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## Commission Issues New Guidance to Support Implementation of the Social Climate Fund

**Key policies:** *Social Climate Fund (SCF), EU Emissions Trading System for Buildings, Road Transport and Additional Sectors (ETS2), European Green Deal, Fit for 55 package, EU Climate Law, EU Climate Neutrality Objective 2050, Energy Performance of Buildings Directive (EPBD), Energy Efficiency Directive (EED), EU Cohesion Policy, Recovery and Resilience Facility (RRF)*

The **European Commission** has published **new guidance** to support EU Member States in the effective implementation of the **Social Climate Fund (SCF)** and the completion of their **Social Climate Plans (SCPs)**.

The guidance aims to ensure that support reaches **vulnerable households, small businesses and transport users** swiftly and effectively, helping to make Europe's clean transition **fair, inclusive and socially balanced**.

### Supporting a fair clean transition

Starting in **2026**, the Social Climate Fund will mobilise **over €86 billion** to accompany the introduction of the **EU Emissions Trading System for buildings, road transport and additional sectors (ETS2)**.

The Fund will use revenues generated under ETS2 to support those most exposed to **energy and transport poverty**, particularly in relation to housing and mobility costs. Its objective is to ensure that no one is left behind as Europe moves towards a climate-neutral economy.

### Practical guidance for Member States

The new guidance builds on earlier Commission documents and technical assistance by setting out **clear principles and practical advice** to help Member States:

- Finalise and submit their **Social Climate Plans**
- Integrate SCPs into **National and Regional Partnership Plans**
- Implement measures efficiently so that support reaches beneficiaries without delay

This integrated approach will allow for more **targeted investments**, streamlined use of EU funds and a stronger focus on delivering tangible social and climate outcomes.

### Key principles for implementing the Social Climate Fund

The guidance sets out six core principles to ensure effective, transparent and accountable implementation:

- **Predictability**  
Each Social Climate Plan defines a payout value per measure and investment, with payments linked to the achievement of milestones and targets.

- **Performance-based** **payments**  
Funds are disbursed only once agreed milestones and targets are fully met, ensuring a strong focus on results.
- **Streamlined** **designation** **of** **authorities**  
Member States may rely on existing governance structures used for **Cohesion Policy** and the **Recovery and Resilience Facility (RRF)**, reducing administrative burden.
- **Inclusive** **governance**  
Active involvement of regional and local authorities, social partners and civil society is encouraged to ensure plans reflect real needs on the ground.
- **Transparency** **and** **accountability**  
A single digital system will be used to track and report on measures, investments and beneficiaries, reinforcing trust in the use of EU funds.
- **Protection** **of** **EU** **financial** **interests**  
Robust safeguards must be in place to prevent fraud, corruption, conflicts of interest and double funding.

### Next steps for Member States

To access funding under the Social Climate Fund, Member States must:

- Transpose **ETS2 legislation** into national law
- Submit their **Social Climate Plans** to the Commission for approval

Once a plan is formally submitted, the Commission has **up to five months** to complete its assessment. Approved plans will be formally announced by the Commission.

Member States may submit their **first payment requests from 31 July 2026**, provided that approved plans have been implemented and agreed milestones and targets have been achieved.

### Funding scope and timeline

The Social Climate Fund will run from **2026 to 2032** and is expected to mobilise at least **€86.7 billion**, combining ETS2 revenues with Member State contributions (covering at least **25%** of plan costs).

The Fund will support:

- Energy efficiency and **building renovations** (e.g. insulation)
- **Clean heating and cooling** solutions (e.g. heat pumps)
- Integration of **renewable energy** (e.g. solar panels)
- **Zero- and low-emission mobility**, including public transport

The SCF bridges the current and next **Multiannual Financial Framework (MFF)** and draws on best practices from the **Recovery and Resilience Facility** and **Cohesion Policy**.

### Progress so far

This project is supported by the Interreg Danube Region Programme co-funded by the European Union.

The Commission is working closely with Member States to support plan development. To date:

- **Sweden and Latvia** have formally submitted their Social Climate Plans
- More than half of Member States have shared **draft versions**

Since 2023, the Commission has facilitated regular exchanges through the **SCF expert group on climate change policy**, complemented by guidance on Social Climate Plans and technical guidance on the **Do No Significant Harm** principle published in **March 2025**.

### **Ensuring fairness alongside ambition**

With the Social Climate Fund starting **one year before ETS2 becomes operational in 2027**, the new guidance provides a crucial framework to ensure that climate ambition goes hand in hand with **social fairness, inclusion and public trust** — laying the foundation for a just and successful clean transition across Europe.

Source: [https://employment-social-affairs.ec.europa.eu/news/commission-provides-new-guidance-member-states-implementing-social-climate-fund-2025-10-09\\_en](https://employment-social-affairs.ec.europa.eu/news/commission-provides-new-guidance-member-states-implementing-social-climate-fund-2025-10-09_en)