



EUROPEAN ANTI POVERTY NETWORK

A SOCIALLY JUST AND POVERTY-PROOF GREEN DEAL

Capacity-Building Report

January 2022

Content

<i>Introduction</i>	3
Background and Rationale	3
Workshop Agenda	4
<i>Meeting Report</i>	5
Welcome and Introduction	5
Keeping Together Social and Climate Justice: The Social Dimension of Climate Neutrality.	5
Delivering on the European Green Deal for the Energy Poor	7
Fair and Green Taxation in the European Union	10
Highlights from EAPN National Members.....	11
Conclusion and Key Recommendations	13
<i>Suggested Reading</i>	14

Introduction

Background and Rationale

Fifty million households around Europe are currently suffering from energy poverty. This means they cannot sufficiently light, heat or cool their homes.¹ Energy poverty is rooted in structural causes - which span across the current economic, energy, climate, taxation, social, employment, welfare, health, and housing policies. The main drivers of energy poverty are low income, poor energy efficiency in buildings and unfair energy prices. **The COVID-19 pandemic and the recent explosion in energy prices have exacerbated the situation** as people are stuck in inefficient houses² with expensive and polluting fossil gas infrastructure.

The Fit for 55 packages, adopted by the European Commission in July 2021, aims to “deliver the European Green Deal”, making the EU’s climate and energy policies fit for reducing greenhouse gas emissions (of 55% by 2030), while mitigating the costs of the green transition for those most exposed to the risk of energy poverty.

Social justice must be at the core of energy and climate policies in order to address the multidimensional causes of energy poverty. Some such policies may include: subsidised deep renovation programmes³, socially-inclusive decarbonisation of heating and cooling systems, and access to resilient social protection measures, including adequate minimum income. Moreover, in the context of the transition to a low-carbon economy, a clear commitment to upskilling and reskilling of workers is crucial to ensure the access to new green jobs. **To realise the ambition of a socially just transition that leaves no one behind, environmental and social justice must go hand-in-hand.** Poverty-proof solutions must be a win-win opportunity to deliver on climate targets and reduce inequality and poverty at the same time.

In this context, **tax justice plays a pivotal role.** Climate policies and levies must not disproportionately impact low-income households, leaving them to pay a higher price for the green transition. Taxes on heating fuels and electricity deeply influence the regressivity of levies. On the contrary, the shift from fossil fuel subsidies to sustainable incentives for vulnerable households would contribute to progressive and greener tax systems⁴.

Moreover, **structural socio-economic inequalities affecting women put them and their households at higher risk of energy poverty** with serious implications for their health and their full participation in society. EAPN advocates for women, vulnerable groups, and people experiencing poverty to meaningfully participate in the design and implementation of programmes and investments for decarbonisation and carbon neutrality.

EAPN pursued five main objectives with this workshop: A Socially Just and Poverty-Proof Green Deal:

- To present the key challenges and opportunities of Delivering on the European Green Deal and the Renovation Wave⁵ strategy for Europe’s energy poor.
- To develop a solid narrative about the socio-economic and environmental benefits of access to clean and affordable energy, and decent housing, for all.
- To foster the exchange of lessons learnt at national and EU level, including good practises and advocacy actions.

¹ European Commission, [Energy Poverty](#); and Friends of the Earth Europe and Climate Action Network Europe, [Towards a Healthy Renovated Europe](#), May 2021.

² European Commission study, 2019, HEAL 2019, Eurostat 2019, BPIE 2019.

³ Deep renovations differ from standard renovations as they significantly improve the energy performance of buildings, reducing their energy demand and leading to substantial energy savings.

⁴ Institute for European Environmental Policy, [Fair and green: A new European grand bargain on tax is possible](#), April 2021.

⁵ European Commission, [A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives](#), COM/2020/662 final.

- To stimulate members' reflection on optimal integration of national knowledge and practices into EU advocacy plans on a socially-just transition, and assessment of EU actions' influence on national advocacy plans.
- To reinforce the synergy and consistency of joint work between environmental and social NGOs.

This event brought together EAPN members from the EU Inclusion Strategies Group and the Executive Committee, Isabelle Brchet - EU Fiscal Reform Policy Coordinator from the Climate Action Network Europe (CAN), Martha Myers – Climate Justice and Energy Campaigner at Friends of the Earth Europe (FoEE), and coordinator of the Right to Energy Coalition, Lidija Živčič - Senior Expert and Project Leader at the Focus Association for Sustainable Development (partner of EmpowerMed), Timothy Gore - Head of Low Carbon & Circular Economy at the Institute for European Environmental Policy (IEEP), and members of the Right to Energy Coalition such as Ting Zhang - Senior Officer for the European Climate Foundation (ECF), and Louise Sunderland - Senior Advisor at the Regulatory Assistance Project (RAP).

Workshop Agenda

- 14:00 – 14:05 **Welcome and Introduction**
Sabrina Iannazzone, EAPN EU
- 14:05 – 14:20 **Setting the Scene on Climate Action and Social Justice**
Isabelle Brchet, Climate Action Network Europe (CAN)
- The social dimension of delivering on climate neutrality
 - Ending fossil fuels and the social cost of climate inaction
- 14:20 – 15:00 **Lessons Learned from Delivering on the European Green Deal: Is it Delivering for the Energy Poor?**
The Right to Energy Coalition: Martha Myers, Louise Sunderland and Ting Zhang
- Key challenges and opportunities for social and environmental CSOs on the Social Climate Fund and the Energy Efficiency Directive;
 - The Renovation Wave: ensuring the renovation wave delivers to households who need it most.
- 15:00 – 15:10 **Break**
- 15:10 – 15:45 **Thinking Lab: Building Power Through Narratives and Advocacy**
EAPN Members, Timothy Gore, Institute for European Environmental Policy, and Lidija Živčič, EmpowerMed
- Interactive capacity-building session on the intersection between national and EU advocacy strategies and priorities, including:
- Green tax systems
 - Ecofeminism in the Green Deal
- 15:45 – 16:20 **Q&A Session: National Concerns and Priorities About a Socially Just and Poverty-Proof Green Deal**
- 16:20 – 16:30 **Closing Remarks**
Sabrina Iannazzone, EAPN EU

Meeting Report

Welcome and Introduction

This event aimed to explore how the Green Deal is pursuing the ambition of climate neutrality while leaving no one behind, and to what extent it is addressing environmental issues in their intertwinement with social justice issues.

Keeping Together Social and Climate Justice: The Social Dimension of Climate Neutrality

Presentation given by Isabelle Brachet, EU Fiscal Reform Policy Coordinator from Climate Action Network Europe (CAN). CAN is an umbrella organisation for climate NGOs in the European Union and beyond, which works mainly on climate, and on the interconnection of climate action with the social justice agenda

The Problem: The Social Cost of climate Inaction and Insufficient Action

Carbon dioxide in the atmosphere has been at a relatively stable quantity for thousands of years, until the industrial revolution in the mid-19th century, when it began to increase rapidly, provoking massive consequences of different natures. The **physical impacts** of climate change range from salinisation of river water to increased rainfall, flooding, and desertification. Climate change also generates numerous **social impacts** that will propagate and worsen in the coming decades: forced displacements and humanitarian needs, increases in food prices due to weather conditions unfavourable for agriculture, water scarcity, habitat, and home destruction.

However, the impact of climate change on vulnerable groups, both socioeconomically and regionally, will be different. Indeed, **the effects of climate change on the welfare and the economy of different regions of the European Union vary**. Southern Europe is the worst hit, mainly by river and coastal floods, serious droughts and heat waves, and agricultural losses. Northern Europe is also affected negatively, but recent studies show how climate change could bring positive impacts too in these regions, increasing the availability of sun and wind, and thus the potential for renewable energy production. Furthermore, **the impact of climate change on workers will depend on their latitude and their type of work** (clerical, light physical, moderate physical and heavy physical): for clerical workers, the loss in capacity to work will be very limited, while for heavy physical workers it will be high.

The fight against climate change must be part of the social justice agenda, and more research is needed on the differentiated social impacts of the effects of climate change.

The Answer of the Expert: Integrating Social Justice Issues in the Just Transformation

Climate action should entail not only a green transition but a transformation that involves the whole society. **The current model of society is unsustainable both socially and environmentally** and deep inequalities exist. Climate policies need to assess and consider their social impacts, and social policies need to estimate and ponder their climate impact. There is an urgent need to shift to a fairer, sustainable society in which planetary boundaries are respected, people and their wellbeing are central and natural resources are protected.

Promoting the climate transition entails addressing numerous social justice issues: universal social protection, to strengthen resilience to climate change; education, to prepare for green jobs, to prepare for moderating consumption, and to strengthen disaster preparedness; housing regulation, to impact positively on the rate of renovations; gender equality, to avoid worsening gender gaps; progressive and gender-just taxation, to encourage and fund decarbonisation and environmental protection.

Advocacy Perspectives

To realise the ambition of a socially-just transition, NGOs and other stakeholders should jointly advocate for the following policy demands:

1. **Avoid silos and contradictions**, building complementarity between social and climate policies, and closing the narrative and policy gaps between social and climate action.
2. **Coordinate between national and European policies.**
3. **Mainstream the fight against inequality**, through a distributional assessment of all policies. Policies must be designed in a way to contribute to the eradication of inequality at its root causes.
4. **Engage in inclusive planning of public funding and closing the digital gap.** Public funding needs to be used to fund the just transition. Since most of the public programmes will be generally accessible digitally, it is crucial to close the digital gap, to ensure everybody will have access to them.
5. **Promote civic participation.**

A Concrete Example: Fossil Fuel Subsidies

What are fossil fuel subsidies?

Fossil fuel subsidies are public subsidies that help lower the price of fossil fuels (coal, oil and gas).

Subsidies can consist of:

Production subsidies: either in the form of direct funding or tax breaks on all the activities to support the industry, i.e., finding fossil fuels, basing plants.

Implicit subsidies: this group represents the majority of fossil fuel subsidies; they are designed to compensate for damages caused indirectly by fossil fuels, such as health problems related to air pollution.

Consumption subsidies: both for households and for business and industry, such as tax relief for specific processes.

Why are fossil fuel subsidies an obstacle to climate action?

Fossil fuel subsidies create a competitive disadvantage for renewables, and therefore a barrier to the decarbonisation of the economy: they lead to the overconsumption of fossil fuels, worsening air pollution and global warming.

Which are the main barriers to their phase-out?

The main challenges to ending fossil fuel subsidies are potential job losses in communities with few employment options other than in fossil-fuel industries; the risk of rising prices and inflation; and the influence of fossil fuel companies on politics.

What is needed to overcome these barriers?

The first steps in the phasing out of fossil fuel subsidies need to be a common definition of fossil fuel subsidies, the mapping of fossil fuels at EU level, an assessment of their distributional impacts, and a sound political and economic plan to completely phase out fossil fuel subsidies in a socially just manner.

Delivering on the European Green Deal for the Energy Poor

Presentation given by Martha Myers, Energy Poverty Advocacy and Campaign Coordinator at Friends of the Earth Europe (FoEE) and Coordinator of the Right to Energy Coalition, in collaboration with Louise Sunderland, Senior Advisor at the Regulatory Assistance Project (RAP), and Ting Zhang, Senior Officer for the European Climate Foundation (ECF). [The Right to Energy Coalition](#) brings together a diverse, unique range of stakeholders across social justice organisations, environmental NGOs, and other civil society organisations.

The Problem: Energy Poverty

Over 15 million Europeans today live in energy poverty. Energy poverty is generally identified as the inability to properly heat, light or cool the home, but it is important to humanise this concept: energy poverty is a lived experience for millions who are put in the position of either eating or heating their home. It is linked to an invisible public health burden of €194 billion and it is related to 100,000 premature deaths per year. Moreover, it impacts marginalised groups disproportionately.

Energy poverty is a structural inequality, a form of wider poverty and injustice. Often misinterpreted as a personal burden, energy poverty is instead the product of an exploitative profit-oriented energy system, which has failed to deliver for society and the planet. In this context, rising energy prices exacerbate energy poverty, and fossil fuel subsidies continue to lock low-income households into fossil gas infrastructure.

Furthermore, energy poverty is often linked to unsafe, leaky, and inefficient housing: currently, it is estimated that 75% of buildings in the EU are inefficient, and this puts people's wellbeing at risk. For these reasons, *it is a political choice that requires a political response*. However, false solutions, like grey hydrogen and fossil gas boilers, are still seen as solutions. This overall picture is worsened by broader injustices: systemic racism, ableism⁶, sexism, poverty (exacerbated in the last decades by austerity policies).

It is important to underline that **energy poverty is very context-specific**. Its distribution varies across European Member States. Such a level of variation across countries requires context-adapted definitions and indicators.

The answer of the Expert (Louise Sunderland): Different Financial Measures that can be Bundled Together

The real challenge in delivering the energy transition for vulnerable households is to find enough funding. The revenues from carbon taxes – as currently proposed to fuel the Social Climate Fund – are insufficient to fund both short term mitigation and long-term policies. Moreover, the form in which financial support is offered varies deeply. Each of the different financial instruments implemented cannot be a panacea, as different households and different Member States have different needs. **The best approach is to have different local and national measures that can be bundled together.** In many countries, most renovation programmes have been designed foreseeing a contribution from households to renovate. However, 100% subsidised programmes will be needed to support the many households whose incomes are low, for which any kind of loan would be inappropriate. **It is crucial to underline that these subsidies** must not be seen as private subsidies benefiting the private households that receive them. They **contribute to the creation of benefits for the wider public**; for example: a positive impact on health, less fossil fuels use, less carbon emissions, a positive impact on electricity bills and positive environmental results.

The Answer of the Expert (Martha Myers): a European Green Deal fit for Energy Poor People

To achieve a socially just transition, the European Green Deal and the Fit for 55 Package need to address energy poverty as an integral and fundamental part of the green transition.

The Social Climate Fund

The Social Climate Fund (SCF) is a €72.2 billion fund proposed by the European Commission to develop climate programmes for low-income groups, including renovations, renewables and transport, and to provide direct income support. This fund is an important step to make the benefits of climate action visible

⁶ A form of prejudice, discrimination, or unfair treatment against people with disabilities.

for vulnerable groups. However, to eradicate energy poverty, it needs to be more ambitious and to address the potential frictions between short and long-term goals. Deep renovations of buildings alone will require €30 billion per annum. Therefore, if most of the fund is used to address the distributional impacts of the Green Deal, not enough budget will remain to address the structural, root causes of energy poverty through long-term measures. Most importantly, the Social Climate Fund must not be an add-on measure that tackles the negative social and distributional impacts of regressive environmental policies. Climate policies cannot be a zero-sum game: they need to address the most vulnerable in society. For these reasons, the Fund cannot justify any new emission trading system for buildings and road transport that will negatively impact low-income households. Vulnerable and energy poor households from all Member States should be consulted in the design and implementation of the plans and there must be a clear commitment to the reskilling and upskilling of workers to provide good quality jobs. Moreover, to offer the opportunity of decarbonising vulnerable households, the Social Climate Fund should not be used to fund existing projects or social tariffs and it must explicitly forbid the use of this fund for fossil fuel subsidies. Lastly, the fund must be operational by 2023 latest, as the introduction in 2026 would see an average rise in energy bills of €429 per year. Even though this timeline might seem tight, Recovery and Resilience Facility set the case for this.

The Energy Efficiency Directive

The Energy Efficiency Directive (EED) offers a great opportunity to improve energy efficiency of buildings while protecting vulnerable consumers. Energy efficiency measures are required to have no adverse effects on vulnerable consumers and must mitigate and address distributional impacts. Moreover, national boards of stakeholders (from diverse backgrounds) are encouraged to discuss national energy poverty definitions, indicators, and mitigation strategies. Further steps in the protection of vulnerable groups on the path to climate neutrality would be: firstly, a brief mention about the prioritisation of national funds towards low-income and energy poor, and secondly, the ring-fencing of a proportion of energy saving obligations for energy-poor households. Consumers should also be strengthened, through one-stop-shops⁷ and the possibility of getting a recourse in case of poor energy efficiency measures. However, on the one hand, to deliver on the climate goals, climate ambition needs to be higher, and binding national targets are needed. On the other hand, legal requirements for low-income energy efficiency programmes are needed, to ensure low-income households are shielded from fossil-based heating and cooling systems. Additionally, funding opportunities must not be put in competition with other crucial measures.

The Energy Performance of Buildings Directive

The Energy Performance of Buildings Directive designs the framework for deep renovation programmes. In order to prioritise less-efficient buildings while avoiding any distributional impacts, EU funds need to be prioritised for deep renovation programmes for low-income groups, and minimum energy performance standards in the residential sector must be implemented with substantial social safeguards and monitoring and evaluation by Member States. The implementation of “One Stop Shops” is crucial to provide assistance to access financing for renovations and renewables, and specific and tailored outreach schemes for those who experience exclusion from mainstream services. To ensure that energy-poor households in the rented sector are not cut off from this opportunity, it is crucial to address split incentives between landlords and tenants. Energy-poor households must not be left to pay the price of polluting energy infrastructures: deep renovation standards are needed to fully decarbonise the heating and cooling infrastructure and avoid energy-poor households becoming locked into fossil fuels. If this provision is not implemented, and the extension of the Emission Trading System to buildings and road transport (ETS2) is approved, energy-poor households will be left to pay the carbon price, while richer households will be able to transition to other solutions.

⁷ European Commission Joint Research Center, European Energy Efficiency Platform (E3P), [*One-stop-shops for energy renovations of buildings*](#).

Advocacy Perspectives

To provide access to renewable energy and deep renovations for low-income groups, the following measures are needed:

1. **National definitions and data**, to identify energy-poor households.
2. **European-wide deep renovation programmes** targeted to energy-poor households.
3. **Subsidise renewables** to decarbonise.
4. **Community energy ownership**, to make consumers active prosumers of energy.
5. **Energy democracy**, more broadly. If our energy system is no longer benefiting people and the planet, we need to radically rethink it.

What can you do?

- **With low capacity**, expose the issue. Build the narrative that clean and affordable energy is a human right - related to Principles 19 and 20 of the European Pillar of Social Rights - and that the energy transition must be affordable for all.
- **With medium capacity**, build power. Liaise with national allies and coalitions with social actors (e.g., poverty organisations and environmental groups) and link with local actors.
- **With high capacity**, take action. Lobby for national governments to deliver renovations and renewable programmes for low-income groups, work on an energy poverty act that includes national definitions and data, national board of stakeholders, more ambitious actions in line with EU legislation, and that can be held accountable in National Energy and Climate Plans and Social Climate Plans.

Energy Poverty and Gender Justice

Presentation given by Lidija Živčič, from Focus Association for Sustainable Development (coordinator of [EmpowerMed](#), a project aimed at empowering women in the Mediterranean area to tackle energy poverty)

Energy poverty disproportionately affects women in various ways. Under the *physiological dimension*, women simply have different needs for heating and cooling; and women tend to have different needs for monitoring and controlling temperatures. In the *economic dimension*, women are disproportionately exposed to the risk of poverty and energy poverty due to the gender pay gap and gender pension gap. In the *health dimension*, many studies show that when it comes to having health or mental health problems, women tend to be more affected by energy poverty. In the *socio-cultural dimension*, women tend to be the ones with less power in decision making, but also the ones that carry the lion's share of unpaid care work.

There are no policies or measures in the EU to directly address this nexus, and no consideration of the gender dimension in the financial programmes implemented. Indeed, the European Green Deal does not include policies to tackle the issue of enhanced vulnerability among women. The Renovation Wave strategy does recognise that increasing the presence and role of women in the construction sector can help improve the availability of skills and qualified professionals, yet no measures are proposed to stimulate such inclusion. Overall, it is estimated that the energy related aspects of the European Green Deal will have disproportionately more positive effects for men than for women affected by energy poverty.

At least **in the operationalisation of the European Green Deal in the national legislative systems**, there is the possibility and the need to **include more women** in this process, and in the process of shaping the practical measures, and how the funds will be distributed.

Fair and Green Taxation in the European Union

Presentation given by Timothy Gore, Head of Low Carbon & Circular Economy at the Institute for European Environmental Policy (IEEP). He works on the intersection between inequality and climate change, and particularly carbon inequality and the distributional implications of climate policies

The Problem: Green and Fair Taxation

A **fair tax system** means a tax system with higher taxes on high-income earners, and higher capital and corporate taxes. In the last 30 years, capital, wealth, and corporate income taxes have been declining for high-income earners, and this has been one of the critical drivers of the increase of income inequality in the EU in the last 20/30 years. Of course, the EU is still a much more equal society than the USA, but it is becoming a lot worse. It is also a problem of gender equality, as the wealthiest individuals in Europe tend to be men.

The **greenness of a tax** is the extent to which the tax internalises the external environmental costs of activities. Analysing the internalisation rate of taxation across the EU (both as a whole and in each Member State), it emerges that, for air pollution and greenhouse gasses, 44% of the external environmental cost have been internalised in taxation. However, households tend to pay the higher share of external environmental costs, and industry is free-riding and not paying for that pollution. Indeed, a big part of fossil fuel subsidies in the last decades consisted in tax breaks for industry, and they are not going down (€35 billion are currently spent across the EU to subsidise fossil fuels, 4 times more than for renewables).

In general, **greener tax systems tend to be fairer tax systems**. **Sweden** is an example of how to introduce green taxes - based on the "polluter pays" principle - in a progressive way. In Sweden, there has been carbon taxation in place since the early 1990s, which covers buildings and transport. One of the reasons why it worked in Sweden is that the extent to which carbon pricing is regressive is determined by the level of inequalities in the country where it is implemented. At the time of implementation, Sweden already had relatively low inequalities, but carbon pricing was introduced as part of a wider tax reform, which reduced the income taxes for low-income owners, increasing the progressivity of the tax system. Moreover, the gradual introduction of carbon pricing was also crucial in its success. These factors together have shaped a tax system and a society which is relatively fair, and also one in which it is possible to introduce a polluter-pays tax at a very high rate.

On the other end of the spectrum, there are most of the **Central and Eastern European Member States** that have neither fair nor green tax systems. In these countries, the energy taxation is extremely low. Households are exempted altogether from energy taxation, not only low-income, but all households. Even industry pays extremely low levels of energy taxation. Moreover, the overall tax system is deeply regressive, with low top rate income taxes and corporate and capital taxes, and high taxes on low-income earners. In this context, there is a potential for a tax shift: to introduce the polluter pays principle in these countries one option would be to reduce labour taxation on low-income earners and shift those taxes to top incomes, ensuring the progressivity of these measures.

Belgium has quite a progressive tax system overall, but not a green one. There are incentives for company car tax breaks, which are hugely popular and thus extremely difficult to reform, even though they are undermining the overall progressivity of the tax system. Since there is such a high-income tax rate, there is not a strong incentive to increase salaries, and therefore it is easier to give cars (and diesel cars are included in the tax break too). In this way, this tax break indirectly incentivises a fossil fuel subsidy policy that only benefits a small part of the population.

In **France**, President Macron has attempted to introduce a tax reform. It was supposedly a green measure, increasing the fuel taxation, but in the meantime, it also cut wealth taxes for some of the richest people in French society, and this is part of the explanation of the Gilets Jaunes movement.

At the European level, **the Energy Taxation Directive** is not green, as it **favours fossil fuels over renewables**. It sets minimum tax rates for energy products and electricity in the EU market, not related to the carbon or energy content of the fuels. The implementation of minimum tax rates leads to coal being taxed less than gas, gas taxed less than electricity, and diesel taxed less than petrol. Moreover, minimum tax rates are deeply unjust. They **favour industry over households**, being higher over lower income households, and favouring

high-income men most of all. The attempted reform of this Directive between 2011-15 failed, blocked by vested interests (in particular, the diesel car lobby). The new proposal reform does not propose a new set of minimum rates that reflect the environmental performance of different fuels. However, it slashes taxes on electricity, and this is highly progressive, as the lowest income households spend a high share of their income on electricity.

The Answer of the Expert: Considering the Greenness and the Fairness of the Overall Tax System

It is important to consider the Energy Taxation Directive alongside the extension of the Emission Trading System to buildings and road transport to fully understand how lower income households will be impacted. Indeed, the reduction in the cost of electricity can offset some of the increases of the costs of fossil fuel taxes. This process can be further incentivised through revenue recycling, both nationally and through the Social Climate Fund. Carbon pricing and green tax reforms should always be implemented in relation to broader progressive tax reforms and wider enabling policies (investments, standards, adequate minimum wages, social safety nets).

Advocacy Perspectives

To achieve a socially just transition a green and fair tax system is needed, and broader social justice policies must become part of climate policies. **Greener tax systems must be fairer tax systems. To do this, wider progressive tax reforms are needed.** It is necessary to increase top-rate income, capital and corporation taxes, and look at the overall tax system to produce those revenues that are needed to tackle the root causes of inequality in Europe. Moreover, this could be complemented with lower income taxes on the lowest income earners, and other measures that can lower electricity prices, as these will be very progressive. The European Semester can be an important tool to address wider tax and social policy reforms, as currently most National Recovery and Resilience Plans say very little about structural tax reforms. Since carbon pricing cannot solve all the environmental problems, progressive taxation is needed.

Highlights from EAPN National Members

Portugal

High energy costs are a huge problem in Portugal. In the country, this issue is associated with low-income and most of all with the poor energy performance and inefficiency of domestic buildings. **Almost 75% of houses have a poor energetic performance, and this worsens the condition of people already at risk of energy poverty and endangers middle-income households too** that have been seeing their incomes decrease during this pandemic crisis. This situation opens up the risk of bringing more people into energy poverty. The National Long-Term Strategy for Combating Energy Poverty 2021-2050 in Portugal provides a good diagnosis of the situation of energy poverty and energy efficiency of the housing stock in the country. However, **most of the support measures implemented will not reach the most vulnerable.** Moreover, climate change will disproportionately impact Southern countries, and it is crucial to understand how this is going to increase the differences between low-income and high-income people in different Member States.

EAPN Portugal has established an internal group working on the Green Deal and on energy poverty. The first step of this group is building a narrative and knowledge on this subject, to establish the necessary links and synergies between environmental and social issues. The National Anti-Poverty Observatory - promoted by EAPN Portugal – has started to analyse different available indicators for energy poverty, comparing the Portuguese national indicators with the European ones, to have a clearer picture of energy poverty and build a stronger framework to tackle it. Additionally, EAPN Portugal responded to the public consultation on the National Strategy to fight energy poverty and is currently working with DECO organising sessions for vulnerable people, with the aim of informing and helping consumers to improve the energy efficiency of their homes, manage their energy consumption, understand the functioning of the energy market, as well as resorting to support mechanisms in situations of energy poverty.

Netherlands

EAPN Netherlands stressed several elements that would be crucial to tackle in the Green Deal. Firstly, an **active programme tackling youth unemployment** by rapidly creating new training programmes for boys and girls that match the huge need for skilled workers that the Green Deal will create, and by improving the training for those that already exist. Secondly, the **need to massively insulate social housing and at least providing it with second-hand solar panels**. Solar panels are, and will be, largely replaced for higher efficiency panels. Used ones currently are often unnecessarily discarded and shredded. EAPN Netherlands underlined that it would be interesting to redistribute second-hand solar panels to houses of people with a low income, as they might help to reduce their high energy costs alleviating energy poverty, even if the houses are still not properly insulated. This would be a good example of a positive circular economy. Lastly, **as long as minimum income and minimum wages are too low, millions of people cannot participate in the Green Deal's change processes**. An increase in minimum wages and minimum income is not only beneficial for the people and the families of those who now live in poverty, but also for mitigation of climate change. The Green Deal can be a great driver for doing things differently, but only if the poor are allowed and included in these changes.

Moreover, prevention is the first and most important step. Currently, very often we see that nature is destroyed by serious fires and then has to be restored. However, the problem is that while trees can be replaced, animals that perish in the fires cannot and this will have an impact for decades. Currently, planes are brought in too late. **The EU should build a fleet of firefighting planes that are based in regions where fires are common**. In this way, a fire could be extinguished quickly, before it is out of control. This saves nature, animals, and fire fighters.

France

In France, a grant has been proposed by the government to help poor people finance their renovations. However, EAPN France underlined that **people in poverty most of the time do not have the resources to finance the entire work needed for deep renovation and would be too worried to engage in grants**, and thus subsidies to finance the entire renovations upfront would be preferable to grants.

Ireland

EAPN Ireland pointed out that, ten years ago, when the economic crash came, austerity policies undermined the social goals. In this context, now **it is crucial to have a balanced approach between social and climate justice goals**. The government in Ireland has started to increase carbon taxes each year in the annual budgets, and the revenues are to be ring-fenced to support climate measures including housing retrofits and for fuel allowances for those on low incomes. However, this will not reach all the low-income households. There is an issue in terms of the **under-investment of the state in providing social and affordable housing**, resulting in many people on low incomes living in private rented accommodation, and a challenge of retrofitting houses in this sector.

Iceland

Iceland is rich in natural resources, and thus energy bills for households' purposes are a bit lower than in the rest of Europe. However, EAPN Iceland underlined that in many cases energy bills are still too much for poor households to pay. Moreover, **even though most of the energy providers are publicly owned, still they behave like privately owned** (i.e., if a consumer cannot pay, the bill piles up, doubling in a few months). It is fundamental to define households' energy as a human right. **The use of debt collection agencies by public institutions is immoral in these circumstances**, especially for bills for basic services (energy, health, childcare, household bills).

Lithuania

Social housing is a huge problem in Lithuania. EAPN Lithuania highlighted that the average waiting time to get into social housing is 6 years, but people can sometimes wait up to 10 years to have a place in social housing. Another huge problem is over-indebtedness, and it's very much related to energy poverty. In

Lithuania **about 10% of the population is indebted, and a huge part of this problem is related to energy costs**, which are very high.

Conclusion and Key Recommendations

What emerges from this learning session is a crucial need to reinforce policy and advocacy actions on social and environmental justice, both at national and European level. In the context of Recovery and Resilience Plans, the Green Deal becomes even more essential, as it provides an opportunity to connect the dots at different levels of governance and policy. Income and tax inequalities, gender inequalities, labour inequalities, and carbon inequalities should all be brought together in **a multidimensional approach that embraces interconnected challenges**.

Acknowledgments

This report was drafted by Valeria Zanini (EAPN Policy Assistant). Thanks are also given to EAPN staff, the speakers and all participants.

Suggested Reading

- CAN and Friends of the Earth Europe, The hidden social and climate costs of Europe's decrepit buildings, April 2021, available here: <https://friendsoftheearth.eu/publication/towards-a-healthy-renovated-europe/>
- Defard Camille, Addressing the Climate and Social Emergencies with Minimum Energy Performance Standards, November 2021, available here: <https://institutdelors.eu/en/publications/addressing-the-climate-and-social-emergencies/>
- Defard Camille, A Social Climate Fund for a Fair Energy Transition, October 2021, available here: https://institutdelors.eu/wp-content/uploads/2021/10/PB_211006_A-Social-Climate-Fund-for-a-fair-energy-transition_Defard.pdf
- Defard Camille, Putting the Cart Before the Horse, Perspectives on a Potential ETS on Residential Buildings, July 2021, available here: <https://institutdelors.eu/en/publications/putting-the-cart-before-the-horse/>
- EAPN et al., The Renovation Wave must deliver on its commitment to tackle energy poverty, letter to Commissioner Simson, available here: <https://www.housingeurope.eu/resource-1634/the-renovation-wave-must-deliver-on-its-commitment-to-tackle-energy-poverty>
- EAPN, Feedback on the Council Recommendation on addressing social and labour aspects of the just transition towards climate neutrality, November 2021, available here: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13247-Council-Recommendation-on-addressing-social-and-labour-aspects-of-the-just-transition-towards-climate-neutrality/F2752515_en
- EmpowerMed, Report on Gender Aspects of Existing Financial Schemes for Energy Poverty Measures, September 2020, available here: <https://www.empowermed.eu/resource/report-on-gender-aspects-of-existing-financial-schemes-for-energy-poverty-measures/>
- Engager, A Toolkit for a Just Transition with the People, October 2021, available here: <http://www.engager-energy.net>
- E3G, Benchmarks for a social Fit For 55 package, July 2021, available here: <https://www.e3g.org/publications/benchmarks-for-a-social-fit-for-55-package/>
- European Environment Agency, Exploring the social challenges of low-carbon energy policies in Europe, October 2021, available here: <https://www.eea.europa.eu/publications/exploring-the-social-challenges-of>
- European Environmental Bureau, Why the European Green Deal needs ecofeminism, July 2021, available here: <https://eeb.org/library/why-the-european-green-deal-needs-ecofeminism/>
- Gore Tim, Confronting Carbon Inequality: Putting climate justice at the heart of the COVID-19 recovery, September 2020, available here: <https://policy-practice.oxfam.org/resources/confronting-carbon-inequality-putting-climate-justice-at-the-heart-of-the-covid-621052/>
- Institute for European Environmental Policy, Green Deal for All, How to Achieve Sustainability and Equity Between the People, Regions, Countries and Generations of Europe in a Post-Covid-19 Era, April 2020, available here: <https://ieep.eu/publications/green-deal-for-all-sustainability-and-equity-between-people-regions-countries-and-generations>
- Institute for European Environmental Policy, Fair and green: A new European grand bargain on tax is possible, April 2021, available here: <https://ieep.eu/news/fair-and-green-a-new-european-grand-bargain-on-tax-is-possible>
- Magdalinski Emilie et al., Europe needs a political strategy to end energy poverty, February 2021, available here: <https://institutdelors.eu/en/publications/europe-needs-a-political-strategy-to-end-energy-poverty/>
- Right to Energy Coalition, Resources section on their website: <https://righttoenergy.org/resources/>
- Right to Energy Coalition, Tackling energy poverty: Ensuring the Renovation Wave delivers to households who need it most, November 2021, available here: <https://righttoenergy.org/wp-content/uploads/2021/11/Briefing-How-to-alleviate-energy-poverty-in-the-EPBD-1.pdf>
- Right to Energy Coalition, Working Document on the Energy Efficiency Directive: How it can deliver for Europe's energy poor, Internal Briefing available here: <https://docs.google.com/document/d/1e1yg1trPTGQARb5bm2IDKPNf3MS67HclLtVM-wd4o/edit>
- Thomas Samuel et al., Making renewable heating 'Fit for 55', June 2021, available here: <https://www.raonline.org/knowledge-center/making-renewable-heating-fit-for-55/>
- Thomas Samuel et al., Pricing is just the icing: The role of carbon pricing in a comprehensive policy framework to decarbonise the EU buildings sector, June 2021, available here: <https://www.raonline.org/knowledge-center/pricing-just-icing-role-carbon-pricing-comprehensive-policy-framework-decarbonise-eu-buildings-sector/>

INFORMATION AND CONTACT

For more information on EAPN's policy positions, contact

Kahina Rabahi – EAPN Policy Coordinator

kahina.rabahi@eapn.eu

See all EAPN publications and activities on www.eapn.eu

The European Anti-Poverty Network (EAPN) is an independent network of nongovernmental 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

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.