Climate change mitigation and social justice in Europe: striking the right balance

Ideas for actions

With the support of the Oak Foundation
and the Belgian National Lottery

King Baudouin Foundation
Working together for a better society

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COLOPHON

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FOREWORD

Climate change has risen to the top of the international and public agenda, with the debate focusing on what targets should be set for reducing greenhouse gas emissions and what measures are needed to meet those targets. Far less attention has been paid to the implications of these measures for different groups in European societies.

The King Baudouin Foundation launched a unique project which brought together European stakeholders in climate change and social justice to discuss this important but neglected issue, and consider how to develop a joint approach which combines effective measures to fight climate change with social fairness in Europe.

For the purposes of the project, we have defined social justice broadly, based on indicators including distributional justice, fair access to social and economic goods and services, environmental justice (in relation to the distribution of climate costs and environmental quality), and intra- and inter-generational justice. A more detailed outline of how each of these indicators can be defined is given in the annex.

The recommendations, which have been developed during the half-year stakeholder process, do not aim to be exhaustive, but rather to provide ideas for policy-makers at EU, national and local level as well as civil society and business to tackle the potential impact of climate change policies on the most vulnerable people in European societies.

These recommendations have emerged from a stakeholder-driven debate on how best to develop an approach which combines effective climate change policies with social fairness in Europe by:

- identifying top social justice priorities in the climate change mitigation debate;
- defining policy goals and options;
- proposing recommendations and guidelines for the integration of social justice concerns into climate change policies.

This project does not seek to examine the impact of climate change on social justice in Europe, but rather the impact of the measures we are taking to avoid irreversible climate change. However, we fully recognize that unmitigated climate change will itself be disastrous for social justice, as well as catastrophic for the environment. For this reason we would like to stress that this project does not aim to restrict the climate change mitigation efforts at European and Member State levels. Social injustice should not slow down actions on climate change mitigation. On the contrary, this project is aimed at supporting climate change

mitigation efforts by anticipating and solving potential injustices and inefficiencies, and providing additional information for sound decision-making. In so-doing, our objective is to find solutions which both strengthen social justice in Europe and mitigate the risks of climate change.

For further information on the project please have a look at the end of the paper: 'About the project'.

The King Baudouin Foundation

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SAMENVATTING

Klimaatverandering staat bovenaan de beleidsagenda en de discussie draait vooral rond de vraag welke streefdoelen moeten worden gesteld om de uitstoot van broeikasgassen te verminderen en welke maatregelen nodig zijn om die doelen te bereiken. Veel minder aandacht is tot nu toe besteed aan de gevolgen van die maatregelen voor de verschillende groepen in de Europese samenleving.

Het streefdoel van de EU om de uitstoot van broeikasgassen tegen 2020 met 20% te verlagen (en zelfs tot 30% indien andere landen vergelijkbare verbintenissen aangaan), heeft geleid tot een aanzienlijk aantal Europese beleidslijnen en maatregelen tot matiging van de klimaatverandering, met name die van het recente CARE-pakket (Climate Action and Renewable) over klimaatactie en hernieuwbare energie, dat voortbouwt op vroegere initiatieven op dit terrein.

Enkele van die maatregelen hebben een mogelijk grote macro-economische impact; andere zijn gericht op gedragsverandering op alle niveaus van de samenleving. Maar naar verhouding is er weinig discussie geweest over de gevolgen daarvan voor de sociale rechtvaardigheid of over de manier waarop klimaatverandering en sociaal beleid elkaar kunnen ondersteunen. Hoewel er in sommige gevallen inspanningen worden gedaan om elke voorziene negatieve impact voor specifieke maatschappelijke groepen te compenseren, zijn veel grotere inspanningen nodig om meer systematisch en creatief te zoeken naar synergieën tussen deze beleidsterreinen.

Zo wordt het principe van 'de vervuiler betaalt' in zekere mate toegepast in het beleid tot matiging van de klimaatverandering, maar de kosten van dergelijke maatregelen worden niet altijd in overeenstemming met dit principe verdeeld. Een eerlijker verdeling van de kosten, rekening houdend met de mate waarin de verschillende maatschappelijke sectoren in staat zijn om die kosten te dragen, is van kritiek belang om de synergieën tussen het beleid voor het klimaat en voor sociale rechtvaardigheid te versterken.

De Koning Boudewijnstichting heeft, samen met de Oak Foundation, een uniek zes maanden durend project gelanceerd dat mensen bijeenbracht die in Europa een rol spelen op het vlak van klimaatverandering en sociale rechtvaardigheid om dit belangrijke, maar veronachtzaamde thema te bespreken en een aanpak te ontwikkelen die doeltreffende maatregelen tegen de klimaatverandering combineert met sociale rechtvaardigheid in Europa.

Dit document brengt een samenvatting van de resultaten van dit project. De aanbevelingen willen niet exhaustief zijn, maar veeleer ideeën aanreiken voor beleidsmakers op Europees, nationaal en lokaal niveau, alsook voor de burgersamenleving en de zakenwereld, om de mogelijke impact van het beleid tegen de klimaatverandering voor de meest kwetsbare mensen in onze samenleving aan te pakken.

We kunnen de strijd tegen de klimaatverandering alleen maar winnen als de maatregelen die Europa neemt voor het bereiken van de streefcijfers voor de vermindering van de uitstoot van broeikasgassen, kunnen rekenen op een ruime steun van het publiek. Het doel van het openbaar beleid moet erin bestaan beleidslijnen te ontwikkelen die zowel bijdragen aan het bevorderen van de sociale rechtvaardigheid als aan de matiging van de klimaatverandering.

Dat is het leidende principe achter al de aanbevelingen in dit document, dat eerst enkele algemene beleidsprincipes vastlegt en die vervolgens ondersteunt met gedetailleerde aanbevelingen voor specifieke terreinen, gericht op specifieke stakeholders, en indien nodig ook nog met meer gedetailleerde subaanbevelingen. In elk geval wordt duidelijk gemaakt waarom er zoveel aandacht naar dit thema gaat en wat het verband is met sociale rechtvaardigheid.

SYNTHÈSE

Le changement climatique s'est hissé au premier rang des préoccupations politiques, le débat se concentrant sur les objectifs qu'il faudrait définir pour réduire les émissions de gaz à effet de serre et sur les mesures nécessaires pour atteindre ces objectifs. Toutefois, on a prêté beaucoup moins d'attention à l'impact de ces mesures sur les différents groupes dans les sociétés européennes.

L'objectif européen de réduire les émissions de gaz à effet de serre de 20% d'ici 2020 (et si possible même de 30% si d'autres pays prennent un engagement similaire) a généré un large éventail de mesures et de politiques européennes de lutte contre les changements climatiques, dont celles figurant au sein du récent programme Climate Action and Renewable Energy (CARE), qui se base sur de précédentes initiatives dans ce domaine.

Certaines de ces mesures pourraient avoir un impact macroéconomique important; d'autres visent un changement de comportement à tous les niveaux dans la société. Cependant, on a relativement peu débattu de leurs conséquences pour la justice sociale ou de la manière dont la lutte contre les changements climatiques et les politiques sociales peuvent se soutenir mutuellement. Si des efforts sont consentis dans certains cas pour compenser d'éventuelles répercussions négatives sur des groupes sociaux particuliers, il faudra toutefois les intensifier pour identifier des synergies entre ces domaines politiques de manière plus systématique et plus créative.

Ainsi, le principe du 'pollueur payeur' est appliqué dans une certaine mesure aux politiques climatiques, mais les coûts de telles mesures ne sont pas toujours partagés conformément à ce principe. Une répartition plus équitable des coûts, qui prend en compte la capacité de différents secteurs de la société à les absorber, est essentielle pour renforcer les synergies entre politiques climatiques et politiques sociales.

La Fondation Roi Baudouin, avec le soutien de la Oak Foundation, a lancé un projet d'un genre unique: elle a invité des acteurs européens impliqués dans la lutte contre les changements climatiques et la justice sociale à débattre, pendant six mois, de cette problématique importante mais négligée, et à développer une approche qui combine mesures efficaces de lutte contre les changements climatiques et équité sociale en Europe.

Ce document résume les résultats de ce projet. Les recommandations qu'il contient n'ont pas l'ambition d'être exhaustives, mais plutôt de

fournir des idées permettant aux décideurs politiques aux niveaux local, national et européen, ainsi qu'à la société civile et aux entreprises, d'affronter la question de l'impact potentiel des politiques climatiques sur les groupes les plus vulnérables de notre société.

Nous ne réussirons à lutter contre les changements climatiques que si les mesures adoptées par l'Europe pour atteindre ses objectifs de réduction des émissions de gaz à effet de serre bénéficient d'un large soutien public. Une politique publique doit avoir pour objectif d'élaborer des mesures qui contribuent à la fois à faire progresser la justice sociale et à atténuer les changements climatiques.

Tel est le fil rouge qui sous-tend toutes les recommandations dans ce document. Quelques principes politiques généraux s'accompagnent de recommandations détaillées dans des domaines spécifiques, adressées à des acteurs spécifiques, et de sous-recommandations plus ciblées, le cas échéant. Pour chaque cas, on explique les raisons de se focaliser sur cette question et le lien avec la justice sociale.

EXECUTIVE SUMMARY

Climate change has risen to the top of the policy-making agenda, with the debate focusing on what targets should be set for reducing greenhouse gas emissions and the measures needed to meet those targets. Far less attention has been paid to the implications of these measures for different groups in European societies.

The EU's target of cutting greenhouse gas emissions by 20% by 2020 (with the possibility of increasing this to 30% if other countries make comparable commitments) has generated a substantial body of EU policies and measures addressing climate change mitigation, most notably those contained within the recent Climate Action and Renewable Energy (CARE) package, which build on previous initiatives in this area.

Some of these measures have potentially significant macroeconomic impacts; others are focused on changing behaviour at all levels in society. There has, however been relatively little debate either about their consequences for social justice or how climate change and social policies can support each other. While efforts are being made in some cases to compensate for any anticipated negative impact on particular social groups, much greater efforts are needed to identify synergies between these policy areas more systematically and creatively.

For example, the 'polluter pays' principle is being applied to some extent in climate change mitigation policies, but the costs of such measures are not always shared out in accordance with this principle. A fairer distribution of costs that takes into account the capacity of different sectors of society to absorb them is critical to strengthen the synergies between climate and social justice policies.

The King Baudouin Foundation, supported by the Oak Foundation, launched a unique six-month project which brought together European stakeholders in climate change and social justice to discuss this important but neglected issue, and develop an approach which combines effective measures to fight climate change with social fairness in Europe.

This paper summarises the results of this project. The recommendations it contains do not aim to be exhaustive, but rather to provide ideas for policy-makers at EU, national and local level, as well as civil society and business, to tackle the potential impact of climate change policies on the most vulnerable people in our societies.

We can only succeed in the fight against climate change if the measures Europe adopts to meet its greenhouse gas emission reduction targets command widespread public support. The goal of public policy must be to devise policies which contribute both to enhancing social justice and to mitigating climate change.

That is the guiding principle behind all the recommendations in this paper, which identifies some general policy priciples, backed up by detailed recommendations in specific areas, targeted at specific stakeholders, and more detailed sub-recommendations where appropriate. In each case, the reasons for focusing on this issue and the link with social justice is explained.

The key recommendations are summarised as following:

General policy principles

- Social impact assessments of climate change mitigation policies should include indicators linking social justice, poverty and environmental justice. (This is particularly important for social justice because most instruments - such as taxes or emissions trading - make some products more expensive and could therefore have a disproportionate impact on low-income households, so this recommendation is backed up by more detailed proposals for achieving this.)

- When developing Climate Change Mitigation Policies, policy-makers should look systematically for synergies with social justice, avoid negative social impact and if this is not possible, compensate for negative impacts on social justice. In particular, policy-makers must be aware of the transition costs implied by policy shifts, not only the final outcomes.

- Our use of energy should reflect its costs and impact on the climate and environment. However, higher energy prices will have a significant impact on those on lower incomes, and will exacerbate fuel poverty. If prices are increased, policies are needed to ensure that energy remains affordable for all.

- Policy-makers and civil society should collaborate at European, national, and local levels to regularly review the impact of climate policies on social justice, and use the results to reorient policies where necessary.

- Engaging local communities and citizens, and involving different stakeholders, in particular those at risk of social exclusion, should be a central principle of climate change policy-making, implementation and review.

Detailed recommendations in specific policy areas

Buildings

Buildings for residential, office or industrial use are responsible for around 40% of the EU's total energy use, and the energy efficiency of buildings has been a major focus of climate change mitigation policies in recent years.

- Action should be taken to address the problem of energy poverty at EU level (e.g. common definition, reporting, monitoring system, standards).

- An increasing percentage of energy-efficiency subsidies should be directed towards low-income households. This should be linked with incentives and targets for suppliers to achieve greater energy efficiency across the grid.

- Street-by-street energy efficiency roll-out schemes should be launched in all areas, focusing particularly on areas of social deprivation.

Mobility

Given that transport emissions accounting for an estimated 21% of EU greenhouse gas emissions, mobility and transport policies are crucial to the success of climate change mitigation efforts. They also have major implications for social justice, particularly in relation to access to employment, and for social inclusion.

- Closer examination is needed of how to integrate public transport networks and private-sector retail distribution networks to improve access to consumer goods whilst reducing 'last mile' delivery emissions. Regional and local authorities should promote sustainable district logistics plans.

- The EU should promote discussion of the feasibility of car miles trading allowances for private transport, as a way to reduce emissions while ensuring that those on low incomes are not worse off.

Power generation and manufacturing

The move to a low-carbon economy has potentially significant consequences for Europe's industrial and manufacturing base, with consequent impacts on social justice, especially in relation to blue-collar jobs.

- Community-owned renewable micro-generation schemes should be promoted within existing national renewable schemes, coupled with bulk financing to facilitate access to renewable technologies for those who would otherwise be excluded on the grounds of cost or feasibility.

- A 'New Deal' programme of retraining and investment, bringing together employment re-integration schemes and low-carbon technology producers, should be launched to ensure the low-skilled and those excluded from the labour market can access new green jobs. This programme should be incorporated in the new Europe 2020 Strategy.

- Emissions Trading Schemes should be expanded at the global level, but their important implications for social justice should be further explored. Income generated by such schemes should be used for environmental and social purposes.

Consumption and attitudes

Many climate change mitigation policies are aimed at encouraging individuals and households to adopt more sustainable consumption patterns, raising the question of how communities, households, and individuals can be motivated to do this.

- Practical information on low-cost, low-carbon consumption should be provided to all households, with tailored information for low-income and socially disadvantaged groups, coupled with the offer of simple energy-saving measures.

- Point-of-sale subsidies for low-carbon products should be promoted to supplement other schemes with a higher 'up-front' cost for consumers. Existing schemes should be reviewed and accessible, low-bureaucracy approaches promoted in collaboration with retailers.

- Green banks, green financial instruments and low-interest loans should be developed to fund low-carbon investment projects, and incorporated in a revised EU Energy Efficiency Action Plan, drawing on the knowledge of local projects specialised in delivering investment to marginalised groups.

- Further work is needed on how to create a stronger link between income compensation and low-carbon technology transition to promote the switch from carbon-intensive technologies to low-carbon alternatives.

- VAT should be transformed into a green tax to promote low-carbon and environmentally sound products, with variable rates which take into account of carbon emissions and environment and public health impacts and the consumption patterns of low-income households.

Social protection

This encompasses redistributive policies designed to provide a social safety net for those at risk of social exclusion or on low incomes. These policies are driven primarily by social objectives rather than environmental concerns.

- National Strategy Reports on Social Protection and Social Inclusion should constitute strategic action plans to support regional and local policies, measures and clear targets to promote 'poverty and environment' linkages, and climate change mitigation measures included in the targets.

- The EU should launch a major investment plan to support a target of renovating 40% of all social housing within the EU to improve energy efficiency, within the framework of Europe 2020.

- Local authorities should adopt sustainable and social energy action plans linking municipal planning with social service provision, and including measures to tackle social exclusion and marginalisation. Environmental and social targets should be combined to integrate energy and climate change mitigation measures with spatial planning and local welfare systems.

- The EU Social Fund should seek to encourage partnerships between the private, public and non-profit sectors to promote projects that combine environmental and social policies, carbon-reduction and poverty alleviation targets.

- Minimum income policies are needed to mitigate the impact of climate change mitigation policies on low-income households.

I. FINDING SOCIALLY JUST SOLUTIONS TO CLIMATE CHANGE: UNDERSTANDING THE CHALLENGES

Climate change mitigation policies

The objective of EU climate change mitigation policy is to avoid dangerous anthropogenic climate change. Since the Intergovernmental Panel on Climate Change 4th Assessment Report, the scientific evidence and political consensus for deep and early cuts in greenhouse gas emissions has grown. It is now accepted by the EU as well as the G20 group of countries that avoiding dangerous climate change means that the overall global annual mean surface temperature must not increase by more than 2°C above pre-industrial levels. This implies a 50-85% reduction in global CO2 emissions by 2050, with emissions peaking by 2015 at the latest (IPCC 2007, p.39).

It is the view of the EU that developed countries, including the EU Member States, should take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990 levels, and that they should do so with a view to collectively reducing their greenhouse gas emissions by 80% or more by 2050 compared to 1990 levels. The EU has unilaterally committed to a 30% reduction by 2020 compared to 1990 levels as its contribution to a global agreement to follow the expiry of the Kyoto Protocol at the end of 2012. This is on condition that *"other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries commit themselves to contributing adequately according to their responsibilities and capabilities"* (European Parliament and Council 2009, p.136).

A significant body of policies and measures addressing climate change mitigation dating from the 1980s onwards now exists at the EU level. The recent Climate Action and Renewable Energy package (often referred to as the CARE package) builds on this. The measures in the CARE package are based around a 20% emission reduction target, but with the possibility of increasing this to a 30% target.

The link with social justice

There is by now a substantial literature addressing the integration of environmental policy objectives into other policy domains. There is also a wider, more theory-driven literature on policy co-ordination. Similarly, at the level of more day-to-day policy-making there has been a growing interest in considering the wider impact of policies beyond the immediate sectors in which they are normally developed and

implemented. Consequently, there is a growing literature on the impact of environmental policy measures on other sectors such as employment and competitiveness. Much less attention, however, has focused specifically on the implication of climate change mitigation policies on social justice, although this is now beginning to emerge.

It is striking that there is an increasing array of policy measures in Europe aimed at curbing emissions of greenhouse gases, several of which have potentially significant macroeconomic impacts or are focused on changing behaviour at all levels of society, but with relatively little debate about the consequences for social justice. There are a number of studies of the economic costs of meeting mitigation targets, which may consider employment impacts but even these are not plentiful. The more bottom-up approach focused on the experience of households has received less attention, with some exceptions such as the long-standing fuel poverty debate in the UK.

A common feature of many of the measures taken to mitigate climate change is that they focus on restructuring the electricity supply industry and some energy-intensive technologies, ultimately at the cost of the consumer rather than the state, with companies passing the costs onto their customers. This will tend to be socially regressive unless it is offset by measures to counter fuel poverty, for example by targeting support at vulnerable households or low-income groups.

While efforts are being made in some cases to compensate for any anticipated negative consequences of climate change mitigation measures on particular social groups, and increased attention is being paid to the side-benefits of climate change mitigation policies, much greater efforts are needed to identify synergies between policy domains more systematically and creatively.

The "polluter pays principle" is being applied in climate change mitigation policies, amid signs that the costs of some measures are not being shared out in accordance with this principle. A fairer distribution of costs that takes into account the capacity of different sectors of society to absorb those costs is critical to strengthen the synergies between climate and social justice.

Case Study: Feed-in tariffs

Feed-in tariffs establish a legal obligation for energy operators to purchase electricity from renewable energy producers at prices fixed by the government. Thus, feed-in tariffs provide a transfer of funds to small- and medium-scale renewable energy producers, while the costs are borne by electricity consumers. As such, they can help stimulate production of renewable energy by guaranteeing a price to producers. In Germany, e.g., tariffs vary between specific sources of renewable electricity and rates drop yearly by a fixed percentage, in order to take into account of reductions in production costs over time. The tariffs are guaranteed for a period of 20 years.

Links with social justice

Price of essential goods: *The increase in electricity prices due to feed-in tariffs is distributed among all electricity consumers, with disproportionate effects on low-income groups. A simple extrapolation by Lagniß et al. (2009) shows that domestic electricity and heating costs for a three-person household will increase by € 36 per year on average. Prices of other goods may also increase due to higher electricity prices.*

Employment effects: *By stimulating investment in renewable energy production, feed-in tariffs can contribute to the creation of jobs in the renewable energy sector. Overall, the German Federal Ministry of the Environment (BMU) estimates that the Renewable Energy Act has contributed to creating two thirds of the 280,000 jobs in the renewable energy sector. In a scenario for 2020, the BMU estimates that renewable energy could meet 33% of electricity and 14% of heating needs, and that this could lead to the creation of 800,000-900,000 new jobs (compared to 2008).[1] It is not clear whether this is net of any eventual job losses elsewhere associated with a declining reliance on fossil fuels in the longer term, or how many of those jobs could be transformed into renewable energy-related jobs. Moreover, in a transition to a low carbon society, there will necessarily be a transition away from fossil fuels and this will have implications for the number of jobs in related sectors. This is therefore a systemic issue that has to be discussed and addressed at a broader level than the individual policy instrument.*

1 *German Federal Ministry for the Environment, Natural Conservation and Nuclear Safety (2009), New thinking – New energy, energy policy road map 2020.* http://www.bmu.de/files/pdfs/allgemein/application/pdf/roadmap_energiepolitik_en.pdf

Case Study: Biofuels

In 2003, the Directive on the promotion of the use of biofuels or other renewable fuels for transport (2003/30/EC) set the objective of replacing 2% of vehicle fuel supply by 2005 and 5.75% by 2010. In 2007, the target was increased to 10% by 2020, under the conditions of production being sustainable and second generation technologies being commercially available.

Links with social justice

***Price of essential goods**: The main sources for first-generation biofuels are vegetable oil and rape seed for biodiesel, and sugar cane for bioethanol.[2] In this case, competition between food and fuel crops could lead to higher food prices, with potential consequences on the capabilities of vulnerable groups to buy essential goods. Second- and third-generation biofuels move away from materials that are in themselves either food sources or inputs to food production (the inputs derive from ligno-cellulosic biomass or from algae oil), but they may still take up significant areas of land. This will depend on the resource in question.*

***Transport costs:** In addition, the economic effects of biofuels can vary according to the way in which they are introduced into the fuel market: for instance using blending obligations, mandating that fuel suppliers mix conventional fuels with a certain amount of biofuels, could result in a price increase at the pump, affecting low-income groups insofar as they own and drive a car; on the other hand, using tax exemptions for biofuels, the market price would be more competitive, but the cost would be transferred to the public finances.*

***Employment effects:** The employment benefits of the EU biofuel policy depend on the origin of the raw materials used. Effect on employment in Europe will be negligible if all are imported. If, on the other hand, all biofuel required to achieve the 10% target is produced in the EU, this could contribute to the creation of some 150,000 new jobs, in particular in the agricultural sector.[3]*

2 *International Energy Agency (IEA) (2008), From 1st to 2nd generation biofuel technologies: an overview of current industry and RD&D activities.*

3 *Commission Staff Working document (2009), The renewable energy progress report, SEC (2009)503, Brussels.*

II. POLICY RECOMMENDATIONS

The recommendations are organised into different policy-areas, along with an initial section for general policy principles. The policy areas were chosen on the basis of discussions at the opening conference, and were refined during the online debate. The subjects which were identified as being of the most interest were:

- Buildings
- Mobility
- Power generation and Manufacturing
- Consumption and Attitudes
- Social Protection

The recommendations were further developed during the online phase. Online workshops elaborated more detailed recommendations in certain policy areas, namely energy poverty, impact assessment, and social protection policies.

The recommendations are targeted at specific stakeholders, and each includes an explanation of the link with social justice, and more detailed sub-recommendations where appropriate.

1. General policy principles

These recommendations cover non-sector specific aspects of policy-making, and as such are more general than the other sections. The one exception is the set of recommendations on impact assessments, which were made the subject of a specific online expert workshop, hence are more detailed in character.

1.1. Improving Social Impact Assessments

Background

Social impact assessments (SIA) of Climate Change Mitigation Policies should incorporate indicators that link the dimensions of social justice, poverty and environmental justice and be incorporated in the policy design phase.

SIAs evaluate the environmental, social, and economic impacts of a policy initiative. However, the social part is underdeveloped since there is often a lack of specific indicators which allow policy-makers to assess social impact in more than a generic fashion. In cases where the necessary information is not available, it should be collected. This comparative weakness in relation to social impacts is particularly important for social justice because most instruments, such as taxes or emissions trading, make some products, in particular environmentally harmful ones, more expensive, with such costs typically becoming a bigger burden for low-income than for high-income households. Moreover, there is a danger that SIAs can become a bureaucratic, 'box-ticking' exercise, rather than a real assessment, and could consequently be used to justify decisions which have already been taken, rather than influencing the decision-making process. The extent to which this is likely can also depend upon the point during the decision-making process when SIAs are undertaken.

Actions

- SIAs of climate change mitigation policies should include a focus on assessing the distributional consequences of policy decisions within Impact Assessments. This would involve looking at a policy and examining which individuals / households will be affected, and how this might vary according to their income, household characteristics and size. This would enable particular groups at risk to be highlighted, and instances where measures may be needed to prevent a regressive effect to be identified.

- Impact assessment requires specific examination of impacts on different groups. Good quantitative data should be developed which addresses the impact on specific groups in society, particularly in relation to income. This analysis should take account of the gender dimension, as well as age, disability, and inter-generational solidarity, and the way these factors interact.

- Integrated SIAs should be undertaken at a sufficiently early stage to influence, not merely justify, decision-making.

- An integrated SIA should be based upon best practices, incorporating both qualitative and quantitative elements, and consider both immediate impacts and longer-term effects. Such analysis would include a mix of qualitative judgment and quantitative modeling to allow the best analysis of likely shorter and longer-term trends. Some possible social justice indicators for impact assessment have been developed as part of this project, and could serve as an example of how more complex and thorough indicators could be developed (see the annex).

- Stakeholder consultation within the SIA is particularly important in order to ensure that those with expertise on the ground can give their perspectives – policy-makers cannot be experts in the impact of their policies across the whole of society. This project could provide a possible model for such consultations with stakeholders (business, trade unions, NGOs, and other civil society organizations).

Targets

European Commission (with other policy-makers to follow) and Member States, at all levels of government.

1.2. Socially fair transition costs for the low-carbon society

When developing Climate Change Mitigation Policies, policy-makers should look for synergies with social justice. Where negative social impacts are unavoidable, policies should be developed to compensate the most vulnerable groups, to ensure that this transition does not create a more polarized society. In particular, policy-makers must be aware that these transitions may take a long time, and of the risk that high transition costs will have a strong negative impact upon low-income households.

1.3. Energy cost and affordability

Our use of energy should reflect its costs and impact on the climate and environment. However, higher energy prices will have a significant impact on those on lower incomes and will exacerbate fuel poverty. If prices are increased, policies are needed to ensure that energy remains affordable for all.

1.4. Monitoring policy impacts

Policy-makers and stakeholders should collaborate at international, European, national, regional and local levels to create a dynamic process for monitoring the inter-related impacts of social justice and climate change mitigation policies. This process should be developed through structured dialogue with civil society stakeholders, and scientific experts, and draw upon a programme of active social research to compare their unexpected as well as more predictable impacts. The results should be used to re-orient policies where necessary.

1.5. Engaging communities in the policy-making process

The engagement of local communities and citizens is essential to the success of climate change mitigation policies, and the participation of different stakeholders should therefore be adopted as a central principle of climate change policy-making, implementation and review. This approach would be in line with the Aarhus Convention on access to information and participation in environmental policy-making. Such engagement is particularly important for those at risk of social exclusion, who must be given a proper chance to participate through capacity building.

2. Buildings

Buildings for residential, office, or industrial uses are estimated to be responsible for around 40% of the EU's total energy use and of 36% of CO2 emissions. The energy efficiency of buildings has been a major focus of climate change mitigation policies in recent years, since improved energy efficiency of buildings is generally acknowledged to be one of the most efficient (i.e. greatest gain for least cost) climate change solutions available within the EU.
There are two main ways to mitigate the climate change caused as a result of emissions from buildings: 'aide à la brique' (energy efficiency) and 'aide à la personne' (financial instruments).

2.1. Energy poverty

Background

Energy poverty (sometimes known as fuel poverty) arises in relation to transport as well as buildings, but as the main priorities emerging from the project focus on buildings, it is considered within this heading.

Inefficient buildings cause high emissions, and high energy bills. Much of the EU's energy efficiency effort is targeted at buildings, through a combination of 'pull' (incentive) and 'push' (penalty) measures. 'Pull' measures include making insulation and more efficient boilers available at low cost, whereas push' measures would include increasing the cost of fuel or energy – ensuring that environmental costs of resource use are externalised (reflected in economic cost). If these policy measures are not fully coordinated, then low income households could experience higher energy costs, whilst not benefiting from the reduced consumption benefits which will counter such increases. This has the effect of increasing energy poverty.

The sustainable way to reduce fuel poverty is to lower the demand in the existing housing stock of fuel poor households by deep energy efficiency investments. However, current programmes to tackle this problem are unfocussed and do not target fuel poor households well, as they are invariably linked to the benefits system. For example, in the UK the Government spends £2.7 billion each year on winter fuel payments (which only partially alleviate the current problems) which need to be paid every year to all pensioner households irrespective of their fuel poverty status. In contrast, the UK Government currently spends less than £0.4 billion each year on its flagship fuel poverty programme which implements energy efficiency measures; most of the money is not spent on fuel poor households (especially for the most disadvantaged in society) and certainly few households are "fuel poverty proofed" for the future. Consequently, this lack of integration means that the winter fuel payment or subsidised fuel bill schemes do not encourage energy savings in the non-fuel poor households and the fuel poverty energy efficiency programmes are insufficiently targeted. There is a need for a greater focus on the basic cause of the problem - the most energy inefficient homes in the existing housing stock. Under such programmes the energy label should be raised to a minimum value to guard against future fuel poverty.

Actions

- A definition of energy poverty should be adopted by the EU as a first step towards addressing this problem on an EU-wide basis.

- This definition should encompass a household's ability to access sufficient energy for its needs at an affordable cost. This could be defined as a percentage of income spent on energy or in the relation to the national median spend on energy (for example spending more than twice the median in relation to income).

- Following the establishment of an EU-wide definition, specific targets should be established at EU level in order to eradicate energy poverty, and Member States should report back to the European Commission on their progress in meeting them. These targets should be based upon the ultimate objective of eradicating energy poverty within the EU by 2050.

- The EU should set a roadmap within a new European Energy Efficiency Action Plan (EEAP) to introduce minimum energy efficiency standards applicable to all existing building stock (and not only buildings which are undergoing major refurbishment). The roadmap should integrate action on energy poverty with the implementation of legislation including the recast Energy Performance of Buildings Directive, the Electricity Directive, and the Energy Services Directive.

- Member States should be obliged to report action on reducing energy poverty, and a monitoring system should be put in place e.g. by the European Observatory on the Social Situation and Demography, or by energy observatories, in order to establish the extent of the problem.

- Energy poverty should also be addressed through social policies, which should take account of the impact of climate change mitigation policies on low-income households by compensating them for higher energy costs, whilst also offering incentives to reduce energy use. (More detail is given within the section on social protection, below.)

- Member States should review the effects of current grant and subsidy schemes aimed at energy poverty to ensure that as well as reducing energy costs for poorer consumers, they address the root cause, which is often energy-inefficient housing.

- Member States should also review the effects of current subsidy schemes aimed at energy renovation, to ensure that they are not increasing energy poverty or exacerbating differences in access to energy services among different social groups.

Targets

The Belgian EU Presidency should prioritise this issue in the second half of 2010.
The European Commission should incorporate these recommendations within the Energy Efficiency Action Plan.

2.2. Energy Efficiency Subsidies and targets

Background The effective use of subsidies, incentives, and targets in relation to energy use could increase the effectiveness of measures to tackle energy efficiency, particularly by targeting those on low incomes.

Action

- An increasing percentage of government energy-efficiency subsidies should be directed towards low-income households in order to encourage greater energy efficiency among those on low incomes. Energy suppliers, distributors and institutional bodies should also support low-income households in improving energy efficiency.

- Suppliers should be given incentives and targets to achieve greater energy efficiency across the grid. This objective should be incorporated alongside the implementation of EU Directives, including the Electricity Directive, Energy Performance of Building Directive, and Energy Services Directive.

Targets *Member States, energy suppliers, social protection agencies and local government. European Commission to address within implementation of relevant EU Directives.*

2.3. Street-by-street energy efficiency roll-out schemes

Background At present, most energy efficiency promotion schemes are targeted at individual consumers and households. Whilst this can be effective, it can be more efficient to treat the energy efficiency upgrading of buildings as a local infrastructure problem, and to gain efficiency savings by focusing resources in a single area for a short period of time, in order to install energy efficient equipment within a single street or small area. Furthermore, focusing on a community-wide approach can help to create incentives for people to work together to improve efficiency, as well as building common awareness of the importance of climate change mitigation efforts.

Actions Street-by-street energy efficiency roll-out schemes should target all areas, with particular attention paid to areas of social deprivation. The European Commission should raise awareness by promoting exchanges of best practice between local energy-efficiency schemes. One example is the Covenant of Mayors (an EU-wide voluntary alliance of mayors of major cities which are committed to sustainability).

Targets *European Commission, energy suppliers, local authorities*

3. Mobility

Mobility and transport policies are crucial to the success of climate change mitigation efforts, since transport emissions are generally estimated to compose around 21% of greenhouse gas emissions within the EU. Mobility and transport policies also have major implications for social justice, particularly in relation to access to employment, and to social inclusion.

3.1. 'Last mile' delivery and door-to-door transportation of people and goods

Background

The 'last mile' of delivery is a crucial part of mobility plans which are not yet sufficiently adapted to take account of the twin needs of reducing emissions and providing access to crucial goods and services, as well as transportation of people, at a reasonable cost. Plans should be developed which reduce greenhouse gas emissions from transport (the "last mile" delivery included) as well as reducing transport intensity (e.g. material flows) in the economy. The potential of information and communication technologies to substitute transport, particularly by stimulating clean technologies and eco-efficient means and modes of transport, has not yet been realised, even though it has a great potential for reducing transport emissions. Integrating transport modes and networks both for passengers and freight mobility would also provide much better mobility solutions in terms of social justice by generating increased private sector investment in public transport solutions. It is therefore important to encourage partnerships between public and private sectors in logistics and transport management, as well as initiatives carried out directly by citizens and relevant stakeholders (e.g. car and van sharing, car pooling, home shopping and delivery, mobile services for rural areas, adapting public transport to facilitate getting shopping home, purchasing groups and so on). Integrated transport policies should also incorporate reducing public transport fares in favour of workers and the most vulnerable social groups whilst providing social transport services to low-income households and individuals, since public transport solutions are not yet sufficiently high quality nor accessible.

Actions

An examination should be undertaken of how to promote integration between public transport networks and private sector retail distribution networks, in order to improve access to quality affordable food and other consumer goods, whilst reducing the emissions from 'last mile' delivery. Regional and local authorities should promote sustainable district (both rural and urban) logistics plans aimed at improving access to goods, services, people and places while maintaining and renewing natural resources. Exchanges of best practices should also be encouraged.

Target

European Commission to launch debate on this issue, and encourage exchanges of best practices. The production and distribution chain, consumers, NGOs, and local public transport providers should all be engaged within a dialogue on this issue.

3.2 Feasibility of personal transport trading schemes

Background

As part of a personal carbon trading system, a 'cap and trade' system for private transport use could help to provide a radical solution to help reduce transport emissions in a socially just manner if public transportation is fully taken into account. This is because personal carbon trading can be less socially inequitable than carbon taxes. Personal carbon trading schemes relating to transport or other sectors (or integrated schemes) are likely to prove a radical step, and further study is needed to model the likely impacts of such a scheme given the different contexts (for example, the existence of more public transport in urban than in rural areas). In particular, more modeling is needed to establish the distributional impact of such schemes, as well as to examine the economic impact on the transport market. Technical analysis of the feasibility of a scheme would also be needed, alongside an initial assessment of its viability in terms of public acceptance. For these reasons it is too soon to propose a policy roadmap on this issue, but in light of the high levels of emissions from the transport sector, and the difficulty in persuading people to move from private to public transportation options, radical options such as personal transport trading schemes should be studied further at European level.

This issue is addressed in relation to mobility, but could also have broader application, through a more general personal carbon trading system, for example.

Actions

The EU should promote discussion of the feasibility of car miles trading allowances for private transport as a means of reducing emissions, while ensuring that people on low incomes are not worse off. This would be a form of personal carbon trading which is being increasingly discussed, but debate has not yet taken place at EU level concerning how such a scheme could be developed. Input could be gained through a process of stakeholder dialogues.

Target

European Parliament could commission such a study, perhaps via a Scientific Technology Options Assessment (STOA) study.

4. Power Generation and Manufacturing

The move to a low-carbon economy has potentially large consequences for Europe's industrial and manufacturing base, with consequent impacts on social justice particularly in relation to blue-collar employment. Amongst other factors, the risk of 'carbon leakage' (the shifting of carbon emissions to other regions of the world which have less strict carbon policies) must be addressed. The shifts required within our power generation are arguably even larger, as CCMPs will seek to drive a change away from fossil fuel power generation (coal, oil, gas), and towards low-carbon alternatives (renewable, and potentially nuclear and CCS).

4.1 Community-owned microgeneration

Background

Microgeneration is increasingly being promoted by policy-makers as both providing an economically attractive rate of return to households, whilst also generating low-carbon energy and increasing energy sustainability. In order for the transition to low-carbon energy generation to be successful, it needs to engage not only the wealthy, but those on low incomes. However, much of the uptake to date has been by more wealthy households who are able to afford the initial investment costs, and can wait a significant number of years to realize a return on investment. Such initiatives also require that the householder has physical space for microgeneration, whether in terms of solar panels, wind turbines, or other sources of renewable microgeneration. Such schemes, therefore, usually exclude those without the finances to make long-term, costly investments, and without the installation space required. Encouraging commonly owned microgeneration installations would provide the opportunity for others to participate in microgeneration, which could provide both financial savings as well as a more common commitment to low-carbon energy and a feeling of agency amongst the participating households. The 'community' nature of the schemes could be based upon existing communities (for example tenants' committees within apartment blocks or local community organizations), or could be self-generated based upon a combination of interest and geography.

Action

Community-owned renewable microgeneration schemes should be promoted in addition to existing national renewable schemes and bulk financing to facilitate access to renewable technologies by those who would otherwise be excluded on the grounds of cost or feasibility (for example, installing photovoltaic panels on apartment blocks, co-generation, wind turbines, bio-mass heating etc). Structural barriers to such community engagement should be identified.

Target

Member States, municipalities, and local community organizations should engage with the renewable industry in order to identify barriers and develop such schemes.

4.2 Creation and Access to Green Jobs

Background

The move to a low-carbon economy is likely to have a detrimental impact upon jobs in carbon-intensive industries over the next years. Such jobs are often located in European regions which have lower average incomes and where people are at greater risk of social exclusion. Whilst macro-economic analysis may suggest that job losses in carbon-intensive sectors will be compensated by increased employment opportunities within new and existing, low-carbon sectors, such new jobs will not necessarily be accessible to those who have lost jobs in carbon-intensive sectors. Geographic location of new jobs will exclude some from the new jobs market, whilst different training and skills requirements will mean that others are not deemed suitable. Thus, even a net gain in jobs as a consequence of these industrial transitions could result in greater social injustice and economic marginalization of certain regions. It is necessary both that green jobs are developed, and that at the same time attention is focused on ensuring that they are accessible to all.

Action

- Green Jobs: a 'New Deal' programme of retraining and investment which brings together employment re-integration schemes with low-carbon technology producers (provided with incentives by public authorities) should promote access to quality employment in low-carbon industries. This programme should focus on those with low qualifications and those who are marginalized from the labour market. It should be included in the new Europe 2020 Strategy, linked to the EU Recovery Plan and other national programmes in order to develop green jobs.

- As part of this programme, an analysis should be carried out of the impact of the transition to green jobs on specific groups and regions, focusing particularly on gender equality, ethnic minorities, and young people. This should be undertaken as part of a series of sector-by-sector foresight studies.

- Measures should also be taken to make green jobs more accessible and attractive to women, ethnic minorities, and young people. This should include enhancing training, promoting positive images to counter stereotypes, providing green jobs training as part of educational systems, and ensuring that there is no discriminatory pay-gap in low-carbon sectors.

Targets

European Commission, European Parliament Women's Rights Committee and Industry Committee, national governments and local authorities, employers (including social enterprises, as well as private sector employers) together with other civil society stakeholders.

4.3. Emissions Trading Schemes

Background Much of the research into emission trading schemes has focused either upon the economic consequences of the system, or upon the difficulties of measurement, reporting, and verification. The impact on social justice should also be examined, in order to ensure that the further take-up of such schemes will not create further social inequity, whether within Europe or in other regions of the world.

Action Emissions Trading Schemes should be expanded at the global level, but their important implications for social justice should be further explored, including their impact on consumer prices and distributional justice. The financial resources obtained from auctioning and payments of fines should be recycled for environmental and social purposes. Research should be commissioned within the EU to examine the likely economic, social, and distributional consequences of the expansion of emission trading schemes.

Targets *European Commission and Member States*

5. Consumption and Attitudes

Many climate change mitigation policies are aimed at encouraging individuals and households to consume more sustainably. These policies include the phase-out of certain products (for example incandescent light-bulbs, energy inefficient white goods, boilers, and others), as well as the use of public awareness campaigns and labelling to encourage more sustainable consumption patterns. Sustainable consumption relies upon public participation, hence the question of how communities, households, and individuals can be motivated to reduce consumption is highly relevant.

Two main instruments can be used to influence consumption: those of taxation and subsidies. The recommendations below are mainly based upon the use of one or both of these.

5.1. Practical information on low-carbon consumption for households

Background

Private consumption patterns should move towards low-carbon choices based upon education and information campaigns which are addressed at all groups within society and provided in accessible, easily understood formats. There is a particular need to address low-income groups, otherwise any resulting reductions in consumption may be confined to more wealthy households.

One example of such measures is the "Energy cutters" – or "energiesnoeiers" initiative in Flanders which offers small solutions to reduce energy consumption using cheap and easy to install features. Beside the ecological impact, the energy cutters fulfill an important social goal: both for the "energy-cutters" staff, who are themselves socially disadvantaged people, and for the beneficiaries of the service, who are elderly and people with a low income.

Action

Practical information on low-cost, low-carbon consumption and better ways of measuring energy consumption (for example, smart meters, energy audits), should be made available to all households, with tailored information for low-income households. This should include offering simple energy-saving measures to households, especially those which are particularly useful to low income or socially disadvantaged groups. Information should be provided via existing trusted channels (for example, workplaces, social communities, local community organizations, churches). The provision of this information should be linked to measures to facilitate the participation of such groups within decision-making, so that this does not become a 'top-down' scheme. Incentives should also be provided which reward low-carbon households, including those already receiving social welfare benefits.

Targets

Local authorities, Member States, community groups and local information relays.

5.2. Point of sale subsidies

Background Many schemes to promote energy efficiency involve some form of rebate, where consumers are compensated at a later stage for their initial investment in energy-efficient materials or services. This can result in low-income households being excluded, as they do not have the financial means to make the initial investment, and may be discouraged by the complexity and delays endemic in many such schemes. Simpler and immediate subsidies could make energy-efficient solutions accessible to a much broader market.

Action Point-of-sale subsidies for low-carbon products, such as energy-efficient building materials, should be promoted to supplement other schemes which have a higher 'up-front' cost for consumers. To this end, existing schemes should be reviewed and accessible, low-bureaucracy approaches promoted in collaboration with retailers.

Target *Member States, retailers*

5.3. Green financial instruments and investments

Background It is important that low-carbon investment funding reaches all parts of society if it is to stimulate significant reductions in carbon emissions. The creation of new instruments and funding bodies can stimulate such investments, and are particularly necessary in light of the current difficult climate for investment as a result of the economic recession. However, such new investment should draw upon the experience of community investment projects which are aimed at building social capital in order to effectively provide accessible and relevant investment opportunities which can be accessed at the local level by marginalized groups.

Action Green banks and green financial instruments, including low-interest loans, should be developed to fund low-carbon investment projects. These measures should draw on the knowledge of local social and community investment projects specialised in delivering investment to marginalised groups. Private investment in such funds should be encouraged by governments by guaranteeing minimum returns on investment, which would reduce the risk of the investment, and ensure that interest rates on loans could be at a low rate. Proposals should be incorporated within a revised EU Energy Efficiency Action Plan, based upon the review of existing and announced schemes within Member States.

Target *European Commission, European Council*

5.4. Measures to promote an inclusive technology transition from carbon-intensive to low carbon

Background

Mitigation policies should not be narrowly interpreted as aimed at raising the price of energy but be oriented into transformational goals, by fostering technology switches. Technology switches can help to transform society towards a more sustainable model, however, many people do not have the financial means to make this transition, and are consequently 'trapped' in expensive, old, carbon-intensive technologies. One example of this is the purchase of old high-emission cars. By subsidizing the switch to new green technology one would at the same time mitigate climate change, and improve the wellbeing of those groups by facilitating this transition.

Action

Measures should be introduced to ensure that low-income households can benefit from the switch to low-carbon technologies. A combination of education, regulation and incentives should be used to foster this transition. This should include the use of EU regulations (such as the Eco-Design Directive), labelling schemes (such as eco-label, energy star, EU energy label), subsidies (e.g. for eco-cars), and other income compensation schemes (such as the provision of 'green' vouchers), alongside better information provision.

Target

European Commission to commission research on technology transition and low income households. Civil society, including NGOs, business, social economy, and trade unions, should be involved in the discussions on how to facilitate these measures.

5.5. Green VAT

Background

Taxation policy can be used both to create environmental incentives and penalties. Variable VAT levels which are responsive to the carbon emissions of particular products provide the opportunity to directly encourage changes in consumption habits through a direct and easily understood taxation policy. Social justice objectives can still be achieved by taking into consideration the ways that products are consumed by low income households when deciding upon taxation levels, in order to avoid heavily regressive impacts.

The European Commission has already proposed a reduced VAT rate for energy efficient products, but the Member States have been so far unable to reach agreement.

Action VAT should be transformed into a green tax to promote low-carbon and environmentally sound products, with variable rates which take into account of carbon emissions and environment and public health impacts and the consumption patterns of low-income households. This would be a more effective incentive for low-income households to switch to greener products than the prospect of energy savings over the longer term. A definition of 'green' products should be established at EU level (which includes a life-cycle analysis of the product) with the onus on producers to certify their products as 'green'. Member States should also be allowed to set higher VAT rates for carbon-intensive products, and encouraged to use the extra income derived from such schemes to finance investment in the low-carbon economy.

Target *The European Commission to make new proposals for consideration by Member States and the European Parliament.*

6. Social Protection

Social protection encompasses the various forms of redistributive policies which are designed to provide a social safety net for those at risk of social exclusion, or those on low-incomes. These policies can include various forms of income support (social security benefits), housing benefits, unemployment benefits, benefits relating to disability, sickness or carers' allowances. They also include social benefits such as state pensions, as well as the provision of social housing. These policies have primarily social objectives, unlike the other sections within these recommendations which address policy areas driven by environmental concerns.

There are two main ways in which social protection policies can have an impact upon climate change mitigation policies.

The first is to *mitigate the impact of CCMPs* upon low-income groups, by providing compensatory measures in order to preserve social justice. Many of the recommendations above include suggestions that social protection policies will need to provide such compensation for the impact of existing or proposed CCMPs, at least in the short-term, until we have adapted to the low-carbon economy, for example through better energy efficiency.

The second is to *leverage the impact of public spending on social protection* by attempting to direct that spending towards outcomes which have a positive benefit for climate change mitigation. Public spending on social protection constitutes around 27% of GDP within the EU. The impact of this public spending is therefore an important element in the battle to mitigate climate change, however, this element is rarely considered by policy-makers. But since private consumption patterns need to change in order to protect the climate, the same logic should be applied to the public spending on social protection.

6.1. Social Exclusion Strategies and Climate Change Mitigation

Background

The Open Method of Coordination (OMC) is the main tool used by the European Union in order to promote coordination on social welfare. Whilst it is a 'soft power', which relies upon exchanges of best practice, benchmarking, and measurement rather than more coercive mechanisms, it is influential in shaping national frameworks for social inclusion and social protection policies. As such, ensuring that the national strategy reports focus upon the link between social justice and environment is likely to have a significant impact upon the development of national policies within each Member State. Use of the strategy reports to promote more integrated analysis and to study the link between climate change mitigation and employment and growth policies is also likely to be most effectively achieved through the use of the OMC tool.

Actions

- The National Strategy Reports on Social Protection and Social Inclusion should constitute strategic action plans to support regional and local policies, measures and clear targets that promote "Social Justice & Environment" linkages. Climate change mitigation objectives should be included in target setting.

- The relationship between social inclusion and environmental policies should be analysed to assess the influence of policies designed to boost economic growth and job creation on climate change mitigation.

- Integrated analytical tools should use combined environmental and social indicators to measure progress and reductions in disparities between social groups or regional areas.

- The governance of both the Open Method of Coordination and the Community Method should be strengthened.

Target

European Commission to propose this as part of the Europe 2020 Strategy, Member States to implement

6.2. Renovation of social Housing and private sector housing

Background

There are over 21 million social homes within the European Union, so that improving the energy efficiency of social housing remains a significant opportunity for overall emissions reductions. Improving social housing also has a positive impact upon social justice by improving the welfare, and finances of occupants. An ambitious target for the renovation of social housing would provide the impetus to achieve both of these goals.

Definitions of social housing vary between Member States, and can include state-owned housing, as well as privately owned but state-subsidised housing. A common definition would need to be established before binding measures applying to the sector could be applied.

At the same time, it should be noted, however, that there is very limited social housing within some new Member States, and that therefore other strategies will be necessary to improve the energy efficiency of buildings within those regions.

Action

In the framework of the Europe 2020 Strategy, the EU should launch a major investment plan to support a target renovating 40% of all social housing within the EU to improve energy efficiency. This plan should focus in particular on the insulation of housing (for which specific targets should be set) and on collecting and sharing best practices between Member States. It should be accompanied by the introduction of binding minimum energy- efficiency standards for social housing. In order to improve knowledge about renovation of housing stock within those EU countries which have little or no social housing, the European Commission should undertake a study to examine the extent of the renovation needed, and then formulate recommendations to overcome barriers to energy efficiency renovation.

Target

European Commission to launch investment plan, Member States to implement. European Commission to undertake survey of housing stock in Member States with low or no social housing, in collaboration with civil society organizations with expertise in the area such as CECODHAS (the European Liaison Committee for Social Housing).

6.3 Integrated planning for climate change mitigation and social justice

Background Integrated local environmental and social planning is essential to ensure that local action is both environmentally effective and socially just. This needs to be done from the bottom-up, as local planning is one of the most effective means of connecting citizens' needs with direct action on climate change. Good examples of such integrated planning include city cycling schemes and congestion charges.

Action Environmental and social targets should be combined in regional and municipal plans (including Agenda 21 processes) to integrate energy and climate change mitigation measures with spatial planning (including food, housing and transportation) and local welfare systems (social policies and services).

Target *Central, regional and local authorities.*

6.4. EU Social Fund to promote projects that combine environmental and social objectives

Background EU Social Fund spending amounts to around 10% of the EU's total budget, and thus represents a significant sum which should be leveraged as far as possible in order to address climate change mitigation whilst remaining focused on its social goals. Win-win outcomes for climate and social justice can be promoted within the Fund, which would also serve as an example for other stakeholders on how to integrate these goals effectively.

Action The EU Social Fund should seek to encourage partnerships between private, public, and non-profit sectors to promote, monitor and assess projects that combine environmental and social objectives, carbon reduction and social inclusion targets, such as green and social public procurement. There should be a structured dialogue between policy-makers and stakeholders on how to encourage such projects. They should consider how to encourage other funders (national governments, private and charitable foundations etc.) to support similar projects. European Commission and Member States should develop criteria for funding, select projects for support and assess outcomes. Regional and local authorities and NGOs should be involved in the implementation of projects, and should actively facilitate the creation of innovative partnerships.

Target *European Commission, Member States and NGOs*

6.5. Compensation and minimum Income

Background Internalising the costs of carbon emissions (i.e. making sure that the cost to the environment is included in the full cost of emission) is one of the main elements of climate change mitigation. But increasing the cost of resource use, for example through higher taxation of fossil fuels, can have a regressive effect which hits the poorest hard. Finding ways to use social protection policies to compensate low income households for increased energy costs, or to take account of a shift from labour taxes to resource taxes, is one means of ensuring that climate change mitigation does not undermine social justice. Minimum income policies ensure that there is an effective social justice safeguard against the risk of regressive effects caused by climate change mitigation policies.

Action Minimum income policies are needed to mitigate the impact of climate change policies on low-income households.

Target *European Commission to promote discussion of European minimum income schemes between Member States within the Employment, Social Policy, Health and Consumer Affairs Council*

III. ABOUT THE PROJECT

The recommendations in this document mark the culmination of a King Baudouin Foundation project, supported by the Oak Foundation, which examines the relationship between climate change mitigation policies and social justice.

In the debate over how best to respond to the climate change challenge, the focus to date has been on what targets should be set for reducing greenhouse gas emissions and what measures are needed to meet those targets. Far less attention has been paid to the impact of these measures on different groups in European societies.

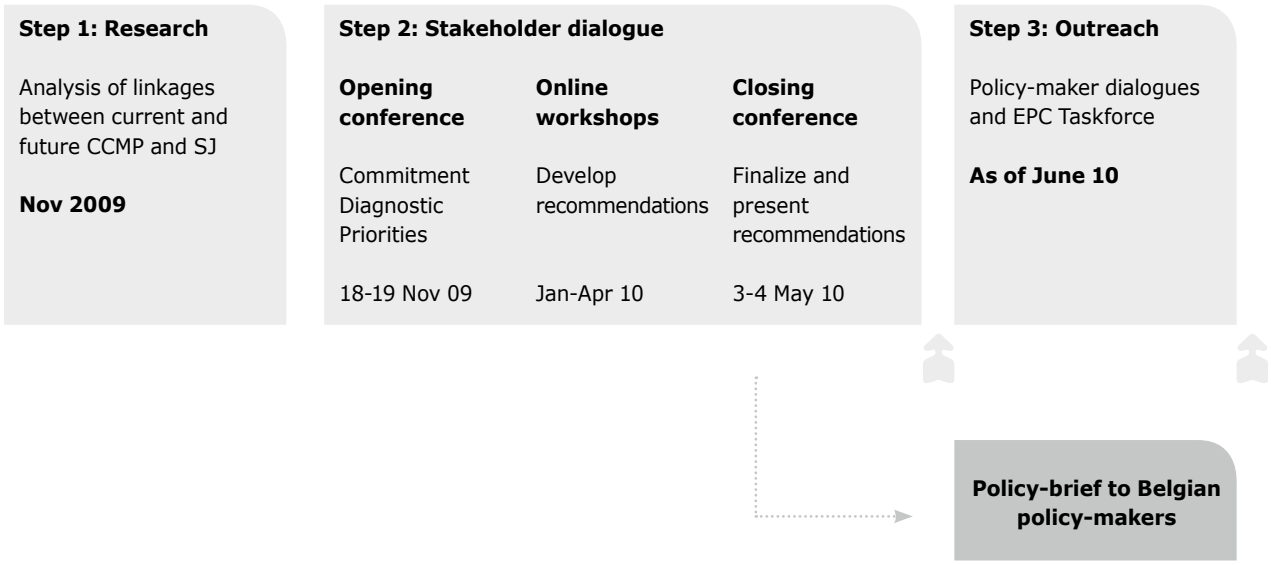
How can we ensure that the costs and benefits of environmental policies are shared fairly across society in Europe? How can we prevent policies to combat climate change hitting the pockets of poorer households hardest? Can social policies contribute to achieving the European Union's climate change goals in a way that benefits everyone in society?

The King Baudouin Foundation has launched a unique project which aims to answer these questions by bringing together climate change and social justice experts and stakeholders (policy-makers, scientists, business associations and civil society organisations) to discuss this important but neglected issue.

This project provides timely input for policy-makers during the European Year against Poverty and Social Exclusion, and as they consider the way forward after the United Nations climate change conference in December 2009.

Following the November conference, five key themes were identified which provided the focus of discussions between the experts in an online forum and within online workshops during early 2010 (buildings, mobility, industry, consumption, social protection).

The final conference in Brussels on 3-4 May has now finalised the recommendations and provided the opportunity to discuss them with top-level policy-makers.



The project is financed by the King Baudouin Foundation with the support of the Oak Foundation.

ANNEX

Definition of social justice indicators

Distributional justice

Social and economic inequalities derived from a different distribution of primary goods between different income groups.

1. **Price of essential goods**: Does this climate change policy measure increase (negative impact, -) or decrease (positive impact, +) the price of essential goods such as food, drink or clothing? ***Implications for social justice***: Low-income groups use a greater proportion of their income on such essential goods compared to medium- and high-income households. An increase in the price of essential goods, for example, as a consequence of higher energy prices is therefore likely to affect low-income groups more.
2. **Cost of domestic energy services**: Does this climate policy measure increase (-) or decrease (+) heating and electricity costs? Does it increase maintenance costs or require the purchase of new devices? ***Implications for social justice***: Increases in heating and electricity costs have a significant impact on the capacity of households to access adequate energy services in the home. Refurbishment, the installation of solar panels or the installation of new energy-efficient equipment all require investment that low-income households are less able to afford without compensation measures.
3. **Transport costs**: Does this climate policy measure increase (-) or decrease (+) transport costs? ***Implications for social justice***: Higher daily transport costs as a consequence of e.g. fuel taxes, road pricing, increased cost of parking, will have a negative effect on low-income households, unless there are opportunities for a modal shift to e.g. public transport, cycling or walking.
4. **Employment effects**: Does this climate policy measure result in an overall increase (+) or reduction (-) in employment? ***Implications for social justice***: Impacts on employment arise mainly from the economic impact of climate policies, which can be highly uneven between sectors and individual forms, reflecting their competitive market changes, the availability of government support etc. The availability of employment is a key aspect of social justice.
5. **Labour market transition/restructuring**: Does this climate policy measure promote labour market transition? Does it provide adequate compensation measures for workers who lose their jobs (+) or not (-)? ***Implications for social justice***: Labour market

transitions may have negative consequences for low-skilled workers, because they might lose a job in a sector in which they are skilled but fail to secure employment in a new sector that requires other specific skills.

Fair access

The ability of vulnerable groups to access social and economic goods and their capacity to transform them into well-being.

6. **Health**: Does this climate policy measure improve (+) or worsen (-) public health? How are these effects distributed? ***Implications for social justice***: Some policy measures, such as those directed at improving the housing stock or promoting a modal shift to cycling and walking can have significant co-benefits in terms of public health.
7. **Consumer access to information**: Does this climate policy measure provide easy access to reliable consumer information (+) or not (-)? ***Implications for social justice***: Adequate information is essential to be able to make informed choices. It is also essential to be able to benefit from support mechanisms for energy efficiency or renewable energy installations.
8. **Citizenship**: Does this climate policy measure promote more (+) or less (-) citizen participation in economic, social, civic and political activities? Is the citizen more (+) or less (-) aware of climate change issues? ***Implications for social justice***: The ability to participate in the economic, social, civic and political life of society is a useful indicator of social inclusion. It contributes to raising awareness and citizens' responsibility regarding social and environmental issues.
9. **Gender equality, non-discrimination, equal treatment:** Does this climate policy measure increase (+) or decrease (-) social equity, with regard to gender, disability, migrants, low-income households? ***Implications for social justice***: Social equity means that people have equal capacity to access social and economic goods, regardless of their social and economic background.

Environmental justice

10. **Distribution of climate policy costs**: Are the costs of these climate policy measures, including taxes, levies and grants, fairly (+) or unfairly (-) distributed among social groups? Do they imply higher costs for low-income households expressed as a share of their income? ***Implications for social justice:*** Besides the logic of 'the polluter pays', social justice should also take into account a fair distribution of costs among citizens and avoid regressive impacts, which weigh more on low income and other vulnerable groups.
11. **Distribution of environmental quality:** Does this climate policy measure improve (+) or worsen (-) the geographical distribution of environmental damage/improvement across nations, regions, local communities? Does it benefit/affect more rural or urban areas? ***Implications for social justice***: Environmental justice theories highlight the connection between environmental degradation and the standard of living. Poor people are more likely to live in low-quality environments than medium- and high-income households due, for instance, to lower housing costs.
12. **Corporate environmental responsibility**: Do these climate policy measures imply more (+) or less (-) corporate responsibility for the environmental consequences of their actions? ***Implications for social justice***: If companies have greater legal obligations regarding their environmental

footprint, this can improve their sense of responsibility and their willingness to act. It can also increase access to justice for ordinary citizens in terms of their capacity to take action against companies regarding their quality of life (see point 7, citizenship).

Intra- and inter-generational justice

The opportunity for people outside the developed world as well as future generations to live valuable lives.

13. **Sustainability of public finance**: How do these climate policy measures affect the overall level of public debt, upwards (-) or downwards (+)? ***Implications for social justice***: A long-term expansive budgetary policy in support of a climate change mitigation policy may not be sustainable for public finances and, in certain Member States, it may affect the social protection and health systems if it drains resources from them. Public debt entails inter-generational costs, transferred to the next generations. Present generations have the responsibility not to worsen the conditions of future generations through untenable economic policies.
14. **Inter-generational ecological debt:** Are these climate policy measures environmentally effective? Is their overall impact, both on the climate and other ecological concerns such as natural resource consumption, generally positive (+) or negative (-)? Are there negative effects that will be transmitted to future generations? ***Implications for social justice:*** As with public finance, the current generation has the responsibility to safeguard the environment without incurring the creation of unreasonable ecological debts that will weigh upon future generations.

King Baudouin Foundation

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We operate in 2010 with a budget of 30 million euros. As well as our own capital and the large donation we receive from the National Lottery, we manage Funds created by private individuals, associations and businesses. The King Baudouin Foundation also receives donations and bequests.

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We combine various working methods to achieve our objectives. We support third-party projects, launch our own activities, provide a forum for debate and reflection, and foster philanthropy. The results of our projects are disseminated through a range of communication channels. The King Baudouin Foundation works with public services, associations, NGOs, research centres, businesses and other foundations. We have a strategic partnership with the European Policy Centre, a Brussels-based think tank.

Outside Belgium, the Foundation is particularly active in the Balkans in projects that promote EU integration, tackle human trafficking and defend minority rights. In Africa, we focus on projects involved in the fight against AIDS/HIV and in promoting local development. The King Baudouin Foundation is also a benchmark in international philanthropy thanks to, among others, the international Funds that we manage, the King Baudouin Foundation United States, and our role in the Transnational Giving Europe network.