



FROM POLICY TO ACTION:

Unlocking the Potential of Local and Regional Governments in the Social Climate Fund



INTRODUCTION

As a part of the European Green Deal, the EU introduced two major initiatives: a new Emissions Trading System (ETS₂) and the Social Climate Fund (SCF). ETS₂ expands the EU's emissions trading efforts to additional sectors to cover the emissions from fuel combustion in buildings, road transport and additional sectors (mainly small industries not covered by the existing EU ETS). The Social Climate Fund aims to mitigate the social impacts of the new ETS₂ system by providing dedicated funding to the most affected vulnerable groups, such as households facing energy or transport poverty.

The Social Climate Fund is expected to provide €86 billion over the 2026-2032 period (€65 billion fixed from auctioning of allowances, plus at least 25% of Member States' own contributions from ETS₂ auction revenues). To benefit from the Fund, each Member State should submit a Social Climate Plan to the European Commission by 30 June 2025. Member States can decide to spend their allocated amount of funding for measures and investments covering energy and mobility sectors, as well as for providing temporary and limited, direct income support to the most vulnerable households.

Instead of solely focusing on short-term cost relief activities, such as direct bill payments to households, it is recommended that Member States invest, as much as possible, in long-term energy efficiency measures, energy-saving infrastructure, as well as the uptake of zero and low-emission mobility and transport.

It is crystal clear that identifying the most vulnerable and providing tailored solutions for the optimal use of the Social Climate Fund requires knowledge about local communities, their living conditions as well as data about the situation of inhabitants, dwellings and transport infrastructure. Local and regional governments are best suited to support and provide input in the development of national Social Climate Fund plans by Member States, as they have a deep understanding of the specific challenges and socio-economic conditions in their territories. They can tailor climate, energy and mobility policies to address unique

local needs, such as specific industries, infrastructure, or community demographics that may be more vulnerable to carbon pricing impacts. For this reason, [Article 4 and Article 5](#) of the Social Climate Fund legislation require Member States to conduct public consultations with regional and local governments, as well as with social actors and relevant stakeholders. Article 22 further stipulates that Member States ensure complementarity, synergy, coherence and consistency among different instruments at the EU, national and local or regional levels, both in the planning phase and during implementation.

In June 2024, the European Commission published a set of recommendations with [good practices](#) and recommendations on [public consultation](#). In September 2024, the European Commission initiated a [Technical Support Programme](#) to which Belgium, Czechia, Denmark, Greece, Finland, Croatia, Lithuania, Latvia, Romania, and Slovakia have participated.

This briefing, based on a survey developed and realised by eight leading European local and regional government networks with their membership ([ACR+](#), [CEMR](#), [Climate Alliance](#), [Energy Cities](#), [Eurocities](#), [FEDARENE](#), [ICLEI Europe](#) and [POLIS](#)) looks into the **multilevel design of national Social Climate Fund plans**. It assesses how local and regional governments are informed, consulted and supported by their national governments in the development of national Social Climate Fund Plans. **The briefing argues that the level of government closest to citizens, local and regional governments have a huge role to play in developing policies that are adapted to the needs and priorities of local communities. It sheds light on the fact that despite several encouragements from the European Commission to include local governments in the process, the realities on the ground are currently very different.**

The survey, which this briefing is based on, is conducted between July and October 2024; this briefing is written in November 2024. **The authors of this briefing acknowledge that due to the ongoing planning process, some processes in Member**



States might have changed since this document was written. However, the variety of experiences from the local level across the EU highlights the lack of systemic involvement of local and regional governments in the design of the national Social Climate Fund Plans.

The responses to the survey varied in results: from significant delays by the national governments in their preparation of the national Social Climate Fund plans,

or pre-defining the scope of plans at the national level with simple information sharing with the local level, to proactive outreach to the local level with involvement in the co-design of the process. To avoid top-down measures that could backfire at the local level as they risk not being responsive to the realities on the ground or fail to address the most vulnerable, **the European Commission should enhance its monitoring of multilevel design, governance and implementation of the Social Climate Fund plans.**

WHY THE SOCIAL CLIMATE FUND MATTERS FOR CITIES AND REGIONS

Energy poverty arises from a combination of factors such as low income, high energy costs, and poor energy efficiency in buildings and appliances.

Against the backdrop of Russia's war in Ukraine, rising energy prices placed a higher number of people at risk of energy poverty. In 2021, 6.9% of the Europeans were unable to keep their homes warm, and this number has increased to 9.3% in 2022 and 10.6% in 2023. This worrying trend is only one indicator of energy poverty, which [more in general refers](#) to the impossibility for households to afford and maintain essential energy services. According to [JRC's recent study](#), depending on the indicator selected, between 8 – 16% of the European population can be defined as energy poor, outlining as the main determining factors high energy costs, low income, poor insulation of houses and low efficient appliances.

Regional and local authorities are at the forefront when it comes to tackling energy poverty through direct relief measures and long-term structural support. These can include direct debt relief for vulnerable households, establishing one-stop shops to guide citizens on energy-saving practices and funding opportunities, creating energy communities to promote shared renewable energy solutions, and supporting building renovations to improve energy efficiency. [Many municipalities](#) also provide direct assistance, such as energy bonuses, or subsidies for energy-efficient appliances.

In addition, [transport poverty is defined](#) as a 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, considering the national and spatial context. It is widely considered that transport poverty is a result of (1) how people and activities are distributed in space, (2) how transportation is shaped and managed to connect them, and (3) how public rules are drawn and resources are allocated to foster some degree of efficiency and equity in those connections. Recent studies, such as the one from the Netherlands that shows that [113,000 and 270,000 households in the country](#), mostly in medium-size cities, have low incomes and high fuel costs and therefore are affected by transport poverty are alarming. The insufficiencies we face today in suburban, peri-urban, and rural areas derive in good part from the way land use and transportation policies pursued over the past decades enabled and fostered individual car ownership and use, relegating other modes to a secondary role. That is why it would be key to address transport poverty through equitable policies such as shared transport solutions and reducing the total amount of km travelled (and cost per km) by aggregating trips (e.g., public transport, demand-responsive transport, carsharing and carpooling) that respond to the local realities and needs. On this note, the Expert Group on Urban Mobility (EGUM) has



recently approved a [set of recommendations](#) on using the Social Climate Fund to support public transport.

Energy poverty and transport poverty are interlinked and they often exacerbate each other, particularly for low-income households and vulnerable communities. Households experiencing energy poverty have less disposable income to spend on transportation. This can lead to choices between keeping the home warm or affording a commute, creating a cycle of financial strain. Households in peri-urban areas often experience both energy and transport poverty due to less efficient housing, higher energy costs, and limited public transportation options. Rural residents may rely heavily on cars due to poor access to transit networks, which can be costly and unsustainable. In urban areas, transport poverty can prevent access to better housing or energy-efficient homes. For example, individuals may live in energy-inefficient housing close to work to avoid high commuting costs, which can lock them into energy poverty due to poor insulation and higher utility bills. **To understand and address the root causes of energy and transport poverty, it is important to work on holistic and inclusive policies that are adapted to the local contexts.**

Against this background, the Social Climate Fund, if designed through a multilevel governance approach with meaningful collaboration with local and regional governments and their relevant agencies /offices, who are closer to citizens and realities on the ground, can be a gamechanger. It could support developing policies tailored to the local context and culture and breaking the vicious circle between energy and transport poverty. For instance, local and regional governments can propose solutions that are adapted to the local context such as:

- ✦ Offer incentives and funding programmes to finance building insulation, energy efficiency and citizen-led renovations as well as lower the administrative burden incumbent to stakeholders by bundling up different projects and/or programmes.
- ✦ Offer incentives and targeted funding for low-income households to install solar panels on balconies or rooftops, helping them save on energy costs while contributing to sustainability goals.
- ✦ Develop local one-stop shops to support citizens, offering services as energy audit and guiding in

the prioritization of actions to be taken as well as support in ensuring fair contractual conditions. These shops will be crucial not only to support structural measures to tackle energy poverty but also to implement the revised Energy Performance of Buildings Directive(if made eligible for the SCF).

- ✦ Support energy sharing practices and renewable energy community creation, thanks to technical assistance and capacity building programs, and supporting the design of sustainable funding schemes. Renewable energy communities enable citizens-based decision-making and local democratic processes, as well as affordable and fairer energy prices, through local energy distribution.
- ✦ Design communication campaigns targeting vulnerable communities to close the gap on assistance needs and offers.
- ✦ Support the installation of smart meters in low-income households, enabling residents to monitor energy usage and reduce costs through data-driven insights.
- ✦ Prioritise a multimodal mobility approach to foster the emergence of a multimodal ‘portfolio’ of alternative transport options since the fundamental step to address transport poverty is to enable mobility choice. This includes support to: (1) public transport, (2) various types of shared mobility (e.g., car sharing, carpooling, demand responsive transport services, shared micro mobility), (3) cycling and walking.
- ✦ Increase capacity and capillarity of public transport to enable and accelerate the shift towards sustainable and equitable mobility in peri-urban and suburban areas, the capacity of public transport (fleets and frequencies).
- ✦ Fund the orchestration, by transport authorities, of schemes that combine public transport and shared mobility, namely to increase the catchment areas of mass transit corridors and hubs, and to increase the quality and efficiency (e.g., prioritised lanes and crossings, punctuality, cost per passenger per km) of means allocated to low-density areas, off-peak hours, and specific groups of users or trip purposes.
- ✦ Boost offer and demand for shared mobility, through financing the growth of both offer and demand.



This can be done through encouraging combination with public transport and steering the private shared mobility services towards public needs; supporting the integration of stable travel demands (e.g., commuting to school, jobs, health and social services); avoiding restricting the services to low-income transport-poor, and many other policies.

- ✦ Support community-led creation of mobility services and schemes (e.g., car sharing, carpooling, cargo bike sharing, etc.), e.g., by local development associations, mobility clubs, local charities, resident associations.
- ✦ Actively support cooperatives in the transport sector, including for direct operations (e.g., local deliveries) and associated services (e.g., bike maintenance shops), covering preparatory studies, capacity building and operating funds.
- ✦ Support the elimination of barriers to accessibility in the public transport network, including vehicles (e.g., mechanical ramps, reserved seating, and onboard communication devices); stations and stops (e.g., circulation paths within stations, and pedestrian paths connecting to and from stations and stops, fixed or mechanical means to overcome gaps between platforms and vehicles and human support services, wayfinding, ticketing and access gates).
- ✦ Support the integration of shared mobility services in paratransit systems, to increase their efficiency, flexibility, and choice.

Local governments, with their close connection to local communities, can use the SCF to address both energy and transport poverty holistically, with targeted programs that prioritise vulnerable populations. To be able to achieve this, they can also create advisory groups made up of community members, including representatives from low-income and marginalised groups, to help design and monitor SCF-funded projects to ensure they address the community’s needs.

However, such inclusive and targeted policies can only be designed if local and regional governments are:

- ✦ well-informed about the national process and timeline to develop Social Climate Fund plan;

- ✦ given sufficient time, capacity and opportunities to contribute to national plans through structured dialogue and co-creation processes that take into account local knowledge, projects and plans *such as Sustainable Energy and Climate Action Plans (SECAPs), Sustainable Urban Mobility Plans, heating and cooling plans and other strategic plans and frameworks set to address energy and transport sectors;*
- ✦ given the confidence that their plans will be taken into account in the national Social Climate Fund plan, if they are built on local context and the identification of vulnerable populations;
- ✦ guaranteed that the co-creation and structured dialogue process will continue throughout the design, governance, implementation, reporting and evaluation of national plans to ensure that the funds reach those who need the most;
- ✦ informed about the availability of national and regional socio-economic data that can support them aligning local and national level plans and projects;
- ✦ provided with necessary support and capacity building, including monitoring the process of implementing the action plans.

The next section of this report looks into the multilevel design of national Social Climate Fund plans across a number of Member States building on the survey that was filled-in between July and November 2024, by members of the European local and regional government networks, [ACR+](#), [CEMR](#), [Climate Alliance](#), [Energy Cities](#), [Eurocities](#), [FEDARENE](#), [ICLEI Europe](#) and [POLIS](#). Members of the European Committee of the Regions were also invited to respond to the survey and we are grateful for their support. Building on the feedback received from the local and regional level, the next section elaborates on how local and regional governments are informed, consulted and supported by their national governments in the development of national Social Climate Fund Plans. As mentioned above, the authors of this briefing acknowledge that due to the ongoing planning process, some processes in some Member States might have changed since this document was written.



STATE OF PLAY IN REGARD TO MULTILEVEL PLANNING OF THE SCF IN VARIOUS MEMBER STATES

BELGIUM

The Belgian Social Climate Fund Plan is expected to include three regional parts for Flanders, Wallonia and Brussels regions and a federal plan. It proves to be a multilevel planning and governance example, compared to the situation in other member states.

In developing a Social Climate Plan, an intergovernmental commission coordinates the contributions from various regions—Flemish, Walloon, Federal, and Brussels—to ensure a comprehensive and cohesive approach.

For the Flemish contribution, the Association of Flemish Cities and Municipalities plays an essential role, directly engaging the communes to gather localised insights and priorities. As part of a dedicated working group, the Association collaborates closely with various departments within the Flemish government, facilitating a structured dialogue with cities and municipalities. This approach allows to gather valuable input directly from local authorities, then bring to the working group, ensuring that the perspectives and needs of Flemish communities are closely integrated into the Social Climate Plan. This inclusive process strengthens local involvement and reflects the realities and aspirations of cities and municipalities in the final strategy. In the Brussels region, a similar consultative and multilevel governance process is established. Additionally, the Brussels region is organising a stakeholder consultation to get recommendations on the priority measures to be selected from a list of measures identified by the region. In Wallonia, the regional level is also playing a key role in gathering local input and coordinating the regional plan.

However, the national and regional elections in June 2024 has slowed down the process due to delays

in regard to the forming of regional and federal governments. This unclarity in regard to the federal government priorities, also makes it unpredictable for regions to see how the funds will be distributed. Technical teams are waiting to pursue the work on the Plans with defined political guidelines, once regional and federal governments are formed. The more time it takes to clarify the political guidelines and priorities, the more pressing the June 2025 deadline for submitting the SCF plans becomes.

CYPRUS

In the Republic of Cyprus, The Social Climate Fund is centrally coordinated by the Ministry of Finance and relevant Ministries, and according to respondents, planning has commenced in terms of developing the plan for the funds, but there is no publicly available information for the process of the Social Climate Fund Plan design.

CZECHIA

In Czechia, the ministry of Environment is responsible for the Social Climate Fund, and the planning process commenced in November 2023. The Ministry of Environment has a transparent approach on how the work is structured and it is presented in the [Environment Ministry's website](#). While the coordination group is only composed of Ministries, local governments are included in the process through the national association of municipalities in different working groups focusing on transport and energy measures.

Other than Prague, no other municipal respondent signalled that their city or region had been approached by the government. While in several meeting notes,



it is highlighted that integrating regional and local dimensions into planning is key, whether municipalities and regions will be able to directly submit projects within the Social Climate Fund plans is yet to be seen.

FINLAND

In Finland, since April 2024, several cities and regions, and their associations, regularly reached out to the national government to request information about the process designed at the national level and how local governments can be a part of the national Social Climate Fund's planning process.

The first consultation meeting took place on 28 November 2024 and it was open for all stakeholders, including civil society, business and local and regional governments. In the meeting the representative of the Ministry of Environment presented the general guidelines and the consultancy supporting the process presented the preparation timeline. Ideas were collected for how to best address transport and energy poverty.

The Ministry has decided on developing focus groups during the winter to bring forward the preparations. In the first quarter of 2025, an online forum will be launched to collect direct input and early in the second quarter, a second consultation meeting is expected for a presentation on selected funding targets and methods.

GERMANY

In the case of Germany, all German municipal respondents to the survey said that they were not themselves aware of the SCF plan or whether the Federal government - the Ministry of Economic affairs and Climate Action - had started working on it. All indicated they had not been consulted in the design of the plan and that there did not seem to be a process or instrument to offer inputs/ feedback, yet.

Some municipalities said they have energy or transport poverty projects to offer, but none indicated they felt the national government was taking into account their local /regional transport/energy poverty actions in the national Social Climate Plan. Others also indicated that their municipalities did not themselves have an action plan yet on how to mitigate energy poverty or transport poverty, suggesting a lack of capacity or perhaps that the issue was not yet 'on the table' locally.

However, as of November 2024, NGOs working on the SCF in Germany have been informed by the Ministry that stakeholder consultations are being scheduled for March and April 2025. Prior to this, the ministry is holding a pre-stakeholder consultation in January with relevant stakeholders in preparation. The ministry has been presented with energy and transport indicators and certain local level data to assist with targeting spending for the national plan. Transport poverty is proving the more challenging task for planning. The Ministry appears to be more open to public inputs when compared to the recent National Energy and Climate Plans coordination process.

GREECE

From Greece, several cities responded to the survey highlighting that their relevant departments who work on the EU and national funding have not been informed about the process. As of November 2024, the Greek Ministry of Environment and Energy has not published specific information regarding the development of the National Social Climate Fund plans on their official website. While Greek cities are expecting information and contribution possibilities to be presented by the national government, some cities also highlighted that they do not have an energy poverty or transport poverty action plan yet. A strong need to build capacities and support the local level for developing such an inclusive plan is highlighted by Greek cities.

HUNGARY

In Hungary, survey respondents note that they are not aware if the national government has started working on the National Social Climate Fund Plan, since they had not been approached by the national authorities for the planning for the SCF.

Respondents confirmed that, at the moment, their municipalities do not have an action plan on how to mitigate energy poverty or transport poverty and they would need data and capacity support to propose measures that are adjusted to local realities.

ITALY

From Italy, survey respondents from the cities note that Italy's national government has initiated work on the Social Climate Fund Plan. For now, there has been limited consultation with local authorities, except



through national associations. Cities that provided feedback, strongly suggested the Commission should ask national governments to involve cities as there is a strong need for local governments to be involved in the process and have a role in defining priorities and in implementing them.

Respondents to the survey highlighted that they regret to miss this opportunity to get support to develop their local energy transition and transport poverty plans, and address these issues through a multilevel approach. Respondents highlighted the lack of information from the national level on how to contribute to the national Social Climate Fund plans as no formal process has been communicated to cities (including workshops or consultations).

LUXEMBOURG

In Luxembourg, survey respondents note that the national government has started working on the National Social Climate Fund Plans, however only one respondent confirmed that they had been approached by the national authorities for the planning for the SCF. All respondents confirmed that effort has gone into addressing transport poverty by the Luxembourg government and that the cities or regions were able to provide input, such as to propose projects to tackle local transport poverty. The main achievement cited is the fact that Luxembourg set up free public transport across the whole country. Some respondents signalled that they viewed the Luxembourg government as taking into account their local /regional transport poverty actions, but it was unclear if they knew whether their local actions were being fed directly into the national Social Climate Fund Plan itself.

A recurring highlighted issue from respondents points to a lack of awareness at local level about the SCF, with several respondents claiming a low level of knowledge among personnel about how the Social Climate Fund is to be distributed among the Luxembourg regions or municipalities. Some answered that no information had been communicated to municipalities at the time of writing.

NETHERLANDS

In the Netherlands, the National government has already begun working on the Social Climate Fund Plan. Some municipalities responded to the survey signalling that they had been initially approached and held meetings.

However, with the change of the government, the process was put on hold and no formal consultations have taken place over the past months.

Dutch cities coordinate their contributions and advocacy towards the Social Climate Fund through different regional alliances and associations such as the VNG and the Dutch Mission Cities. The Dutch Climate Minister has recently informed Parliament that the government is expected to open the online consultation process in the first months of 2025. It is still unclear whether the current government would allocate the SCF to existing policies or new policy measures. If the SCF is primarily used to finance existing measures, such as fuel tax reductions, it would leave no room for cities to propose projects. Dutch cities are therefore deeply concerned that the Fund may be mainly used to cover gaps in the national budget, effectively sidelining municipalities and limiting their ability to contribute to the Social Climate Plan.

POLAND

In Poland, the coordination of Social Climate Fund activities is managed by the Ministry of Funds and Regional Policy. In May 2024, the Parliament passed amendments to the Law on the Principles of Development Policy, which will provide the basis for coordinating the implementation of the Social Climate Fund. Survey respondents note that the national government has started working on the National Social Climate Fund Plans and a first public consultation meeting of this group took place in October 2024. This meeting was attended by over 150 people, including NGOs, business representatives, and local governments.

While direct data on transport poverty in Poland is limited, in 2022, approximately 12% of the Polish population lived in relative poverty. The interplay between economic hardship and transport accessibility suggests that a notable segment of the population may encounter challenges related to transport poverty. On the topic of energy poverty, the numbers are also worrying as [recent studies](#) indicate that approximately 11% of Poland's population, about 1.5 million households, are affected by energy poverty. In this regard, the first consultation meeting focused on the definition of different definitions of poverty.

The targeted use of Social Climate Fund is very important for local and regional governments to be



able to create synergies with the implementation of other energy and transport legislation (such as the *Energy Performance of Buildings Directive*, as well as the *Renewable Energy Directive and Energy Efficiency Directive*) to address the root causes of the intertwined energy and transport poverty problem. Therefore local and regional governments try to proactively follow the process and reach out to the Ministry through the Association of Polish Cities and the Union of Polish Metropolises, to encourage them to listen to the voices of local authorities.

From the publicly available information, local and regional governments are aware that several Ministries are developing proposals for activities to be financed and a system for their implementation. There has been no announcement yet that municipalities can submit projects for implementation or even the topics of the projects. This raises a concern that the Fund's implementation system will be centralized and financing will be used for different siloed projects, instead of a holistic and comprehensive planning that takes into account local contexts such as needs for social support, available social housing, prioritisation in the renovation of buildings as well as needs for sustainable and multimodal transport policies. The issue of how the funding can reach those who need the most on the ground is expected to be discussed in the upcoming consultation meetings. In that regard, wider outreach to local and regional governments from the national government side to clarify ways of engagement and funding structures is recommended.

SLOVAKIA

In Slovakia, survey respondents noted that national authorities have started working on the National Social Climate Fund Plan and some preliminary discussions with local and regional governments started through the Slovak Union of Cities.

While the cities have not been approached yet, representatives from local authorities with their own climate, energy and mobility policy, targets and action suggested that the European Commission encourages Member States to include municipalities in the design of the Social Climate Fund/Plan from the beginning to ensure that different local contexts and needs are reflected. Municipalities and other partners are traditionally involved through the intersectoral consultation process once the piece of policy, plan or

legislation is drafted and before its final approval by the national government. Their proposal is to involve the municipalities at an earlier stage to have more comprehensive, inclusive and holistic Plans.

The respondents from local municipalities are aware that bigger cities are usually considered as being part of more developed regions as a whole and assistance is targeted towards other regions of Slovakia. However, the cost of living, including transport costs, are high, specifically bigger regions and therefore have to be considered in the Social Climate Fund as well.

SPAIN

Spain is in the process of developing its National Social Climate Fund (SCF) under the lead of the Ministry for the Ecological Transition and the Demographic Challenge (MITECO). While specific details about the SCF are still under development, survey respondents from regional governments highlighted that they expect the national government to strongly consider local and regional energy poverty initiatives in the national Social Climate Plan. However, respondent regional and local governments have also mentioned that relevant local and regional departments have not been informed or consulted so far on how the Social Climate Fund will be distributed among the regions/municipalities. They are expecting a consultation process to start soon.

All respondent local and regional governments confirmed working on projects involving components of transport and energy poverty and they are ready to propose measures when/if the consultation and co-creation process starts. A point highlighted by survey respondents is that they are lacking the possibilities and opportunities to be involved in more feasibility studies for wider infrastructure investments and projects to raise awareness among citizens about the topic.

SWEDEN

In August 2021, the Swedish Ministry of Finance developed a factsheet about the regulation on establishing a social climate fund and shared it on their website. After that, there has been a long silence from the national government's side. Following requests from Swedish regions for a public consultation, an informal meeting was held in September 2024 between civil servants from the Government Offices



and the four northernmost regions. However very little information was shared during this closed door meeting about the process for consultation and the scope of the fund. Following this meeting, Swedish cities and regions realised that the government seems to have already decided on the fund's use before any kind of consultation. In the budget proposal for 2025, which was published by the Swedish Government on 19 September 2024, the government suggests that the fund will be used for electric vehicle subsidies in rural areas.

Finally, an invitation to a public consultation was sent until 8 October 2024. The public consultation was held on 4 November 2024 which gave Swedish cities and regions only a few weeks' notice for preparation and took little notice of the internal processes at the regional level. The limited scope of the fund, meaning

subsidies for electric vehicles in rural areas, was the topic presented in the public consultation on 04 November. Government Offices also accepted to get written feedback on the fund's use until 15 November 2024.

The SCF funds could also be used in various ways, going beyond the electric vehicle subsidies in rural areas. For instance, the regions of northern Sweden see that the fund could be directed to additional/ alternative purposes to, among other things, better reach vulnerable groups based on specific regional conditions (e.g., support for the use of public transport, aid for small and medium enterprises, expansion of charging infrastructure, etc.). However, with only a few months left before the fund's measures are finalized in June 2025, the possibility to broaden/adapt/modify the fund's focus becomes more difficult.



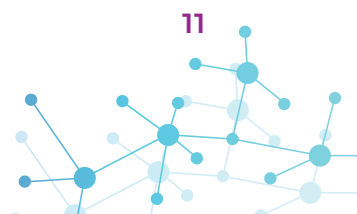
RECOMMENDATIONS FOR A SOCIALLY, ECONOMICALLY AND ENVIRONMENTALLY JUST SCF IMPLEMENTATION

While it is important to acknowledge that the planning process is ongoing and there are still opportunities to collaborate with local and regional governments on the design of the national Social Climate Fund plans, the deadline to submit the Plans is approaching fast.

The Social Climate Fund can be a game changer to address the root causes of inequalities, energy and transport poverty in our cities and regions. To unlock its full potential, **as European local and regional government networks, [ACR+](#), [CEMR](#), [Climate Alliance](#), [Energy Cities](#), [Eurocities](#), [FEDARENE](#), [ICLEI Europe](#) and [POLIS](#), we call on all Member States to engage with their local and regional governments as early as possible for a multilevel design of the National Social Climate Fund plans - not only for a simple information sharing or ticking the box for the consultation requirements but for meaningful and impacting integration of policies from local to national level.**

We recommend Member States to:

- ✦ Ensure timely, meaningful and structured involvement of regional and local governments in the co-design, implementation, governance and evaluation of national Social Climate Plans.
- ✦ Make use of locally developed plans such as Sustainable Energy and Climate Action Plans (SECAPs), and Sustainable Urban Mobility Plans to align measures.
- ✦ Prioritise structural investments to address energy and transport poverty, ensuring alignment with local needs. Measures must be designed to target vulnerable groups effectively, considering the full range of distributional impacts from ETS₂, including impacts on women, elderly and single-parent households.
- ✦ When temporary relief measures such as direct income support are necessary, make sure to develop temporary measures with contributions and insights gathered from the local level.
- ✦ Include territorially disaggregated and locally collected data to ensure targeted measures towards vulnerable populations.
- ✦ Be open to use the fund creatively and to allocate a percentage of the fund directly to local and regional governments to enable them create multiple co-benefits with the Social Climate Fund. For instance, local governments can develop measures that will help them implement the EPBD, EED, RED, and Social Climate Fund objectives through a holistic approach. They can also use the Social Climate Fund, if it is directly allocated to them, in a way that combines the revenues managed by local and regional authorities in order to implement larger sustainable energy or mobility transition projects. Through trust based, meaningful and structured dialogue between national and local levels, these types of projects can make a real difference.
- ✦ Ensure policy coherence in national strategies, programmes and plans to mitigate administrative burden of the local level. To that effect, ensure multilevel dialogues occur with the local level for the NECPs, EPBD, EED and RED implementation. This would help align local, regional and national



level targets, policies, their implementation and evaluation through holistic projects and contribute to the objectives of the above mentioned legislation.

- ★ Support local capacities through activities such as technical assistance to ensure the quality and adequacy of measures proposed by the local level and strengthen the capacity to implement them.
- ★ Make sure that the multilevel design of territorial planning remains a priority for the long-term

transition of Member States. This will help to guarantee that the Green Deal continues to be implemented in a fair and inclusive way to safeguard our democracy. The next Multiannual Financial Framework should take up this legacy of prioritisation, especially since the SCF money is only available until 2032.

We also call on the European Commission to enhance its monitoring of multilevel design, governance, implementation and evaluation of the national Social Climate Fund plans.

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