

# Policy instruments to tackle social inequalities related to climate change

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The [original full study](#)<sup>1</sup> assesses the extent to which policy frameworks at EU and national level are equipped to tackle the socioeconomic impacts associated with climate action policies, identifies gaps and outlines recommendations for action.

## Background



There is widespread agreement that urgent action is needed to mitigate climate change and adapt to its inevitable consequences. The EU has put in place a variety of climate action policies and multiple EU funds are available to support Member States and stakeholders transition to a low-carbon, green economy. However, climate action policies can result in both positive and negative socioeconomic impacts. It is now clear that if ambitious climate action policies are to be successfully implemented, policymakers need to seriously consider and respond to their socioeconomic effects. This study analyses the effectiveness of policy design – at both EU level and in the Member States – in tackling social inequalities related to climate action policy, as well as to identify gaps and areas for further action.

## Key findings

The literature on the **socioeconomic impacts of climate change mitigation and adaptation policies** is still in its early stages, with more research available on mitigation than adaptation policies. There is little research on the magnitude of impacts of either mitigation or adaptation; of the few studies that exist, gender, race, and ethnicity are the most studied dimensions of inequality, whilst disability, class and quality of life (including access to health and education) remain under-studied. Generally, the socioeconomic impact of climate change mitigation policies is highly dependent on the design of those policies. Climate adaptation policies tend to have progressive impacts on quality of life and regressive impacts on access to services and affordability of housing.

Fourteen **EU-level climate policy instruments** and twelve **EU funds** were analysed to identify whether they recognise the socioeconomic impacts and dimensions of inequality identified in the existing literature. Overall, the majority of EU climate policy instruments demonstrate limited recognition and narrow understanding of the negative or positive socioeconomic impacts that could arise from their implementation – such recognition tends to focus on employment. Three funds were found to target the potential impacts of climate action policies directly, while the remainder could target the various impacts indirectly. Overall, employment impacts were covered most frequently. All inequality dimensions are covered by most funds, albeit indirectly, through the inclusion of general requirements for equality and inclusion in their horizontal principles. The EU funds can also target different vulnerable groups as their final recipients (see Figure).

In the **five analysed Member States** (Austria, Greece, the Netherlands, Slovakia, Spain), the socioeconomic impacts most frequently assessed include impacts on Gross Domestic Product (GDP) and economic development, job loss/creation, disposable income, and public health. Assessment is usually ad hoc and there is no standardised methodology. The types and objectives of measures adopted to address the socioeconomic impacts of climate mitigation are similar across countries and mainly consist of: 1) providing support towards improving energy efficiency and renovating buildings; and 2) increasing energy access. Given the higher exposure and/or vulnerability to climate hazards of certain groups, national adaptation strategies and plans highlight the need to account for existing disadvantages when developing adaptation measures/plans.

The analysis identifies a **general gap** in that there is limited systemic examination of the social impacts of climate action policies at both EU and Member State level, including rather limited recognition of impacts on certain dimensions of inequality, such as ethnicity or race. Nevertheless, the gaps identified do not point to an urgent need to introduce new policy instruments or funds. A more appropriate avenue for action is to improve the understanding of climate action policies' socioeconomic and inequality impacts and to strengthen the use of existing instruments and funds to address those impacts. Hence, the following recommendations are proposed:

- Promote further research into the impacts of climate policies and raise awareness of the issue;
- Promote improvement of data quality to better understand the social dimensions of climate policies;
- Build up the administrative and technical capacity of different stakeholders;
- Ensure that there is more collaboration and involvement of relevant stakeholders in the entire policy-making process;
- Provide guidance on how to assess the social impacts of climate policies and establish clear EU-wide definitions, such as for 'vulnerable consumers' and 'energy/transport poverty';
- Provide guidance on how to consistently assess the social impacts of climate policies throughout the policy cycle;
- Increase efforts to reach the final recipients of EU funds (especially when they are not eligible beneficiaries);
- Make the disbursement of EU funds conditional on clearly assessing and addressing the social impacts of climate policies;
- Assess the performance of existing EU funds, with emphasis on their horizontal principles and complementarity between funds.

### Final recipients, by EU fund

Legend:

Fund	Indirect targeting		Through horizontal principles		No targeting	
	Vulnerable regions	Households in or at risk of energy poverty	Households in or at risk of transport poverty	SMEs	Unemployed	Other vulnerable groups*
JTM Pillar 1 – JTF						
JTM Pillar 2 – InvestEU						
JTM Pillar 3 – PSF						
SCF						
EGF						
RRF**						
REACT-EU**						
ESF+**						
ERDF						
Erasmus+**						
LIFE						
Horizon Europe						

Source: Authors' own elaboration, 2023.

Note: \*Can include young people, older people, women, people with disabilities, people with migrant backgrounds or other racial/ethnic origin – these groups are usually covered indirectly by horizontal principles on equal treatment and opportunities for all; \*\*These funds include actions that specifically target vulnerable young people.

<sup>1</sup> Gancheva, M. et al., 2023, *Policy instruments to tackle social inequalities related to climate change*, publication for the Committee on Employment and Social Affairs, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2023/740081/IPOL\\_STU\(2023\)740081\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2023/740081/IPOL_STU(2023)740081_EN.pdf).

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IP/A/EMPL/2023-09; Manuscript completed: April 2023; Date of publication: May 2023

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