

# Social Climate Fund

2021/0206(COD) - 16/05/2023 - Final act

**PURPOSE:** to establish the Social Climate Fund for the period from 2026 to 2032.

**LEGISLATIVE ACT:** Regulation (EU) 2023/955 of the European Parliament and of the Council establishing a Social Climate Fund and amending Regulation (EU) 2021/1060.

**CONTENT:** the regulation establishes the Social Climate Fund for the period 2026 to 2032 to help vulnerable households, micro-enterprises and transport users cope with the price impacts of an emissions trading system for buildings, road transport and fuels for other sectors.

## *Social climate plans*

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

The measures and investments supported by the Fund must reduce dependence on fossil fuels and, where appropriate, contribute to the implementation of the European set of social rights and to sustainable, high-quality jobs in the areas covered by the Fund's measures and investments.

## *Financing*

The Fund will start operating in 2026, before the entry into force of the new ETS for transport and construction fuels. It will form part of the EU budget and will be financed by external earmarked revenue up to a maximum of EUR 65 billion.

## *Eligible measures and investments*

The new Social Climate Fund will provide dedicated financial support to Member States to help vulnerable citizens and micro-enterprises invest in energy efficiency measures such as home insulation, heat pumps, solar panels and electric mobility. It will also provide **direct income support covering up to 37.5%** of new national social climate plans.

Member States will contribute at least **25% of the total estimated costs** of their plans. They may receive technical assistance of up to 2.5% for the implementation of the plan's measures.

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

**ENTRY INTO FORCE:** 5.6.2023. The regulation will apply from 30 June 2024.