





equality

Shaping an inclusive energy transition

Rising inequalities and climate change are characterizing a new normal



COVID effects are magnified by the New normal while showing even clearer the need for energy transition

Climate Change 		Energy Transition 
Negatively affects health and increases inequality	 HUMAN BEINGS	Positively affect health and decrease inequality
Growing pressure on planetary boundaries	 NATURAL CAPITAL	Lower pressure on planetary boundaries

Methodology in a nutshell



Shaping an inclusive energy transition

A comprehensive approach

Modelling and lessons learnt to ensure positive effects of selected bouquet of decarb policies, aiming at 95% CO₂ reduction by 2050.

In vitro

Analyzed the impacts of six key policies on economy, jobs and inequality up to 2050 in EU27+UK and EU macro-regions.

Real life check

Results helped select and analyzing case studies.

Policy options

Outlined policy options which, if combined – considering Covid-19 crisis – show that an inclusive energy transition is possible for the benefit of all.

Climate policies in vitro: the impact on equality

Gini coefficient

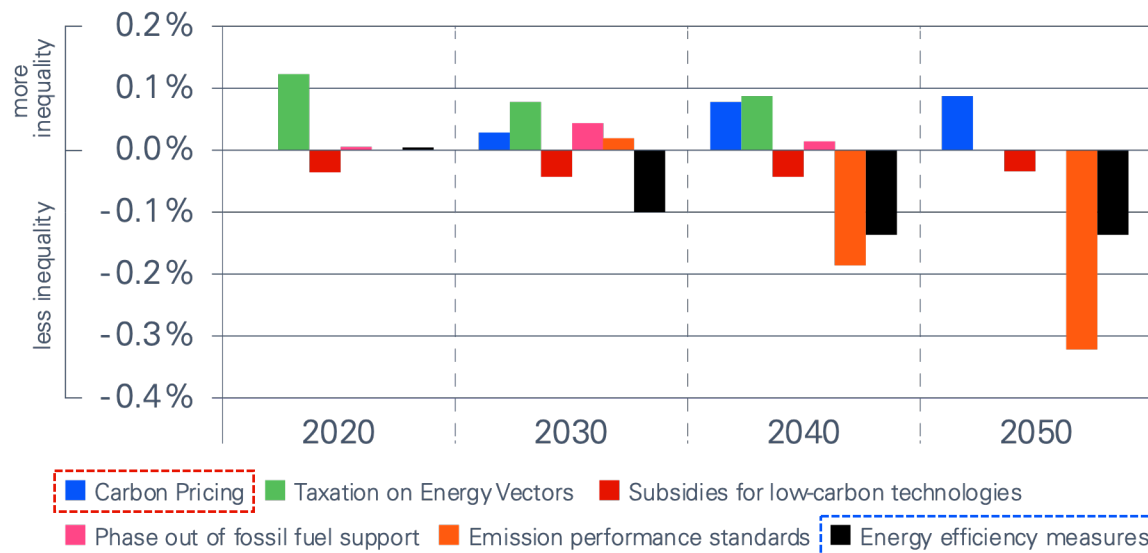


Only one person
has all the income



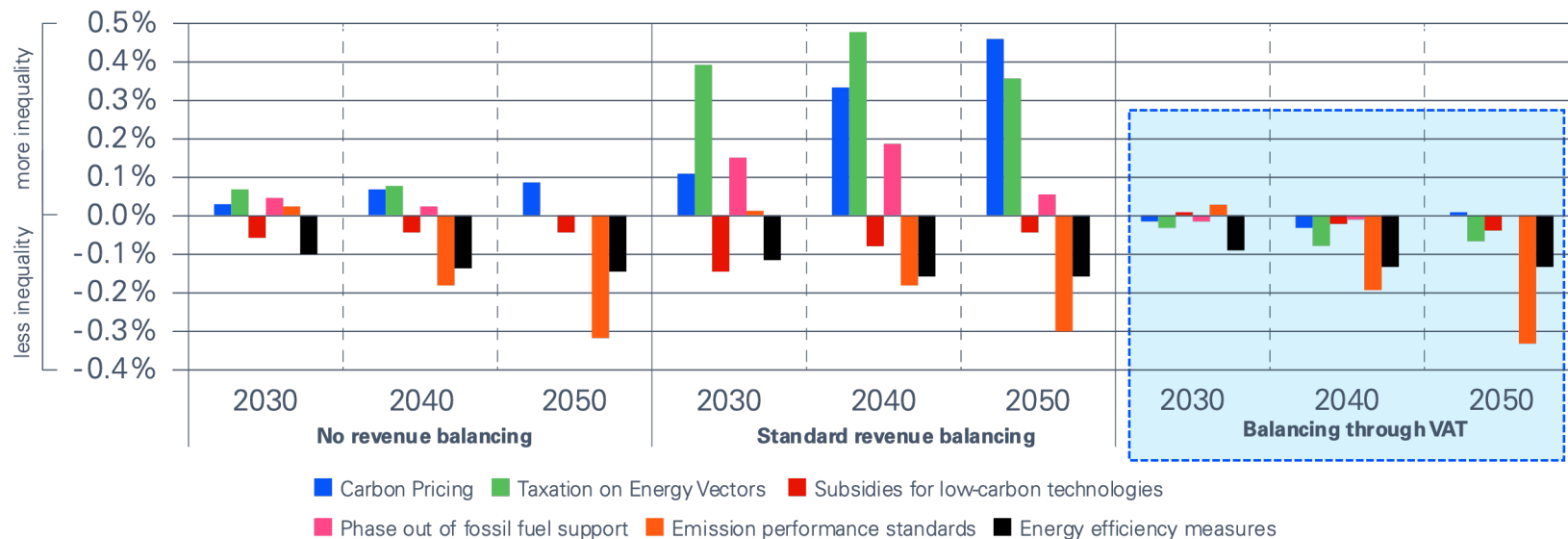
Everybody has
the same income

GINI index variation for individual policy scenario without revenue balancing (EU27+UK)

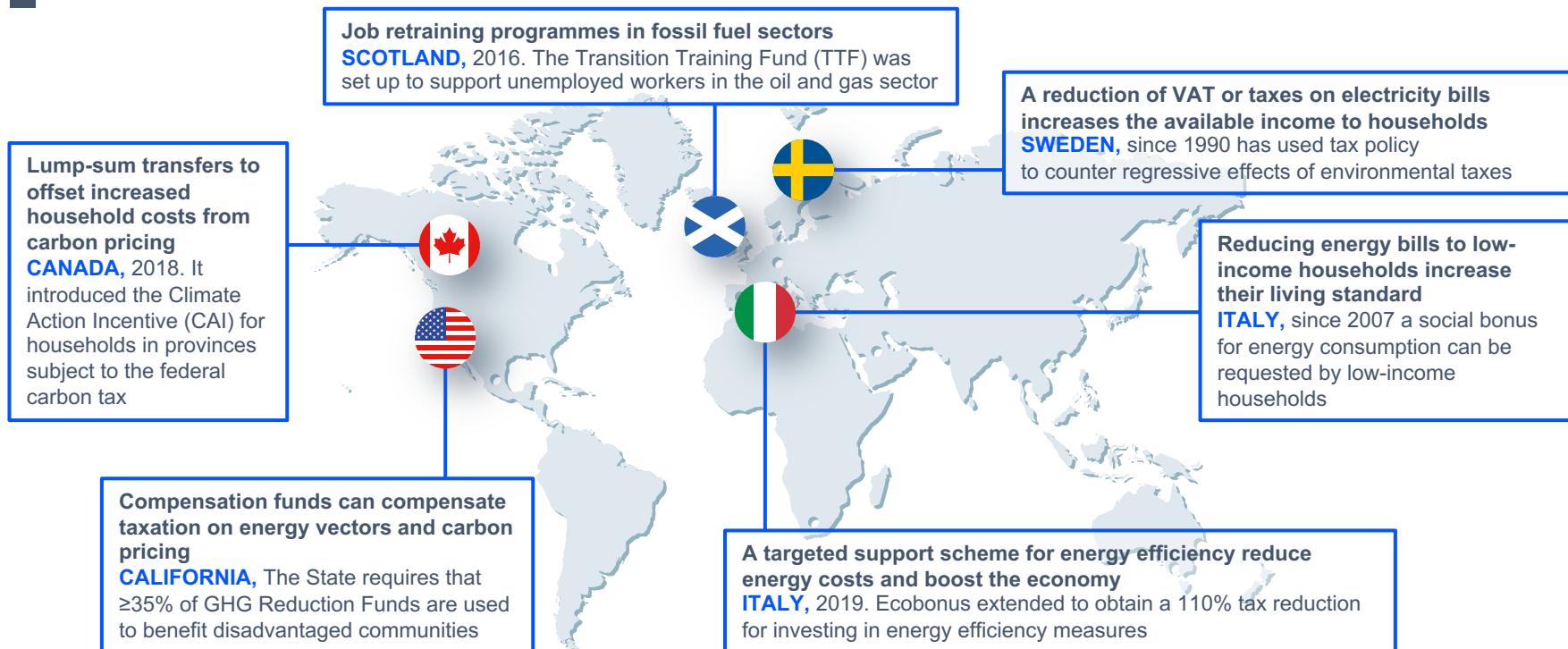


Policymakers have a key role in managing distributional effects

GINI index variation for individual policy scenario with revenue balancing (EU27+UK)



Mitigation case studies are showing practicable pathway



A well-balanced package of decarb policies should brace an inclusive energy transition

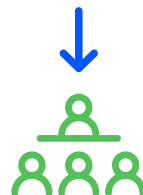
Considering their simplicity, effectiveness, and deployability into EU, four key mitigating policy options were selected



Redistributing revenues through **lump-sum transfers** on per-head basis or **lowering VAT / taxes on electricity** to the general public



Implementation of **targeted energy efficiency measures** with no upfront costs, specifically targeting low-income households



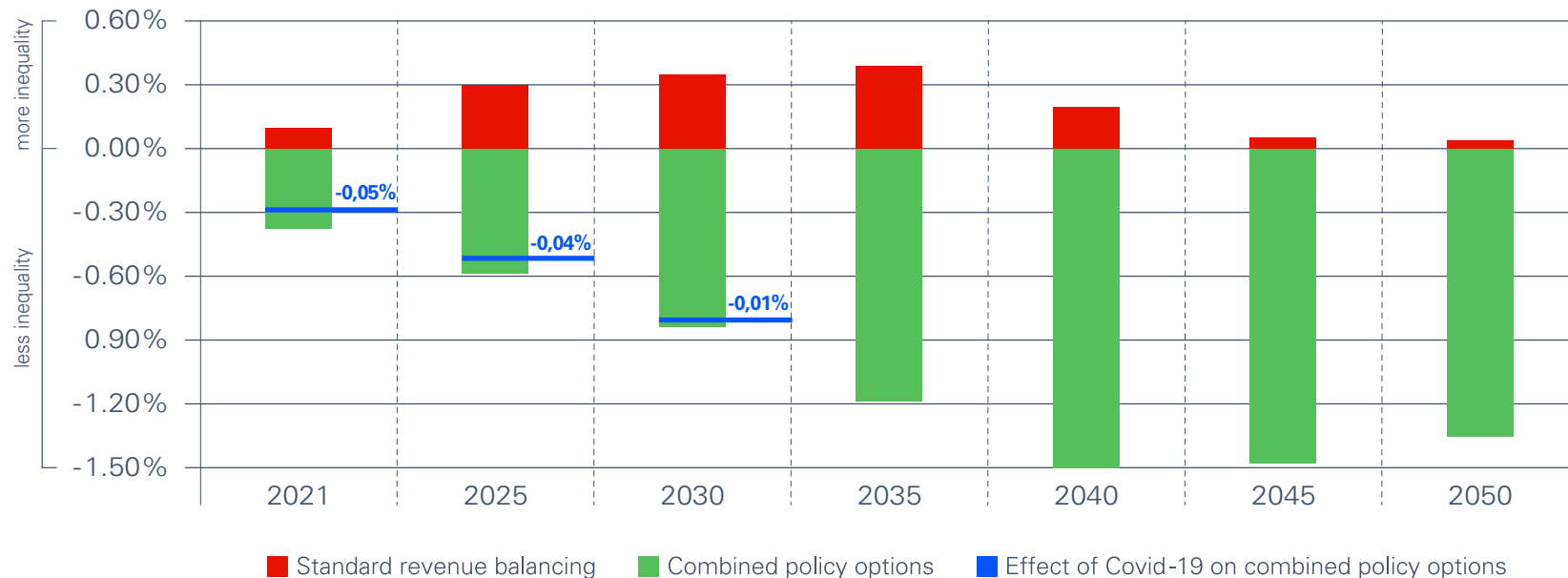
Long-term **job retraining programmes** to avoid unemployment in affected industries



Funding of subsidies for new low-carbon technologies via general taxation or using carbon revenues to avoid uneven bearing of the costs

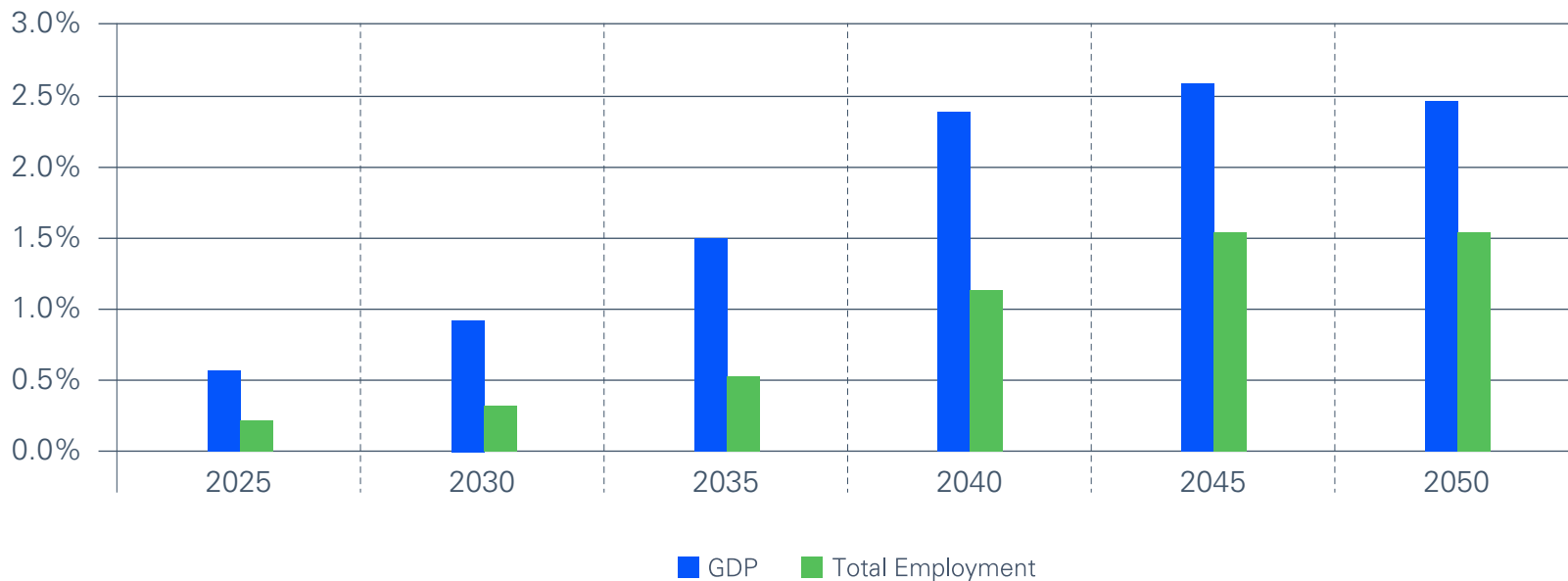
The combined policy options can ensure more equality...

GINI index variation for combined policy options in EU27+UK



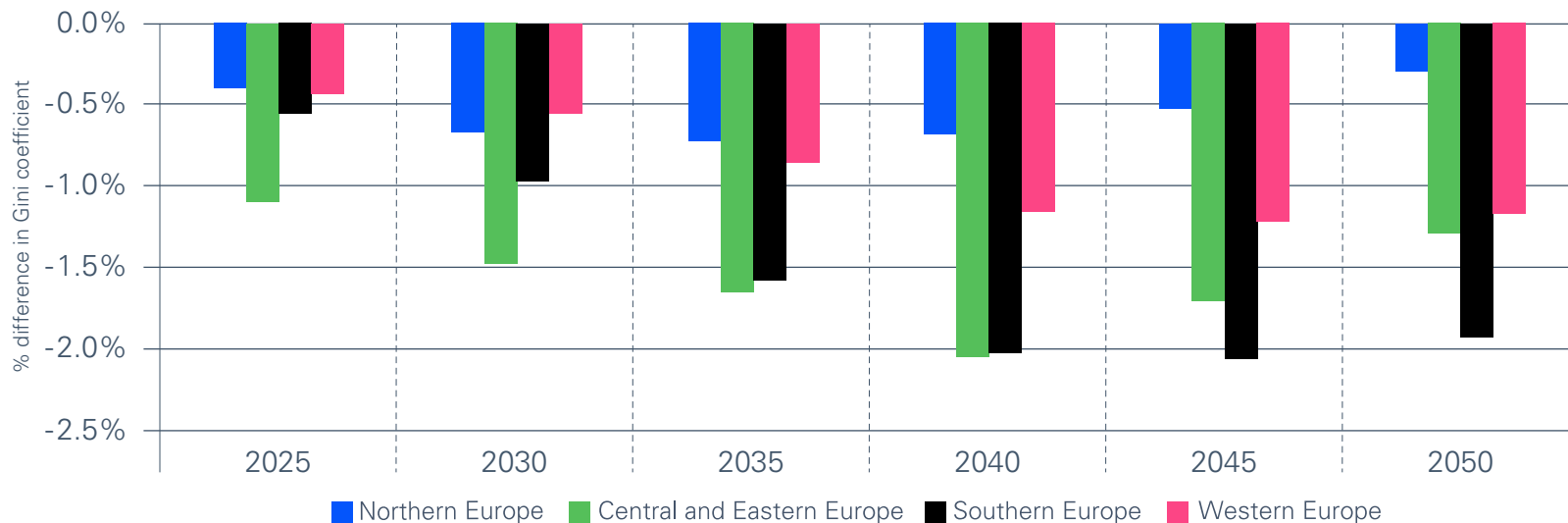
... increase GDP and employment...

EU27+UK macroeconomic impacts of combined policy options



... and have a progressive effect in all EU regions

Distributional effect across EU macro-regions - Combined policy options





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