



# From Social Climate Fund to Social Climate Justice: Uniting ambitious climate and social policy goals

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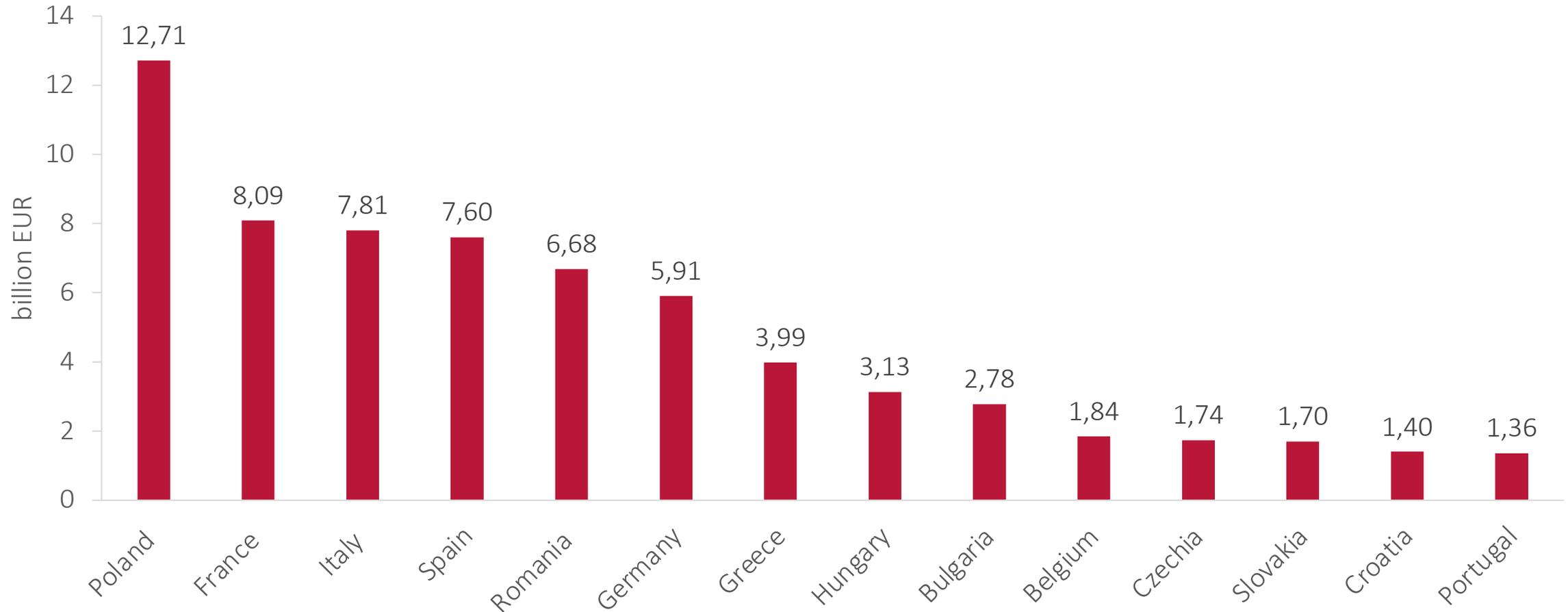
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# Social Climate Fund - 72 billion EUR in revenues from ETS-2 to be allocated back to households in the EU between 2025-2032



Allocations by country from the Social Climate Fund



Source: own calculation based on European Commission (2022)

Note: only countries with an allocation of > 1 billion EUR are in the figure.

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The money is there, the question is how to spend it. The only rule to follow is:  
40% on direct income support, 60% on investments.

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## Transfers

**Allocation:** How much?

**Elegibility:** Who should qualify?

**Purpose:** increasing the support for the tax or offsetting the rising energy costs?

## Participation

**Management:** Who should be responsible for it?

**Format:** In what structure?

**Outcomes:** What decisions should be taken?

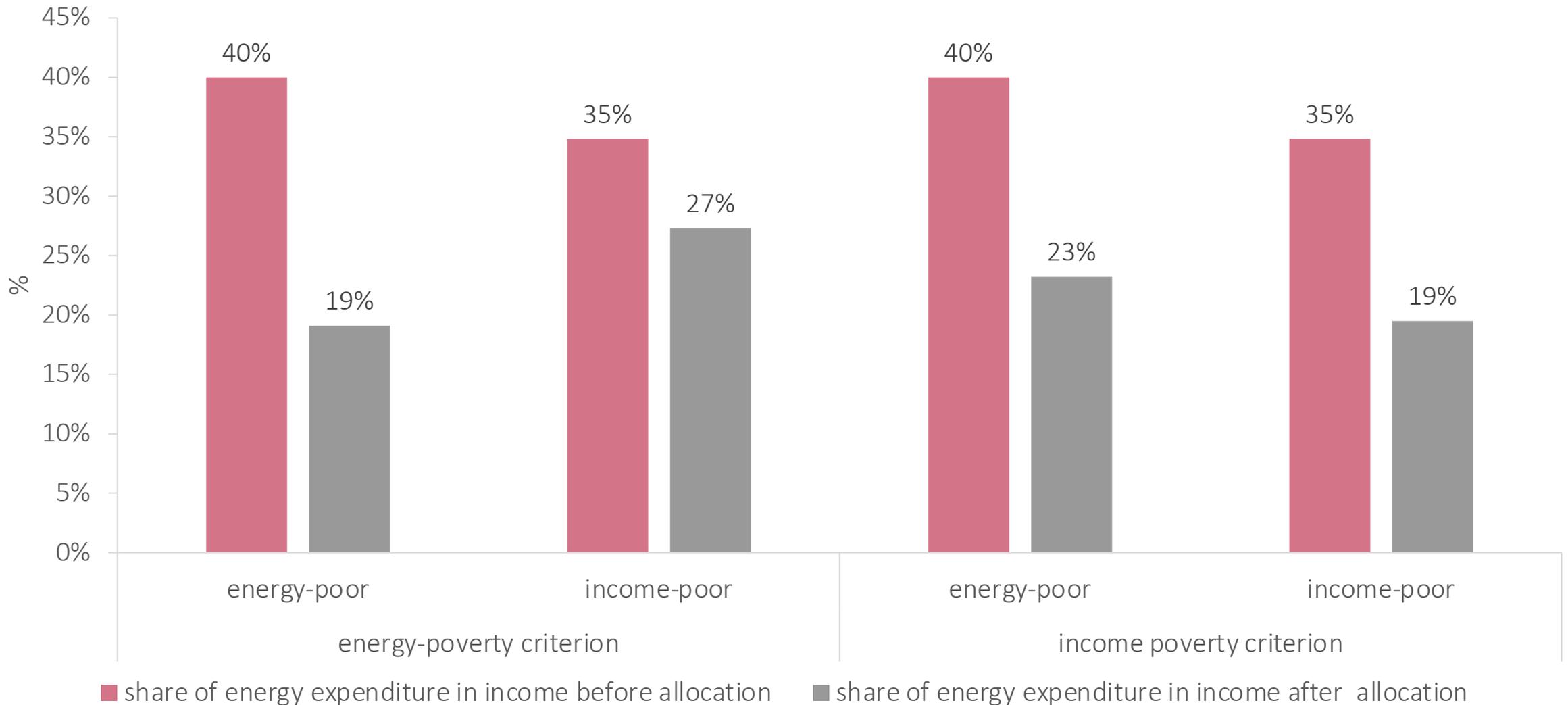
## Thermal-retrofits

**Scope:** broad or targeted and who should get priority?

**Technology:** anything allowed, or some excluded?

**Approach:** individual or community solutions?

# Should we prioritize broader reach with an income criterion when distributing SCF funds in Poland, even if it offers less targeted assistance to those in energy poverty?

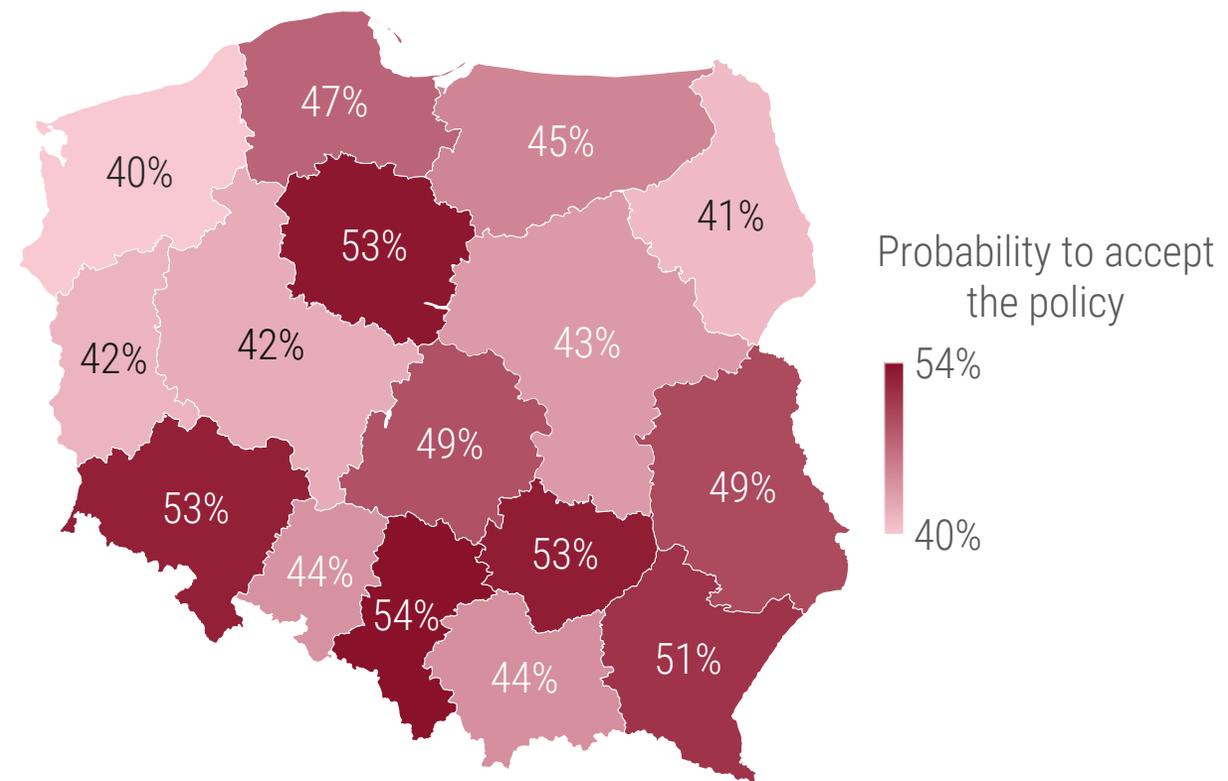
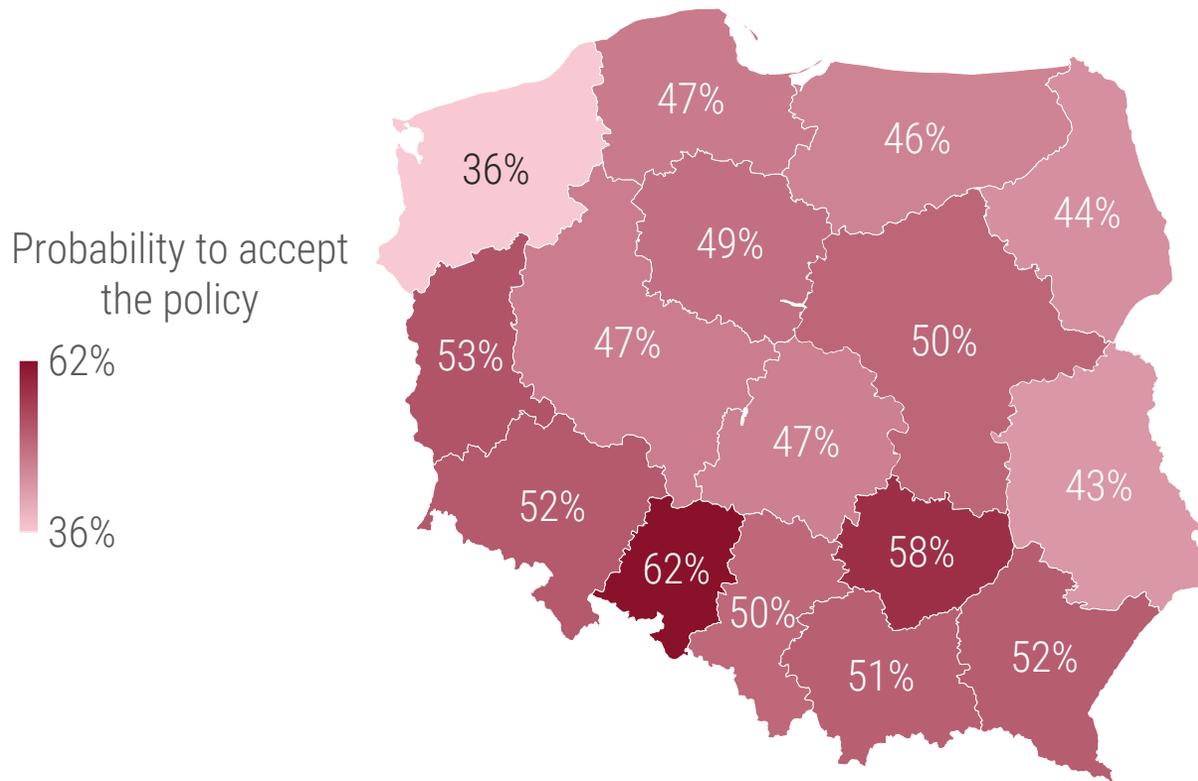


Source: own calculation based on Household Budget Survey (2021)

# Given the knowledge that cash transfers are more effective than subsidies in boosting support for the carbon tax in particular regions, should the type of support vary by region?

Tax + 8% of income gain in cash transfer

Tax + 8% of income gain in subsidy



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# Should we have more participatory democracy, if yes, who should be responsible for managing participation, and who should oversee the implementation of findings?

- The first nationwide citizens' assembly in Poland in 2022 sought answers to the question: **How to counteract energy poverty in Poland?**
- 45 deliberations with 700 people + a citizen panel with 100 participants;
- 100 recommendations, key:
  - **Investment** in grid development;
  - **Investing** in renewable energy sources;
  - A well-functioning and simple system of support for energy-efficiency **investments**;
  - **Financial support** should be targeted, simplified, and closely supervised for efficient use of public funds.

Source: own elaboration based on Shipyard Foundation (2022)



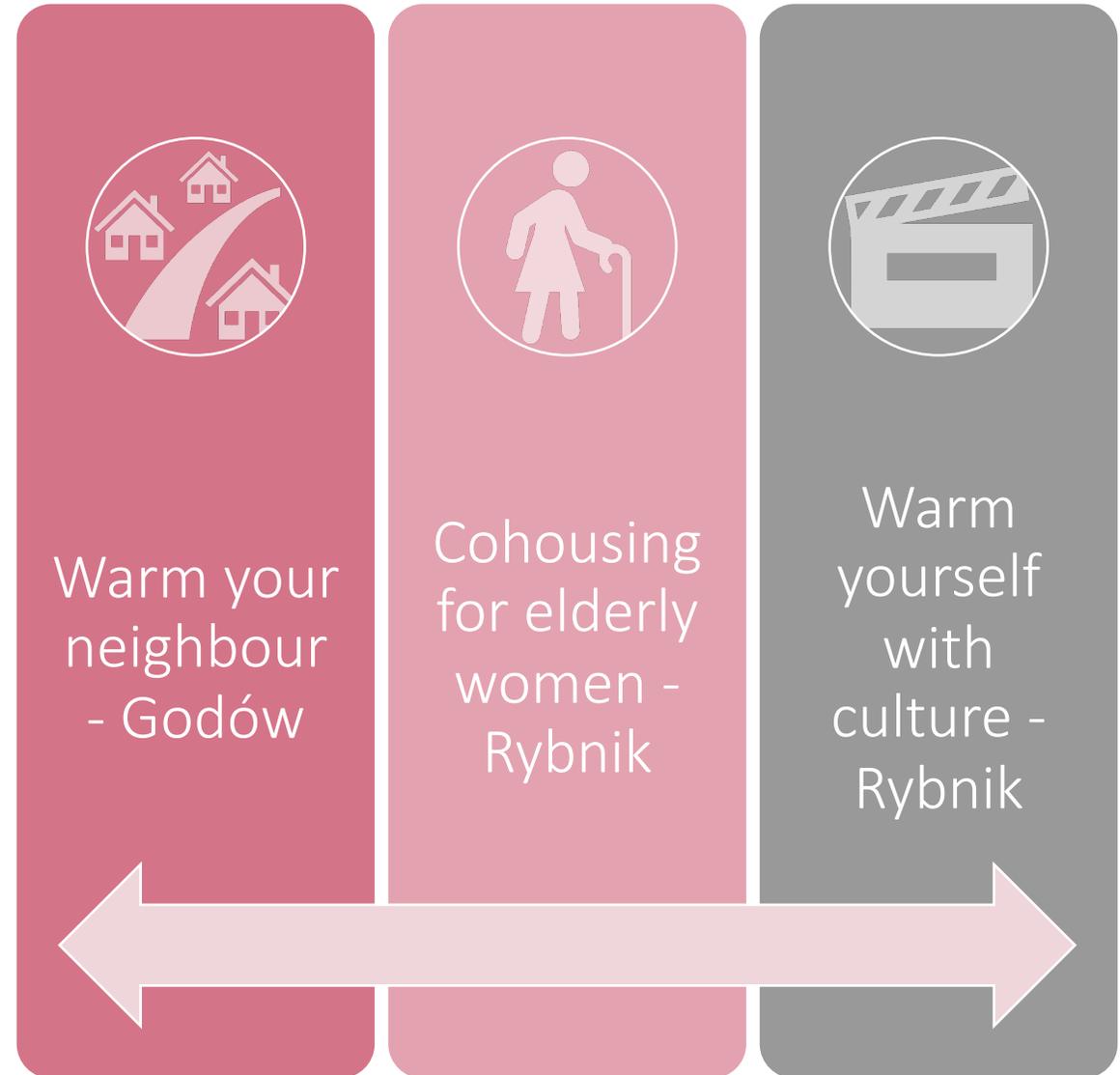
# Is it possible to scale up informal support networks or integrate them with administrative assistance to help people in energy poverty?



Findings of interviews with people in energy poverty in 2023, during the energy crisis:

1. Reducing energy consumption is the primary strategy of people in crisis.
2. Seeking support from informal networks first.
3. Seeking assistance from public institutions.

What about people who are not covered by social assistance?



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# Should we favour community solutions, demanding more administrative effort, or individual solutions, requiring more effort from those in energy poverty?

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By how much would a municipal housing stock have to increase to allocate the 30% of energy-poor people in social housing

By how much would the number of applications in the Clean Air Programme have to increase to target the 30% of energy-poor people

# What criteria should guide investments in thermal retrofits and energy source replacements: economic considerations, social benefit, or environmental impact?

**SOCIAL:** The highest share of young and old people affected by the intervention

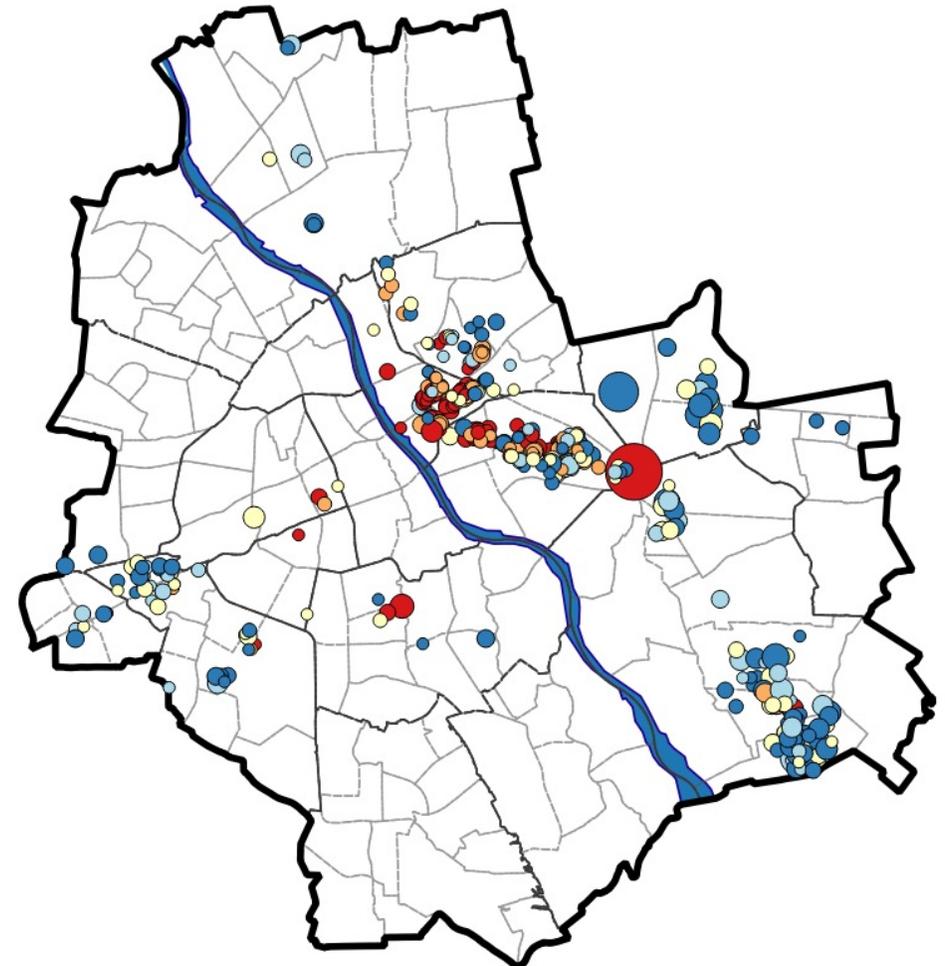
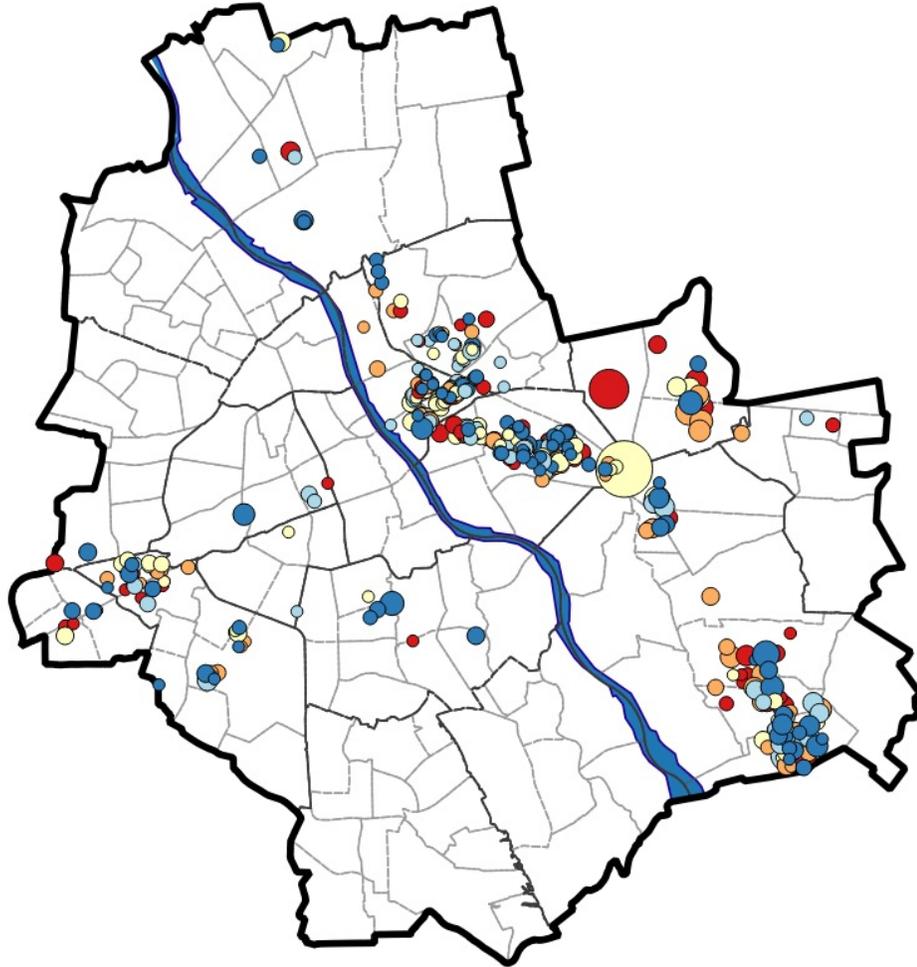
**ENVIRONMENTAL:** Number of people leaving close to inefficient heating source

Priority

highest

high

moderate



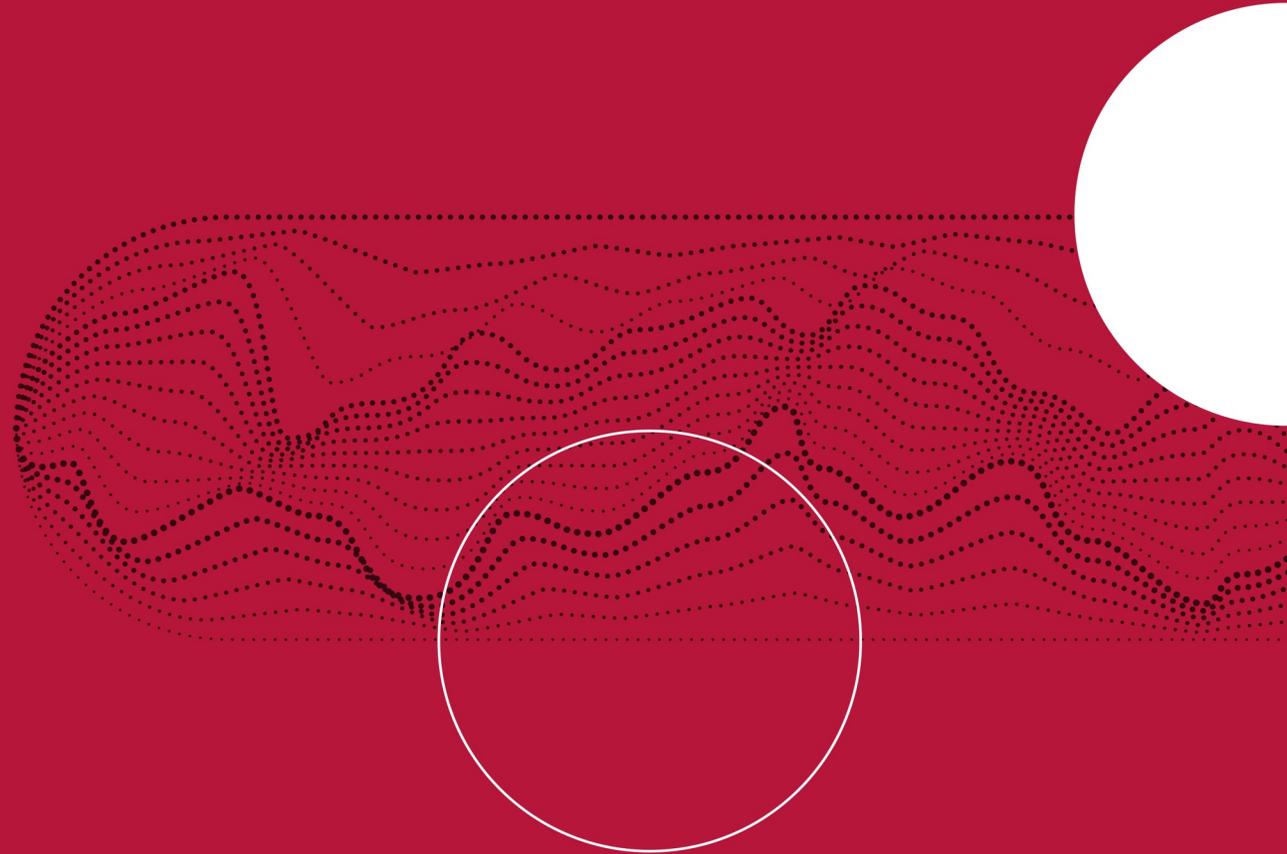
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# From the respondents' choices you can learn what is their preferred policy solution for ETS-2 and Social Climate Fund

We simulate behaviour scenarios and analyse their effects.

GOALS OF ETS-2

10281 people made mutually exclusive choices regarding:

- climate and environment,
- energy security,
- income gains and losses.

WAYS TO ACHIEVE IT

IMPACT ON BUDGETS

	1	2
Climate change impacts	<b>Major</b>  A major decline in crops, a significant threat to life due to catastrophic heat, floods and droughts	<b>Minimal</b>  No changes in crops, low risk to life from catastrophic heat, floods and droughts
Diseases caused by poor air quality	<b>Limited to minimum</b>  less than 5,000 deaths annually	<b>No change</b>  50,000 deaths annually
Purchases of Russian fuels	<b>Limited to zero</b> 	<b>Limited by half</b>  imports of 5 billion m <sup>3</sup> of gas and 16 million tons of oil annually
Access to electricity and individual transport	<b>No change</b> 	<b>Energy rationing</b>  no electricity every day for 1 hour and all Sundays of the year without a car
Policy options	<b>No change</b>	<b>Carbon tax and full investment subsidy</b>  Tax on coal, gas and oil consumption at home and one-off, full co-financing of a heat pump, photovoltaic panels, insulation of a building or an electric car from the state budget
Net monthly income of your household	5500	6160
Monthly benefit/loss for your household	0	+660