

The EU Social Climate Fund: Advocacy Guidance Document

8 October 2024

Holger Haubold, Director IP + Data Collection, h.haubold@ecf.com (ECF)

Lauha Fried, Policy Director, l.fried@cyclingindustries.com (CIE)



Cycling
Industries
Europe

1. Background

What is the Social Climate Fund?

In March 2023, the EU institutions adopted the Regulation establishing the **Social Climate Fund (SCF)**. The SCF is designed to **address the social impacts of creating an emissions trading system for the building and road transport sectors**, and the rising costs that might ensue especially for **households, micro-enterprises and transport users** that are particularly vulnerable to energy and **transport poverty**.

The fund will provide almost **€87 billion** in targeted support to all EU Member States **between 2026 and 2032**.

How will Member States access the Social Climate Fund?

By **June 2025**, Member States must submit **Social Climate Plans** to the European Commission for review and approval. [The authority responsible for the preparation of the plan in each Member State can be found here.](#) The Commission then evaluates national plans based on their relevance, effectiveness, efficiency, and coherence. When drafting their plans, **Member States must organise a public consultation** with local and regional authorities, representatives of economic and social partners, relevant civil society organisations, youth organisations and other stakeholders.

The allocation of the Social Climate Fund to Member States depends on the percentage of the population at risk of poverty in rural areas, CO2 emissions from fuel in homes, percentage of households at risk of poverty with arrears on utility bills, total population, and GNI per capita. Poland (17.6% of the SCF's budget), France (11.2%), Italy (10.8%), Spain (10.5%), and Romania (9.3%) will be the Member States receiving the largest shares from the fund.

The table below shows the allocation per Member State:

Member State	Share as % of total
Poland	17.6
France	11.2
Italy	10.8
Spain	10.5
Romania	9.3
Germany	8.1
Greece	5.5
Hungary	4.3
Bulgaria	3.9
Belgium	2.6
Czechia	2.4
Slovakia	2.4
Croatia	1.9
Portugal	1.9
Netherlands	1.1
Ireland	1.0
Lithuania	1.0
Austria	0.9
Latvia	0.7
Sweden	0.6
Slovenia	0.6
Finland	0.5
Denmark	0.5
Estonia	0.3
Cyprus	0.2
Luxembourg	0.1
Malta	0.1

Which measures can be financed through the SCF?

The Social Climate Fund should increase the **availability, accessibility and affordability of zero- and low-emission alternatives in the building and transport sectors** in order to address energy and transport poverty in lower income groups and micro enterprises.

The measures can include energy saving renovations, decarbonisation of heating and cooling systems, and zero/low-emission vehicles. Member states can use SCF funds **for fiscal incentives or financial support** to make zero- and low-emission vehicles **and bicycles** more affordable, or to modernise infrastructure. The SCF Regulation specifically mentions the development of a second-hand zero-emission vehicles market, incentivising the use of affordable and accessible public transport and supporting private and public entities to provide accessible and zero-emission transport options, **shared mobility services (e.g. bike sharing)** and **active mobility options, including cycling infrastructure**. The Commission has issued [guidance on good practices for cost-effective measures and investments](#) and published [a set of recommendations specifically for the transport sector](#) as formulated by the Subgroup on Public Transport and Shared Mobility of the Expert Group on Urban Mobility

2. Cycling alleviates transport poverty – arguments for including cycling in Social Climate Plans

What is transport poverty?

The Social Climate Fund Regulation defines ‘**transport poverty**’ as “*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 socioeconomic services and activities, taking into account the national and spatial context.*”

Supporting research by DG EMPL highlights that the three main factors that contextualise transport poverty are **availability, accessibility and affordability**.¹

How does cycling address the three main factors of transport poverty?

Cycling, together with walking, is the mode of transport which is **best placed to provide basic access to essential socioeconomic services and activities** in the nearby environment to those who are vulnerable to transport poverty. Focussed cycling interventions have a proven record of reaching people experiencing and at risk of transport poverty. **Cycling is available, accessible and affordable.**

Enabling more people to cycle safely is a quick, reliable and cost-effective way to alleviate transport poverty.

- Cycling, including electric cycling with e-bikes, is a mobility choice that can easily be made **available** to people at risk of transport poverty of all ages and abilities – in urban, peri-urban as well as rural areas.
- Cities and regions that enable more and safer cycling ensure that basic goods and services, jobs and other socioeconomic opportunities are more **accessible** by bicycle to the target population. This also fosters greater equity and inclusiveness, as high quality cycle paths and sidewalks are also ideal infrastructure for wheelchairs, trikes and other mobility supports.
- Cycling is an **affordable** mode of transport, which makes it the most relevant choice in the Social Climate Fund for reaching people on low incomes. Using a recent study on the costs of car use, we found that even when using conservative assumptions about bicycle prices and life cycles, [private ownership of a bicycle can be 14 times cheaper than owning an Opel Corsa and 27 times cheaper than a Mercedes SUV.](#)

¹ Oeko-Institut, Cambridge Econometrics, University of Manchester, WiseEuropa, CSD, ecoserveis (2024): Transport Poverty: Definitions, Concepts, Indicators, Data Insights. Study under preparation for European Commission DG Employment, Social Affairs and Inclusion

Which other dimensions of transport poverty does cycling address?

A publication by the EU-funded HI-REACH research project² names additional dimensions of transport poverty, which cycling helps to alleviate as well:

- **Time budget:** Cycling is often the fastest way to move around in congested urban areas. According to the German Federal Environmental Agency, cycling is faster than taking a car in urban areas for door-to-door trips up to 5 kilometres.³ In addition, especially in peri-urban and rural areas, cycling boosts uptake of public transport by multiplying the catchment areas of public transport stops with an acceptable travel time.
- **Adequacy:** This dimension relates to travel conditions that are dangerous, unsafe or unhealthy for the individual. While safety is an external factor concerning all modes of transportation and can be improved through investments in safe infrastructure for cycling, the benefits of cycling and walking in making transport more healthy are specific to these modes and well-documented:
 - Cycling for 20 minutes on most days reduces mortality risk by at least 10%;
 - Active commuting is associated with about a 10% decrease in risk for cardiovascular disease and a 30% decrease in type 2 diabetes risk; and
 - Cancer-related mortality is 30% lower among bike commuters.⁴

At the same time, the WHO and the OECD estimate the cost of physical inactivity in the EU, which is also linked to sedentary lifestyles caused amongst others by car dependence, at €8 billion per year.⁵

- **Exposure to transport externalities:** This dimension relates to the unequal distribution of the risks, benefits and possible harms of transportation. While motorised transport modes create negative externalities to which vulnerable groups might be disproportionately exposed, like air and noise pollution, increased cycling levels help to decrease these negative externalities, creating benefits for society as a whole, and especially for these groups.

² Kuttler, T., & Moraglio, M. (Eds.). (2020). Re-thinking Mobility Poverty: Understanding Users' Geographies, Backgrounds and Aptitudes (1st ed.). Routledge. <https://doi.org/10.4324/9780367333317> , p.6

³ Umweltbundesamt (2020): Wegevergleich: von Tür zu Tür im Stadtverkehr. https://www.umweltbundesamt.de/sites/default/files/medien/366/bilder/dateien/wegevergleich_uba.pdf

⁴ WHO Regional Office for Europe (2022). Walking and cycling: latest evidence to support policy-making and practice. <https://www.who.int/europe/publications/i/item/9789289057882>

⁵ OECD/WHO (2023), Step Up! Tackling the Burden of Insufficient Physical Activity in Europe, OECD Publishing, Paris, <https://doi.org/10.1787/500a9601-en>

3. Principles for action: Investing in cycling through the Social Climate Fund

Which cycling measures can be financed concretely through the Social Climate Fund?

The provisions in the Regulation establishing the Social Climate Fund have the potential to substantially contribute to **supporting and growing cycling** as an **accessible** and **affordable mode** that can be highly targeted and effective in reaching those **vulnerable to transport poverty**, since **bicycle purchase subsidies/tax incentives (including leasing and microfinancing)**, **bike sharing schemes** and **cycling infrastructure** are all included in the list of measures that can be financed through national plans, **provided Member States choose to incorporate them**.

The annex to the regulation contains a concrete list of **common indicators for the monitoring of the national plans** and the SCF as a whole. The output indicators related to cycling translate the measures quoted above into tangible impact for cycling promotion. The following output indicators are related to cycling:

- **Indicator 23: Number of bicycles and micro-mobility vehicles supported by measures and investments financed under the Fund.**
 - ⇒ Purchase subsidies, tax incentives, leasing and microfinancing schemes improve **affordability and availability**, especially also of electric bicycles and cargo bicycles with their high potential to replace cars for private and commercial mobility and logistics;
- **Indicators 26 + 27: Additional shared mobility and mobility on demand solutions**
 - ⇒ Bike sharing solutions improve **availability, accessibility** and **affordability** - extending the public transport network through the provision of shared bikes, also as a last-mile solution for transport nodes.
- **Indicator 28: Length of dedicated cycling infrastructure newly built or significantly upgraded by projects supported under the Fund.**
 - ⇒ Building cycling infrastructure in areas experiencing transport poverty improves **accessibility** and **adequacy**: Many communities at risk of transport poverty suffer increased road safety risk, which makes regular trips by bike extremely difficult.⁶ This requires action to slow traffic speeds, reduce traffic volumes and create safe infrastructure both within and on key connecting routes from areas where there is high transport poverty.

⁶ Quayle (2019). Investing in cycling to tackle transport poverty and promote equity.
<https://www.starconference.org.uk/star/2019/Quayle.pdf>

4. Best-practice examples for cycling measures that can be financed through the SCF

The actual inclusion of cycling-related measures addressing all dimensions of transport poverty and the related indicators in the Social Climate Plans will depend on Member States' decisions. Therefore, it will be crucial that they receive proper guidance on how to include cycling measures in their plans, including best-practice examples.

Purchase/use of zero emission vehicles

Reduced prices for bicycles and especially e-bikes through subsidies, long-term rental and leasing, differentiated by income levels or aimed at lower-income areas at risk of transport poverty – improving affordability and availability.

These schemes can be stand-alone schemes with restricted access to low income households, or additional funding can allow public bodies to substantially increase the discounts to those at risk of transport poverty.

Examples:

- [The Bruxell'Air subsidy](#). This programme shows that when low income residents in Brussels were offered subsidies across all transport modes the first choice was discounts on bikes, attracting more than double the number of applications compared to any other mode including all public transport and car-sharing options.
- An [academic study from Lausanne, Switzerland](#) showed the subsidy available there triggered the purchase of an e-bike (66.9%) specifically among people with low-incomes, who buy their first e-bike or a less expensive model.
- Use of these approaches has also been tested in very low cycle use environments such as the USA, which provides valuable confirmation that they can work in settings beyond the high and medium cycle use cities in the EU where many such schemes are piloted. These review papers have the advantage of being academically verified.
 - A particularly strong paper is [“Using E-Bike Purchase Incentive Programs to Expand the Market – North American Trends and Recommended Practices”](#) which has extensive recommendations on how to tailor purchase subsidies for low income or other equity goals.
 - Also [Pilot for low income front-line workers](#) in Colorado

Reduced barriers to ownership and use through subsidies and sharing schemes for specialist vehicles such as adapted bikes, tricycles and cargo bikes – improving affordability and availability.

Groups at risk of transport poverty targeted in case studies include people with disabilities, health issues, refugees, asylum seekers and older people as well as those with lower incomes.

Examples of schemes targeting low income groups specifically:

- Cargo bike subsidy scheme for [single parents on low incomes in Aachen](#)
- [Cargo bike and trailer scheme in Mannheim](#) offering substantially increased discounts for families with a social pass (low income and other needs)
- [Cargo bike Stuttgart](#) is a similar scheme for families and single parents that give up a car, with increased discounts for those on low incomes.
- In the [city of Freising scheme](#) only low-income households as well as small businesses, non-profit organisations and cooperatives as well as homeowners' associations are eligible to apply

Micro-enterprise subsidies to take up the use of cargo bikes for deliveries and services can be targeted at businesses by the size of the enterprise. These can be in the form of low cost rental and trial services, or discounted purchasing.

Examples:

[E-cargo bike library – Glasgow](#) shows how small businesses can benefit from community provision of bikes

Scaling these examples to national level we recommend:

Two EU Member States that have had successful purchase subsidies for electric bicycles in place at national level were France (subsidy of €200, with a total budget of ca. €50 million for one year in 2017/2018)⁷ and Sweden (subsidy of ca. €1,000, with a total budget of ca. €32 million for one year in 2018).⁸ Scaled up to the EU level, the budget for these subsidies running through the 2026-2032 funding period of the SCF would be €2.3 billion in the French case and €9.6 billion in the Swedish case. Based on these national level examples for the general population, we estimate that at least €3 billion would be necessary for a targeted subsidy for vulnerable groups in the EU.

Bike sharing as part of public transport

Bike share subsidies, discounting or incentivisation for low-income households or households at risk of transport poverty – improving accessibility, availability and affordability

As with purchasing discounts, these can be schemes that only target low income households, or they can be additional discounts over and above those already available to the wider public.

Examples

- Dott [Brussels Micro-incentives](#) piloted a micro-subsidy project to assess the potential of impact funding in areas with relative transport poverty
- PIN Bike [gamification for affordability](#) targeted at low-income users, can significantly offset transportation costs, making cycling an accessible and economically viable option
- Bikes for All Glasgow – [subsidy and support scheme](#) aims to reduce inequalities in access to cycling through the provision of low-cost bike hire, by building up cycling confidence and by reducing barriers to cycling for first-time or lapsed cyclists

⁷ <https://www.senat.fr/rap/l17-108-311-1/l17-108-311-114.html>

⁸ <https://www.naturvardsverket.se/globalassets/media/publikationer-pdf/6800/978-91-620-6894-3.pdf>

- Vélo'v Lyon offers free bike sharing for up to a year for young people, students and job seekers across the whole metropolitan transport area (59 communes)
- Grenoble bike sharing service **Mvélo+** has an incentive for people and residents according to tax income, with families below a monthly earning threshold getting a special rate on the 9000 bikes in the scheme.

Structural projects to enable schemes to expand into low-income areas or areas at risk of transport poverty, targeting by geography and demographics – improving availability and accessibility.

This is comparable to the approach used in public transport where local or regional governments accept that there is a limited commercial incentive to operate in low income or currently low cycling level districts, then an operating grant is supplied to the scheme operator to enable them to operate a viable service in these areas.

Examples:

- Dott [Ghent cargo bike expansion to low-income district](#): The City of Ghent provided Dott a subsidy to offer a diverse range of shared bicycles in some peripheral areas not covered before.
- Vancouver Canada – [excellent example](#) prioritising equitable solutions to reach marginalised communities that could substantially benefit from bike share access: subsidising the membership, introducing cash payment options etc.

Scaling these examples to national level we recommend:

All bike sharing schemes in every member state should consider two criteria.

Accessibility. They must establish access to bike sharing in geographical areas of the city/region/town that have a higher density of population that are at risk of transport poverty. This must include districts that are at risk of transport poverty in terms of accessibility because public transport services are not available, infrequent or have low density. The expansion of bike sharing to these geographical areas is funded by partnership with bike sharing operators (including city owned and managed fleets), ensuring that there is a financially viable operation for those districts. Funding can include capital for docking stations, bikes and service buildings, and it can be revenue aid for operations.

According to “Shared Ambition”, CIE’s study into bike sharing in 148 cities analysed cities in the EU Climate Neutral Cities Mission and the largest of the T-ENT Urban Nodes and identified a shortfall of 200,000 bikes, of which we estimated 116,000 bikes can be targeted to expand city coverage to reach districts at risk of transport poverty. Extrapolated to all EU urban areas, Member States should budget in the Social Climate Fund for up to €10 million capital for the largest metropolises to €250,000 for a town of 50,000 population. Each city should plan for a density not less than 40-60 bikes per 10,000 inhabitants in districts where the target population lives, noting that this figure applies to scheme extensions where there is already a critical mass of bike sharing in the city to underpin operations. A new/standalone scheme will need higher levels of intervention to ensure bikes are available at destinations as well as areas where people at risk of transport poverty live.

Affordability. Secondly Member States must ensure that a bike trip (especially an e-bike trip) is available to people at risk of transport poverty at equivalent or lower rates than a subsidised

public transport ticket, typically below €2 per trip. This can be a highly targeted intervention as shown by the examples above.

To subsidise the usage of existing schemes or newly extended schemes reaching areas where people are at risk of transport poverty a budget of around €3 per ride should be used as an EU wide benchmark. For existing and extended fleets this has a value for citizens of €1.5 billion per year, assuming this subsidy was over at least two years for effectiveness, i.e. €3 billion. For Member States guidance on SCF budgets this can be in the range €25 million per year for the largest metropolises to €350,000 per year for a town of 50,000 population, with operating costs per ride likely to be higher in smaller schemes.

Safe cycling infrastructure to tackle transport poverty – improving accessibility and adequacy

Cycling is an affordable mode of transport for all. Using a recent study on the costs of car use, the European Cyclists' Federation found that even when using conservative assumptions about bicycle prices and life cycles, [private ownership of a bicycle can be 14 times cheaper than owning an Opel Corsa and 27 times cheaper than a Mercedes SUV](#). However, Recently, more attention in research and practice has been directed towards how this relative affordability can be translated into accessibility for all, meaning the provision of safe and convenient cycling infrastructure also to vulnerable groups such as those with low incomes.

Examples:

- In Scotland, [a spatial analysis of zones with high risk for transport poverty + road safety in deprived areas](#) showed that:
 - 61% of high risk data zones are areas where essential services can be accessed by bike within 10 minutes. Cycling could present a viable alternative to driving to access services in these areas.
 - At the same time, crashes involving active modes are more prevalent in deprived areas – this is a barrier to more cycling that can be addressed with investments through the SCF.
 - There is clearly a need for more safe cycling infrastructure to tackle transport poverty and higher .
- Researchers from the University of Porto in Portugal [have developed a new planning tool for assessing the relative equity impact of bicycle planning \(TIRE\)](#), which provides a micro-scale spatial assessment of the effects of cycling network allocation on the accessibility levels of distinct socioeconomic groups. They applied the tool to the implementation of the cycling strategy in Lisbon and could reveal hotspots in the city where the cycling network distribution is equitable and areas where disadvantaged representatives have levels of accessibility below the municipality's average, thus requiring special attention during the infrastructure planning process. In addition, the tool supported local planning practitioners in identifying target areas and equity-oriented strategies, increasing awareness about the equity impacts of cycling infrastructure allocation.

Scaling these examples to national level we recommend:

Based on ECF's analysis of OpenStreetMap cycling infrastructure data,⁹ we estimate that ca. 100,000 kilometres of additional cycling infrastructure need to be constructed in the TEN-T urban nodes in the EU. With an estimated average cost of €200,000 per kilometre for high-quality infrastructure in urban areas, a budget of €3 billion from the Social Climate Fund could finance the construction of 15,000 kilometres of cycling infrastructure in those areas that are most exposed to transport poverty.

⁹ <https://ecf.com/ecf-cycling-infrastructure-tracker>