SOCIAL CLIMATE FUND

AN OPTIMAL TOOL TO EMPOWER VULNERABLE TRANSPORT USERS

The key objective of the Social Climate Fund (SCF) is to support the most vulnerable citizens affected by the extension of the EU emissions trading system (ETS) to the buildings and road transport sectors (ETS2). For the transport sector in particular, the Fund will be used for direct income support and investments in sustainable mobility. This paper demonstrates that investing in affordable, accessible and abundant local passenger transport and its decarbonisation is the most impactful and energy-efficient type of intervention, ensuring that no vulnerable transport group will be left behind during the green transition. UITP calls on the European Commission and the Member States to prioritise use of the Fund accordingly.

KEY TAKEAWAYS

As the European Commission is currently preparing guidance for the Member States' national Social Climate Plans, UITP wants to highlight the key role of measures and investments related to urban, local, regional and rural passenger transport. Investments in public transport benefit the many, not the few.

 # Local passenger transport is the most societal-friendly, environmentally-mindful and energy-efficient mean of sustainable and smart urban, local, regional and rural mobility across Europe.

 # Its passenger capacity – together with affordability, accessibility and cost-effectiveness – has made public transport the mode of choice for the most vulnerable mobility users.

 # Investing in public transport services, but also in greening its fleets and ensuring resilient infrastructures, will be the most powerful way for the SCF to deliver on its transport objectives.

WHY THE SOCIAL CLIMATE FUND MATTERS

The SCF Regulation is part of the Commission's flagship climate initiative, the 'Fit for 55' legislative package, aiming at reducing greenhouse gas emissions in the EU by at least 55% until 2030. It is intended to cushion the effects of extending the EU emissions trading system to buildings and road transport (ETS2), a system which will become fully operational in 2027. From 2026 onwards, the SCF will provide Member States with dedicated funding directly targeting the most affected vulnerable groups, such as households, in energy and transport poverty. The Member State governments may use the SCF to support structural measures and investments in zero- and low-emission mobility solutions, with the option of spending part of the resources on temporary direct income support where deemed required.

All these measures and investments will be compiled in national Social Climate Plans to be submitted by June 2025 as part of the scheduled updates to the national energy and climate plans. The plans first have to be submitted for consultations with local and regional authorities as well as other relevant stakeholders. They should include national and regional actions to carry out measures such as the uptake of zero- and low-emission mobility and transport. The Commission will then assess the plans and disburse payments to the Member States only if the milestones and targets set in the plans are achieved, building on the basic features of the current Recovery and Resilience Facility. The implementation of the Fund on the ground will focus on actions often carried out at local and regional levels.

The SCF will pool revenues from the auctioning of allowances from the ETS2 as well as 50 million allowances from the existing EU ETS. Together with a mandatory 25% contribution by the Member States to their Social Climate Plans, the SCF should mobilise at least €86.7 billion in funding. The ETS2 aims to reduce greenhouse gas emissions by 42 per cent by 2030 (compared to 2005 levels).

HOW LOCAL PUBLIC TRANSPORT TACKLES MOBILITY POVERTY

As the Member States are obliged to provide evidence for certain transport measures and investments to benefit vulnerable households and transport users (Art. 9 of the SCF Regulation), UITP wants to highlight the critical role local public transport plays in effectively addressing transport poverty at the urban, regional and rural level. Hereby, UITP also wishes to showcase why and how local public transport-related investment measures can be optimally integrated into financing eligibilities to be included under the SCF support criteria.

Supporting vulnerable groups is central for the SCF, especially helping out those affected by transport poverty. According to the SCF Regulation (Art. 2(2)), transport poverty means "individuals' and households' inability or difficulty to meet the costs of private or public transport, or their lack of or limited access to transport needed for their access to essential socio-economic services and activities, taking into account the national and spatial context".

As such, transport poverty needs to be viewed through a more complex lens, and in the context of 1) a cost issue, as well 2) transport accessibility, and finally 3) overall social disadvantages. But there is more to that. According to the Tampere University, transport poverty "can be defined as

a phenomenon that consists of four concepts: mobility poverty, transport affordability, accessibility poverty and exposure to transport externalities. Transport poverty is also linked to many issues, for example well-being, housing and social exclusion. Groups that are especially exposed to transport poverty are: 1) low-income households, 2) households without a motorised vehicle, 3) persons too young or old to drive a car, 4) persons with physical or cognitive limitations, 5) minority households and 6) immigrants."[1].

Improving local public transport is one of the most pressing needs for rural, regional and peri-urban dwellers and commuters alike, allowing to foster economic development, improve social equity and better address both the mobility poverty as well as the climate crisis[2]. However, solutions cannot be simply copied from urban areas as they must embrace unique local circumstances. The evolution of mobility has redefined local public transport and unlocked new possibilities. Combining public transport with more tailored on-demand and shared mobility services has been successful in overcoming long-standing mobility deficits and accessibility issues in peri-urban, low-density, regional and rural areas. Successful strategies have so far embraced different geographical scales and needs of those areas.

Moreover, it is worth noting that public transport alone will not be sufficient in addressing all structural factors related to overall poverty and social vulnerability. In this context, one can refer to pertinent observations made in the 2015 European Parliament's study on *Social Inclusion in EU Public Transport*, where it has been evidenced that "public transport is not the only way to reduce the mobility problems of disadvantaged groups. Addressing mobility issues related to social inclusion requires interaction between transport and welfare policies.[3]" Along these lines, all future (transport) challenges related to demographic ageing, poverty, migrations and geographical disadvantages need to be carefully taken into account across all relevant policymaking efforts. This is equally important for all groups potentially at risk of social exclusion, including disabled people, the elderly, families with children, low-income people, migrants, and women, among others.

What's more, tackling transport poverty while developing good public transport for vulnerable users is key to achieve the SCF environmental objectives, since personal motorised vehicles have been congesting and polluting in and around European cities for decades. These vehicles have numerous negative externalities, including air and noise pollution, road deaths, rising energy and infrastructure costs, further isolation of the non-motorised populations as well as greenhouse gas emissions what exacerbates the climate crisis even further.

Car-oriented land use reinforces the reliance on cars – whether with internal combustion engines or electric vehicles – for the satisfaction of basic needs especially in low-density areas. This is referred to as the vicious cycle of car dependency. It also shows how urban cores, where congestion might be more visible, and peri-urban areas are linked together. That is why developing better urban and regional public transport for peri-urban, rural and regional areas is so critical.

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[1] See, research.tuni.fi/verne-en/research/transport-poverty
[2] For in-depth analyses, see UITP Knowledge Brief, *The rural mobility challenge for public transport*, 2022.
[3] See, europarl.europa.eu/RegData/etudes/STUD/2015/540351/IPOL_STU(2015)540351_EN.pdf

What is equally important is not only the available and high-quality public transport services, but also the improvement of the road and public space infrastructure, ensuring safe and attractive walking environments around bus stops, train stations and other mobility hubs. This encourages people to walk more. Together with attractive cycling conditions, the active modes of mobility let public transport systems extend their total service area even further, allowing to serve lower-density perimeters such as suburbs and rural areas. Also safe and comfortable cycling and micromobility parking at stations increase public transport attractiveness by a meaningful degree. In the situation of pre-COVID Netherlands, for instance, more than 40% of train passengers (1.2 million daily) travelled to railway stations by bicycle, supported by the regulatory efforts around the 'Action Plan for Bicycle Parking at Stations'.

Moreover, improved infrastructures, especially for local public transport, have been identified as one of the most pressing needs for less accessible areas in the long-term vision for the EU's rural areas of the European Commission's strategy for 2019-2024 (*A new push for European democracy*). The need for a broader strategy has also been promoted in the recent communication on the new EU Urban Mobility Framework, whereby 424 cities of the TEN-T urban nodes will have to include integrated links between rural, peri-urban and urban areas in their sustainable urban mobility plans (SUMPs). Finally, the OECD's International Transport Forum makes the case for Sustainable Regional Mobility Plans (SRMPs) as strategies that reflect unique local circumstances, and cannot be simply extrapolated from urban frameworks[4].

This is why financing measures potentially offered by the SCF optimally come into play. Except for a limited number of commercially viable transport options such as interurban links, public service obligated local, regional and rural passenger transport services require substantial financial support. Funding must be sustained in the long-term with a strategy ensuring transport options go beyond the pilot phase of many services. While there is a need for more innovative mechanisms to raise finance, cost-effective use of EU funding is key. Since years now, public transport operators has been successfully realizing projects to attract new customers, especially in rural and peri-urban areas, as well as across local geographies inhabited by economically less well-off populations. With long-term funding, they can further maintain and expand on these offerings.

PUBLIC TRANSPORT BENEFITS

Bustling cities • Clean air • Saving the planet • Boosting the economy
Local jobs • Accessible & affordable • Quality of urban life • Healthy, active lifestyle
Number one in safety • Innovation • Noise reduction • Connecting people

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[4] ITF, *Innovations for Better Rural Mobility*, 2021, see itf-oecd.org/sites/default/files/docs/innovation-rural-mobility.pdf

CASE STUDIES

Several case studies across Europe can illustrate how local public transport measures effectively combat transport poverty and support vulnerable households. Various European cities are addressing transport poverty through a combination of affordable fares, expanded and accessible transport networks, and targeted subsidies for vulnerable groups. These measures not only enhance mobility but also contribute to social inclusion and economic opportunities for disadvantaged populations – a centrepiece for any effective financial intervention from the SCF.

Barcelona (ES)

Barcelona has implemented a comprehensive strategy to improve public transport accessibility and affordability. This includes expanding the metro and bus networks, offering subsidized fares for low-income residents, and introducing the "T-16" card, which provides free travel for children under the age of 16. These measures aim to ensure that all residents, particularly those in low-income areas, have access to essential services and job opportunities. The T-16 ticket itself is a PVC card with a specific design on which only T-16 tickets can be loaded. In Barcelona, you can additionally buy a subsidized ticket if you are unemployed or actively looking for a job, and receive public assistance of any kind that is less than the Guaranteed Interprofessional Minimum Wage (€1.134 gross/monthly). The ticket costs €5,3 per month. On top of this, in the very Barcelona province, citizens can also scrap their car or motorcycle (without an environmental label) to get a free 3-year long public transport pass, called "T-verda" card. Since its launch in August 2017, more than 15 thousand individuals have benefitted from this policy, mainly the inhabitants of Barcelona city (63%), many of which (37,5%) over 60 years old.

Moreover, across the whole of Spain, and until at least December 31, 2024, the government anti-crisis measures are in force, including subsidies for urban transport and free use of commuter and medium-distance trains. This applies to the entire population, irrespective of age, income or employment status. The subsidy for public transport is at the level of 30%, provided that regions and authorities commit to increasing this discount to the level of 50%. In Madrid, for instance, this subsidy is currently at the level of 60%. Madrid has also introduced the "Blue Card" system, which is a public transport card for residents who meet certain requirements and income limits, and which allows unlimited use of urban public transport, such as bus, metro and light rail.

Denmark

Danish Flextrafik is an example where demand-responsive transport (DRT) improves the overall connectivity of public transit and contributes to empower vulnerable group. Flextrafik is used all over Denmark and includes both mandatory schemes (e.g. transport for disabled people) and voluntary schemes such as last-mile services (Plustur). Movia's Flextrafik scheme includes around 1.260 vehicles and 2 million trips annually. This DRT system solves mobility issues for those unable to use traditional public transport, for example people with reduced mobility. But Flextrafik service provision does not end there: it also offers better connectivity in rural areas with low-frequency scheduled public transport services. The possibility of blending offers from different authorities is a key factor in the optimization of this system. The core mission of the system has been defined as securing the transport of as many citizens from A to B as possible, aiming for the lowest possible cost for society – with respect for both the tax-payer and the environment. Flextrafik is primarily

financed through taxes, but some transport products include subsidized payments. Moreover, Flextrafik is a central piece in acting in combination with traditional public transport offers – particularly in low-density areas.
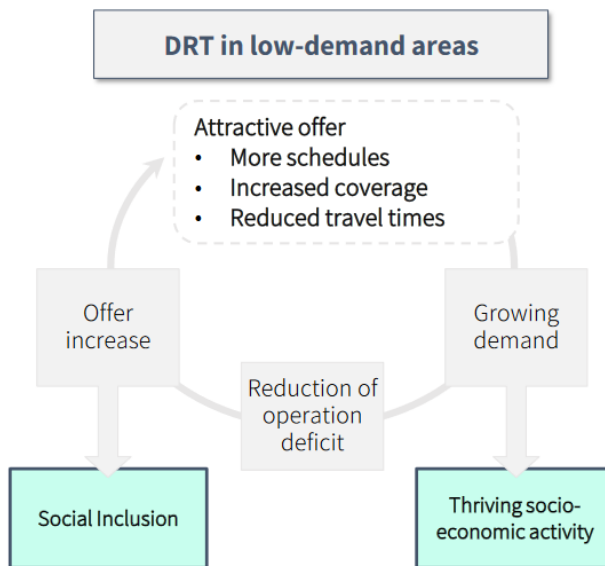
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Drenthe-Groningen (NL)

The Dutch Provinces of Groningen-Drenthe redesigned their network with mobility hubs to ensure smooth transfers and additional services to local communities. High quality public transport provision is provided by train and bus rapid transit (BRT) between urban and rural settlements. Feeder bus lines are provided between rural settlements for the first and last mile trips, with additional on-demand networks and other shared mobility options in place, connecting to the mobility hubs within an exceptional 3-layered public transport system. These levels function as a governance tool with different authorities in charge of the supply at each particular level. The network of mobility hubs not only provides access to transport options, but is composed of places of urban or rural life that provides various facilities like public or commercial services, including a post office, a site for parcel deliveries, local shops and cafés as well as decentralised services such as a university library or a doctor's practice. These hubs have been built around communities' needs to become destinations in their own right, and thus reduce the overall need to travel, making it easier for those that do need to access public transport and other mobility services.

Cagliari (IT)

Several small and medium-sized cities across Italy have made significant progress in the field of sustainable mobility, driven also by EU financial investments. Initiatives include the development of smart mobility projects aimed at improving public transportation systems and integrating innovative technologies. For instance, Cagliari has utilized EU funding to enhance its public transport networks, focusing on accessibility and sustainability to better serve vulnerable populations. These examples demonstrate a clear trend towards enhancing public transport and mobility options in small and medium-sized European cities, with a strong emphasis on social inclusiveness and sustainability. These measures not only address mobility poverty but also contribute to broader environmental and social goals.

Helsinki (FI)

Helsinki's public transport authority offers discounted tickets for different societal groups, including students, pensioners, and low-income families. Additionally, the city has invested in improving the accessibility of public transport services, such as low-floor trams and buses, and providing real-time information to assist people with disabilities.

Vienna (AT)

Vienna is renowned for its affordable public transport system. The annual pass for the city's extensive public transport network is priced at just €365, making it highly accessible for low-income households. This pricing strategy, combined with a well-connected and frequent service, helps reduce transport poverty by ensuring that all residents can afford to travel across the city.

Paris (FR)

The local authority of transport for the Paris region has implemented various fare policies to tackle transport poverty and to foster the use of local public transport in a dense and car-congested area. It has been based on criteria related to age, household composition (large families), working status (student or intern), or household revenues. The policies in place are implemented in close coordination with administrations at different levels (French State, departments, municipalities), that are also in charge of managing mobility, each within their own remit and responsible for providing financial support to tackle transport poverty. The level of complexity for the fare policy in Paris area, coupled with the coordination required with many stakeholders (cities, regions, the national state, etc) reflects the high consideration paid to the issue of transport and access poverty. Moreover, Paris has implemented the "Navigo" pass, offering significant discounts for unemployed individuals, seniors, and large families. The city also promotes the use of bicycles and electric scooters by providing extensive bike lanes and rental services, which offer an affordable and accessible alternative to traditional public transport for short journeys. Also, for the outer suburbs of the Ile-de-France region, the public transport authority partnered with carpooling providers for a service that is integrated into the local public transport offer, thanks to an intermodal trip planner and combined fares (monthly transport pass holders can use carpooling for free within the limit of 35km per trip and for a maximum of two trips per day). Looking at the available data from Karos, one of the providers involved, between January 2017 and October 2021, almost 3.8 million trips were carpooled within 760 suburban and rural

municipalities, covering 91% of the region's population. On average, 2.3 people share each trip against an average of 1.1 person occupancy per car. With an almost 50-50 split between male and female populations, the majority of users are young professionals under the age of 40.

Hannover (DE)

Hannover Region consists of a core city and 20 municipalities. The municipalities in the surrounding area range from suburban to rural, with limited public transport provision. During the last years, in order to better connect those areas, the "Sprinti" service was developed as an on-demand service and piloted in three different municipalities within Hannover Region. By the end of 2023, the service was rolled out to the rest of the tariff zone C, the outermost ring of the Region. This policy measure and subsequent investments have resulted in 1) a well-planned provision of on-demand public transport services where regular services could not be feasibly provided, but also in 2) improved public transport accessibility and convenience. Further benefits include 3) reduced need for ownership of additional individual vehicles, and finally 4) social inclusiveness for inhabitants of peri-urban and rural areas. Additionally, 5) innovative concepts like a multi-purpose use of the Sprinti vehicles during times of low demand are currently being explored. Sprinti has been developed by the Region Hannover in cooperation with the local public transport companies Üstra and Regiobus, and is currently being operated by the service provider Via[5]. Sprinti connects on-demand mobility solutions with frequently operating bus and train services to provide a well-integrated last- and first-mile mobility solution within the Region. The service can be ordered through an interactive app. The customer is then picked up within 150m from the location requested: either at an existing public transport stop within this distance, or at a virtual stop created to fulfil the on-demand request. The on-demand service is integrated within the existing tariff system and can be used without additional fares. Despite winning the German Mobility Award and record user numbers (106 000 rides in March 2024), long-term funding for the project is as of yet uncertain.

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[5] This case study has been developed in the frame of UPPER – Unleashing the Potential of Public Transport in Europe – which is a Horizon Europe project running between 2023-2026, see upperprojecteu.eu

KEY UITP RECOMMENDATIONS

In times of profound sustainability transition happening across Europe, some of us may be in a more vulnerable position than others due to lack of mobility choices and alternatives. From the socio-economic standpoints, we are indeed not all equal in relation to our capacity to move around, and to access what we need and what makes our life worthy. While we are continuing to move away from structural car-dependency towards a multimodal system with local public transport at its core, the SCF can play a pivotal role in putting inclusion and choice into the very heart of future transport systems. Increasing reliable and multimodal transport offering towards those in need can bring a plethora of positive externalities, such as vibrant local communities, socio-economic inclusion, public health benefits, and climate change mitigation, to name just a few.

This is why it is critical that the European Commission and the Member States ensure the below measures in the forthcoming national Social Climate Plans:

⇒ The SCF must include the following set of transport measures under its eligibility criteria:

✓ Decarbonisation of local public transport bus fleets and urban rolling stock with related charging depot infrastructure;
✓ Measures related to maintaining, improving and developing infrastructures for local public transport, walking and cycling, including mobility hubs;
✓ Fiscal incentives for the purchase or leasing of bicycles and micro-mobility options;
✓ Direct subsidies to local public transport usage, shared mobility subscriptions, and on-demand transport services.

⇒ The SCF must focus on providing sustainable passenger transport options, rather than compensating commuters or subsidising procurement of electric cars with their recharging infrastructure.

⇒ The SCF's financing preference must favour long-term structural support over short-term individual direct income support, and must not replace existing and recurring national budgetary expenditures related to local public transport development.

⇒ The SCF must cover both the urban areas as well as suburban, regional and rural territories which may be present less of commercial and innovation potential related to mobility-as-a-service, transport-on-demand, or artificial intelligence applications.

⇒ The SCF's targeting and management should be coordinated with, and safeguarded against, a plethora of already existing EU instruments such as the Just Transition Fund, European Structural and Investment Funds, Recovery and Resilience Facility, Connecting Europe Facility, or InvestEU; this will ensure good absorption rates as well as help anticipating administrative workload at national and local levels to handle all available programmes.