers if Europe's high dependency on fossil fuels is not solved and a harmonised reform of the European electricity market is not carried out. Two features are particularly worrisome: 1) The energy market design in the context of the increasing liberalisation within the EU does not leave much room for manoeuvre to the EU and Member States for a systematic prices control; 2) Member States have a divergent view on how to solve the crisis and on what a transition fuel towards a green economy could be (e.g. nuclear energy and gas). Substantial differences between energy sources, in the total energy available across Member States, and single market-based competitiveness and stability should be carefully pondered to prevent significant, but preventable, collateral consequences for people living in poverty. Access to clean and affordable energy must be stated as a fundamental right and pre-condition to a life in dignity for all. Currently, people living in poverty face insufficient access to renewable and energy-efficiency programmes – especially those living in social housing - and high risk of getting locked in the fossil gas infrastructure in coming years. To date, gas is the preferred choice of many low-income households; consequently, decarbonising the energy supply for heating and cooling systems requires an overall restructuring of the energy infrastructure and market.

Another concern is electrified transport and its impact on low-income and/or marginalised communities. While electrified transport (public transport and cars) is beneficial for the health of the whole population, access to it and affordability is still unequal. Transport poverty and inequalities in green mobility have a significant impact on climate change and social inclusion. In this respect, unemployed people and/or people eligible for Minimum Income Schemes could be prevented from accessing the labour market if their area is not duly served and if they remain locked in fossil fuel infrastructure (energy systems in their building and transportation).

Therefore, the transition towards a climate-neutral economy and low-carbon activities must put the impact on vulnerable consumers at the forefront.

Access to essential services to guarantee equal access to affordable and quality services

In setting future policies and strategies, affordability, coverage and quality must be key criteria. There is also a need to ensure universality, guaranteeing the right for all as part of an essential social compact to ensure quality services for everybody, combined with additional targeted measures to achieve effective access for vulnerable groups and anti-discrimination measures.

The proposed focus on energy should take into account various intertwined dimensions, such as:

- Ensure renovation, energy efficiency and renewable programmes for energy-poor households and those living in rented houses and social housing, by prioritising targeted public investments;
- Make decarbonisation inclusive for all consumers: With gas network costs distributed across fewer consumers, low-income households that remain on gas are likely to soon bear higher and higher cost burden on bills;
- Make the link between energy poverty, climate action and human health and well-being - please consult our factsheet on [“Who Pays and Who benefits in the energy transition”](#);
- Introduce Minimum Energy Performance standards with social safeguards in the residential sector;
- Increase tax justice on energy through tailored incentives for vulnerable households and removal of subsidies to polluters, including fossil fuel investments;
- Integrate a 3-pillar approach: adequate income, energy efficiency and fair prices;
- Adopt a common EU definition and indicator for affordable housing costs and EU minimum quality standards on housing.

The interconnection between environmental and social sustainability

Policies responding to climate change (e.g. decarbonisation and emissions reduction) affects economic activities, regions and workers in different ways. Adverse effects are expected on specific sectors concentrated in remote areas or disadvantaged regions and linked to certain population groups – low-skilled workers, low-income households, vulnerable groups including the elderly, youth and women. The transition to a climate-neutral economy unlocks new opportunities for environmentally-friendly jobs, but it should not underestimate the significant impact on the labour market for those groups mentioned, in terms of access to new occupational/income profiles and skills.

Attention should be paid to the specific situation of women when analysing the increasing risk of inequalities and poverty deriving from climate policies. Gender distributional impact, structural causes

of gender inequalities and the intersection of various problematics (e.g.. low activity and ethnic background or disabilities) should be considered in the analysis and in the policy-making process at all levels (EU, national, regional and local).

As a result, the assessment of social inequalities vis-à-vis climate neutrality is essential to estimate and contain the distributional impacts of climate action across regions and groups of population. These groups are often least responsible for the climate crisis but may be more affected by the direct and indirect costs of climate policies, such as unemployment, regressive environmental taxes, soaring energy and mobility costs, and harmful changes in consumption and local economy. Therefore, climate neutrality policies should promote targeted measures focused on vulnerable groups and regions, by strengthening synergies with the local and regional authorities, in all Member States, and via the Cohesion Fund.

The Social Climate Fund for a just energy transition

As for the optimal use of the new Social Climate Fund, this should be decoupled from the proposed extension of the ETS to buildings and transportation. In fact, the fund should be used to tackle disparities in the energy transition and fund new programmes, rather than to appease regressive effects of the climate policy and fund existing measures. The Social Climate Fund should be used for a just energy transition exclusively. Alternative avenues for funding to compensate regressive effects could consist of existing ETS that have been poorly spent and other energy/environmental taxation.

If properly designed, the Social Climate Fund could address some of the obstacles identified in the Green Deal, including the upfront costs of renewables and empowering low-income households to become prosumers in community energy ownership models. Therefore, vulnerable and energy poor households should be consulted in the design and implementation of the plans to make sure that funds and benefits may target their actual needs. Alternative energy models promoting community energy ownership and localized renewable energy systems should empower people experiencing poverty in the decision-making process on the green and carbon-free transition. These should also unlock the assistance of actors other than companies with commercial interest who cannot fully consider the interests of vulnerable people.

Furthermore, a clear commitment to reskilling and upskilling workers should be shown in other programmes, such as the Just Transition Fund, to support workers towards the transition to green jobs and decent working conditions in the renovation and decarbonisation sectors, comprising fair wages. A standard and clear definition of quality of work should be applied to green jobs as well as monitoring mechanisms to identify any discriminatory practice in access to 'new' jobs. No negative hierarchies should be established between recipients and eligibility criteria for minimum income and unemployment benefits, when setting the criteria for job quality and access to quality jobs.

Lastly, the Social Climate Fund must not be the only place for a socially just climate policy. The Council Recommendation should encourage Member States to implement a socially just transition in other climate policies including the Long-Term Renovation Strategies and the National Energy and Climate Plans and should provide indications on how to make the best use of these instruments to avoid duplications and strengthen synergies.

High-quality jobs, a high level of social and health protection and the protection of vulnerable consumers' interests should be prioritized in national employment and social policies, which should also reconcile the social and green targets, in line with the principles of the European Pillar of Social

Rights and the role of the Social Scoreboard in evaluating the employment and social performance of Member States. [Council guidelines for the employment policies of the Member States](#) must be reflected in the Member States guidelines for adequate and comprehensive accompanying policies.

Minimum income as a key element of an integrated anti-poverty strategy for a just and sustainable green transition

A comprehensive policy package should include an update of the EU framework on minimum income to effectively support and complement the social protection policies of Member States. More specifically, adequate, accessible and enabling Minimum Incomes Schemes remain a key priority for people experiencing poverty. Eligibility and the enabling character of minimum income schemes should integrate a rights-based approach with no punitive conditionality but rather concrete incentives to access quality and affordable trainings and jobs.

The urge for the Welfare State under the transition

In addition to this, access to social protection should be guaranteed to all regardless of employment status and contractual arrangements, in order to effectively compensate the adverse distributional impacts of the green transition in national social policies. For EAPN, the responsibility of providing adequate social protection rests with the welfare state - not the individual or any private insurance system – and coverage by adequate social security must be mandatory. These aspects should be duly considered in the proposed policy packages for a just and sustainable green transition (Section 4, point 1). A broader approach should be adopted when extending access to social protection, treating social protection as a basic right, throughout the lifespan, irrespective of the employment situation and underpinned by re-distributive tax funding rather than employment contributions only⁴.

EAPN supports lifelong learning as a comprehensive, holistic vision of education, which should span throughout all the phases of the life-cycle for personal and professional development through formal, informal and non-formal services⁵.

In the context of the Recommendation initiative, investments in universal free public education and skills trainings and validation of non-formal education should be prioritised, including trainings to increase digital literacy enabling access to education and information. More emphasis could be given to increase access to relevant training for hard-to-reach groups, so that they can also benefit from the green transition and social/circular economic activities targeted to poor and disadvantaged groups.

A transition not without consultation of civil society and social partners

A structured social dialogue enhancing the inclusive participation of social partners and civil society organisations in the decision-making process is of pivotal importance to obtain relevant evidence and ensure that the implementation of proposed measures and policies is socially accepted and effectively implemented. The principles of equality of treatment and transparency should be embedded in all phases of the consultations, comprising the design, implementation, monitoring and evaluation phases. Concrete procedures and resources as well as transparent information on ways to engage should ensure the meaningful participation of most vulnerable groups, minorities and those who are

⁴ EAPN Analysis Paper "[The Future of Work': Labour market trends and the risks to poverty and social exclusion](#)".

⁵ EAPN position paper "[Leaving Nobody Behind: Prevention and reduction of poverty and social exclusion through education, training and lifelong learning policies](#)".

victims of structural or intersectional inequalities, due to their sexuality, gender, class, race, ethnicity, age, religion and/or disabilities.

We expect regular consultation with job seekers, the unemployed and people experiencing poverty when designing reforms to the labour market and social protection, including the wage-setting mechanisms, the eligibility and adequacy of minimum schemes, social protection benefits and enabling services, with a view to ensuring a decent standard of living and sustainable growth. Furthermore, the contribution and role of people experiencing poverty and social exclusion is essential to improve our understanding of causes of poverty and the impact of climate policies on vulnerable groups. Energy poverty, for example, is a gender justice issue; subsequently, there should be a concerted effort to include women in the decision-making process and community energy ownership models. Concurrently, women face increased poverty risks due to precarious jobs, lower salaries and pensions; therefore, consultations with vulnerable groups could help collect and use disaggregated data in the social and distributional impact assessment of climate policies and enhance synergies with other relevant initiatives, such as the [Subgroup on equality data](#) and their [guidelines on the collection and use of equality data](#)⁶.

A concerted effort is also needed to include people experiencing poverty, particularly those Not in Education, Employment, or Training (NEETs), in the discussion on the design and access to quality education and life-long learning. In fact, those people could be trained for green jobs and the required high-level skills, thus becoming actors for change in the transition to a greener, circular and climate-neutral economy in their community and region.

To foster coherency and avoid working in silos, environmental and social NGOs should be jointly invited to participate in policy consultations and roundtables as well as shared eco-social projects engaging people facing poverty in socially and environmentally sustainable initiatives, such as social enterprises. This approach would empower them to participate in the transition and acquire new skills and knowledge that could guide them towards the shift in the labour market.

⁶ EAPN [briefing on gender and poverty in Europe](#)

The council recommendations on ensuring a fair transition towards climate neutrality: EAPN reaction

On December 14, 2021, the European Commission released its proposal for a Council Recommendation on ensuring a fair transition towards climate neutrality⁷. The proposed document provides guidance to Member States regarding the implementation of social and employment policies in response to the challenges of the green transition. No impact assessment is accompanying the proposal, for example evidence available in previous impact assessments – 2030 Climate Target Plan and ‘Fit for 55’ package.

Positive elements

Overall, the proposal aims at strengthening the principles of fairness and solidarity at all levels, by transversely integrating these in the Member States policy packages advancing the green transition.

The shift towards fair tax-benefit and social protection systems in the context of the green transition is acknowledged and welcomed. Reducing the tax burden on labour and the tax wedge for low-income groups towards other sources of funding is an important step towards a fair green taxation that may shift taxes from labour to capital. We welcome the focus on the potential benefits of a fair green taxation which may result in higher top rate income taxes, lower labour taxes on low-income earners and climate-related revenue generation. Concurrently, reforming taxation systems should not disregard the implications of the internalisation of negative environmental externalities for the most vulnerable. In fact, the ‘polluter pays principle’ can be a double-edged sword for those who are the least responsible for climate change and have less capacity to adapt to a climate-neutral economy. In this regard, we call attention to the impact of carbon pricing policies on low-income people who face a high risk of getting locked in the fossil fuel infrastructure. Such adverse distributional effects should be mitigated at EU level through EU-wide redistribution mechanisms that can compensate for the impact on low-income countries and households.

Adapting social protection systems is equally important to support energy-poor and low-income households in the transition to a new job market through adequate unemployment benefits, and minimum income systems as well as social, health and long-term services. EAPN recognised⁸ the consequences of non-take-up of minimum income benefits and the negative effects of punitive activation measures and conditionalities in Minimum Income Schemes and labour market integration policies. Strict conditionalities and restrictions on eligibility might hamper progress on equal access to quality green jobs and services.

The higher focus on access to quality employment complemented by adequate training and life-long learning is acknowledged. However, employment and training programmes aiming at developing the skills needed for the green transition cannot ensure quality jobs and working conditions. In this regard, Member States should also prioritise adequate minimum wages in order to overcome increasing disparities in working conditions and reduce the number of working poor. Workers in need of new interdisciplinary competences to shift to new occupational areas might find themselves in a vulnerable

⁷ European Commission, [Proposal for a Council Recommendation on ensuring a fair transition towards climate neutrality](#).

⁸ EAPN Position Paper on Adequate Income.

situation if they must accept low-carbon jobs that cannot guarantee decent wages, benefits and working conditions. This is particularly true for women and other groups who are currently under-represented in this job sector and have less access to upskilling and re-skilling programmes. The participation of workers in collective bargaining including minimum wages, fair working conditions and decent living standards for all in the EU should be required in national reforms addressing labour aspects of climate neutrality. Such reforms should also assess the impact of the digital transition in the European labour market during the transition to the green economy. Concrete solutions are needed to make access to quality education and jobs equal across regions and countries. Digital poverty needs to be recognised and assessed across policies and reforms.

The effective support to quality employment and targeted transition incentives, as proposed in the Council Recommendation, cannot lead to complacency towards the backdrop of a market-led system where the citizen is held responsible for accessing quality jobs, learning and funding opportunities. The causes of poverty and energy poverty are structurally linked to the unequal access to quality and affordable services in our society, in a context of increasing liberalisation and austerity within the EU, in the past decades, exacerbating structural inequalities. The focus on stimulating job creation in sectors promoting climate and environmental objectives cannot overlook the current context of a deregulated job market which perpetuates in-work poverty especially for vulnerable social groups, such as women being severely affected by the pay gap and unpaid caring responsibilities. The green transition will unlock new job opportunities, but this should not be considered the solution per se without the social dimension, including but not limited to the challenges associated with job destruction, labour reallocation, re-skilling and up-skilling.

The availability and affordability of proper funding is crucial, but it is equally important to consider citizens' accessibility to funding measures. The proposed insurance solutions targeting people in vulnerable situations will leave behind those individuals and households who do not have access to the conventional banking system, such as the homeless, undocumented migrants and young people.

An additional positive element regards the development of the concept of 'transport poverty' within the green transition and the focus on prevention of mobility obstacles for those who live in remote areas or vulnerable situations; transport – including low-emission public transport – being recognised as an enabling factor for access to other services and rights (e.g. health, education and employment). More analysis is needed with regard to appropriate mitigation of higher costs for transport caused by shifts in the taxation and price increases of fossil fuels. The Social Climate Fund alone might not compensate the regressive effects of the introduction of emissions trading for fuels used in buildings and road transport on those who have less disposable income⁹.

Missing elements

The concept of the policy package refers to a coherent set of policy measures ensuring optimal coordination amongst national strategies and EU governance mechanisms. It remains unclear how Member States will ensure an optimal harmonisation of plans and use of funding across the multiple EU instruments and achieve a fair green transition.

Member States are encouraged to use the Recommendation measures to form appropriate policies combating energy poverty and mainstream employment, social and distributional impact assessments

⁹ European Commission, [Proposal for a Regulation establishing a Social Climate Fund](#).

in their National Energy and Climate Plans (NECPs) in 2023 and 2024. Although such a Recommendation offers an opportunity to review energy poverty policies and definitions¹⁰ across Member States, it does not respond to the gaps already identified in previous Commission assessments of the NECPs¹¹: Policy inconsistencies and an inadequate cross-cutting approach in tackling energy poverty and impacts of the energy transition. The final EU-wide assessment of NECPs clearly states that national plans did not sufficiently prioritise funding needs on the just transition, nor on investments for reskilling and upskilling or necessary labour market adjustments addressing the shift towards a carbon-neutral economy and job market. It also pointed out that, whilst some Member States announced their intention to phase out coal production of electricity and rely more on renewables, NECPs did not plan for using the available offshore renewables in a socially inclusive way. Overall, the final assessment of NECPs acknowledges that: Europe is phasing out coal sooner than initially expected; There is a lack of comparable data to analyse and address differentiated impacts across regions and different income and social groups; Member States did not pay sufficient attention to research, and innovation needs for delivering on climate and energy objectives and related funding targets.

It is uncertain how the present Recommendation will help Member States to address such gaps and adopt a harmonised approach in the use of complementary EU instruments and fundings, particularly with those funding schemes and programmes that are limited in time such as the Recovery and Resilience Plans and the Territorial Just Transition Plans.

In this context, there is a risk that the recommendation of making optimal use of the Social Climate Fund will not produce any remarkable impact on energy poverty. The Fund (EUR 72.2 billion, 2025-2032) was ambitiously designed to support vulnerable households, transport users and micro-enterprises and increase their access to energy efficiency, renewables and clean mobility. In the consultation phase for the preparation of this Council Recommendation, EAPN highlighted the need to not disperse this crucial fund in mitigating the regressive effects of other policies, notably the introduction of emissions trading in building, road and transport sectors. In fact, it is unlikely that the allocated amount could address the distributional impact of energy and climate policies on marginalised and poor households, while investing in long-term measures to deliver on a fair transition that leave no-one behind.

The Council proposal in question recommends designing a mix of measures in the national Social Climate Plans, including green investments, potential investments in reducing energy bills, and temporary targeted income support measures to compensate vulnerable households and transport users. The effectiveness of such an approach in reducing energy poverty and inequality remains a central concern. In its current form, the Social Climate Fund presents a high risk that Member States will use it to implement short-term direct income support measures and will fall short of long-term commitments to provide structural solutions, such as decarbonising heating and cooling systems for people living in energy poverty. The Fund is also unlikely to address the disproportionate impact of the green transition and energy poverty on vulnerable groups due to their gender, age, socio-economic condition and other structural/intersectional inequalities. Lastly, the mention of vulnerable households should be accompanied by clear thresholds building on existing indicators (e.g. the Social Scoreboard) and creating new ones where necessary to improve data collection and define key at-risk groups.

¹⁰ European Commission, [Recommendation on energy poverty](#) ; [Energy Efficiency Directive recast](#).

¹¹ European Commission, [National energy and climate plans \(NECPs\)](#).

Analysing the distributional effects of climate and energy policies on employment and social aspects is of pivotal importance to strengthen the role of ex-ante and ex-post impact assessments. To this end, the Council Recommendation recognises the need for robust and transparent employment, social and distributional impact assessments and monitoring instruments. However, it does not focus on the harmonisation of data collection and use, which is a pre-condition for fair national policies and for comparing data between countries. Furthermore, we must ascertain that the Proposal failed to integrate the use of disaggregated data. Enhancing the systematic collection and use of disaggregated data in the social and distributional impact assessment of climate/energy policies is essential to understand the barriers of specific target groups, such as women.

The Council Recommendation proposal recognises the importance of ensuring access to affordable essential services and housing for people and households most affected by the green transition. EAPN welcomes a broader understanding of essential services which can go beyond the list of services mentioned in the European Pillar of Social Rights (principle 20) and complement the services mentioned under other principles of the Pillar.

However, we regret that the Proposal does not adequately address the quality aspect of access to essential services in addition to the affordability dimension. EAPN considers as essential those services of general interest¹² that are essential to the general population and where the state has an obligation to act in the public interest and deliver adequate standards for services (affordability, quality and equal treatment in access and use of services, amongst others), regardless of the nature of providers. In 2017, Members already flagged the declining access to quality public services (Services of General Interest) in Europe¹³.

We would have welcomed a more harmonised concept for essential services within the green transition and further consistency in line with the Quality Framework for Services of General Interest in Europe¹⁴.

We acknowledge that access to essential services is a pre-condition for fostering inclusive participation in the green transition, but the identified measures have a disproportionate focus on changing individual consumption and mobility behaviours (Commission Staff Working Document Accompanying the Proposal for a Council Recommendation). This narrative removes responsibility from the state and the market actors and makes citizens accountable for their use of clean energies, energy efficiency programmes and alternative forms of mobility with no analysis of the state obligation to ensure accessibility to affordable and quality services.

Therefore, the measures suggested in the Council Recommendation proposal often do not meet the needs and reality of people living in poverty and energy poverty, or in vulnerable situations. Providing incentives for private investments in renewable energy and energy efficiency should be complemented not only by consumers' decisions around energy and the availability of funding. The proposed incentives for private investments should be provided in a holistic and consistent framework of state policies to solve issues of public interest, including equal access to available funding and optimal integration between public, private investments and tax incentives across the Directives of the Fit for 55 package and the revised Directive on Energy Performance of Buildings and the Building Renovation Action Plans (replacing the Long-Term Renovation Strategies). Empowering final energy users and unlocking citizen energy communities should be presented as an important complement to

¹² EAPN, Services of General Interest: Glossary and Terms Explained, 2007.

¹³ EAPN, [Nobody left behind | Ensuring access for all to affordable, quality housing & public health services](#).

¹⁴ European Commission, A Quality Framework for Services of General Interest in Europe, 2011.

the broader framework, not as an easy way out. Moreover, using community-ownership models to improve access to renewable and other energies entails upfront costs which are not taken into account in the Council Recommendation.

A final but fundamental point to consider involves the monitoring of progress in the implementation of this Recommendation which is set to take place in the framework of the European Semester multilateral surveillance mechanisms. To date, the impact of the Semester on poverty reduction is not clear, nor is how the Semester review tools will assess the social and labour dimension of the green transition and will benefit from incomparable national reforms and investments under the Recovery and Resilience Facility, which is a temporary recovery instrument facing long-term issues like climate neutrality and digital transition. The new Annual Sustainable Growth Survey (ASGS) 2022 reaffirms the priority of putting the social dimension at the heart of the EU green agenda. However, it reiterates the dominant narrative of job creation, growth and economic and social resilience, within the context of the green transition which is expected to generate massive opportunities. This narrative does not lie in a person-centred and rights-based approach and does not face the reality of increasing in-work poverty and decreasing well-being. 2022 ASGS makes citizens' prosperity closely dependent on productivity, competitiveness and innovation, and job creation – notably on market-oriented solutions rather than deep public investments and reforms. The clean energy transition is announced as the best insurance against energy price shocks. But to realise a socially just clean energy transition, structural solutions are needed, such as a reform of the European electricity market, fully subsidised renovation and energy efficiency programmes, and large investment in renewable programmes for those that need them most, including those who live in social housing and tenants.

Such an approach does not face the aforementioned barriers and challenges arising from the transition towards climate neutrality and the energy crisis¹⁵. In light of this, it is doubtful whether the Semester could be the appropriate monitoring instrument to review progress on the Council Recommendation on ensuring a fair transition towards climate neutrality.

¹⁵ EAPN Statement, [Energy poor must not bear the costs of soaring energy prices](#).

INFORMATION AND CONTACT

For more information on this publication,
please contact

Sabrina IANNAZZONE – EAPN Policy Officer
sabrina.iannazzone@eapn.eu

For more information about
EAPN's policy work and positions, please contact

Kahina RABAHI – EAPN Policy and Advocacy Coordinator
kahina.rabahi@eapn.eu

See EAPN publications and activities on www.eapn.eu

The European Anti-Poverty Network (EAPN) is an independent network of non-governmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.



EUROPEAN ANTI-POVERTY NETWORK. Reproduction permitted, provided that appropriate reference is made to the source. January 2022.



This publication has received financial support from the European Union Programme for Employment and Social Innovation "EaSI".

For further information please consult: <http://ec.europa.eu/social/easi>

The information contained in this publication does not necessarily reflect the official position of the European Commission. Neither the European Commission nor any person acting on behalf of the Commission may be held responsible for use of any information contained in this publication. For any use or reproduction of photos which are not under European Union copyright, permission must be sought directly from the copyright holder.