

LOCAL ALLIANCE

JUNE 2025 POLICY BRIEF

With the deadline near, Local Governments still left out of national Social Climate Plans



EXECUTIVE SUMMARY

The EU Social Climate Fund (SCF), designed to mitigate the social impacts of the new Emissions Trading System (ETS2) – *that extends carbon pricing to additional sectors, including emissions from fuel combustion in buildings, road transport, and smaller industries* – on vulnerable households, is a key instrument to support the EU's decarbonisation efforts. Between 2026 and 2032, the SCF will channel €86 billion into targeted measures, including investments in energy efficiency and sustainable transport, as well as temporary income support. Member States must submit their national Social Climate Plans (nSCP) by 30 June 2025 to access this funding.

Despite clear [obligations in the Social Climate Fund Regulation](#) for public consultation and multilevel coordination, local and regional governments remain inadequately involved in the design of national Social Climate Plans. A [follow-up survey building on the previous briefing](#) conducted by eight major European networks representing local governments – [ACR+](#), [CEMR](#), [Climate Alliance](#), [Energy Cities](#), [Eurocities](#), [FEDARENE](#), [ICLEI Europe](#) and [POLIS](#) – confirms limited, delayed, or irregular engagement in most Member States. This undermines the potential of national plans to address energy and transport poverty effectively, and risks implementing top-down measures that miss local realities. The following pages of the briefing include country analysis for the following EU Member States: Belgium, Czechia, Finland, Germany, Greece, Hungary, Italy, Luxembourg, Netherlands, Poland, Portugal, Slovakia, Spain, Sweden.

Local and regional governments have historic contextual knowledge, critical infrastructure competencies, and close relationships with their communities. Their involvement is crucial to design policies that are both impactful and equitable. As energy and transport poverty rise across the EU – exacerbated by volatile energy prices and

inadequate infrastructure in peri-urban and rural areas – local engagement ensures that measures reach those most in need.

The briefing calls on Member States and the European Commission to urgently strengthen multilevel governance and include regional and local governments meaningfully in SCF planning and implementation. It also urges alignment with local strategies (such as SECAPs and SUMP), allocation of funds to local governments and investment in municipal capacity.

As the EU prepares the next multiannual financial framework (MFF), it is essential to draw lessons from the national Social Climate Plans preparation process. As observed with the Recovery and Resilience Facility, when a strong multilevel governance and partnership principle is not applied, local and regional governments only have limited opportunities to shape investments and reforms. This leads to significant shortcomings in delivering place-based solutions and a reduced ownership at the territorial level, undermining efforts to advance a green and fair transition.

A more inclusive and territorially responsive approach to climate and social investment is not only a matter of good governance – it is a prerequisite for delivering just and effective outcomes. The future EU budget should firmly integrate multilevel governance and ensure designing reforms and investments with the involvement of regional and local governments to strengthen public trust, improve policy coherence, and enhance the legitimacy of EU action.



LOCAL ALLIANCE



CONTEXT: THE SOCIAL CLIMATE FUND AND ETS2

To reach its 2030 climate target, the EU introduced two key initiatives: a new **Emissions Trading System (ETS2)** and the **Social Climate Fund (SCF)**. ETS2 extends carbon pricing to additional sectors, including emissions from fuel combustion in buildings, road transport, and smaller industries not covered by the existing EU ETS. The SCF is intended to ease the social impact of ETS2, particularly for vulnerable households at risk of energy or transport poverty and might be negatively affected by additional carbon pricing on buildings and transport.

Between 2026 and 2032, the SCF is expected to provide €86 billion – comprising €65 billion from auctioning emissions allowances and at least 25% in national co-financing from Member States' ETS2 revenues. To access this funding starting in 2026, each Member State must submit a **national Social Climate Plan (nSCP)** to the European Commission **by 30 June 2025**. The plans should include targeted measures to mitigate the impacts of the new EU Emissions Trading Scheme in the buildings

and road transport sector. These plans can include investments in the energy and mobility sectors, along with temporary and limited direct income support for the most affected groups.

To contribute to Europe's decarbonisation, **national Social Climate Plans** should prioritise structural measures, such as energy efficiency and sustainable transport, over short-term relief like direct bill payments.

In addition, given that the Social Climate Fund is contingent upon the full transposition of ETS2 – which to date has been transposed by less than half of the Member States, it is crucial to accelerate this process to ensure timely implementation.

It is also important to highlight that, while the Social Climate Fund needs to be explicitly directed toward targeted measures addressing energy and transport poverty, the remaining ETS2 revenues allocated to Member States must be used to support broader climate action and just transition objectives.



WHY LOCAL AND REGIONAL GOVERNMENTS MATTER FOR THE IMPLEMENTATION OF NATIONAL SOCIAL CLIMATE PLANS

Designing effective national Social Climate Plans that will deliver structural changes such as energy efficiency and sustainable transport measures requires an understanding of local living conditions, infrastructure, and vulnerabilities – information that is best held by local and regional governments. Local governments are closest to their communities and can tailor climate, energy, and mobility policies to address region-specific needs, whether related to demographics, industries, or housing stock. Therefore, best positioned to balance long term infrastructure investments and short term relief measures.

Recognizing this, the [Social Climate Fund Regulation](#) mandates the inclusion of local stakeholders:

- ★ **Articles 4 and 5** require **public consultations** with regional and local authorities, social actors, and other relevant stakeholders during the development of national Social Climate Plans.
- ★ **Article 22** further demands **coordination and consistency** across EU, national, and local levels throughout both planning and implementation phases.

To support Member States in this process, the European Commission published a set of [recommendations on public consultation](#) in June 2024, highlighting [good practices](#). In September 2024, the Commission launched a [Technical Support Programme](#) to assist with SCF implementation, with ten Member States participating: Belgium, Czechia, Denmark, Greece, Finland, Croatia, Lithuania, Latvia, Romania, and Slovakia. Thereafter in March 2025, the Commission published [one guidance document on the Social Climate Plans](#) and another [technical guidance on applying the 'do no significant harm' principle](#) under the Social Climate Fund Regulation. However, several EU countries have voiced reservations about the EU's upcoming carbon pricing scheme for transport and heating (ETS2). The fear of higher prices, if EU countries have not reduced emissions by 2027, is real. Given the risk of higher prices, it is of utmost importance to make sure that the Social Climate Fund reaches to the most vulnerable and is paramount that local governments' recommendations are taken into account to protect vulnerable households.



BRIEFING OVERVIEW

This briefing is based on a follow-up survey conducted between April and May 2025 by eight leading networks of local and regional governments: [ACR+](#), [CEMR](#), [Climate Alliance](#), [Energy Cities](#), [Eurocities](#), [FEDARENE](#), [ICLEI Europe](#) and [POLIS](#). It follows on from a [first briefing and survey](#) (conducted August-September 2024), that assessed Member States' efforts to involve municipalities in the design of national Social Climate Plans, highlighting serious discrepancies to comply with guidance documents and the guidelines of the SCF Regulation.

Six months later, ahead of the June deadline for the Plans, **this second briefing explores the multilevel design of national Social Climate plans in their final stage, assessing the degree to which further integration of local and regional governments' projects, plans and recommendations have or have not been taken into account** in the development of Member States' national Social Climate Plans.

The results of this second survey, however, again reveal considerable variation and indicate **inconsistent, inefficient or delayed involvement across several Member States**. Some governments have only shared limited information with municipalities, or conducted online consultations on the finalised plans while others engaged them early in co-design processes. Despite repeated encouragement from the European Commission, many suggestions from local and regional governments are still not meaningfully or systematically included in national Social Climate Plans. Experiences from across the EU show that this lack of involvement puts at risk the development of plans that reflect local needs and realities. To prevent top-down measures that may backfire or fail to support the most vulnerable, the European Commission should strengthen its monitoring of multilevel design and governance of these Plans. This will help ensure that national Social Climate Plans are designed in a way that is inclusive, locally informed, and publicly supported.

WHY THE SOCIAL CLIMATE FUND MATTERS FOR CITIES AND REGIONS

[Energy poverty](#) is a growing concern across Europe, driven by factors such as low household income, rising energy costs, and poor insulation in buildings. The situation worsened in the wake of Russia's war in Ukraine, which caused energy prices to spike. In 2021, 6.9% of Europeans were unable to keep their homes warm. This rose 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. A [Joint Research Centre \(JRC\) study](#) found that, depending on the definition

used, between 8% and 16% of Europeans may be considered energy poor.

Local and regional governments are on the front lines of addressing this crisis. [Many municipalities](#) are implementing a mix of short-term relief and long-term strategies. These include offering debt relief to low-income households, setting up local one-stop shops that help residents access energy-saving advice and funding, establishing energy communities to promote shared renewable generation, and providing grants for building renovation and efficient appliances.



Transport poverty, meanwhile, occurs when people cannot afford or access transportation needed for work, healthcare, or other essential services. It is influenced by how people and services are distributed across space, the design and accessibility of transport systems, and the allocation of public resources. [A study in the Netherlands](#) found that between 113,000 and 270,000 households – primarily in medium-sized cities – struggle with low incomes and high fuel costs, placing them at risk of transport poverty.

Transport poverty is particularly prevalent in suburban, peri-urban, and rural areas, where decades of car-centric planning have left public transport underdeveloped. Reducing transport poverty will require policy solutions that reflect local conditions, including investments in public and demand-responsive transport, shared mobility

services like carpooling or carsharing, and strategies to reduce the total distance people need to travel for daily activities.

Energy and transport poverty often go hand in hand, particularly for low-income and vulnerable households, leaving millions of Europeans to choose between transport and heating & cooling needs. **These intertwined challenges demand a holistic and inclusive approach that reflects the realities of the specific communities they are meant to serve.** The next section shares a snapshot of how Member States inform, consult, and support local and regional governments in developing national Social Climate Plans, based on a survey conducted from April to May 2025 among members of European local and regional government networks: [ACR+](#), [CEMR](#), [Climate Alliance](#), [Energy Cities](#), [Eurocities](#), [FEDARENE](#), [ICLEI Europe](#) and [POLIS](#).

UPDATE ON MULTILEVEL PLANNING OF THE SCF IN VARIOUS MEMBER STATES:

BELGIUM

The Belgian national Social Climate Plan comprises four components: regional contributions from Flanders, Wallonia, and Brussels, as well as a federal-level plan. An intergovernmental commission is responsible for coordinating these contributions to ensure a coherent national approach.

In Flanders, the Association of Flemish Cities and Municipalities (VVSG) plays a central role in representing local governments. It actively engages municipalities to gather place-based insights and priorities. Through a dedicated working group, VVSG collaborates with relevant departments of the Flemish government, enabling structured dialogue between local and regional levels. This process

resulted in a consolidated municipal position paper with proposed measures, which was submitted during the national stakeholder consultation on 4 November 2024.

While this approach allowed for some degree of local participation via VVSG, several limitations were noted. While a working group was set up at Flemish level to involve local stakeholders – including VVSG on behalf of municipalities – the process has been only partially inclusive. This group prepared a broad longlist of possible measures, many of which focused on transport and energy poverty, or support for SMEs. However, the process has since shifted to a smaller political core group, and the final shortlist of measures has not been shared publicly. Neither cities nor VVSG have been granted full access to this shortlist.



Some of the measures proposed for the shortlist raise concerns about their alignment with the SCF's objectives to specifically support vulnerable groups. In addition, some cities report a general political reluctance to introduce new structural or operational measures (like targeted subsidies or loans) due to the belief that such schemes would need to be continued with regional funding after the SCF ends in 2032. This risks favouring existing or broader climate actions over specific, additional social measures.

The allocation of SCF funds across the Belgian regions remains a politically sensitive issue and is still under negotiation. It is expected that the draft plan will be shared with VVSG, which will then initiate further consultation with local governments. However, the current lack of clarity on how municipal input is considered and how funding will be distributed hampers the ability of cities to align their actions or anticipate investment opportunities.

In the Brussels-Capital Region, a similar multilevel governance approach has been implemented. The region conducted a stakeholder consultation to gather recommendations on priority measures from a predefined list.

In Wallonia, the regional government has also played a leading role in coordinating the SCF process and collecting local-level input. Nevertheless, feedback from municipal respondents indicates uncertainty about the extent to which local action plans and existing initiatives – particularly in areas like energy poverty and sustainable mobility – are being integrated into the nSCP.

CZECHIA

The Czech Environment Ministry has established a [dedicated platform](#) to support the preparation of the national Social Climate Plan. This platform serves as a forum for consultation and the exchange of information and proposals among public authorities, private sector stakeholders, non-profit organisations, and other relevant actors. As a first step in 2024, an interdepartmental working group was created to coordinate the Plan's development. In parallel, broader thematic working groups were convened to focus on tackling energy and transport poverty.

In March 2025, the platform held a comprehensive meeting to discuss key measures under the nSCP.

These include support for building renovations, along with a debate on whether households connected to district heating should be eligible, and improved mobility in underserved areas, with emphasis on strengthening public transport and targeted support for electromobility. Regional and local governments were involved via representatives from the Association of Regions (Asociace krajů), the Union of Towns and Municipalities (SMO ČR), the National Network of Local Action Groups (NS MAS), and the Association of Local Self-Government, alongside several individual municipal representatives. A series of follow-up meetings is scheduled for autumn 2025, with a focus on the Plan's implementation.

FINLAND

Finland's Ministry of the Environment is leading the development of its national Social Climate Plan, in coordination with other national ministries. The process began in autumn 2024 with a public hearing and introductory event to explain the overall planning timeline. In winter 2024 – 2025, a series of focus group consultations were organised by the consultancy Sweco under the EU Technical Support Instrument (TSI). While the Association of Finnish Local and Regional Authorities and the Finnish Public Transport Association were invited, individual cities were largely excluded from direct participation.

In spring 2025, a preliminary list of proposed measures was drafted based on the outcomes of the focus groups and made available for a two-week open online consultation. However, this online process was not proactively communicated to cities, and as a result, only a limited number of cities managed to respond. A hybrid stakeholder event in April then reviewed the consultation findings and discussed the next steps. City representatives and associations expressed concerns about the consultation's limited timeframe and the exclusion of urban areas from key support measures, particularly in public transport and energy poverty mitigation.

As of late May 2025, the full draft of Finland's national Social Climate Plan was expected to be circulated for comments but has been delayed. No structured multilevel working group involving municipalities or regions has been established beyond the consultations. With final measures now being developed, local governments continue to push for a



more inclusive process to ensure the nSCP aligns with local needs and makes full use of local expertise and existing initiatives.

GERMANY

In Germany, all local government respondents to the survey reported that they had not been involved in the development of the national Social Climate Plan. While an online survey consultation was made available, it took place before the draft plan was shared, making it difficult for municipalities to provide informed and meaningful feedback. None of the municipalities surveyed had been directly consulted during the plan's design phase.

Several municipalities indicated they had relevant local initiatives – particularly targeting energy and transport poverty – that could support the objectives of the national Social Climate Plan. However, they felt that these local and regional efforts were not being taken into account in the national planning process.

Civil society organisations involved in the SCF planning process reported that the Ministry informed them of stakeholder consultations held in April 2025, preceded by a pre-consultation meeting with selected stakeholders in January 2025. To support more targeted and evidence-based planning, the Ministry received data on energy and transport indicators, including some local-level information.

Among the two focus areas, transport poverty has emerged as particularly challenging to address in terms of planning and implementation. While the Ministry appears more receptive to public input in this process compared to its approach during the development of the National Energy and Climate Plans (NECPs), municipal respondents expressed that they remain largely unaware of, and excluded from, the mechanisms for co-developing Germany's national Social Climate Plan.

GREECE

In Greece, the nSCP consultation process is coordinated with the development of Greece's National Energy and Climate Plan.

Greek local governments report that they have not been directly approached by national authorities

for involvement in the development of the national Social Climate Plan. While the consultation process has formally included an online component through the government's OpenGov platform – used to collect feedback from citizens, organisations, and municipalities – it has lacked critical features for effective stakeholder engagement. According to local representatives, the online consultation was launched without providing access to a draft of the nSCP, detailed background materials, or a timeline explaining how and when inputs would be reviewed and integrated. This lack of transparency and the absence of structured interaction limited the ability of local governments to engage constructively and provide tailored recommendations aligned with local needs.

The absence of targeted outreach to local governments and the reliance on a generic digital platform hindered more proactive participation from cities like Katerini. Representatives further note that no multistage dialogue or follow-up processes were established to deepen engagement beyond the initial online form, nor were local governments supported or encouraged to convene local consultations or submit coordinated responses. This fragmented approach contrasts with the requirements of the SCF Regulation, which calls for meaningful and inclusive stakeholder consultation. As a result, many local context specific priorities – such as upgrading energy-inefficient housing, addressing rural transport gaps, and providing support for low-income households – risk being inadequately reflected in the nSCP. Local governments stress that without timely access to draft plans, adequate resourcing, and formal coordination mechanisms, the current consultation design falls short of enabling them to contribute meaningfully to the development of effective, territorially responsive climate and social measures.

HUNGARY

Survey respondent cities from Hungary have not been consulted regarding the Social Climate Fund. According to available information, the Hungarian Social Climate Plan is currently being prepared by the relevant ministry but has not reached the stage of public consultation and is unlikely to be submitted by the 30th of June. As it stands, there appears to be no meaningful involvement of the municipality in the preparation process.



ITALY

The Italian Ministry of Environment and Energy Security launched the consultation process in two stages: an initial survey open to the general public in February 2025, followed by a second phase limited to selected key stakeholders in spring. According to feedback from Italy, the National Association of Italian Municipalities (ANCI) played a coordinating role by collecting input from local governments. The nine Italian cities participating in the EU Mission for Climate-Neutral and Smart Cities also agreed to submit a joint contribution through ANCI.

However, the consultation process was communicated very late, and it remains unclear how stakeholder inputs will be used. Input was requested without sharing a draft of the plan or providing transparency on the process. Cities report they have not been informed about the priorities selected by the national government, limiting their ability to contribute in a structured and meaningful manner.

LUXEMBOURG

The Government of Luxembourg concluded its public consultation on the national Social Climate Plan on 30 April. The use of an online consultation platform reflects an intention to align with EU principles of inclusive policy development. However, the process has highlighted areas where improvements could be made to enhance transparency and stakeholder engagement.

Users have found the platform challenging to navigate, and concerns have been raised about the clarity and openness of the process. While stakeholders were invited to submit comments, the consultation did not include information on how this input would be evaluated or incorporated into the final plan. In previous consultations using the same platform, limited information was shared about how submissions were treated or why specific recommendations were accepted or not. For this consultation, a summary of 27 responses was published, though the identities of the respondents were not disclosed.

These factors have contributed to a perception among some stakeholders that the process lacks openness, which may impact trust and the perceived legitimacy of the nSCP. To strengthen future consultations, additional engagement methods – such as stakeholder

workshops, bilateral meetings, or explanatory sessions – could provide valuable opportunities for civil society, local governments, and other key actors to participate more meaningfully in shaping the outcomes.

NETHERLANDS

The Netherlands has adopted a phased approach to developing its national Social Climate Plan, beginning with director-level meetings that brought together key stakeholders, including the Association of Dutch Municipalities (VNG), the Ministry of Economic Affairs and Climate Policy, the Interprovincial Consultative Body (IPO), and the Union of Water Boards (UWV). The process then progressed through expert group discussions, political decision-making, content development, and ultimately, the drafting of the plan.

Local governments were primarily consulted through the Dutch Association of Municipalities (VNG), which served as the main communication channel. While most cities in the Netherlands report feeling well-informed about the process, it remains unclear how their feedback will be reflected in the final version of the Plan.

POLAND

In mid-2024, Poland amended its law on development policy to formally incorporate the obligation to prepare a national Social Climate Plan. The Ministry of Funds and Regional Policy (MFiPR) was designated to lead this process. Poland is expected to receive approximately €11.4 billion from the SCF, representing 17.6% of the total fund allocation. Of this amount, 37.5% is expected to be directed toward income support for households in the form of an energy allowance. The program targets two main objectives: energy poverty and transport poverty, both defined using multi-criteria approaches. Depending on the final definitions adopted, these measures could affect between 0.5 and 2 million Polish households. While local governments will be involved in the implementation, their role is expected to begin at a later stage, as the majority of the funds will remain under the control of the central government. The nSCP is still expected to be finalized by June 2025.

Poland established a working group to develop the national Social Climate Plan that brings together multiple governance levels and civil society. By late



2024, the first meeting of this working group had taken place, comprising national government, regional authorities (marshal's offices), local governments (samorządy), and civil society organizations. In addition to this dedicated working group, Poland has leveraged existing collaborative bodies to include city voices. In July 2024, Minister Katarzyna Pełczyńska-Nałęcz convened a meeting with the Joint Commission of Government and Local Self-Government – a statutory forum that includes local government associations (cities, towns, counties, and regions). The meeting, attended by regional authorities and representatives of the local government side of the Joint Commission, discussed key development funds and the upcoming Social Climate Fund.

While the Polish government has engaged in preparatory activities for the national Social Climate Plan, including forming working groups with managing authorities and Marshal offices, there has not been a public consultation yet and there is no publicly available information when it will take place. This delay is notable given the importance of public input in shaping effective and inclusive climate policies.

PORTUGAL

In Portugal, the consultation process for the national Social Climate Plan is being led by the Agency for Development and Cohesion and is structured around a series of five public sessions under the title "Just Transition: the contribution of the Social Climate Plan." Three of these sessions are taking place on the mainland (in Porto, Lisbon, and Faro), with two additional sessions scheduled for the autonomous regions of the Azores and Madeira. While these public events aim to engage stakeholders, the fact that the series is still ongoing so close to the submission deadline raises concerns about whether stakeholder input will be adequately reflected in the final plan. Ideally, consultations should have taken place earlier in the process to allow for meaningful integration of contributions from local and regional actors.

The format of these sessions has also raised questions about their effectiveness. For example, the Lisbon session lasted three hours and was composed almost entirely of opening speeches, a single presentation, and two expert roundtables – leaving little to no time for audience participation or open discussion. The absence of interactive elements such as Q&A

sessions or breakout groups limits the sessions' value as genuine consultative exercises. It remains unclear whether a deliberate and adequate effort is being made to ensure the participation of local governments in shaping the Portuguese nSCP. The inclusion of a single municipal representative in a roundtable discussion cannot be considered sufficient to meet the requirements of the Social Climate Fund Regulation, nor does it reflect the level of engagement expected for a process intended to deliver a just and inclusive transition.

SLOVAKIA

In Slovakia, the [National Platform for the Social Climate Plan](#) functions as the main coordination mechanism for developing the country's strategy to access funding from the EU's Social Climate Fund. The platform is led by the Ministry of the Environment of the Slovak Republic (Ministerstvo životného prostredia Slovenskej republiky), which is responsible for drafting and implementing the national Social Climate Plan.

As part of Slovakia's participation in the European Commission's Technical Support Instrument (TSI), funded through DG REFORM, an [ETS2 assessment report](#) has been prepared and published. This report includes a set of general measures aimed at addressing energy and transport poverty.

The platform also [lists various stakeholders for consultation](#), including representatives from the regional level. However, the involvement of local governments has been limited. Coordination mechanisms are not well developed, and municipalities are often consulted only at later stages of the process. For instance, the capital city, Bratislava, was not actively included in the initial stages but took the initiative to engage with the national authorities by participating in an online consultation and submitting feedback.

SPAIN

Spain is actively preparing its national Social Climate Plan, which will channel around €9 billion into measures supporting vulnerable households and micro-enterprises during the green transition. Spain launched a public consultation survey in February – March 2025 as the first formal step, collecting



ideas from citizens, NGOs, businesses, and local governments. This was a preliminary phase meant to guide a broader participatory process conducted by the Ministry for the Ecological Transition (MITECO). Since May, three workshops have taken place: one workshop for housing and transport each and a cross-sectorial one with 8 different working groups to identify synergies and similarities among both sectors and tackle different sections of the national Social Climate Plan.

A total of 62 representatives from entities linked to both sectors – including NGOs, research and local action groups, syndicates, social housing and consumer rights organisations, business associations, local governments and offices that support housing renovation, and the European Commission – worked on proposals based on the initial consultation process. During the sectorial workshops, a number of actions were selected and developed in detail. After a review and voting process to identify priorities, 9 actions for housing and 11 for transport were taken forward. Such output from both workshops was presented to participants of the sectorial workshop. The working groups focused on finding compromises between the measurements and overlaps, with a special focus on the different categories of 'vulnerability' the Social Climate Fund should respond to.

Beyond this public consultation, the Spanish Ministry has held a formal hearing and inter-ministerial coordination meetings since April to discuss the national Social Climate Plan's development and ensure it complements regional climate/energy plans. For instance, the actions identified during the participatory process will be included into the National Building Renovation Plan (to be presented at the end of 2025) and the National Strategy for Energy Poverty in charge of the Spanish Ministry of Housing and Urban Agenda (MIVAU). As of May 2025, Spain is consolidating input into a draft plan, which is expected to be submitted to the European Commission by the end of June.

SWEDEN

In late 2024, Sweden initiated the development of its national Social Climate Plan, aligning with the EU's Social Climate Fund objectives. On 4 November 2024, the Ministry of Climate and Enterprise conducted a stakeholder consultation, presenting a proposal to allocate all SCF funding to a targeted electric vehicle (EV) subsidy scheme. Only a limited group of cities and regions were invited and the selection criteria for participation to this stakeholder consultation was not openly communicated. The SCF proposal for a targeted EV subsidy had already been introduced in the government's September 2024 Budget Bill, preceding the consultation. Subsequently, the Swedish Environmental Protection Agency (Naturvårdsverket) was tasked on 5 December 2024 with drafting the plan, delivering a first interim report on 27 March 2025.

The consultation process had limited engagement with local and regional governments. Besides the [Local Alliance report](#) in December 2024, in early 2025, several Swedish regional governments and the national association SKR (Sveriges Kommuner och Regioner) expressed concerns over the plan's narrow focus on EV subsidies. They argued that such measures might not adequately address the needs of vulnerable populations, particularly in rural areas where public transport support and heating efficiency improvements could be more beneficial. These stakeholders also criticised the consultation timeline, noting that key decisions had been made prior to their input, limiting their influence on the plan's development. Nevertheless, this was not reflected in the first interim report.

As of mid-2025, the finalization of Sweden's national Social Climate Plan is ongoing, with Naturvårdsverket expected to deliver the final version by 31 January 2026. Local and regional actors continue to advocate for more inclusive and structured engagement processes to ensure that the plan effectively addresses the diverse needs across Sweden.



POLICY RECOMMENDATIONS FOR THE SUCCESSFUL IMPLEMENTATION OF THE SOCIAL CLIMATE FUND AND ITS ALIGNMENT WITH THE NEXT EU BUDGET AND GOVERNANCE FRAMEWORK

Given the central role of stakeholder participation in the design and delivery of the Social Climate Fund, there is an urgent need for greater procedural clarity, responsiveness, and transparency to implement the requirements of the Social Climate Fund Regulation. As Member States finalise their national Social Climate Plans, there are still opportunities to collaborate meaningfully with local and regional governments on both their design and implementation. With the next EU budget on the horizon, how Member States design one single plan with the involvement of local and regional governments will also have relevance for the next Multiannual Financial Framework. To unlock the full potential of the Social Climate Fund, **as European local and regional government networks, [ACR+](#), [CEMR](#), [Climate Alliance](#), [Energy Cities](#), [Eurocities](#), [FEDARENE](#), [ICLEI Europe](#) and [POLIS](#), we repeat our call to Member States to ensure meaningful and effective engagement with local and regional governments in the design and implementation of national Social Climate Plans – going beyond mere information sharing or online consultation to achieve genuine policy integration from the local to the national level and systemic dialogue throughout the implementation process:**

ENSURE MULTILEVEL GOVERNANCE

Establish national mechanisms for the timely, structured, and meaningful involvement of local and regional governments in the design, implementation,

governance, and evaluation of national Social Climate Plans, in line with Article 4 and 5 of the SCF Regulation.

Ensure the involvement of regional and local governments in the monitoring committees for the implementation of the Social Climate Fund, to support effective execution, follow-up and adjustment of the national Social Climate Plans and ensure that measures and investments reach the intended target groups.

Strengthen the coherence between the implementation of the Energy Performance of Buildings Directive (EPBD) and the SCF, including the provision of bridge financing solutions for low-income households who may lose access to support schemes following the phase-out of subsidies for fossil fuel boilers under Article 17 of the EPBD, or who may face significantly higher upfront renovation costs ahead of or at the early stages of SCF implementation.

LEVERAGE LOCAL PLANNING TOOLS

Align national SCF measures with existing local strategies such as Sustainable Energy and Climate Action Plans (SECAPs) and Sustainable Urban Mobility Plans (SUMPs) to enhance policy coherence and implementation impact. They must also rely on good practices from projects that generated similar plans that have been developed locally, and connected with implementation tools and strategies.



ENSURE FULL AND TIMELY TRANSPOSITION OF ETS2

The transposition of ETS2 is a prerequisite to make sure that the Social Climate Fund can be absorbed and implemented. Beyond the SCF, strategically leverage the remaining ETS2 revenues to support structural investments in climate action and a just transition, reinforcing long-term solutions to energy and transport poverty.

PRIORITISE STRUCTURAL, TARGETED INVESTMENTS

Focus SCF spending on investments that address energy and transport poverty in the longer term, with particular attention to vulnerable groups – including women, elderly people, and single-parent households – by assessing the full distributional impacts of ETS2 throughout the implementation period to strengthen the quality and effectiveness.

DESIGN EFFECTIVE TEMPORARY MEASURES

Where direct income support is needed, coordinate measures with existing tools available at local level, such as energy poverty relief measures, targeted tax relief measures, or transport subsidies.

USE LOCAL DATA FOR BETTER TARGETING

Include territorially disaggregated and locally collected data to ensure targeted measures towards vulnerable populations. Leverage the existing data and indicators from initiatives such as the Covenant of Mayors, collected with the support of its signatories and territorial observatories, for the development of effective energy vulnerability indicators and actionable nSCP.

DIRECT SCF FUNDING TO LOCAL AND REGIONAL GOVERNMENTS

Encourage Member States to allocate a share of SCF resources directly to local and regional governments

to maximise co-benefits and foster coordinated and adaptive implementation of related EU legislation (EPBD, EED, RED).

PROMOTE POLICY COHERENCE ACROSS EU AND NATIONAL INSTRUMENTS

Facilitate multilevel dialogue to align nSCP with national energy and climate frameworks (e.g., NECPs), thereby reducing administrative burdens for local governments and ensuring consistent implementation across governance levels.

INVEST IN LOCAL CAPACITY-BUILDING AND LEARNING ACROSS ALL LEVELS OF GOVERNMENT

Support local administrations with technical assistance, knowledge-sharing and capacity-building to strengthen the quality and effectiveness of SCF implementation.

Support the establishment of an EU-wide platform of good practices with a strong subnational component to foster multi-level learning and promote innovative approaches in the implementation of the Social Climate Fund, building synergies with the new EU Fair Transition Observatory. Such a platform should facilitate the exchange of practical solutions and lessons learned across regions and cities, strengthening coordination, implementation capacity, and policy coherence at all levels of governance.

The Social Climate Fund, developed following the model of the Recovery and Resilience Facility, has demonstrated the limitations of an approach that lacks robust multilevel governance and partnership principles. As preparations begin for the next Multiannual Financial Framework (MFF 2028–2034), it is essential to draw lessons from the SCF planning process. The future MFF must embed multilevel governance and mainstream the partnership principle across all funding instruments. This means co-designing reforms and investments with local and regional governments from the outset, and ensuring they are equipped with the administrative capacity needed to implement impactful, locally tailored solutions. Introducing ex-ante conditionalities for



local engagement will help ensure that national plans genuinely reflect the needs and priorities of communities across Europe.

A more inclusive and territorially responsive approach to climate and social investment is not merely good governance – it is essential for delivering fair, effective, and lasting outcomes. Meaningful

involvement of local and regional governments will strengthen public trust, enhance policy alignment, and improve the overall legitimacy of EU action. By embedding these principles into the next MFF and continuing to evolve the SCF accordingly, the EU can better support all its territories in achieving a just transition, ensuring that no one is left behind in the shift to a sustainable, climate-resilient future.

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LOCAL ALLIANCE

WHO ARE WE ?

The Local Alliance — a coalition of local and regional governments made of [ACR+](#), [CEMR](#), [Climate Alliance](#), [Energy Cities](#), [Eurocities](#), [FEDARENE](#), [ICLEI Europe](#) and [POLIS](#), — is an informal coalition aiming at ensuring that our constituencies have the competencies and resources to implement the European Green Deal and reinforce Europe's resiliency.

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