

Social Climate Fund

2021/0206(COD) - 18/04/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 521 votes to 75, with 43 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council establishing a Social Climate Fund.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

Subject matter, scope and objectives

This Regulation establishes the **Social Climate Fund for the period from 2026 to 2032** with a view to contributing to a socially fair transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union (EU ETS).

The measures and investments supported by the Fund should benefit **households, microenterprises and transport users, in particular households in energy poverty or households in transport poverty**.

Social climate plans

Each Member State should submit a social climate plan to the Commission after consulting local and regional authorities, economic and social partners and civil society. These plans should cover the measures and investments it intends to undertake to reduce the effects of the new emissions trading scheme on vulnerable households.

The measures and investments supported by the Fund should reduce fossil fuel dependency and, where relevant, contribute to the implementation of the European Pillar of Social Rights as well as to sustainable and quality jobs in the fields covered by the measures and investments of the Fund.

Eligible measures and investments

The Member State may include in the estimated total costs of the plan the following measures and investments with **lasting impacts** and intend to:

- support **building renovations**, in particular for vulnerable households and vulnerable micro-enterprises occupying the worst performing buildings, and including for tenants and people living in social housing;
- support access to **affordable energy-efficient housing**, including social housing;
- contribute to the decarbonisation, such as through electrification, of heating and cooling of, and cooking in, buildings by providing access to affordable and energy-efficient systems, and by integrating renewable energy generation and storage, including through renewable energy communities, citizen energy communities and other active customers to promote the uptake of the self-consumption of renewable energy;

- provide **targeted, accessible and affordable information**, education, awareness and advice on cost-effective measures and investments, available support for building renovations and energy efficiency, as well as sustainable and affordable mobility and transport alternatives;
- provide **access to zero- and low-emission vehicles and bicycles**, while maintaining technological neutrality, including financial support or fiscal incentives for their purchase as well as for appropriate public and private infrastructure, in particular, where relevant, purchase of zero- and low-emission vehicles, infrastructure for recharging and refuelling and development of a second-hand zero-emission vehicles market;
- incentivise the use of **affordable and accessible public transport** and support private and public entities, including cooperatives, in developing and providing sustainable mobility on demand, shared mobility services and active mobility options.

Member States may include in the estimated total costs of the plans the costs of measures providing **direct income** support to vulnerable households and vulnerable transport users to reduce the impact of the increase in road transport and heating fuel prices. Such support should be temporary and decrease over time. The costs of measures providing temporary direct income support should not represent more than **37.5 %** of the estimated total costs of the plan. Member States should contribute **at least 25 %** of the estimated total costs of their plans. The costs of such technical assistance should be up to 2.5 % of the estimated total costs of the plan.

Financing

A maximum amount of **EUR 65 000 000 000** in current prices for the period from 1 January 2026 to 31 December 2032 should be made available for the implementation of the Fund. The Fund should be financed through the auctioning of ETS II allowances. This amount should constitute external assigned revenue. When the Emissions Trading Scheme is postponed to 2028, the maximum amount available for the implementation of the Fund should be EUR 54 600 000 000.

Resources from shared management programmes

In order to ensure that additional resources are available for the Fund, Member States should request a **transfer of resources** to the Fund from the cohesion policy programmes under shared management, established by Regulation (EU) 2021/1060. In order to give Member States sufficient flexibility in implementing their allocations under the Fund, it should be possible to transfer resources from their annual financial allocation to the funds under shared management up to **a ceiling of 15%**.

Information

The recipients of support from the Fund should be informed of the origin of those funds, including where they benefit from those funds through intermediaries. That information should include the emblem of the Union and an appropriate funding statement that reads ‘funded by the European Union – Social Climate Fund’ on documents and communication material relating to the implementation of the measure intended for the recipients.

Transparency

The Commission should transmit the plans submitted by Member States and the decisions, as made public by the Commission, simultaneously and on equal terms to the European Parliament and the Council without undue delay.