



# The Social Climate Fund

*Addressing transport poverty*

# Brief context: European Green Deal

**European Climate Law:** legally binding climate targets

- **Climate neutrality by 2050**
- First milestone: **reducing emissions by 2030 to at least -55% compared to 1990 levels**
- **2040 Climate target recommendation: reducing emission by 90%**

**Carbon pricing:** a key role in achieving ‘at least -55% by 2030’

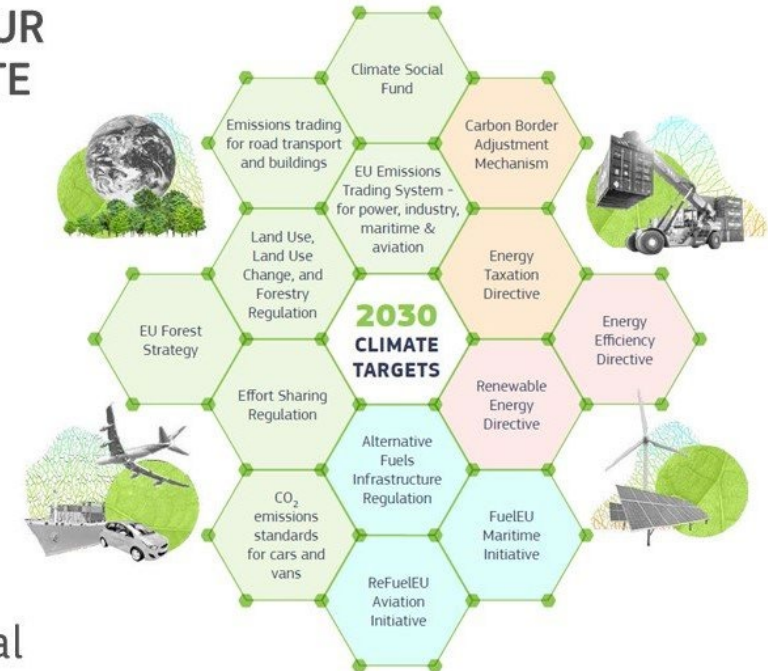
- Strengthening of the **EU ETS** and expanding its scope to **maritime** transport
- New **ETS2** for buildings, road transport and other sectors
- Address the impacts of the ETS2 on vulnerable groups with the Social Climate Fund

**New Commission guidelines:**

2. Need for a “**swift and effective roll-out**” of the **SCF** – accelerating the SCF preparation by the Commission Services

## EUROPEAN GREEN DEAL

REACHING OUR  
2030 CLIMATE  
TARGETS



#EUGreenDeal

# ETS2 for buildings, road transport and small industry



## Why needed?

- **current policies insufficient** to reach EU's 2030 climate target
  - ✓ stagnant (buildings) and increasing (road transport) emissions in recent years
  - ✓ complementary policy mix is the most cost-effective
  - ✓ explicit carbon price incentivises emission reductions (successful example of EU ETS)
- **level playing field** within the sectors
  - ✓ existing EU ETS already covers i) around 30% of building heating emissions (i.e., large district heating), ii) electric vehicles and iii) large part of industry fuel emissions
  - ✓ avoid favouring direct fossil fuel combustion over electricity use
- Alternative measures would have similar distributional impacts, but without the **benefit of raising revenues**

# ETS2 for buildings, road transport and small industry



## Key features

- **Separate ‘cap and trade’** system becoming fully operational in **2027**
- **Scope** includes road transport, buildings and fuel combustion by industry sectors not covered by the existing ETS
- **Upstream system** regulating fuel suppliers, not end customer. The compliance obligation is triggered with the release on the market of the fuels for combustion in the sectors concerned
- **Separate system from existing ETS but builds on ETS1** architecture e.g., monitoring, reporting and verification (MRV)
- Building on **existing provisions regulating fuel suppliers** for excise duties on energy, to reduce administrative burden and cost
- All allowances to be auctioned (**no free allocation**)



# Social Climate Fund

## Summary

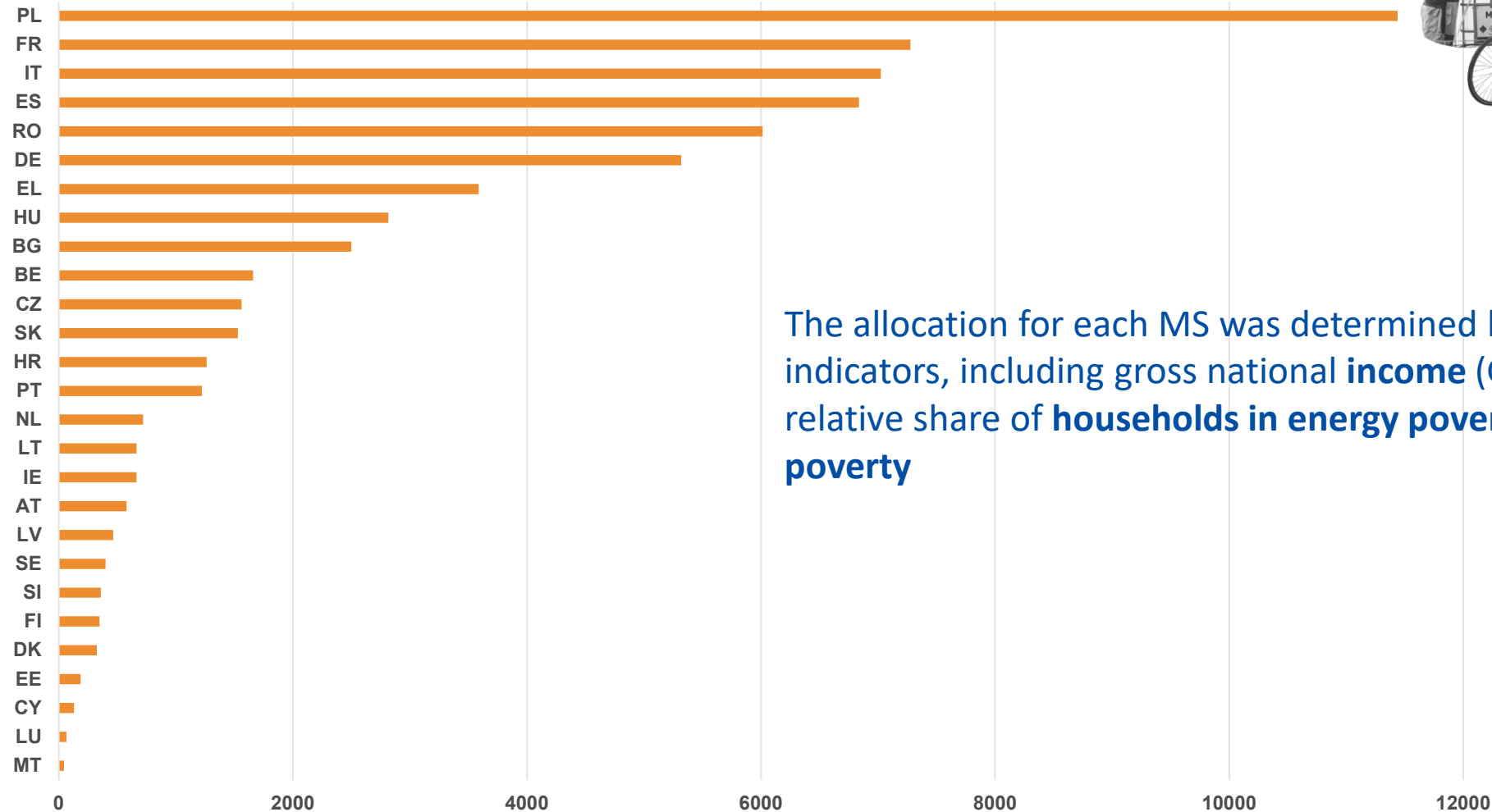


- **Purpose:**
  - ✓ To address the social impacts arising from the new emission trading system for buildings and road transport (ETS2) on **vulnerable groups in the EU, especially those affected by energy poverty or transport poverty**
- **Period: 2026-2032**
  - ✓ The Fund would start operating at least one year before ETS2 kicks in as of 2027, and ETS2 may start one year later - in 2028, in case of exceptionally high gas or oil prices
- **Size: EUR 65 billion**
  - ✓ To mobilize at least EUR 86.7 billion with 25% Member States' national contributions to cover the costs of the measures and investments included in the Member States' Social Climate Plans, financed by ETS auction revenues, mainly from ETS2
  - ✓ Commitment to budgetise the SCF under the new MFF from 2028

# Social Climate Fund

## How will it be distributed?

Total SCF allocation per Member State (in EUR million, current prices)



The allocation for each MS was determined based on a mix of indicators, including gross national **income** (GNI), **population**, relative share of **households in energy poverty** and **transport poverty**



# Social Climate Fund

## A targeted Fund

- The **identification of the target groups** is key for the implementation of the SCF, and all the measures and investments have to principally benefit them
- Target groups are defined with a reference to **transport poverty and energy poverty, as well as to the effects of ETS2**
  - ✓ Vulnerable households
  - ✓ Vulnerable transport users
  - ✓ Vulnerable micro-enterprises



# Social Climate Fund

## What can be financed?



Support investments in energy efficiency & renovation of buildings, clean heating & cooling



Finance zero- & low-emission mobility & transport, including public transport



Provide temporary direct income support to the vulnerable households



- ✓ Compliance with do no significant harm (DNSH) – tailored Commission guidance

Pending impacts of investments -  
max. 37,5% of the Plans

- ✓ Exchange of good practices on the cost-effective measures and investments – organised by the Commission



# Social Climate Fund

## Transport poverty definition



- The **Social Climate Fund Regulation** (2023) provides a definition of transport poverty for this specific context for the first time at EU level. Article 2(2) of that Regulation defines that:
- *“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 socioeconomic services and activities, considering the national and spatial context.”*

# Social Climate Fund

## Transport poverty definition

- Transport poverty is a complex phenomenon that **cannot be measured using one single indicator**.
- Keep in mind the three dimensions of transport poverty: **affordability, accessibility, availability**
- Currently there are important limitations to **data availability and quality at the EU level**.
- Although no straightforward pattern emerges, some **trends are clearly identified**:
  - ✓Transport poverty is not an exclusively rural phenomenon, but analysis point to greater issues **in rural areas**.
  - ✓Unaffordability of transport is a much greater issue **for vulnerable populations**.
  - ✓**Availability** issues appear to be more prominent in southern European countries (e.g. Greece, Cyprus, Spain and Portugal).
  - ✓**Affordability** indicators of private vehicles are particularly high on central and eastern European countries (e.g. Romania, Latvia, Austria, Hungary, Bulgaria and Slovakia).



- Upcoming **Recommendation on Transport Poverty** to be published soon

# Social Climate Fund

## Key implementation tasks

- **Member States:**

- ✓ Designate a body responsible for the SCF and SCP
- ✓ Prepare Social Climate Plans (by 30 June 2025) in close consultation with the stakeholders, local and regional levels
- ✓ Implement and monitor the Social Climate Plans



# Social Climate Fund

## Meaningful public consultation on SCPs



- Public consultation on the initial SCP and for each substantial change
- SCP is to include:
  - ✓ summary of the SCP public consultation
  - ✓ how the input of the stakeholders is reflected in the SCP
- Key stakeholders:
  - ✓ local and regional authorities
  - ✓ representatives of economic and social partners
  - ✓ relevant civil society organisations,
  - ✓ youth organisations
- Commission published good practices of public consultation for the SCPs:
  - ✓ Continuous collaborative process - stakeholders are partners
  - ✓ Inclusiveness and accessibility - should be made easy, remove any barriers to participation
  - ✓ Honesty – avoiding lobby interferences and imposition of private interests
  - ✓ Brings experience - openness to hear new and challenging opinions and learning from others
  - ✓ Trust – invest time and effort to build trust that will bring more meaningful and open feedback
  - ✓ Transparency – making public consultation materials, inputs, results, and the way they will be used
  - ✓ Privacy - respect privacy of the stakeholders and personal data protection rules



# Social Climate Fund

## Key implementation tasks for the Commission



- ✓ Established **Expert group** dedicated to the SCF – as part of Climate Change Expert Group (CCEG-SCF) – 10 meetings already, next in beginning of April
- ✓ Ongoing support for 10 Member States (BE, CZ, DK, EL, FL, HR, LT, LV, RO and SK) in preparing their Plans via the **Technical Support Instrument**; share the methodological learnings with the other Member States
- ✓ Exchange of **good practices** for conducting public consultations of the Plans and on the cost-effective measures and investments; established SCF subpage dedicated to Good practices
- ✓ **Two important guidance documents published recently**
  - ✓ Guidance on the compliance of measure and investments supported by SCF with do no significant harm principle (**DNSH**)
  - ✓ Guidance on drafting the **SCPs** (“SCP Guidance”)
- ✓ **Ongoing advice to Member States** during the preparation of the Plans via Q&As
- ✓ Extensive **bilateral outreach** led by EMPL and CLIMA to assist MSs in the drafting process

# Social Climate Fund

## Going forward

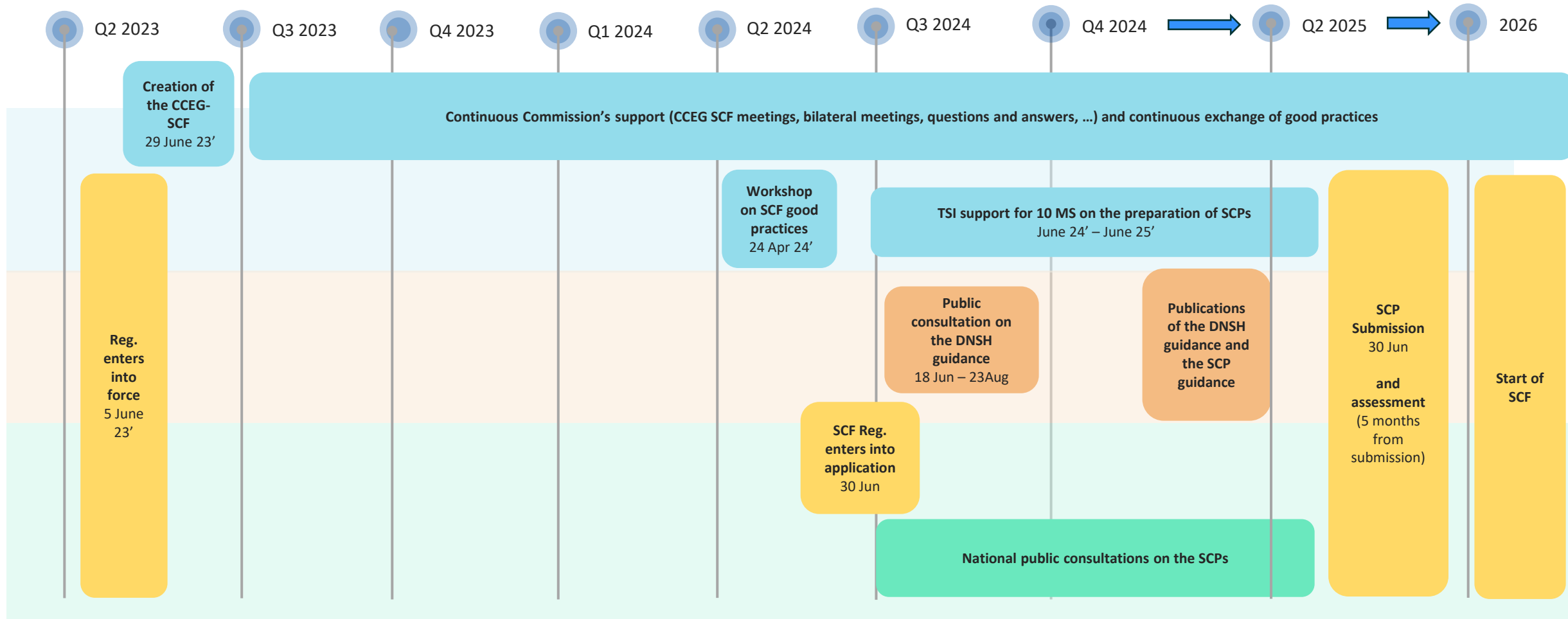


### To do:

- ✓ **Assess and approve** Member States' Plans (5 months in second half of 2025)
- ✓ **Provide payments** to the Member States for achieved milestones and targets
- ✓ **Monitoring and evaluation** of the SCF
- ✓ **Regular reporting** to European Parliament on the SCF implementation

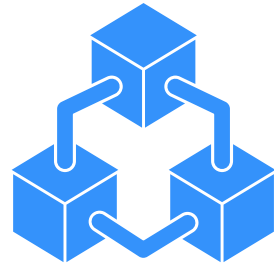
# Social Climate Fund

## Timeline



# Social Climate Fund

## Summary, and moving forward



**Contribute to the shift from individual mobility to public transport, on-demand, shared mobility**



**Addressing the three A's (accessibility, availability, affordability)**



**Add the social dimension to transport policies**



**Involvement of local and regional authorities and stakeholders in the process**



# Social Climate Fund

## Other funding sources (I)



- **National ETS, in particular ETS2, revenues**, to be spent 100% on select climate and energy purposes, inter alia:
  - ✓ measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging infrastructure for zero-emission vehicles, or **measures to encourage a shift to public transport and improve multimodality**, or to provide financial support in order to address social aspects concerning low- and middle-income transport users
- **Modernisation Fund** can provide support to the transport sector as priority investments from two different angles:
  - ✓ **energy storage and the modernisation of energy networks**: for instance in Poland and Bulgaria approved investments currently support the development of power distribution lines, smart grids, charging stations and substations to support the electrification of transport.
  - ✓ **energy efficiency**: providing incentives for the scrapping of existing vehicles/rolling stock and replacement by zero-emission ones in public transport, for instance currently in Estonia and Czechia



Thank you!

[Delivering the European Green Deal |  
European Commission \(europa.eu\)](#)



# Good practices for measures and investments in the transport sector

[Good practices for the Social Climate Plans - European Commission \(europa.eu\)](https://europea.eu)





# Electric vehicle social leasing scheme



[Mon leasing électrique](#)

- France supported an electric vehicle (EV) social leasing scheme and investment in recharging infrastructure; started in 2024 to help poorer households to shift car use from combustion cars to electric model despite of high purchase prices.
- **Leasing rates of EUR 100-150** per month depending on car size. Starting with a volume of 50,000 leased cars to be funded in 2024, the scheme will further develop in size and scope in future years.
- The electric vehicles eligible under the new plan will also need to comply with rules regarding limited production carbon emissions (14.75 tonnes per vehicle)





# Transport-on-demand for rural areas



[Transporte a la demanda - Castilla y León \(reservastransportedemanda.jcyl.es\)](https://reservastransportedemanda.jcyl.es)

- Demand responsive transport in rural areas of Castilla y León (Spain): **Regional demand responsive transport network** introduced in 2004 by regional authorities to facilitate access to essential services.
- The network was designed to link the public service hubs (main towns and villages) to the myriad of smaller villages and settlements in the area.
- By 2019, a total of 800 routes were established in the region, mainly involving a fleet of vans (62%), buses (29%), and taxis (9%). Citizens can book their travels by reaching out to a centralised dispatch centre either through an online application or by phone.
- An excellent way to address transport poverty and especially lack of access to public transport in rural areas.



[nuevo Mapa de Ordenación del Transporte de Castilla y León \(enredando.info\)](https://enredando.info)



# Modal-shift to micromobility

- Cargo bike funding programme by the municipality of Aachen, Germany, aimed at reducing car journeys and emissions and to provide emission-free alternatives.
- The goal is a modal shift from individual car use to low-emission mobility, for example by combining shopping trips and transporting children in a convenient and sustainable way.
- Flexible funding scheme with options also for people with reduced mobility (e.g., people with disabilities or special needs).

