



ClimateFair Monitor

Towards climate-neutral buildings and road transport

ETS2 UNDER FIRE: **alternative and complementary** **policies to implement social** **climate measures**



CONTENTS

Introduction.....	3
National SCPs so far.....	4
MFF 2021-2027 re-programming (a feasible option?).....	27
MFF 2028-2034 programming and NRRPs.....	32
Funding via national funds.....	38
Recommendations	44
Project partners	46

INTRODUCTION

The Social Climate Fund was designed to mitigate the expected pressure of increased fossil energy prices caused by ETS2 introduction. The purpose is clear: to help the most vulnerable groups of EU member states, yet the action of national development of plans is slow.

This report examines different situations in five Central and Eastern European (CEE) countries, with a focus on, public engagement in the development of national SCPs, and assessment of their content, in case there are existing drafts or plans. Further we look into cases of MFF 21-27 re-programming -

describing discussions, opportunities, barriers or practical limitations related to re-programming. Building on the findings of the Plan4Climate [report](#) we assess how Social Climate Plan measures could be integrated into the next MFF programming period. Further this report describes existing national funding sources that could support social climate measures and how these funds are currently used or could support SCP measures. Based on the findings of the previous topics, we recommend how additional ETS2 revenues should best support social climate objectives.



NATIONAL SCPs SO FAR

Milestones of NSCP development

Country	Public consultation	Plan approved by EC	Any comments on content (optional)
Hungary	In November 2025, an online meeting was held between several NGOs and representatives from the Ministry of Energy.	-	The Hungarian government does not intend to introduce ETS2 and the Social Climate Fund (SCF); therefore, the analysis of the Social Climate Plan (SCP) process is not relevant.
Latvia	4.-10.06., 12.06.16.06., 17.06.2025.	29.07.2026.	UPD Jan 2026: The plan's content is being reviewed as requested by the EC, publicly there is no information about what measures are being replaced/changed.
Bulgaria	20.06-20.07.2025	not yet	The second version is distributed among the group of previously active CSOs for comments.
Poland	6.06-30.06.2025	not yet	
Slovenia	30. 10. – 30. 11. 2025	not yet	
Romania	01.11-01.12.2025	not yet	

Public consultation

Country	Hungary
What kind of procedures were available for the public to engage in discussing SCP content? <i>public consultation (submitting written comments and suggestions) and/or public discussions(public meeting organised by the ministry and/or other</i> <i>color code:</i> ● public discussion ● public consultation ● none - process hasn't started yet	● No public consultation. Informal meetings with the responsible ministry.

Timeframe for the procedures color code: ● at least a week for discussions ● at least 2 weeks for discussions ● less than 1 week for discussions	-17.11.2025.
Was the public engagement in discussing the draft NSCP meaningful? Other comments on the public participation process. engagement opportunities. <i>Few sentences on how meaningful the process was.</i>	The Hungarian government does not intend to introduce ETS2 or the Social Climate Fund (SCF). Civil society organisations had only informal meetings with ministry representatives where they could express their position.
NGO's activities in the public participation process. <i>Few sentences on partner's key activities during public participation</i>	CSOs made recommendations to the government, and received informal information about the government not intending to implement the ETS2 and the SCF either.

Country	Latvia
What kind of procedures were available for the public to engage in discussing SCP content? <i>public consultation (submitting written comments and suggestions) and/or public discussions(public meeting organised by the ministry and/or other</i> color code: ● public discussion ● public consultation ● none - process hasn't started yet	● Public discussion
Timeframe for the procedures color code: ● at least a week for discussions ● at least 2 weeks for discussions ● less than 1 week for discussions	● 12.06., and after CSOs demand additional discussions on 16.06. and 17.06.20205.
Was the public engagement in discussing the draft NSCP meaningful? Other comments on the public participation process. engagement opportunities. <i>Few sentences on how meaningful the process was.</i>	The public was engaged in drafting the plan, and a few meetings were organised to discuss the scope and measures. Still, some crucial regional organisations and municipalities from the most transport poverty prone region were not meaningfully involved. Another form of public engagement with the plan developers was possible through direct communication channels.

	When the plan's draft was first published, there was no public consultation process provided, only one discussion, that was more of a presentation of the plan. After the public's demand, two more meetings were provided by the ministry to discuss the measures in depth. Still the participation was rather limited.
NGO's activities in the public participation process. <i>Few sentences on partner's key activities during public participation</i>	GL participated in the meetings, where the drafting process was initially started, and continued with further communication about suggestions for the plan. GL invited representative of the responsible ministry to engage in an awareness raising event about SCP and ETS2. After the plan's draft was published, GL provided recommendations to improve the plan and continues to bring the ministry's and other CSOs' attention to the issues with public consultation, and the case will be studied and discussed between CSOs, State Chancellery and the responsible ministry in meetings in August 2025.

Country	Bulgaria
What kind of procedures were available for the public to engage in discussing SCP content? <i>public consultation (submitting written comments and suggestions) and/or public discussions(public meeting organised by the ministry and/or other</i> <i>color code:</i> ● public discussion ● public consultation ● none - process hasn't started yet	● Public consultation
Timeframe for the procedures <i>color code:</i> ● at least a week for discussions ● at least 2 weeks for discussions ● less than 1 week for discussions	● June 20 - July 20
Was the public engagement in discussing the draft NSCP meaningful? Other comments on the public participation process. engagement opportunities. <i>Few sentences on how meaningful the process was.</i>	Not a broad campaign on the draft, the formal process of consultation has been covered. Note that the final conclusions could be drafted after the closure of the consultations.

NGO's activities in the public participation process.

Few sentences on partner's key activities during public participation

There was a pre-consultation discussion in early May 2025 with invited CSOs with the deputy prime minister and three deputy ministers. EPI together with the external expert within the EUKI project were present and participated in the discussion that came as a follow-up on the presentation of the main aspects of the draft SCP.

EPI submitted two statements on the proposed NSCP within the public consultation procedure - one individual statement and one joint statement together with 14 other civil society organizations.

EPI and the external expert were thereafter invited to an individual personal meeting with the Central Coordination Unit (to the Council of Ministers, responsible for EU funding programming). EPI elaborated on its evaluation of the first draft of the NSCP and its respective recommendations.

Additional electronic submission of recommendations to the Central Coordination Unit followed.

The second draft of the SCP was distributed (9.12.) to the group of previously active CSOs for comments. A meeting with the Central Coordination Unit to the Government was held on 16.12.

A meeting on the energy efficiency measures targeted at the housing stock within the second draft of the SCP was organized by the Central Coordination Unit with the group of previously active CSOs and with participation of the Ministry of Regional Development and Public Works, which is responsible for these measures (22.01.2026).

A meeting on the transport-related measures within the second draft of the SCP was organized by the Central Coordination Unit with the group of previously active CSOs and with participation of the relevant ministries (09.02.2026).

The Central Coordination Unit gathered statements on a proposed 'Methodology for Assessing Transport Vulnerability in the Republic of Bulgaria' in August 2026.

A public consultation on the designation of the bodies and structures responsible for preparation and management of Bulgaria's NSCP and their main functions was implemented online between 7 August and 6 September 2026.

Country	Poland
What kind of procedures were available for the public to engage in discussing SCP content? <i>public consultation (submitting written comments and suggestions) and/or public discussions(public meeting organised by the ministry and/or other</i> <i>color code:</i> ● public discussion ● public consultation ● none - process hasn't started yet	● Public consultation with public hearing (online)
Timeframe for the procedures <i>color code:</i> ● at least a week for discussions ● at least 2 weeks for discussions ● less than 1 week for discussions	24 days
Was the public engagement in discussing the draft NSCP meaningful? Other comments on the public participation process. engagement opportunities. <i>Few sentences on how meaningful the process was.</i>	Gathered opinions have been put on a separate report and discussed by the relevant ministry.
NGO's activities in the public participation process. <i>Few sentences on partner's key activities during public participation</i>	Many opinions were sent out and organisations could take part in public hearings. The consultation can be considered transparent and realised along best standards.

Country	Slovenia
What kind of procedures were available for the public to engage in discussing SCP content? <i>public consultation (submitting written comments and suggestions) and/or public discussions(public meeting organised by the ministry and/or other</i> <i>color code:</i> ● public discussion ● public consultation ● none - process hasn't started yet	● So far only meetings (online) with the responsible ministry (environment, climate and energy). There has been a 1 month ● official public consultation via email (.doc template for remarks) from October 30 to November 30, 2025. There were also two events on energy/transport poverty and SCP organized by the NGO Focus, where relevant representatives from the ministries were present and we could discuss things with them. But the ministry tries to frame this as part of the public participation process (they are using events organized by NGOs to mitigate our discontent with the lack of their engagement)

Timeframe for the procedures color code: ● at least a week for discussions ● at least 2 weeks for discussions ● less than 1 week for discussions	● The public consultation process will be 30 days
Was the public engagement in discussing the draft NSCP meaningful? Other comments on the public participation process. engagement opportunities. <i>Few sentences on how meaningful the process was.</i>	Most likely the meetings and correspondence ahead of the upcoming official consultation was more meaningful than the consultation itself. Consultations are often about finished plans/regulations/laws and it is unlikely that significant changes will occur.
NGO's activities in the public participation process. <i>Few sentences on partner's key activities during public participation</i>	Meetings 1-1 with the ministry and as part of the online meeting organised by the ministry. Publication of a document with 22 specific recommendations. Of course, we also plan the participation in the official public consultation later this year and will likely coordinate the input of various eNGOs. In the beginning of November (5th) we are, together with Focus, organizing a meeting/workshop, aimed at informing civil society organizations, unions etc. on ETS2/SCP, on the state of energy and transport poverty, on social-climate policies we prepared as an early input for the ministry responsible for the process, on the draft NSCP (it should be in public consultation by then) that responsible public officer from the ministry will present, and with all this information to consolidate on the measures we as CSOs will push for.
Country	Romania
What kind of procedures were available for the public to engage in discussing SCP content? <i>public consultation (submitting written comments and suggestions) and/or public discussions(public meeting organised by the ministry and/or other</i> color code: ● public discussion ● public consultation ● none - process hasn't started yet	● - Announcement for completing the form on measures and investments that can be included in the National Social Climate Plan ● - Public consultation after the publication on the site of the Ministry of EU Funds of the SCP
Timeframe for the procedures color code: ● at least a week for discussions ● at least 2 weeks for discussions ● less than 1 week for discussions	● -17-21.03.2025 consultation process was only 5 days ● 01-30.11.2025

Was the public engagement in discussing the draft NSCP meaningful? Other comments on the public participation process. engagement opportunities.

Few sentences on how meaningful the process was.

- The consultation process was more or less formal. The Ministry of Investments and European Projects launched a questionnaire on 17th March 2025 and the deadline for answers was 21th March, so it wasn't sufficient time for meaningful public participation.

- The consultation process was announced on the site of the Ministry of EU Funds and everybody could send proposals and recommendation to an email address

NGO's activities in the public participation process.

Few sentences on partner's key activities during public participation

- The NGO participation in the process wasn't significant because of lack of time.

-CSOs sent recommendations and comments, and received confirmation. However the process was open to everybody, it wasn't published the number of comment received and how were used the received proposals.



Content of Social Climate Plans or drafts

Bulgaria

Decarbonisation of sector	Significant measures	Percentage of the total NSCF allocated for the measure	Planned contribution to emission reduction (ktCO ₂ e)	Scope of measure (number of households reached)	Comments
Transport	Support for sustainable transport solutions in the municipalities of the Republic of Bulgaria	20,6	74901	ND	The measure includes purchasing of 9264 EVs and construction of 1564 charging stations
	Support for the purchase of zero- and low-emission vehicles targeting vulnerable micro-enterprises	2,81	8720	ND	1147 micro-enterprises will be supported
	Ensuring regular service with electric multiple unit trains on electrified railway lines throughout the country	11,30	ND	ND	The measure talks about "Potentially vulnerable transport users with improved opportunities" - 676722
	Providing mobile access to health services for vulnerable groups in transport-isolated areas on the territory of the Republic of Bulgaria	1,48	547	ND	150 mobile health cabinets will be supported
	Solidarity mobility for a just climate transition	2,32	2,052	42000	
	<i>in total:</i>	<i>38,51</i>	<i>84170,05</i>		
Buildings	Renovation of multi-family residential buildings in support of energy poor and vulnerable households	23,88	399,98	27615	
	Energy communities to address energy poverty	9,62	ND	22244	

	Warm home	5,78	30,028	12000	As the Plan envisages support for 12000 single-family homes, it could be assumed that this is the number of households supported.
	Support for decarbonization of domestic heating, cooling and food preparation in vulnerable households	5,33	43,5	50000	
	Energy renovation of social services in the community	2,89	5,41	6500	Support for 200 social services (social homes for elderly people)
	<i>in total:</i>	<i>47,50</i>	<i>478,92</i>	<i>118359</i>	<i>The emissions' savings are without the data for the second measure.</i>
Direct income support	Direct income support for vulnerable households and vulnerable transport users	11,62	ND	1087000	83000 energy poor people and 1004000 people living in transport vulnerability
Other	Technical assistance	2,39	n.a.	n.a.	

Bulgaria's SCP (based on the latest publicly available version as of the end of August 2026) contains a large number of priorities, which has attracted criticism for the European Commission. Therefore, significant changes in the next, third version, are not to be excluded. Nevertheless, the latest version includes some positive developments and proposes further improvements of some investments and reforms, also included in the NRRP, e.g. rehabilitation of buildings, financing more railroad public transport and completing an information system for energy and transport poverty.

It is noteworthy that there are several changes in the Bulgarian SCP after the last round of consultations (January 2026):

1. Direct payments. There is uncertainty about whether direct payments would play an important role in combating energy and/or transport poverty. Discussion whether to keep or withdraw

them is ongoing. As it is a political issue, there should also be a political decision.

2. Transport:

- A definition for transport poverty was approved with the adoption of the Law on Public Transport (April 2026). Although it does not cover the private transport options, it defines and therefore takes into account various factors that influence the existence or power of transport poverty. The law was followed by public consultations of two ordinances related to this matter. All of them have been part of the NRRP milestones with a fixed deadline as of the end of August 2026.

- A methodology for territorial assessment of transport vulnerability in the Republic of Bulgaria was distributed for consultation with selected institutions and partners in August 2026. As it states, "[t]his analytical methodology defines

the conceptual framework, operational logic and computational procedure for measuring transport vulnerability on the territory of the country through an integrated composite measure - the Transport Poverty Index (TPI). The methodology transforms heterogeneous administrative, statistical and spatial data into a comparable, clearly interpretable assessment that describes the extent to which the population of a given territory has real access to acceptable, available, financially sustainable and adequate transport services.” The approval of the methodology would first help (a) assessment of the distribution of the new railroad tracks among the most vulnerable regions and (b) improvement of the national information system for energy and transport poverty.

- A public consultation on the designation of the bodies and structures responsible for preparation and management of Bulgaria’s Social Climate Plan and their main functions was carried out

in August-September 2026. It envisages that the Ministry of Transport and Communications will be designated as the lead institution for Component 2, ‘Transport Sector’, and clarifies the responsibilities of the institutions involved in the development and management of measures and investments under this component.

3. Housing (energy efficiency). Discussions are ongoing regarding the (a) percentage of homes, inhabited with energy poor/vulnerable in a block of flats and (b) percentage of funding for non-poor families in such house buildings.
4. In addition, a reform included in the NRRP is under way as of the end of August 2026. The national system for energy poverty is established, the filling of the data from the old data-bases is ongoing. Next step is the collection of data for the new energy vulnerable and energy poor people.



Hungary

Since the formation of the new Hungarian government (May 2026), there have been no official public discussions, no political proposals have

been put forward, and there have been no tangible signs of any progress regarding the ETS2 and SCP implementation.

Latvia

[Latvia's Social Climate Plan](#) was approved by the European Commission in July 2026.

1. Short description of

1.1. National co-financing scheme - 2 biggest ones in terms of funding

1.1.1. For measure “Support for vulnerable households for the implementation of small-scale energy efficiency measures and the renovation of private houses” Latvian Environmental Investment Fund (state’s agency) will oversee and allocate funds, ensuring transparency and accountability throughout the investment implementation process. The support is intended to be provided in the form of grants.

1.1.2. For measure “Improving energy efficiency and using renewable energy sources in multi-apartment residential buildings” EUR 28 million will consist of funds mobilized by ALTUM (Development Finance Institution Altum) and credit institutions for the provision of loans. In the case of direct loans, ALTUM will primarily use public funding and, if necessary, mobilize additional funds to finance a portion of the loans. In the case of guarantees, the credit institution will finance the loan, while ALTUM—upon the achievement of project objectives—will pay out a capital rebate to partially cover the loan principal and provide a grant to cover part of the costs of implementing energy efficiency projects for low-income, vulnerable households living in buildings with poor energy performance.

1.2. Definition of the target group

Energy poverty is a household’s inability to access essential energy services—where such services provide the basic levels and a decent standard of living and health (including adequate heating, hot water, cooling, lighting, and energy to power appliances) within the relevant national context and

existing national social and other relevant policies—caused by a combination of factors, including at least unaffordability, insufficient disposable income, high energy expenditure, and poor energy efficiency.

Vulnerable households - households affected by energy poverty, or households—including low-income and lower-middle-income ones—significantly affected by the price impacts resulting from the inclusion of the buildings sector within the scope of Directive 2003/87/EC and lacking the means to renovate the buildings they occupy.

Transport poverty refers to the inability or difficulty of individuals and households to cover the costs of private or public transport, or the lack of or limited access to the transport needed to reach essential socio-economic services and activities, taking into account the national and geographical context.

Vulnerable transport users are individuals and households affected by transport poverty, as well as individuals and households—including those with low and lower-middle incomes—that are significantly affected by the price impacts resulting from the inclusion of the road transport sector within the scope of Directive 2003/87/EC regarding greenhouse gas emissions, and that lack the means to purchase zero- and low-emission vehicles or to switch to alternative, sustainable modes of transport, including public transport.

1.3. Monitoring of implementation mechanism

Article 12, Paragraph 1 of the [Law on Climate Resilience and Economic Sustainability](#) stipulates that the Fund is to be implemented in accordance with Regulation 2023/955. The implementation of the Fund will primarily leverage the institutional competence (sectoral ministries, institutions) and experience (including human resources) associated with EU funds and the Recovery and Resilience Facility (RRF). The implementation and monitoring regulation will be developed by the Cabinet of Ministers, yet the plan envisages the leading ministry to be the Ministry of Climate and Energy, involving other ministries, Central Finance and Contracting Agency, Audit Authority, Procurement Monitoring Bureau - already existing agencies. Additionally a

dedicated Monitoring Committee will be established by the Ministry of Climate and Energy. The Cabinet of Ministers will also prepare regulation for the criteria to receive funding.

2. Content assessment

As of September 30, 2025, 879,654 households have been identified in Latvia, of which 348,581—or 39.63%—are at risk of energy poverty. According to an assessment conducted under the Technical Support Instrument project, approximately 10% of households and about 13% of the population in Latvia (corresponding to 246,200 people) are considered vulnerable to transport poverty and

are particularly affected by the introduction of ETS 2. The measures listed in Latvia's Social Climate Plan would reach a small portion of the affected individuals, however, the measures would have long-term positive effect on vulnerable households. The biggest share of the funding is planned to support energy efficiency in buildings covering 60.75% of the fund including energy-renovation with 100% funding, small scale energy efficiency improvements, and also development of a one-stop-agency to consult households on improvement of energy efficiency. The second biggest chunk goes to decrease transport poverty, supporting public as well as individual electric and emission-free mobility.

Decarbonisation of sector	Significant measures	Percentage of the total NSCF allocated for the measure	Planned contribution to emission reduction	Scope of measure (number of households reached)	Comments
Transport	Support for battery-electric trains: train procurement	8,2%	621,997 Emissions savings, tCO ₂ per year per item	n.a.	5 trains
	Support for battery-electric trains: development of charging infrastructure	3,9%	n.a.	n.a.	5 charging stations
	Creation of covered bicycle parking facilities at railway stations and stops	0,2%	0,12675 Emissions savings, tCO ₂ per year per point	n.a.	50 bicycle parking points
	Road transport on demand in remote rural regions	5,8%		175 000 passengers per year	
	Support for the purchase of electric cars for vulnerable households	12,1%	1,239 Emissions savings, tCO ₂ per year per vehicle	4696 vehicles	Funds up to 90% of value, up to 15 k
	Support for vehicle purchases for social service providers	0,9%	1,239 Emissions savings, tCO ₂ per year per vehicle	85 vehicles	

	Support for vehicle purchases for healthcare service providers	2,8%	1,239 Emissions savings, tCO ₂ per year per vehicle	212 vehicles	
	Promoting micromobility for students in transport-poor areas	0,9%	0,2535 Emissions savings, tCO ₂ per year per item	97 schools	
	Support for the purchase of technical aids for vulnerable groups	3,2%	0,2323 Emissions savings, tCO ₂ per year per item	2547 electric wheelchairs/ items	
	<i>In total</i>	36,75 %	40,059 ktCO ₂		
Buildings	Improving energy efficiency and using renewable energy sources in multi-apartment residential buildings	20,7%	0,006215 Emissions savings, tCO ₂ per year per m ²	72 buildings	Funds up to 100%
	Support for vulnerable households for the implementation of small-scale energy efficiency measures and the renovation of private houses	30,4%	0,0009323 Emissions savings, tCO ₂ per year per m ²	10 948 households	Funds up to 20 k per household
	Energy efficiency measures in buildings providing municipal social housing, rental housing, and accommodation-based services	9,5%	0,006215 Emissions savings, tCO ₂ per year per m ²	Renovated floor area 39000 m ²	
	One-stop agency for improving the energy efficiency of multi-apartment residential buildings	0,2%	n.a.	2050 households consulted	
	<i>In total</i>	60,75 %	4,751 ktCO ₂		
Other	Technical support	2.5 %	n.a.	n.a.	

Poland

Decarbonisation of sector	Significant measures	Percentage of the total NSCF allocated for the measure	Planned contribution to emission reduction	Scope of measure (number of households reached)
Transport	Purchase of busses for public transport - 325 813 252 EUR	21% (for whole transport envelope)	4221 tonnes yearly	Overall for transport: 1 800 000 (number of users) 672 000 (number of households)
	Railway stations building and reconstruction - 182 615 134 EUR			
	Purchase of railway rolling stock - 833 698 616 EUR			
	Support to regional public transport organisation - 373 726 966 EUR			
	Passenger infrastructure of public transport - 81 240 000 EUR			
	Transport on demand (regional) - 96 013 334 EUR			1 203 000 users (2023)
	Transport nodes (regional) - 241 146 667 EUR			
	Bike transport - bicycle infrastructure (regional) - 572 400 000 EUR			
	Other purchase of low-emission public transport equipment - 496 273 439 EUR			
Buildings	Clean Air Program (investments support to insulation of homes and heating renovation) - 3 131 085 154 EUR	39% (whole building envelope)		140 400 (number of households in 2032)
	Support to building social and communal housing - 1 400 264 34 EUR			ca. 10 000 households (2032)

	Energy efficiency of SME buildings - 461 450 680 EUR			4 825 SMEs (2032)
	Support to training and supported housing (special types of social housing) - 95 472 555 EUR			1000 households (2032)
	Trainings for social security workers - 7 956 047 EUR			na
	Regional support to buildings refurbishment - 743 531 851 EUR			2344 buildings (2032) - there might be more households living in those buildings
	Support to training of regional network of energy advisors in local authorities - 57 200 000 EUR			na
	Energy cooperatives - 69 333 334 EUR			80 projects (2032) - there will be more than one household in each project
Other	Direct income support - 5 719 513 223 EUR	37,5%		na
	Technical assistance - 381 300 882 EUR	2,5%		

Polish SCP have been welcomed with hope by non-governmental partners. For example, the energy cooperatives scheme was proposed by non-governmental organisations and put into the plan. Also various training schemes have been welcomed, because currently social workers are not accustomed to work on energy poverty.

The biggest controversy is about the transport component. The controversy is caused by the fact that energy poverty in transport has been very poorly diagnosed and because of that the whole support

scheme is presumably not precisely targeted. The transport component consists mainly of types of investments that have already been implemented for several years on Polish railways and in public transport and have not yet improved the situation of transport exclusion.

Monitoring of the SCP spending is expected to follow the arrangements used for regular European funding. The establishment of a monitoring committee has been declared orally not in writing. This is assessed as a proposal of good quality.

Romania

1. Short description of

1.1 National co-financing scheme:

The two principal co-financing focus areas of Romania's National Social Climate Plan ([PNSC](#)) are building renovations to improve energy efficiency and the adoption of sustainable, low-emission road transport.

Building Renovation and Energy Efficiency

- **Thermal Insulation:** Upgrading the energy performance of aging multi-family residential buildings and individual vulnerable households.
- **Clean Heating Systems:** Replacing inefficient heating systems with modern, clean alternatives like heat pumps.
- **Renewable Integration:** Installing rooftop photovoltaic panels (solar panels) to lower electricity bills for vulnerable households and micro-enterprises

The total estimated allocation for Component 1 - Buildings within Romania's National Social Climate Plan is €3.439 billion.

This budget is split into two primary funding streams:

- **EU Contribution:** €2.579 billion requested from the Social Climate Fund (SCF).
- **National Contribution:** €859.75 million provided by the Romanian state budget.

This money will target energy efficiency upgrades, clean heating systems, and solar panels to support vulnerable families and lower their green transition costs.

Sustainable and Low-Emission Road Transport

- **Clean Mobility:** Supporting access to zero- and low-emission vehicles (such as electric cars or efficient public transit solutions) for vulnerable transport users.
- **Tackling Transport Poverty:** Mitigating the rising costs of road transport fuels caused by the expansion of the EU carbon pricing system ([ETS2](#))

The total financial allocation for Component 2 - Transport within Romania's National Social Climate Plan ([PNSC](#)) is €1.76 billion.

- **EU Contribution:** €1.32 billion requested from the Social Climate Fund.

- **National Contribution:** €440 million provided by the Romanian state budget. [\[1\]](#)

According to the Ministry of Investments and European Projects (MIPE), this €1.76 billion budget is dedicated to fighting transport poverty through several strategic investments:

- **National Social Electric Vehicle Leasing Program:** Setting up an affordable leasing framework for clean vehicles.
- **Vulnerable Micro-Enterprise Support:** Providing financial tools to help small businesses transition to low- or zero-emission vehicles.
- **Public Transit Access:** Improving regional, on-demand, and flexible public transit networks to connect disadvantaged and marginalised groups.

1.2 Definition of the target group

The National Social Climate Plan ([PNSC](#)) relies on European Union criteria to define its target groups. The plan focuses specifically on individuals and entities affected by **energy poverty** or **transport poverty**.

These vulnerable populations are divided into **three distinct target groups**:

1. Vulnerable Households

This group includes families and single individuals who struggle to afford basic energy needs or live in energy-inefficient housing.

- **Energy Poverty Criteria:** Households spending a disproportionate amount of their income on energy utility bills.
- **Structural Vulnerability:** People living in older buildings with poor thermal insulation or relying on outdated, inefficient fossil fuel heating systems.
- **Socio-Economic Factors:** Low-income families, retirees, and marginalised communities facing financial barriers to paying for eco-friendly home upgrades.

2. Vulnerable Transport Users

This group covers individuals who are highly affected by rising fuel costs and lack access to clean, affordable mobility options.

- **Transport Poverty Criteria:** Individuals for whom commuting costs consume a large portion of their household budget.

- **Geographic Barriers:** Residents of rural, remote, or economically disadvantaged urban areas with limited or nonexistent public transit networks. [1]
- **Mobility Hardship:** Low- and lower-middle-income citizens who cannot afford to buy clean vehicles on their own but depend on cars to get to work or access healthcare. [1]

1.3 Monitoring of implementation mechanism

The monitoring and implementation mechanism of Romania's National Social Climate Plan ([PNSC](#)) follows a strict performance-based framework managed by the central government and overseen by the European Commission. Because it shares structural similarities with the National Recovery and Resilience Plan (PNRR), it uses a similar system of control.

The system relies on four main pillars:

1. Central Coordination Authority

- **National Coordinator:** The Ministry of Investments and European Projects ([MIPE](#)) acts as the primary coordinator for the entire fund.
- **Institutional Support:** Other ministries (such as the Ministry of Energy or Ministry of Transport) act as "reform/investment coordinators" to manage specific programs on the ground.
- **Technical Assistance:** Up to 2.5% of the total budget is dedicated to technical assistance to ensure MIPE has the tools and staff needed to track progress effectively.

2. Milestone and Target System

- **Performance-Based Payouts:** Funds from the EU are disbursed in instalments. Money is only released when Romania hits specific "milestones" (qualitative steps like passing a law) and "targets" (quantitative steps like insulating a specific number of homes).
- **Strict Timelines:** Every co-financing program has a fixed delivery timeline that must be strictly tracked to prevent losing the EU money.

3. Continuous Stakeholder Monitoring

- **Permanent Advisory Groups:** The monitoring structure institutionalizes civil society, local authorities, and non-governmental organizations as advisory groups.
- **Feedback Loops:** These platforms gather feedback directly from local communities to

monitor progress, identify bottlenecks, and adjust programs to better protect vulnerable populations.

4. Auditing and Financial Controls

- **Anti-Fraud Protections:** Regular audits are built into the framework to make sure all public procurement rules are followed and no funds are lost to corruption.
- **Environmental Safeguards:** Auditors verify that every single project follows the EU's "Do No Significant Harm" (DNSH) principle, meaning green transit or renovation projects cannot cause accidental damage to other environmental goals.

1.4 Content assessment

According to calculations used for the National Social Climate Plan (PNSC) and the Romanian Observatory of Energy Poverty ([ORSE](#)), approximately **20% of all households in Romania** fall below the poverty line purely after paying their energy bills.

When translated into raw numbers based on Romania's roughly 7.5 million total households, this means **between 1.5 million and 1.6 million households** are actively identified as being at risk of energy poverty. Depending on the metrics used by different evaluating institutions, the severity is broken down as follows:

- **Extreme Energy Poverty:** Around **20% of households** (over 1.5 million) face severe financial strain, meaning they cannot afford to adequately heat their homes or cover baseline consumption. In specific lagging regions, like the North-East of Romania, this rate spikes as high as **30.9%**.
- **The Rural Divide:** The vast majority of these identified vulnerable households are concentrated in rural areas. Over **67.5%** of households slipping below the poverty line due to utility costs—and **76.3%** of those in the absolute worst conditions—are located in country villages.
- **Broader Risk Pool:** If evaluating a broader metric (such as households where energy bills consistently consume more than 10% of the daily budget), independent energy experts estimate that the expanded pool of households facing structural risk or choosing to unsafely ration their energy use climbs significantly higher.

In Romania's National Social Climate Plan ([PNSC](#)), **transport poverty** describes a situation where individuals or families cannot afford clean, reliable transit options, or they are forced to spend a crushing amount of their household budget just to travel.

Romania analyzes transport poverty by examining three core dimensions:

1. Affordability (Financial Strain)

- **High Fuel Costs:** Many lower-income families depend entirely on older, high-emission diesel or gasoline cars.
- **The "Forced Car" Dilemma:** In Romania, a car is often not a luxury—it is a necessity. Low-income drivers cannot afford to buy electric vehicles on their own, leaving them deeply vulnerable to sudden fuel price inflation.

2. Accessibility (Isolation from Services)

- **Broken Links:** This dimension tracks how hard it is for citizens to reach work, schools, and hospitals.

- **The Rural Gap:** Millions of Romanians live in remote villages or suburban fringes where local train and bus lines have been cut or simply do not exist. People in these zones face extreme isolation if they cannot afford to drive.

3. Mobility (Lack of Green Alternatives)

- **Unfair Choices:** Low-income commuters often have no safe, reliable, or clean public transit available to them.
- **Infrastructure Deficits:** Disadvantaged areas rarely have electric vehicle charging networks or bike lanes, which cuts them off from the green transition.

Decarboni- sation of sector	Significant measures	Percentage of the total NSCF allocated for the measure	Planned contribution to emission reduction	Scope of measure (number of households reached)
Transport	Clean Mobility Pillar (Direct Investments) – ~1.23 billion euros	70% from the Transport component		
	Social Leasing Program (Individuals) 500-600 million euros			
	Support for Microenterprises and SMEs 300-400 euros			
	Local Infrastructure and On-Demand Transportation 230-330 million euros			
	Direct Support and Grants Pillar – ~530 million euros	30% from the transport component		
Buildings	Grants for Thermal Rehabilitation and Insulation 1.72 billion euros	50% from the component buildings		
	Green Heating and Cooling Systems (Decarbonization) 1.03 billion euros	30% from the component buildings		
	Renewable Energy (Solar Panels and Batteries), 689 million euros	20% from the component buildings		
Other	Direct Income Support 801 million euros	13.4 % of the total NSCP		
	Technical Support and Implementation	2.5 % of the total NSCP		

Slovenia

- National co-financing scheme - the biggest one in terms of funding? Most contested ones? - we should choose - what is the focus. (Up to two schemes per country - not too long, only a paragraph or two be concise and still be a comparable overview)

(Based on the last [draft version of Slovenian SCP](#) approved by the government in April 2026.)

Energy-efficiency and renewable-energy investments for energy-poor or vulnerable households (C1.A.I1) is the largest measure in the Slovenian Social Climate Plan in terms of funding and expected impact on reducing emissions. It provides grants (up to € 30,800) for investments in energy efficiency and renewable energy sources for individual energy-poor or vulnerable households. The measure has a total cost of EUR 192.5 million (41.6 % of the plan) and is expected to reach 5,930 households by Q4 2032. Its estimated contribution to emission reduction is 11.04 kt CO₂e per year. The measure will build on the previous public calls by the Slovenian Eco Fund, a well-functioning system of financial support for energy renovation of energy-poor households ([ZER 2024](#), the [ZERO500](#) and earlier ZER calls). Despite the successful implementation of previous programs, the Eco Fund's limited staffing in recent years has constrained their potential impact. Moreover, the government has temporarily scrapped the energy efficiency contribution on diesel, petrol and heating oil, which is earmarked for programs of the Eco Fund, which is lacking significant funding now.

On the other hand, **Demand-responsive transport (C2.G.I1)**, which is the second biggest measure of the plan, will be a completely new service in Slovenia, established "from scratch". This investment of EUR 144 million (31.1 % of the plan) is intended to address transport poverty by improving access to public transport by roughly 30 % in areas where conventional public transport is insufficient or absent. The measure envisages the introduction of on-demand transport services and 230 vehicles in the third year of implementation, which is supposed to reduce the number of people lacking access to public transport by at least 20,000 across Slovenia. The estimated cumulative emission reduction is 22.03 kt CO₂. However, one concern is that connecting people in rural areas better to public transport hubs can only be successful if the service (connectivity, frequency) at such public transport hubs is improved.

A third measure that needs to be emphasized due to its significant potential is **the scheme of vouchers for energy efficiency and sustainable mobility (C2.F.M1)**, which combines support for both energy and transport needs and is therefore potentially one of the most visible and accessible measures of the plan. The scheme is expected to provide vouchers to 100,000 individual beneficiaries by Q4 2028 (individuals receiving social assistance or a protective allowance), with EUR 65 million allocated to the measure (14.0 % of the plan). Its relatively simple implementation and flexibility would allow households to use the support according to their specific energy or transport needs. Beyond its direct social and environmental benefits, a well-designed voucher scheme could also help strengthen public support for climate policy by creating a tangible link between climate action and improvements in people's everyday lives.

- Definition of the target group

The Social Climate Plan primarily targets **energy-poor and vulnerable households and people experiencing transport poverty and vulnerable transport users**.

Energy poverty is defined (Uradni list RS, št. 132/22) as *a situation in which a household with an income below the at-risk-of-poverty threshold is unable to meet its basic energy needs due to inadequate housing conditions, an inability to meet these needs at affordable prices, or low energy efficiency of the dwelling. Basic energy needs include, in particular, heating, domestic hot water, cooling, cooking and lighting. Energy poverty also includes situations where household energy expenditure represents a high share of the household's disposable income.*

Transport poverty is defined (Gabrovec in soavtorji, 2024) as *a situation in which an individual or household does not have adequate transport to access essential services and activities or has difficulty affording such transport.* For the purposes of the Social Climate Plan, transport-poor people are defined more specifically as individuals who do not have adequate access to public transport in their place of residence—i.e. who live more than 1 km from a public transport stop with a satisfactory service frequency—and who are either 10–19 years old, and therefore fully dependent on public transport, or live below the at-risk-of-poverty threshold, used as a proxy for difficulty affording a car.

In the buildings sector, support is targeted at energy-poor households living in **single-family houses and individual apartments**, as well as energy-poor households living in **public housing and multi-apartment buildings**, including the least **energy-efficient multi-apartment buildings**. The Plan also supports the inclusion of **vulnerable households in energy communities**. In the transport sector, the demand-responsive transport measure is intended to be available to **all residents of rural areas**, rather than being restricted to people meeting income criteria or selecting themselves as eligible beneficiaries.

The Plan also seeks to broaden the target group beyond people formally classified as energy- or transport-poor to include wider groups of vulnerable households and transport users. This reflects proposals by civil society organisations to ensure that support also reaches people facing significant energy or transport vulnerability who do not meet the formal thresholds for poverty. The estimated number of vulnerable households is 343,913, compared with 62,000 energy-poor households, while the estimated number of vulnerable transport users is 594,520, compared with 84,569 households experiencing

transport poverty. This illustrates the substantially larger population that may be affected by energy or transport vulnerability beyond those captured by the formal poverty definitions.

- Monitoring of implementation mechanism

Institutionally, the Plan foresees **the establishment of a management and control system** by Q4 2026. At the time of drafting, the Ministry of Environment and Climate (MOPE) was designated as the managing authority (but was abolished with the new government in power), with the Ministry for Cohesion and Regional Development (MKRR) providing information-system support and ensuring synergies with cohesion policy, while the public institutions Borzen, DUJPP and the Eco Fund are designated as implementing bodies.

At a meeting with the Plan's drafters and implementing bodies in July 2026, civil society organisations also proposed establishing an operational working group to support the implementation of the plan, including representatives of civil society organisations and local field coordinators.

Decarbonisation of sector	Significant measures	Percentage of the total NSCF allocated for the measure	Planned contribution to emission reduction	Scope of measure (number of households reached)	Comments
Transport	Demand-responsive transport (C2.G.I1)	31.10 %	22.03 kt CO ₂ (for the whole period)	20,000 households	With the introduction of on-demand transportation, access to public transportation will increase by an average of 30 % in the area where it is implemented. /.../ Following the introduction of on-demand transportation services with 230 vehicles in the third year of the investment's implementation, the number of people lacking access to public transportation will decrease by at least 20,000 throughout the entire territory of the Republic of Slovenia.

	Subsidies for electric vehicles for voluntary transport services (C2.F.I2)	0.65 %	n.a.	n.a.	The target is 100 zero-emission vehicles by Q4 2028, p. 130
	Vouchers for energy efficiency and sustainable mobility (C2.F.M1)	14.04 %	n.a.	100,000 individual beneficiaries (not expressed in households)	Individuals receiving social assistance or a protective allowance. Usage options: replacing old gas stoves and household appliances with more energy-efficient electric models; purchasing or replacing more efficient heating and cooling systems and their components, such as sanitary heat pumps, inverter cooling devices, thermostatic valves and circulation pumps; installing energy-efficient ventilation systems; replacing windows and doors; purchasing heating pellets; installing balcony solar panels and smart energy meters; and purchasing public transport passes, electric or conventional bicycles, and electric or cargo bikes.
	<i>In total</i>	45.8 %	5.200 ktCO₂ (per year)	20,000 transport poor households 50,000 vulnerable users of transport	Total emission reduction and the scope of transport measures are specified on p. 9. Not clear how the emission reduction impact of the individual investments sums up to the total amount.

Buildings	Grants for investments in energy efficiency and renewable energy sources for individual energy-poor or vulnerable households (C1.A.I1)	41.6 %	11.04 kt CO ₂ e/year	5,930 households	The CO₂ emissions reduction means a 17% reduction of baseline emissions of the energy poor households in 2022. It is anticipated that support will be provided for various measures to improve the energy efficiency of building envelopes or to utilize renewable energy sources, as well as for heating measures in 5,070 energy-poor and vulnerable households; measures targeting heating and cooling systems alone will be implemented in 860 households. Maximum grant per household is 28,000 EUR, or 30,800 EUR in the case of additional work necessary to carry out the investment.
	Support to energy-poor and vulnerable households in multi-apartment buildings (C1.A.I2)	7.9 %	1.9 kt CO ₂ e/year	4,126 households	The target reaches 4,126 households by Q4 2032, p. 70. The estimated emission reduction attributable to Investment 2 is 1.9 kt CO₂e/year, p. 208.
	Inclusion of energy-poor and vulnerable households in energy communities (C1.C.I3)	1.9 %	Approx. 0.8 kt CO ₂ e/year	1,630 households	The target reaches 1,630 households by Q4 2032, p. 88. The estimated emission reduction is approximately 0.8 kt CO₂e/year, p. 208.

	Targeted information, education, awareness-raising, counselling and training (C1.D.M1)	0.3 %	n.a.	11,686 households	Inconsistency: the target reaches 11,686 households by Q4 2032, p. 101 / 14,460 households, p. 99 Additionally the number of participants who will complete training sessions designed for program implementers and other stakeholders involved in the program will be measured. The goal is for at least 1,240 individuals, or participants, to complete training on program collaboration and implementation by the end of the program, p. 99. The draft does not provide a separate quantified emission-reduction figure for this measure.
	IN TOTAL	51.7 %	8.80 kt CO₂	8,106 energy-poor households (and more than 11,600 vulnerable households)	Inconsistency: The total quantitative impact provided in table on p.9 gives 8.80 kt CO₂ reduction in emissions and 8,106 less energy poor households, while the individual investment effects stated on p. 208 are 11.04 + 1.9 + approx. 0.8 kt CO₂e/year and that total expected annual GHG reduction is 13.8 kt CO₂e; therefore the 8.80 kt figure is retained here as the official sector-level quantitative-impact value, not recalculated.
Other	Technical support	2.5 %	n.a.	n.a.	

MFF 2021-2027 RE-PROGRAMMING (A FEASIBLE OPTION?)

Bulgaria

As of the end of August, there has been limited information from public institutions in Bulgaria on the reprogramming of 2021–2027 Multiannual Financial Framework (MFF), let alone on the reprogramming in support of Social Climate Plan objectives. However, as data on the mid-term review of Cohesion Policy Programmes 2021-2027 show, Bulgaria is among the 25 Member States

that submitted amendment requests proposing reallocations to the strategic priorities by the end of 2025. Bulgaria was allocated EUR 10,7 bln of cohesion policy funding for the period 2021 – 2027. Through the mid-term review it amended 4 out of 9 programmes and reallocated EUR 525 mln to new priorities as shown in the table below:

PROGRAMME	TOTAL COHESION FUNDS (in EUR)	TOTAL MTR REALLOCATION (in EUR)	PRIORITY		
			Defence	Competitiveness	Water
Competitiveness and Innovation in Enterprises - ERDF	1 228 150 000	165 699 182	85 527 173	80 172 009	
Education - ESF+	786 795 000	77 462 626	77 462 626		
Environment - ERDF/CF	1 531 590 093	186 081 250			186 081 250
Smart Transformation - ERDF	885 510 000	95 631 962	14 131 962	81 500 000	

Source: European Commission, https://ec.europa.eu/regional_policy/sources/policy/how/programming-and-implementation/mid-term-review/mtr26-bg.pdf

Priorities in the field of housing and energy were not granted additional funding, while the water sector received EUR 186 mln from internal rearranging of the Environment Programme. The 'defence' priority was supported with EUR 177 mln, while the 'competitiveness' one with EUR 162 mln.

On the general topic of reprogramming, the official [Governance Programme for 2026–2030](#), adopted by the Council of Ministers on August 12 2026, sets the following priorities:

1. Identifying delays and obstacles in the implementation of programmes under Cohesion Policy and taking measures to accelerate their implementation (Timeframe: September – December 2026).
2. Adopting and implementing an Action Plan to accelerate implementation and minimise the risk of losing funds under the 'Regional Development' Programme 2021–2027, including under the Just Transition Fund (Deadline: August 2026 (for adoption of the plan) – December 2026 (for implementation of the measures)).
3. Achieving the set objectives and fully utilising the resources under the programmes within the framework of Cohesion Policy (Deadline: December 2030).
4. Effective management and control of EU funds and minimising the risk of irregularities and financial corrections by improving the quality of implementation, control and monitoring

of programmes and projects, and applying EU practices and mechanisms to ensure transparency of expenditure and the final results of implementation (Timeframe: 2026–2030).

5. Implementing sustainable mechanisms for coordination and complementarity between

EU and national public resources to achieve maximum efficiency in the use of public funds (Timeframe: Annually, as part of the budgetary process/procedure, and on an ongoing basis during the planning and implementation of programmes and instruments).

Hungary

To date, no substantive progress has been recorded in Hungary regarding the reprogramming of 2021–2027 Multiannual Financial Framework (MFF) Cohesion Policy funds in support of Social Climate Plan (SCP) objectives. Following the formation of the new government (May 2026), there have been no official public discussions, policy proposals, or tangible signs of progress regarding the reallocation of MFF resources in favour of the Social Climate Fund (SCF) (nor any signs of the implementation framework of ETS2 and the SCP).

MFF modifications and reprogramming efforts to date have been primarily related to creating the legislative prerequisites necessary to unlock resources under the REPowerEU chapter. The fulfilment of required "super milestones" to release suspended EU funds (due to rule-of-law procedures) has dominated the focus of the new government and its administrative capacity, thereby deprioritizing complex MFF reprogramming initiatives.

In light of the tight implementation deadlines for absorbing Recovery and Resilience Facility (RRF) resources - although with a significant loss of funding - recent national priorities have focused on historically underfunded areas, in particular, health care and education. But significant resources

have also been allocated to modernisation of the public transport and energy sector, by [increasing the capacity of the rail network, purchasing trams and trolleybuses, energy efficiency investments in residential and public buildings, support for residential solar panel systems](#), installation of smart meters.

[Currently](#), energy policy focuses on securing a stable nuclear baseline while maintaining solar expansion at a scaled-back pace. Over the next 3–4 years, the target includes adding 3,000–4,000 MW of wind power capacity and an equivalent 3,000–4,000 MW of energy storage capacity. Upcoming wind energy investments - according to a [recent announcement](#) of the energy ministry - will be financed through private capital rather than RRF funds. Under this structure, local municipalities and energy communities can secure up to a 25% stake, yielding dynamic returns including a one-off contribution (HUF 17M–3B) and recurring annual revenues (HUF 9M–500M).

Furthermore, improving the security of the electricity grid is also a goal (to connect new solar or wind power systems). The energy supply crisis in August 2026 highlighted the importance of the developments [required to ensure energy supply and the safe operation of energy systems](#).

Latvia

Significant changes have been made in 2025 by allocating funds to military purposes under the European Commission's ReArm Europe regulation by redirecting 10% of existing EU fund programme

financing to security and defence needs. Changes in funds allocated to climate measures have not been made.

Poland

The year 2027 is going to be the last to contract MFF 2021-2027 funds. One necessary condition to be met, if SCP investments are to be financed within this period, is availability of funds. The funds can be acquired only by savings in various priorities of operational programs. Trying to assess this state is not straightforward, but we can say the following:

1. In the programming period 2007-2014 at the last year of spending about 3% of funds have been moved in various programmes from less to more attractive priorities. The scale of moves reached around 8 bln. PLN.
2. In the programming period 2014-2020 at the last year of spending about 4% of funds have

been moved in various programmes from less to more attractive priorities. The scale of moves reached around 11 bln. PLN. In this period much of the funds have been moved to health related spending due to COVID-19 pandemic situation.

3. The current state of spending within the biggest European fund in Poland (FENIKS) is above 63% (according to contracts signed).
4. At the end of 2025 most European funds in Poland (national and regional) reached and exceeded the threshold of 50% funds allocated in contracts.
5. The contractation and spending of EU funds in Poland seems timely and according to the

schedule, so at the end no extraordinary savings could presumably be predicted.

6. In 2027 probably up to 4% of funding will be available to move around as savings from various priorities and in various programs. This would sum up to about 10,5 mld EUR (calculated as 3% of 348 mld PLN available for 2021-2027).
7. Funds programmed in the first year of SCF operation (2027) in Poland are 2,6 bln, so only 25% of the potential last year 2021-2027 MFF savings quota in PLN. Therefore, probably all of that could be financed from savings in regular European funding programmes of Poland, provided actions from SCP will match existing priorities in the programs.

The table below summarises potential matches with existing national programs priorities.

SCF action	Potential match with existing FE priorities during 2021-2027 MFF
Purchase of busses for public transport - 325 813 252 EUR	FENIKS - priority 3.1 and FE Eastern Poland - priority 3
Railway stations building and reconstruction - 182 615 134 EUR	FENIKS - priority 4.2 and FE Eastern Poland - priority 4.2
Purchase of railway rolling stock - 833 698 616 EUR	FENIKS - priority 5.5
Support to regional public transport organisation - 373 726 966 EUR	No match (possible support to operational funding, which is not allowed from regular FE)
Passenger infrastructure of public transport - 81 240 000 EUR	FENIKS Priority 3 and FE Eastern Poland - priority 3
Transport on demand (regional) - 96 013 334 EUR	No match
Transport nodes (regional) - 241 146 667 EUR	Every current regional program has a priority allowing for building or renovation of transport nodes.
Bike transport - bicycle infrastructure (regional) and support to bike-share schemes	Every current regional program has a priority allowing for building of bicycle infrastructure, but bike-share schemes cannot be financed through FE (possible support to operational funding, which is not allowed from regular FE)
Other purchase of low-emission public transport equipment - 496 273 439 EUR	Every current regional program has a priority allowing for bus purchase
Clean Air Program (investments support to insulation of homes and heating renovation) - 3 131 085 154 EUR	FENIKS - priority 1, Clean Air was already supported from this priority with 6,4 bln. PLN

Support to building social and communal housing - 1 400 264 34 EUR	FE Eastern Poland - priority 8.1 (support with financial mechanism - loans) and selected regional funds (Łódzkie, Zachodniopomorskie, Warmińsko-Mazurskie)
Energy efficiency of SME buildings - 461 450 680 EUR	FENG - priority 3 (support with financial mechanism - loans) and all regional programs (also with financial mechanisms)
Support to training and supported housing (special types of social housing) - 95 472 555 EUR	FERS - priority 4 (only training and organisational support) and almost all regional funds
Trainings for social security workers - 7 956 047 EUR	FERS - priority 4 (only training and organisational support) and almost all regional funds
Regional support to buildings refurbishment - 743 531 851 EUR	Every current regional program has a priority allowing for refurbishment of public or housing buildings
Support to training of regional network of energy advisors in local authorities - 57 200 000 EUR	FENIKS a flagship project for "regional energy advisory" and Every current regional program has a priority allowing for trainings of public officers also in energy issues
Energy cooperatives - 69 333 334 EUR	FENIKS - priority 1, FE Eastern Poland - priority 1 and every current regional program has a priority allowing for support to energy cooperatives (registration, operation, investment)
Direct income support - 5 719 513 223 EUR	No match (direct income support is not possible from FE)

Romania

The current Multiannual Financial Framework (**MFF 2021–2027**) can conceptually and operationally support the objectives of Romania's National Social Climate Plan through reprogramming, but it faces narrow technical, structural, and temporal boundaries. The Social Climate Fund (SCF) is legally structured to run from 2026 to 2032, creating a crucial multi-year overlap with the final years of the 2021–2027 MFF budget.

At the national level, the Romanian Ministry of Investments and European Projects has positioned the PNSC as a complementary mechanism to existing 2021–2027 structural programs.

The Cohesion Policy Link: Romania's 2021–2027 Cohesion Policy allocations already prioritize a "Greener Europe" (energy transition and renewable integration) and a "More Social Europe". This thematic alignment allows Romania to officially modify and re-programme uncommitted funds from Regional Programs or the Sustainable Development Program to reinforce early PNSC objectives.

Early Action Pilot Testing: Re-programming provides a direct opportunity to utilize remaining MFF

2021–2027 funds to establish the administrative architecture—such as digital tracking databases or local "One-Stop Shop" advisory centers—needed to roll out the main €6 billion PNSC initiatives.

Despite the overlapping timelines, the implementation of re-programming faces high friction due to strict regulatory and logistical barriers:

- **The N+3 Decommitment Rule:** Under standard MFF rules, funds allocated in the 2021–2027 cycle must be spent within strict time limits (the "N+3" rule, meaning funds allocated in 2024 must be spent by the end of 2027). Re-programming existing MFF money this late in the cycle leaves a very narrow window for Romania to design new call parameters, select vulnerable beneficiaries, and execute building or transport projects before the hard expiration deadlines.
- **Earmarking Restrictions:** Shifting existing MFF funds toward specific PNSC target groups (like vulnerable micro-enterprises or households in extreme transport poverty) requires complex official modifications to existing Partnership Agreements with the European Commission.

- **Institutional Overload:** MIPE is currently managing overlapping multi-billion euro portfolios, including the closure of the NextGenerationEU recovery plan, NRRP and standard 2021–2027 Cohesion programs. Setting up an additional parallel track for early PNSC re-programming creates severe administrative obstructions.

While MIPE has established a dedicated task force—the General Directorate for Management, Resilience, and Social Climate Fund—to ensure alignment and prevent double-funding between the MFF and the

PNSC, there has been no relevant progress regarding large-scale, formal financial re-programming of the current MFF 2021–2027 explicitly for the PNSC.

Instead, Romania's active strategy centers on keeping the current MFF programs separate to complete ongoing infrastructure, while ensuring that the upcoming PNSC operates as a distinct standalone fund running up to 2032. Simultaneously, broader discussions (including at the EU level) are actively debating how the next long-term budget layout will integrate these funds to avoid dilution.

Slovenia

Throughout the 2021 - 2027 programming period Slovenia updated its operational program for the use of EU funds several times. However, no significant changes in the direction of more funds for social climate policy in the sectors buildings and transport were decided. On the contrary, some funds that were planned for energy communities were re-programmed for the new STEP (strategic

technologies for Europe platform) priority of the EU. At the time of writing the author of this section (Umanotera), who is also a member of the national monitoring committee for EU cohesion policy, is not aware that any changes towards social climate policy measures are foreseen.



MFF 2028-2034 PROGRAMMING AND NRRPS

Bulgaria

The real process of MFF 2028-2034 programming has not yet started. The focus so far has been on the (relatively) successful closure of the NRRP and saving funding under the Just Transition Fund. However, progress in the field is expected by the end of 2026/beginning of 2027, which is also visible from the already mentioned [Governance Programme for 2026–2030](#). It sheds light on the preparation for the next programming period and the government's priorities in this field in the coming months and periods:

1. Development and adoption of an institutional and regulatory framework for the programming process, with broad participation from all stakeholders (Deadline: October 2026). In other words, decisions are to be made about the selection of the responsible vice-premier and about the design of the process including institutional setup, etc.
2. Programming and commencement of implementation of the Social Climate Plan of the Republic of Bulgaria (Deadline: January–March 2027).
3. Programming and successful conduct of negotiations with the EC on the National and Regional Partnership Plan for the period 2028–2034 (Deadline: September 2027). In this field, national positions (including reforms and investments/projects) are to be drafted and communicated to one extent or another with the relevant stakeholders.
4. Development of the national regulatory framework for the management of funds under the National and Regional Partnership Plan for the period 2028–2034 (Deadline: December 2027).
5. Implementation of Bulgaria's National and Regional Partnership Plan for the period 2028–2034 (Deadline: 2028–2034).

Against this backdrop, while the institutional process is clear in general, several other issues emerged unofficially. Firstly, based on the lessons learnt from the implementation of the NRRP so far, Bulgaria is likely to opt for a more pragmatic approach, which means less ambitious reforms, that are subject to significant political risks. The baseline for this are the requirements of the EU legislation and the recommendations from the EU semester.

Secondly, for the time being, some improvements in the involvement of stakeholders from the civil society in drafting reforms could be expected. While the process seems to be facilitated, the main problem that still remains is whether ambitious reforms, proposed by the stakeholders outside the government, would be accepted.

Thirdly, the proposal for the new rule N+1 might be considered problematic enough for certain stakeholders. This also supports the approach for less ambitious goals both in reforms and investments. In general the biggest conflict would be between the speed of implementation, in order not to lose funding, and the achievement of specific goals and results.

At the same time, programming for the Social Climate Plan (2028-2034) has also not started. It seems that one of the main questions would be whether the SCP would be regulated under the common MFF Regulation(s) or under the specific SCG Regulation. There are some differences e.g. between the percentage allowed for the technical assistance, etc. Ultimately, the governments should decide which Regulation to follow for its national SCP.

This process is also influenced by the uncertainty of whether, in the current geopolitical conditions, the EU will continue to develop the emissions trading system for households and transport (ETS 2) or will abandon it altogether.

Hungary

Current Status (based on limited information available): Since the formation of the new Hungarian government (May 2026), no formal consultation procedures have been launched regarding the post-2027 Multiannual Financial Framework (MFF 2028–2034). Administrative and political focus is currently concentrated on fulfilling conditions for receiving the 2021–2027 MFF and RRF funds; as a result, planning for the post-2028 programming period remains in an early stage.

Hungary's current strategic funding allocations and social climate priorities: While national administrative capacity is largely consumed by efforts to fulfil the 2021–2027 MFF and REPowerEU milestones, active operational programs, such as KEHOP Plus (Environment and Energy Efficiency Operational Programme Plus), predominantly channel available resources toward large-scale grid infrastructure or rely on refundable financial instruments and high co-financing models for residential energy efficiency. This excludes the lowest income deciles from renovation projects.

Opportunities for MFF 2028–2034. It is essential to utilize the valuable knowledge of specialized civil society organisations; public consultation is of paramount importance in Hungary today. To prevent severe socio-economic shocks and to soften the impact of rising energy prices on vulnerable households, the 2028–2034 MFF programming cycle presents key opportunities to implement the proposals of civil society organisations. We list some of them in the last chapter of this document. Some major principles should be highlighted here too:

- **Necessity of Targeted Grant Mechanisms:** In order to increase energy efficiency house renovations, it would be necessary to establish non-repayable grant schemes and pre-financing models for the bottom two income deciles. It is crucial that funding is directed toward structural infrastructure modernization, including house energy efficiency renovation, switching from solid fuel, deploying heat pumps - to deliver sustained energy cost reductions, rather than relying solely on financial subsidies to households. Social Climate Plan (SCP) measures should be directly aligned with the residential energy efficiency targets set out in the updated National Energy and Climate Plan (NECP) and the upcoming National Building Renovation Plan (NBRP). Residential energy efficiency and grid development programs

launched under the Recovery and Resilience Facility (RRF) serve as direct forerunners to the SCP. The positive and negative experiences gained from these initiatives, such as administrative and implementation challenges in household solar and heating modernization tenders, shall shape future MFF and SCP programming.

- **Use of revenues for direct compensation of households.** Direct Income support for citizens, as financial compensation covered by revenues from ETS2, would buffer the effect of rising energy prices. In this way, households would also be motivated to save energy, allowing them to spend the compensation on other goods and services, opting for more climate-friendly products and services.
- **The importance of One-Stop-Shop (OSS) Advisory Networks:** Raising awareness and education on efficient energy usage is of utmost importance in order to reduce energy consumption and to help households in extreme cold and hot weather. Utilizing MFF Technical Assistance is a tangible way to finance local and regional technical, administrative, and financial advisory hubs to assist homeowners.
- **How to Address Transport Poverty:** Reallocating future MFF transport funds toward rural public transport modernization and to create demand-responsive transport services (by using the already existing Hungarian Village Program vehicle fleet), directly linking mobility funding to climate equity goals (introduce social travel pass discounts in rural public transport).
- **General principles:** Funding for “development” must be profoundly used for renewing and renovating existing assets (improving the energy efficiency of buildings, modernisation of railway tracks, etc.). Alongside making energy usage more efficient, reduction in usage is crucial.

Key Challenges:

Under the European Commission's proposed MFF 2028–2034 reform, the integration of the Social Climate Fund (SCF), Cohesion funds, and RRF successors into a single National and Regional Partnership Plan (NRPP) poses both a systemic opportunity and a significant risk for Hungary. Without strict national ring-fencing and legal earmarks within the Hungarian NRPP, funds intended for energy and

transport poverty mitigation risk being diluted or diverted into large-scale grid, fossil-adjacent, or general transport infrastructure projects, bypassing the needs of vulnerable households.

The absence of official, standardized definitions and geospatial mapping for energy poverty and transport poverty in Hungary hinders evidence-based programming for post-2027 funds. Without granular target criteria embedded into the NRPP's performance indicators, centralized funding is highly susceptible to misallocation toward higher-income groups or corporate interests, repeating the flaws of past residential subsidy schemes.

Accurately identifying and reaching vulnerable households living in energy poverty presents an administrative challenge, particularly in ensuring that subsidies are not diverted to higher-income

groups. **Low public awareness** of climate economics limits informed debate. **Civil society participation** in drafting climate plans (SCP/NECP) remains low. Public funds heavily **subsidize fossil fuel** consumption, e.g. by corporate car tax loopholes, and resource-heavy industrial investments (like battery factories), draining capital and workforce away from renovation and climate-friendly transport modes. Wood heating rose from 15% of households in 2020 to 37% in 2022. Recently, the VAT on wood has been reduced from 27% to 5% in order to make it cheaper for vulnerable households, risking the increase of this environmentally harmful heating method in rural Hungary. The VAT decrease is also highly questionable because more than half of the households heating with wood are better-off and thus need no subsidy.

Latvia

Latvia's requires EC to ensure a sufficient total funding envelope in the next EU multiannual budget, maintaining a level at least equivalent to that of the current 2021–2027 programming period. Latvia insists on the provision of additional support to EU countries and regions along the eastern border to address socio-economic challenges.

On a national level the planning is still ongoing and the Ministry of Climate and Energy expects to finalise the list of investment priorities by the end of 2026.

Poland

The programming phase of Polish priorities for MFF 2028-2034 has already started. Due to the engagement of the Foundation Institute for Sustainable Development in the dialogue with ministries, we acquired a list of potential priorities for funding in this next period. Our overall assessment is that most of the current SCP planned actions could probably be financed within new Polish priorities. Nevertheless, SCP is separately envisaged as a new type of funding scheme within the whole structure of funding.

Below we describe all the possible priorities in future Polish FE's that could finance planned SCP actions:

- In priority 1 for competitiveness, the direction A.5 Support the development of European and national transport networks and low-emission transport - the priority foresees funding for railway and other types of public transport.
- In priority 2 for internal integrity, the direction B.1 The acceleration of development and structural changes in less wealthy regions - the priority contains support to local and regional public

transport and the goal for reduction of transport poverty/higher transport accessibility.

- In priority 2 for internal integrity, the direction B.3 The support for marginalised areas with depopulation problem - the priority contains support to local and regional public transport and the goal for reduction of transport poverty/higher transport accessibility.
- In priority 2 for internal integrity, the direction B.4 The policentric network of cities as a guarantee for equal development of the country - the priority contains support to revitalisation of cities with social goals.
- In priority 2 for internal integrity, the direction B.5 the support to development of affordable housing for people that would like to work in regional or subregional cities and housing with social services - the program proposes support to social and communal housing in various types and is also proposed as a potential channel of support if it could not be directed through SCP.

- In priority 2 for internal integrity, the direction B.8 the action against material deprivation - the program does not foresee action against energy poverty but foresees direct income support for people in poverty and could possibly be extended for energy poverty problem solving.

- In priority 3 for energy transformation, resilience and safety, the direction C1 The development of low and zero emission energy capacity - the priority foresees support to energy communities if it will not be directed through SCP.

- In priority 3 for energy transformation, resilience and safety, the direction C2 Higher energy efficiency of buildings and heating and companies - the priority foresees energy efficiency goals for public and private buildings as well as private companies.

The table below summarises the possible match of planned SCP actions with possible future priorities for 2028-2034 according to the current state of the talks (version from June 2026)

SCF action	Potential match with future FE priorities during 2021-2028 MFF in Poland
Purchase of busses for public transport - 325 813 252 EUR	A5, B3
Railway stations building and reconstruction - 182 615 134 EUR	A5
Purchase of railway rolling stock - 833 698 616 EUR	A5
Support to regional public transport organisation - 373 726 966 EUR	No match (possible support to operational funding, which is not allowed from regular FE)
Passenger infrastructure of public transport - 81 240 000 EUR	A5
Transport on demand (regional) - 96 013 334 EUR	A5, B3
Transport nodes (regional) - 241 146 667 EUR	A5, B3
Bike transport - bicycle infrastructure (regional) and support to bike-share schemes	A5, B3
Other purchase of low-emission public transport equipment - 496 273 439 EUR	A5, B3
Clean Air Program (investments support to insulation of homes and heating renovation) - 3 131 085 154 EUR	B4, C2
Support to building social and communal housing - 1 400 264 34 EUR	B4, B5
Energy efficiency of SME buildings - 461 450 680 EUR	C2
Support to training and supported housing (special types of social housing) - 95 472 555 EUR	B4, B5
Trainings for social security workers - 7 956 047 EUR	B5
Regional support to buildings refurbishment - 743 531 851 EUR	B5

Support to training of regional network of energy advisors in local authorities - 57 200 000 EUR	C2
Energy cooperatives - 69 333 334 EUR	C1
Direct income support - 5 719 513 223 EUR	B8

Romania

Integrating the measures from the National Social Climate Plan (PNSC) into the European Union's next multiannual financial framework (post-2027 MFF) is a critical step for the sustainability of just transition policies. Since the PNSC-specific fund is scheduled to operate until 2032, it will directly cover the first half of the future European budget cycle. At the national level, the success of this integration depends on Romania's institutional capacity to align climate-related social funds with the rest of its strategic programs.

There are some opportunities for integrating social climate measures:

- Long-term structural financing: The transition from an emergency plan (as the PNSC was originally designed to mitigate the shock of the ETS2 carbon tax) to native integration into the post-2027 MFF provides 7 years of predictability for large-scale investment schemes, such as "Social Leasing" or the thermal insulation of Romanian villages.
- Integrated territorial approach: The future MFF will allow for the use of Community-Led Local Development (CLLD) instruments. This means that municipalities and local associations will be able to access combined funding packages: for example, traditional European funds for establishing municipal electricity grids, combined with PNSC funds for installing solar panels and batteries on isolated homes in that municipality.

- Development of the green technology market: Stable post-2027 planning will provide construction companies and installers in Romania with the certainty needed to invest in training specialized personnel in the installation of heat pumps and eco-friendly insulation materials.

Challenges in mainstreaming measures in the future budget:

- The risk of diluting the social dimension: If the PNSC measures are fully integrated into traditional structural funds (such as the European Regional Development Fund), there is a risk that the funds will be absorbed primarily by large urban infrastructure projects or by powerful local authorities, leaving behind isolated households or truly vulnerable micro-enterprises.
- The complexity of dual eligibility rules: Linking social indicators (low income, risk of exclusion) with technical climate indicators (reducing CO₂ emissions by at least 30 per cent per building) will create funding schemes that are extremely complex and hard for rural residents to access.
- Beneficiaries' co-financing capacity: Even under the future MFF, European rules may require co-financing. Finding flexible financial mechanisms (such as state-guaranteed green loans or 'energy efficiency paid from savings' schemes) represents a major barrier for people living in extreme energy poverty.

Slovenia

In Slovenia the programming of funds under the MFF 2028-34 has not yet started, (as of end of September, 2026). A new government took over in June 2026 and it has not even made a final decision who will be responsible for the preparation and implementation of the NRPP. This decision is expected for late autumn 2026. Once these decisions have been taken, the process of engaging stakeholders, including non-governmental organisations, will begin, along with the preparation of the relevant programme documents for the implementation of programmes under the NRPP for the period 2028–2034.

It remains to be seen to what extent the programming process will or will not affect the national social climate plan (SCP), which will become part of the integrated NRPP. The responsibility for the coordination and most of the implementation of

the SCP has moved after the change in government from the previous Ministry of Environment, Climate and Energy to the new Ministry of Infrastructure and Energy.

Still, the strategic foundation for including additional social climate policy measures under the MFF 2028-34 is strong. Targets and measures to reduce energy poverty are included in various strategic documents, including the [National Energy and Climate Plan](#), the [Long-Term Strategy for the Energy Renovation of Buildings until 2050](#), and the [Long-Term Climate Strategy of Slovenia until 2050](#). In 2022 Slovenia introduced a [regulation](#) that specified criteria for defining and assessing the number of energy-poor households in Slovenia, and in 2023 the [Action Plan for Reducing Energy Poverty](#) was adopted.



FUNDING VIA NATIONAL FUNDS

Bulgaria

In Bulgaria, national funding streams that can support Social Climate Plan (SCP) measures - such as energy poverty alleviation, residential energy efficiency, building renovation, and clean transport subsidies - rely primarily on ETS1 auction revenues and specific state-directed funds rather than standalone CO₂/carbon taxes or targeted environmental fees. Primary National Funding Mechanisms are as follows:

1. ETS1 Auction Revenues & Electricity System Security Fund

Bulgaria generates significant carbon revenue by auctioning EU Emissions Trading System (ETS1) allowances. Between 2020 and 2025, Bulgaria's EU ETS1 allowance auction revenues shifted considerably, primarily driven by changing European carbon allowance prices:

- 2020: Revenues totaled approximately EUR 430–440 mln due to lower average carbon clearing prices (~EUR17–EUR25/tonne) amid COVID-19 pandemic industrial slowdowns.
- 2021: Proceeds almost doubled to EUR 830.9 mln as EU allowance prices climbed from ~EUR 30 to over EUR 80 per tonne.
- 2022: Revenues reached over EUR 1.02 bln due to historically high allowance prices reaching EUR 75–97/tonne coupled with strong power generation.
- 2023: Auction proceeds peaked at approximately EUR 1.10 bln, marking the highest historical figure as average EU clearing prices remained high (~EUR 83.60/tonne).
- 2024: Revenues dropped by around 25% to approximately EUR 822 mln following a drop in average EU carbon prices to around EUR65/tonne.
- 2025 (Projected): Revenues are expected to settle between EUR 770 mln and EUR 870 mln as market carbon prices stabilize within the EUR60–75/tonne range.

Under national law (the Energy Act and Climate Change Mitigation Act), these revenues flow into the Electricity System Security Fund ([Фонд „Сигурност на електроенергийната система“ \(ФСЕС\)](#)).

Historically, ESSF revenues cover cross-subsidies in the power market, compensate feed-in tariffs for renewables, finance energy-intensive industrial support, and stabilize household electricity prices during tariff deficits. Because ESSF revenues were used as a financial buffer to suppress energy inflation across the board, they were not redirected into targeted, structural measures (such as building retrofits or heat pump grants for low-income households).

Pursuant to EU directive updates (Directive (EU) 2023/959, which revised the EU ETS Directive (2003/87/EC) as part of the European Green Deal and "Fit for 55" package), requiring 100% of ETS1 revenues to be channeled toward climate-related action, **ESSF revenues can be earmarked directly for targeted social climate programs** - such as energy efficiency grants for low-income households, heat pump subsidies, or local decarbonization initiatives. While the requirement is legally in place at the EU level, Bulgaria has delayed channeling these funds into direct social climate measures for several structural and political reasons. Under Bulgarian law, ETS1 revenues flow directly into the Electricity System Security Fund (ESSF). So far these funds were heavily prioritized to: 1) Stabilize electricity tariffs for household consumers, 2) Finance compensation packages for non-household businesses facing high energy bills, 3) Cover long-standing tariff deficits and feed-in tariff obligations for renewable energy producers.

Why has this been possible so far? The EU directive allows Member States to fulfill the 100% spending rule by proving they spend an *equivalent financial value* from their general budgets on climate-related items. Bulgaria's state accounting often counts existing energy-efficiency initiatives, public transport subsidies, or EU co-financed projects to satisfy EU reporting requirements without having to create dedicated new funding streams within the FSES.

2. National Decarbonisation Fund (NDF)

The [National Decarbonization Fund](#) (Национален Фонд за декарбонизация (НФД)) operates as a public-private financial entity established under Bulgaria's Energy Efficiency Act. It provides soft

loans, credit guarantees, and technical assistance to municipalities, corporate entities, and private individuals for building renovations and energy efficiency improvements.

Since the NDF acts as a co-financing mechanism or blending vehicle, **it can provide** low-interest loans or performance guarantees alongside direct grant support (from the Social Climate Fund or national budget) to reduce upfront renovation costs for vulnerable homeowners.

3. National Environmental Protection Fund

Managed by the Ministry of Environment and Water, the National Environmental Protection Fund (*Предприятие за управление на дейностите по опазване на околната среда*) collects revenues from product fees, eco-tariffs, waste penalties, and water-use charges. Funding goes toward municipal waste management, eco-infrastructure, wastewater treatment, and local ecological projects.

The National Environmental Protection Fund **can finance** urban micro-mobility, local zero-emission transport solutions, and municipal programs replacing old solid-fuel heating appliances with clean heating systems in low-income areas.

4. Fuel Excise Duties & Product/Eco-Fees (Ecotax on Vehicles)

Bulgaria imposes excise duties on motor fuels and collects product fees on vehicles (екотакса), which

are administered by the *Executive Environment Agency (ExEA / ИАОС)* and the *Ministry of Finance*. These flow primarily into the general state budget or targeted waste management schemes.

While not currently direct carbon taxes, excise taxes on fossil fuels and vehicle eco-fees **offer a potential framework** for recycling revenues into targeted subsidies for public transit vouchers, vulnerable commuter support, or electric vehicle/clean vehicle incentives.

From June 2026 a CO2 component is introduced into the road charges, collected via the national toll system. While a relatively small amount is envisaged (between 0.00 and 0.07 EUR/km - depending on the type of the vehicle) it still represents a specific funding opportunity. The respective Ordinance (*Ordinance on the conditions, procedures, and rules for the establishment and operation of a mixed charging system for various categories of road vehicles based on time and distance traveled*) states that the “revenues from the CO2 components of road charges are used for **investments in low-carbon transport**, road infrastructure improvements, **the financing of climate and environmental measures**, incentives for carriers and legal entities, **social equity and transition**, and intelligent transport flow management systems”. The main problem is that money goes directly to the National account (State budget) and there is no way to trace whether and if so - how much money is going to the eligible spendings.

Table. Potential of National Funds To Support SCP Measures

Funding Stream	Primary Source	Potential SCP Alignment	Key Advantage
ETS1 / ESSF	EU ETS Allowance Auctions	Direct income support, heating grants, and deep residential energy renovations.	High volume, continuous revenue stream tied to carbon pricing.
National Decarbonisation Fund	State & Donor Capital, Revolving Loans	Energy efficiency upgrades, insulation, and heat-pump integration for low-income housing.	Existing revolving loan structure and guarantee capabilities.
National Environmental Protection Fund	Eco-fees, pollution charges, penalties	Local replacement of wood/coal stoves with clean heating; local zero-emission transit.	Direct reach into municipal projects and vulnerable rural zones.
General Budget (Excise / Tax Revenues)	Fuel & Energy Taxes; CO2 component within the road charges (toll system)	Targeted cash transfers and energy poverty social assistance schemes.	Flexible disbursement via existing social protection channels.

Hungary

As far as environmental taxes and fees are concerned, Hungary generates domestic revenues through carbon pricing, transport infrastructure charging, and product fees (e.g., EPR fees). However, these revenues are currently absorbed into the general central budget or used to subsidise the socially non-targeted (not income-sensitive) utility price caps. Currently, there are no dedicated social climate mitigation measures applied.

EU ETS1 Auction Revenues: EU ETS1 auctions are allocated under the **Energy and Climate Policy Modernisation System** (*Energia- és klímapolitikai modernizációs rendszer – EKMR*) appropriation line managed by the Ministry of Economy and Energy. Although EU rules mandate spending 100% of auction proceeds on climate and energy purposes, in Hungarian budget practice, revenues flow into the central Hungarian State Budget. While the EKMR operates as a dedicated green fund, its current spending profile does not favour energy-poor households. For example, recent large-scale disbursements (such as the HUF [75 billion Napenergia Plusz program](#)) heavily subsidized solar panels and batteries for middle- and higher-income households able to provide substantial co-financing, while lacking provisions for structural deep renovations (insulation).

Also, a significant portion of the revenues is spent on high-level power grid modernization and some to state forestry programs. In practice, a significant proportion of the revenue is channelled not into targeted green investments, but [into the Utility Cost Protection Fund](#) (*Rezsivédelmi Alap*) and towards financing universal subsidies for household gas and electricity prices (as well as towards reducing the general budget deficit).

Heavy Goods Vehicle Distance-Based Tolls ([HU-GO System](#)): Distance-based electronic tolling generates over **HUF 680 billion annually**, which is directed

almost exclusively to motorway maintenance and concession fees rather than public transit.

Extended Producer Responsibility (EPR): This regime is operated by a single state concessionaire, MOHU (a subsidiary of the MOL Group). Under this system, producers and importers pay EPR fees (based on the volume of environmentally sensitive goods they place on the market, such as packaging, electrical and electronic equipment, batteries, and vehicles). Currently, [EPR revenues](#) are strictly siloed to finance MOHU's operational costs for waste collection, sorting, and recycling to meet EU circular economy targets, while any residual state product fees flow into the general central budget.

From a Social Climate Plan (SCP) perspective, these funds are entirely disconnected from energy or transport poverty alleviation.

Key Challenges

EKMR Disbursements: Although the EKMR is designed to fund climate modernization, recent flagship programs highlight a systemic failure to address energy poverty. The poorest citizens, who lack financial capacities and savings but urgently need structural deep renovations (insulation and window replacements) rather than solar panels, were completely excluded.

Utility Protection Fund ([Rezsivédelmi Alap](#)): Uniform energy price caps disproportionately benefit higher-income households with higher energy consumption. This system actively drains national resources away from energy efficiency investments while failing to support the hundreds of thousands of low-income Hungarians who rely primarily on firewood, coal, or illegal waste burning for heating, and who therefore fall completely outside the gas and electricity price-cap safety net.

Latvia

Funding via national funds (revenues from national ETS1, CO2 tax, environmental fees, etc.)

Climate and environment taxes

[According to Ministry of Finance](#), there are four types of Climate tax in Latvia:

1. **Excise duty** on petroleum products and natural gas
2. **Electricity tax** applies to electricity supplied to the final consumer, as well as electricity supplied for own consumption 1.01 EUR/MWh
3. **Vehicle operation tax** is applied based on the amount of CO2 emissions
4. **Tax on company passenger vehicles**

The revenues from these taxes supplement the national budget, there is not a strict use of the revenues set in the law. It would be reasonable to set specific aim of use of the revenues from these taxes, focusing on social climate measures.

Additionally there is **Natural resource tax**, under which there is also carbon tax (15 EUR/t), which aims to promote economically efficient use of natural resources, limit environmental pollution, reduce the production and sale of environmentally polluting products, foster the introduction of new, environmentally friendly technologies, support the sustainable development of the national economy, and provide financial support for environmental protection measures.

All funds obtained from tax payments must be used solely to finance measures and projects directly related to environmental protection, remediation, recultivation, the disposal or recycling of environmentally harmful waste, or the exploration or restoration of natural resources.

The last two project contests were aimed at raising environmental awareness: "Promoting public environmental awareness in the media", "Implementing educational activities on an environmentally friendly lifestyle".

ETS1 revenues

1. ETS1 revenues are used to mitigate climate change, adapt to the consequences of climate change, and promote the reduction of greenhouse gas emissions. Now two funding contests are open:
 - Support for the purchase of zero-emission and low-emission vehicles (this measure has social perspective - families with three and more children can get bigger financing)
 - Reducing greenhouse gas emissions in households – support for the use of renewable energy sources

This funding could be used also for smaller scale projects, such as purchase of zero-emission micromobility items for vulnerable groups or small scale energy efficiency projects for households.

Poland

Possible sources of funding to SCP planned actions have been listed in the report "CLIMATE POLICY CHALLENGES IN ENERGY CRISIS: how to reduce dependence on fossil fuels in CEE through effective social-climate measures". This can be summarised here:

1. Road pricing - over 6 bln PLN yearly currently dedicated to road maintenance.
2. Fuel surcharge - over 8 bln PLN yearly, currently dedicated to transport infrastructure maintenance, including railways and development of local public bus transport.
3. Mandatory insurance for car owners - over 3 bln PLN yearly dedicated to support of the healthcare system.
4. EU ETS1 revenues - over 16 bln PLN yearly (and this should remain stable at least by

2034 - according to the [newest report of the Reform Institute](#)), the money that is largely not used for the purpose of energy transformation as [the Highest Chamber of Control](#) stated in 2024.

Overall possible funding stream may be as high as 33 bln PLN yearly. This is more than 3 times what is needed yearly to finance Polish SCP (yearly spending is planned at the 10 bln PLN the highest year). Almost 50% of this stream is EU ETS1 funding, which has been largely unused for the energy transition in Poland up to date. This constitutes a good basis for alternative SCP funding, provided that the EU ETS1 system will be active and stable.

An additional idea for financing SCP might be the windfall tax. Poland is experimenting with "windfall taxes". Poland used it in 2022 due to the Ukrainian crisis and in 2026 due to the Iran crisis (this scheme is not active so far, but undergoes legal scrutiny in

the constitutional court). Probably some windfall revenues could be used instead of ETS2 (while this is taxing the same source - companies selling fossil fuels) if it is applied in years after 2026. Currently windfall tax has been designed to fund temporary schemes of fossil fuel price cuts, which cannot be

considered a goal consistent with energy transition principles.

No other type of environmental taxation appears sufficient in scale to fund SCP goals.

Romania

In Romania, the funding of measures under the National Social Climate Plan (PNSC) from domestic sources is based on several major revenue streams managed at central government level. These mechanisms complement non-repayable European funds, playing a crucial role in reducing energy and transport poverty. The significant existing financial flows and the ways in which they are used or can support the NSCP include:

Revenue from the ETS1 Directive (Emissions Trading Scheme): This represents the largest and most established source of environmental funding in Romania. The funds come from the auctioning of greenhouse gas emission allowances for major industrial polluters and the energy sector.

Current Use: The distribution of these revenues is regulated by Government Emergency Ordinance No. 115/2011. Historically, the majority of auctioned revenues (71 per cent) have been channeled to the Environmental Fund Administration (AFM), with the remainder going directly to the state budget. From 2024, EU rules require that 100 per cent of these revenues be used strictly for climate action. The AFM uses this money to fund major national programmes, such as the installation of photovoltaic panels (the 'Green Home' Programme). Support for the PNSC: Revenue from ETS1 serves as the main source of funding to ensure the mandatory 25 per cent national co-financing (representing over €1.4 billion of the total PNSC package). They can also directly fund the expansion of energy renovation programmes when demand exceeds the budget allocated exclusively from European funds.

- Energy Excise Duties and Direct Support Schemes: Romania does not currently apply a

direct, stand-alone CO₂ tax at the pump (outside the European system), but utilises the general framework of increased energy excise duties and the taxation of fossil fuels.

- Current Use: A portion of the revenue collected through excise duties on gas, electricity and motor fuels goes towards the state budget. This budget is used to fund housing heating subsidies under the Vulnerable Consumer Act (administered by the Ministry of Labour and Social Solidarity). Support for the PNSC: This mechanism forms the operational basis for Component 3 of the PNSC (Direct Income Support). Rather than creating a new infrastructure, the Romanian state can utilise existing national distribution platforms (such as the energy cards distributed via the Romanian Post Office) to pay PNSC subsidies directly into the accounts of households experiencing extreme energy poverty during the winter.
- The Modernisation Fund: Although technically an instrument also funded from the EU's ETS allowance reserves, the Modernisation Fund is managed at national level as a strategic mechanism for large-scale investment. Current Use: Romania has been allocated billions of euros through this fund for the modernisation of electricity distribution networks, the purchase of new electric locomotives and the construction of large solar parks. Support for the PNSC: The Modernisation Fund acts as a critical technical support for the PNSC. For example, the large-scale installation of photovoltaic panels on houses in villages (under PNSC Component 1) would not be possible without the reinforcement of local electricity distribution networks, which is funded directly

Slovenia

Slovenia already has several national funding streams that could (and partly already do) support social climate measures. The most relevant are:

1. **Revenues from ETS1 allowance auctions, channelled into the national Climate Fund**, established in 2009. The Climate Fund finances a range of climate measures and has also supported measures addressing energy poverty for several years.
2. **The energy-efficiency fee**, levied on fuel and electricity consumption, is earmarked for the **Eco Fund (Eko sklad)** and finances grants and preferential loans for energy-efficiency investments, including dedicated support for energy-poor households.
3. **The national CO₂ tax**, Slovenia's long-standing national carbon-pricing instrument for buildings and road transport. It is set at EUR 30.85 per tonne of CO₂ under the standard rate, although its application is currently temporarily suspended to mitigate the increase in fossil fuel prices. Unlike ETS1 revenues, its revenues accrue to the **general state budget and are not earmarked for climate measures**.

CO₂-tax revenues are therefore a significant potential source of additional funding for social climate policy. In 2024, they amounted to approximately EUR 138 million, substantially exceeding Slovenia's own planned contribution to the Social Climate Plan. Under the planned implementation of ETS2, the current CO₂ levy is expected to continue as the national form through which the ETS2 carbon price will be applied, with the levy progressively increased in line with the ETS2 mechanism. Ensuring that these revenues are used, to a greater extent, to

support vulnerable households in the transition to sustainable heating and mobility should therefore be a key priority. Civil society organisations are calling for **national co-financing of at least 50% of the Social Climate Plan, instead of the planned 25%**.

Another issue is the **additionality of Social Climate Plan funding**. The parallel programming of the Climate Fund and the Social Climate Plan raises a risk that some measures previously financed from national Climate Fund resources are shifted to the Social Climate Plan rather than complemented by genuinely additional funding. Given the scale of existing and expected carbon-pricing revenues, there is scope to increase national funding for social climate measures and ensure that the Social Climate Plan represents an expansion of support rather than a reallocation of existing resources.

Potential additional sources of funding for social climate policy in Slovenia, based on the principles of fairness and "polluter pays", include:

- earmarking a greater share of **CO₂-tax revenues**, including revenues generated through the ETS2-related carbon-pricing mechanism;
- increasing and earmarking the existing **tax on private aviation** (EUR 250 per flight);
- allocating part of the Republic of Slovenia's share in the **profits of state-owned enterprises** (EUR 490 million in 2024);
- introducing **progressive taxation of extreme wealth**; and
- introducing taxation of **energy-intensive luxury consumption**, such as luxury vehicles, frequent air travel and high energy consumption.



RECOMMENDATIONS

A. Use of the ETS2 revenues - recommendations for the National Level

1. Establish a Ring-Fenced National Climate Fund

Legally ring-fence ETS1, ETS2, and other environmental revenues (e.g. EPR fees) into a dedicated, transparent fund, ending the practice of absorbing these proceeds into the general central budget. This ensures that funds are not diverted to measures, such as subsidising fossil fuels.

2. Shift Subsidies to Socially Targeted Deep Renovations

Utilize the ETS2 revenues to establish **100% pre-financed grant schemes** exclusively for the bottom two income deciles. Low-income households lack the financial capacity to co-finance investments. Funding must target structural infrastructure modernization (specifically building insulation, window replacements, and switching from solid biomass/coal to clean heating (e.g., heat pumps) to deliver sustained energy cost reductions.

3. Direct Income Support for Citizens

Dedicate a specific portion of ETS2 revenues to direct, temporary financial compensation (direct payments) for citizens to buffer the immediate impact of carbon pricing on heating and transport fuels. Single parents should be addressed as important target group, when tackling social inequality.

4. Address Transport Poverty

Reallocate future transport funding, including cross-subsidies from heavy goods vehicle tolls (such as HU-GO in Hungary), away from large-scale motorway expansion. Funnel ETS2 revenues into rural public transit modernization, regional railway developments, and Demand-Responsive Transport (DRT) to directly target mobility exclusion in rural areas.

5. Poverty Mapping and One-Stop-Shops (OSS)

Establish official, standardized definitions and geospatial mapping for both energy and transport poverty to ensure funds reach those who need it most. Utilize SCF Technical Assistance to finance a decentralized network of One-Stop-Shop advisory hubs to guide vulnerable homeowners through complex renovation grant processes.

6. Support research on energy poverty

The elimination of energy poverty is substantially hindered by the lack of proper knowledge and data. Therefore, efforts should be made to improve the scientific basis of tackling energy poverty.

7. Combat Illegal Waste Burning

Deploy targeted awareness campaigns on efficient wood burning and the health hazards of residential waste burning. Pair these campaigns with subsidized appliance and solid-fuel boiler replacement programs.

B. Use of the additional ETS2 funds - Recommendations for the EU Level

1. Enforce Strict earmarking within the NRPP Framework

Under the proposed integration of EU funds into single National and Regional Partnership Plans (NRPPs) for the MFF 2028–2034, the European Commission must legally enforce strict earmarking of ETS2 revenues. Without strict and transparent earmarking, climate-equity funds risk being diluted or diverted into general macroeconomic infrastructure projects or fossil-adjacent developments by the MSs governments.

2. Partnership Principle

The European Commission must condition the approval of the NRPPs and Social Climate Plans on the active, institutionalized participation of civil society organizations and local municipalities. Meaningful (not just an online, one-sided) public consultation must be a prerequisite for the design and the continuous monitoring of social climate measures.

3. Conditioned Social Impact Metrics

Move away from simple financial absorption metrics (measuring meaningless indicators). The EU must link NRPP and ETS2 payments to real social and environmental impact indicators (e.g. number of deep energy renovations achieved in the lowest income brackets and proven reductions in household primary energy demand).

4. Windfall Taxes on Fossil Fuel Companies

The fossil fuel market in most European countries is highly monopolised (on various levels) by companies. Therefore, putting environmental fees on companies acting as quasi-monopolies creates a high risk of the fees being redirected to the prices of their products, while gaining enormous extra profits. Therefore, more active anti-monopoly measures should be adopted (on various levels of market), including price monitoring and control mechanisms on the wholesale market and windfall taxing. This might currently be outside the competence of the national government, because oil and gas companies become European/international).

5. Awareness and Capacity Building

Provide direct financial support from the EU level to environmental NGOs and independent media to combat misinformation and disinformation and to raise awareness of the positive impacts of measures such as ETS and ETS2, and how to use less energy and still feel comfortable.

There is little visible effort from the European Union institutions to combat disinformation. The EU should have a mechanism to run such active campaigns directly through the EC or fund them through European Commission funds. It was not wise to leave all communication about this mechanism to national governments, because some of them made a lot of effort to mislead people about the results of ETS2 and related measures, instead of being objective. It seems that environmental NGOs were, in some countries, the only ones who were advocating for the mechanism, also against the national government.



PROJECT PARTNERS

Green Liberty from **Latvia**

Clean Air Action Group from **Hungary**

Economic Policy Institute from **Bulgaria**

Institute for Sustainable Development Foundation from **Poland**

The Slovenian Foundation for Sustainable Development from **Slovenia**

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