Connecting the dots on EU transition governance

Integrating policy planning, monitoring, and feedback for a clean, competitive, and fair European economy

Nick Evans

Deyana Kocher

Fabian Wendt

Corinna Fürst

Matthias Duwe

Policy Paper

01 September 2026

Ecologic Institute

Contact

Nick Evans
Fellow
Ecologic Institute
Pfalzburger Straße 43/44
10717 Berlin
E-mail: nick.evans@ecologic.eu

Suggested citation

Evans, Nick; Kocher, Deyana; Wendt, Fabian; Fürst, Corinna; Duwe, Matthias (2026): Connecting the dots on EU transition governance: Integrating policy planning, monitoring, and feedback for a clean, competitive, and fair European economy. Ecologic Institute, Berlin.

Acknowledgements

The authors would like to thank Ronja Busch and Jana Nysten (Stiftung Umweltenergierecht), Michael Forte (E3G), and Christian Flachsland (Hertie School of Governance) for their valuable feedback and critical engagement with our analysis. We are also grateful to our interview partners from across the European institutions for generously sharing their time, expertise, and insights.

This policy paper was produced as part of project Ariadne – Evidence-based Assessment for the Design of the German Energy Transition, which is supported by the German Federal Ministry for Education and Research (BMBF).

Ecologic Institute: Science and policy for a sustainable world

Ecologic Institute is an independent scientific institute for environmental research and policy analysis based in Berlin. Since its founding in 1995, the Institute has combined scientific research with analysis and practical policy support.

We work to advance wellbeing on a healthy planet: protecting ecosystems, strengthening social fairness, and supporting resilient, resource-efficient economies. We provide robust scientific evidence to inform sound decisions and drive impact on the ground. Around 100 experts from over 25 countries bring their diverse disciplinary backgrounds to Ecologic Institute. Their expertise covers the full spectrum of environmental policy, sustainable development, and socio-ecological research. We are committed to rigorous scientific standards and remain independent of political parties and economic interests. Our teams deliver interdisciplinary and transdisciplinary projects, support and evaluate policy processes at national, European, and international levels, and connect stakeholders from academia, policy, and practice. The result: top-level research that makes a difference in the real world. We contribute to teaching skills and capacity building in partnership with renowned universities worldwide.

Ecologic Institute is financed through its project work, with funding partners including the European Commission, the European Parliament, ministries and authorities, the Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN), the Federal Ministry of Research, Technology and Space, the German Environment Agency, and numerous foundations. The Institute has strong connections at the European and international levels and is a member of the Ecological Research Network (Ecornet) and Think Sustainable Europe. Ecologic Institut is a registered charity. Donations are tax deductible.

Further information: **ecologic.eu**

Contents

Summary

The EU's quest for a fair and inclusive transition to climate neutrality by 2050 sits at the nexus of climate, economic, and social policy. Yet, these three policy areas are governed through distinct frameworks, each with its own instruments for planning, monitoring and reporting, and evaluation and feedback.

This policy paper makes a case for stronger integration across the EU governance frameworks shaping a clean, competitive, and fair transition. It examines the legal connections that exist and investigates how they function in practice, drawing evidence from interviews with EU representatives, national reporting dataflows, and trends in country-specific recommendations issued under the European Semester.

Why integrated governance of the clean transition matters

Siloed policymaking poses a challenge for the clean transition because climate, economic, and social policy priorities are closely interdependent. Progress in one area can reinforce another, but it can also create trade-offs or conflicts that need to be identified and managed. Effective policymaking therefore requires a broader evidence and consultation base that captures cross-cutting issues rather than assessing policies in isolation. Shedding light on trade-offs and interdependencies can also improve the transparency and predictability of transition policy, strengthening investor and private sector confidence in the direction and pace of change.

Integration exists on paper but not always in practice

The EU's climate, economic, and social governance frameworks are formally connected through legally binding consistency requirements, shared reporting processes and dataflows, and cross-references between Commission recommendations to Member States arising from different instruments. On paper, these links provide multiple entry points for more integrated transition governance. In practice, however, integration remains uneven. Misaligned planning and funding cycles, parallel reporting systems, and fragmented institutional responsibilities limit how effectively information and priorities flow across policy areas and between relevant competencies. The result is a gap between formal integration requirements and operational coherence.

Coordination between EU institutions functions reasonably well, supported by inter-service exchanges, country teams responsible across topics, shared administrative systems, and the European Semester as a central coordination framework. Yet much of this cooperation remains dependent on informal processes and the involvement of the right actors at the right time, while climate and social planning instruments are not always formally embedded in wider economic governance cycles (see Section 5.1).

Progress monitoring at EU level relies on data reported by Member States, which often flows through centralised platforms managed either by the European Environment Agency (EEA) or Eurostat. Despite this common data infrastructure, there is insufficient overlap on key indicators between the main EU-level monitoring exercises for each policy area, especially when it comes to the integration of social policy concerns (see Section 5.2).

As the EU's principal coordination mechanism, the European Semester plays an important role for integration as evidenced by the rise in climate- and social-related country-specific recommendations, especially since 2019. This trend reflects the adoption of EU-wide strategic policies, such as the European Green Deal and the Social Convergence Framework. At the same time, full consideration may be hampered by the high-level nature of the process, political interference, and the trade-off between fiscal constraint and the scale of public investment needed for the transition (see Section 5.3).

Improving integration across EU climate, economic, and social governance for the clean transition

Although the scope of the clean transition means that some degree of specialisation in policymaking is necessary, our analysis uncovers clear areas for improvement.

- **Recommendation 1: Address timing and sequencing mismatches between policy planning and funding instruments**. Timing mismatches continue to limit integration across EU governance frameworks, particularly between planning instruments, such as National Energy and Climate Plans (NECP) and funding instruments such as Social Climate Plans (SCP) and the forthcoming National Regional and Partnership Plans (NRPP). Misaligned development and submissions of plans weaken their ability to reinforce one another.
- **Recommendation 2: Strengthen integrated monitoring across the climate, economic, and social policy areas**. A second priority is to strengthen monitoring across climate, economic, and social policy, with particular attention to the social and just transition dimensions. These remain insufficiently integrated into climate and economic monitoring. For example, the Annual Single Market and Competitiveness Report does not yet cover a sufficiently broad set of climate and social indicators.
- **Recommendation 3: Use integration to confront trade-offs and conflicts head on**. Better integration should go beyond administrative streamlining to help the EU identify and manage trade-offs between climate, economic, and social objectives. Without this, progress in one area can undermine priorities in another.
- **Recommendation 4: Improve the European Semester as a vehicle for fair transition governance**. The European Semester should be strengthened by better aligning fiscal, climate, and social priorities. This means ensuring sufficient space for long-term transition investment and creating stronger links between the Semester, NECPs, and SCPs so that climate and social objectives are reflected more consistently in economic coordination and country-specific recommendations.

Greater cooperation between responsible EU institutions, a shared evidence base for monitoring progress, and consistent recommendations to Member States can all help bridge policy silos. Together, these forms of integration can make it easier to exploit synergies, anticipate trade-offs, and address potential conflicts in both policy design and implementation.

1 Introduction

The decarbonisation of the European economy has long been a cornerstone of EU strategic policymaking and, since 2021, is enshrined in law through a binding 2050 climate neutrality target. Over the last half decade, the EU has maintained its commitment to the clean transition despite successive global crises and their economic repercussions. But, as geopolitical and trade tensions intensify, and against the backdrop of the Draghi Report's timely call to strengthen Europe's economic fitness (Draghi, 2024), there is a risk yet again that the clean transition could be overshadowed by more immediate policy priorities.

However, this does not seem to be the case, at least in principle. The European Commission's competitiveness agenda does not sideline the objectives of a clean and fair economy. The Clean Industrial Deal is framed as a means of reinvigorating the EU economy through cleantech innovation and modernisation, and the Affordable Energy Action Plan aims to tackle rising energy prices and costs of living, building on an emergent EU just transition framework (EC, 2025c, 2025f). In other words, if the European Green Deal sought to integrate climate and social policies, the EU's recent acute focus on economic fitness rounds out three strategic pillars of European transition policy for the foreseeable future: decarbonisation, competitiveness, and fairness.

Despite interlocking goals and trade-offs, these three policy areas (climate, economic, and social) are underpinned by separate governance frameworks, with distinct systems for planning, monitoring/reporting, and review and follow-up. Such siloed governance of related priorities, while necessary to some extent due to the scope and complexity of the transition, could risk a fragmented approach to policy formulation and the evaluation of progress and ultimately lead to conflicts or inefficiencies in policy implementation. Moreover, the potential for added administrative burden and complexity that comes with these separate systems is inconsistent with the EU's promise of a 'simpler and faster Europe' and ongoing efforts to streamline the EU acquis (EC, 2025b). Policy integration can serve to bridge siloes, through *inter alia* mainstreaming of key objectives across policy fields, a common evidence-base, and coordination among relevant EU institutions and agencies when it comes to policy monitoring and formulation.

In this policy paper we seek to answer two questions. First, what is the extant level of integration between the EU's governance frameworks for climate, economic, and social policy – on paper formally (Section 4) and in practice (Section 5)? And second, how could these be more effectively integrated, making use of streamlining and simplification options to yield better information and transparency for policymaking (Section 6)? To answer these questions, we draw on multiple lines of analysis, including a review of the current legal landscape of relevant EU policies and dataflows, expert interviews with EU representatives, and data from the European Semester country-specific recommendation (CSR) database.

2 Why integration?

Independent studies demonstrate that EU governance of the clean transition would benefit from a concerted effort to integrate processes across climate, economic, and social fields to ensure consistent action (Forte, 2025; Galgóczi & Pochet, 2025; Kögel, 2024; Simon et al., 2022), indeed potentially leading efficiency gains in some areas (Evans & Duwe, 2025). However, what is policy integration and what benefits does it bring?

Policy integration defined

Past research on climate policy integration (CPI) defines integration as the 'incorporation of climate policy objectives across relevant policy sectors' (Oberthür & Von Homeyer, 2023, p. 450) – in short, the mainstreaming of the goals of one policy field into another. This conceptualisation, like that of environmental policy integration (EPI) before it, positions the integration of climate or environmental priorities as an end in and of itself (Lafferty & Hovden, 2003) and, as such, may be too narrow for the purposes of this paper because it does not necessarily foreground trade-offs and interactions between policy fields. Moreover, as noted in the introduction, through the European Green Deal and Clean Industrial Deal, the EU is already advancing a vision for the future of its economy that incorporates both social and climate objectives.

A more dynamic definition of integration views it as a multidimensional *process* through which policy formulation, the involvement of different institutions, and governance instruments are increasingly aligned over time (see Biesbroek, 2021; Candel & Biesbroek, 2016). In this sense, policy integration is procedural, comprised of 'techniques or mechanisms designed to affect how a policy is formulated and implemented' (Bali et al., 2021, p. 298). This includes impact assessments and legal provisions that require consistency across policy fields (such as in the European Climate Law, see Kulovesi et al., 2024); fostering a common evidence base (ECNO, 2024); ensuring a common understanding of terms and priorities (Kögel, 2024); and efforts to coordinate a whole-of-government approach to tackle wide-reaching problems (Cesaro et al., 2025). It may also include mechanisms for identifying conflicts between objectives, assigning responsibility for resolving them, and reviewing whether policy instruments operating in different fields reinforce or undermine one another.

Naturally, these two conceptualisations of policy integration are not mutually exclusive. For one, the mainstreaming of climate imperatives into EU economic policymaking has relied on governance processes to align actions, such as under the European Semester (Simon et al., 2022). Nevertheless, the arguments in this paper are based on the normative premise that a *processual* form of policy integration is worth pursuing for three key reasons.

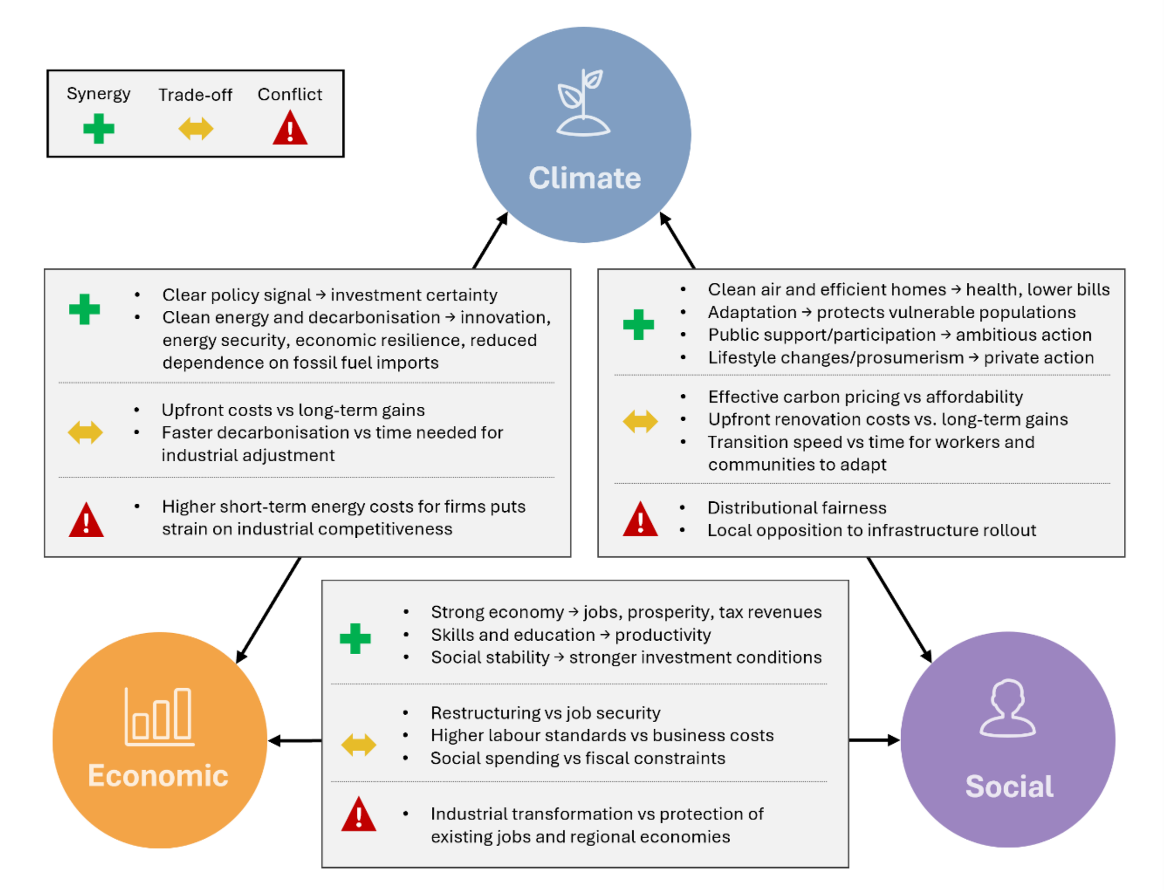
Integration serves to pre-empt conflicts, manage trade-offs, and reveal and exploit synergies between policy priorities

First, there are **critical synergies and trade-offs (and conflicts) between EU climate, social, and economic policy** – often linked to policy implementation. For instance, the dependencies between economic and climate policy concerns are manifold. Decabonisation drives investment in innovative clean technologies, but these investments rely on functioning and modern capital markets and a strong and stable policy signal (ECNO, 2026a). Reducing the EU's fossil fuel import dependence improves energy security and boosts economic resilience to global price shocks (Dolphin et al., 2024). On the other hand, the transition comes with high upfront costs, which if left unmanaged can put a strain on firms and public budgets in the short term – with implications for European economic competitiveness.

At the social-climate nexus, maintaining feedback loops between social policy formulation and the industrial transformation is important not only for a just transition but can also ensure a future-proof market for skills and labour in clean sectors (Galgóczi & Pochet, 2025). At the same time, widespread societal acceptance, is a prerequisite for ambitious climate policy (Bergquist et al., 2022) and accelerates the uptake of sustainable consumption norms and practices (Constantino et al., 2022; Farrow et al., 2017). Stable societal acceptance requires dedicated efforts by governments to not only engage citizens in climate policy decisions, but *respond* to the needs of different communities and contexts to ensure that economic and health-related co-benefits are realised fairly (Bain et al., 2016; Stephanides et al., 2025).

Figure 1 provides a non-exhaustive illustration of the trade-offs, synergies, and potential conflicts relevant to climate, economic, and social policy for the clean transition. Where these interdependencies are unavoidable, policy integration, in the form of enhanced cooperation, better feedback loops, and aligned policy planning between the three policy areas can help to highlight and mitigate the pressure points before they risk derailing or delaying progress.

Figure 1: Why policy integration? Synergies, trade-offs, and conflicts between EU climate, economic, and social policy for the clean transition



Source: authors' own illustration.

A more integrated EU governance apparatus can furthermore improve the **transparency of policy decisions** for the clean transition, which in turn creates stability and investor certainty on the direction and speed of travel. For instance, stronger connections between climate and social planning instruments and the EU's economic policy framework (comprised of the Multiannual Financial Framework (MFF) and European Semester) could help ensure that EU and national budget decisions (and Member State use of EU funds) are aligned with overarching climate and social objectives (Cesaro et al., 2025; Simon et al., 2022). When public spending is inconsistent with overarching social or climate goals, this send mixed signals to investors and firms and could ultimately delay the necessary investments in infrastructure and technologies.

Finally, policy integration mechanisms that **expand the evidence and consultation base to include cross-cutting concerns** can lead to better information and, in turn, more effective policies. For example, the comprehensive monitoring of transition dynamics, especially the enabling conditions beyond higher-level impacts, can help pinpoint potential future bottlenecks and inconsistencies between climate, social, and economic measures (ECNO, 2026b).

These benefits, however, depend on the practical mechanisms through which integration is embedded in policy design and implementation. The following section therefore examines three types of governance instruments that are key to strengthening integration across the three policy areas.

3 Mapping the EU's climate, economic, and social governance frameworks

Climate, economic, and social governance frameworks in the EU have three underlying sets of instruments in common: (1) **planning**, (2) **monitoring and reporting**, and (3) **review and feedback** (see Table 1). These can be found both at EU and Member State level (often required by EU policy) and serve to guide policy decisions, ensure progress towards goals, and course correct through regular policy evaluation and revision. Annex I provides a detailed overview of the governance processes and instruments included in the scope of this policy paper as well as their legal basis in EU policy and relevant references.

Table 1: Main components of climate, economic, and social governance frameworks in the EU

		Planning		Monitoring and reporting		Review and feedback	
		MS-level	*EU-level*	*MS-level*	*EU-level*	*MS-level*	*EU-level*
Climate		national long-term strategies (LTS) National Energy and Climate Plans (NECP)	EU long-term strategy (EU LTS)	Biennial National Energy and Climate Progress Reports (NECPR)	Climate Action Progress Report 8th Environmental Action Programme (8EAP) Eurostat/EEA datahubs and dashboards	Commission recommendations	Assessment of NECPs Possible action trigger for EU measures
Economic	*European Semester*	Medium-Term Fiscal-Structural Plans (MTFSP)	Autumn package (1)	Annual MTFSP progress reports	Alert Mechanism Report (AMR) and Scoreboard	Country-specific recommendations (CSR)	Assessment of MTFSP
	Multiannual financial framework (MFF)	Recovery and Resilience Plans (RRP)		Biennial RRP performance reports	Recovery and Resilience Annual Report and Scoreboard		Assessment of RRPs
	Other				Annual Single Market and Competitiveness Report and Scoreboard European Monitor of Industrial Systems (EMI)		
Social		Social Climate Plans (SCP)	Europea Pillar of Social Rights (EPSR) Action Plan	Biennial SCP Progress Reports	Monitoring of Council Recommendation 16 June 2022 EPSR Social Scoreboard		Assessment of SCPs

Note: (1) previously: Annual Sustainable Growth Survey (ASGS)

Planning, monitoring/reporting, and review/feedback comprise what Bali et al. (2021) refer to as 'procedural' governance instruments that help manage decision-making across policy fields but that do not themselves directly result in substantive impact (e.g., greenhouse gas (GHG) emission reductions). While past studies employ a broader lens for what constitutes a governance framework, considering additional elements, such as targets and timetables, institutional arrangements, scientific advice, participation, coordination, and whether these are legally binding (c.f. Averchenkova et al., 2024; Evans et al., 2024; Oberthür et al., 2023; Zwar et al., 2023), we have chosen to focus these three dimensions as the core ingredients of the 'policy cycle' as an important engine for policymaking and accountability (Duwe, 2022; Vella et al., 2025).[1]

3.1 Planning

In an EU context, national planning obligations can be further distinguished between **policy plans** and **investment or national implementation plans**. The former set out future targets and scenarios or pathways for their achievement, outlining existing and planned policies and measures. For example, under the EU Governance Regulation, Member States outline policy objectives and measures in National Energy and Climate Plans (NECP) every ten years with an interim update after five years, where necessary. Investment or national implementation plans, on the other hand, are tied to specific funding programmes under the EU MFF and describe how a Member State plans to use EU financial resources vis-à-vis policy objectives. For instance, the Recovery and Resilience Facility, established 2021 in response to the economic fallout of global pandemic, required the submission of national Recovery and Resilience Plans (RRPs) to access EU funding under the facility. These were then subsequently expanded incorporating dedicated REPowerEU chapters to help countries weather the energy price shock caused by the war in Ukraine. The Social Climate Plans (SCP) serve a similar function in the context of the Social Climate Fund, which was adopted in 2023 to offset additional costs to households arising from the extension of the EU emissions trading system (EU ETS) to buildings and road transport with a separate ETS2.

It is worth highlighting that the Territorial Just Transition Plans (TJTP) under the Just Transition Fund serve as an additional important component of EU just transition policy. Like the SCPs and RRPs, these one-off planning instruments were required of countries to access EU funding for regions in transition. The TJTPs were omitted from the analysis in this paper due to their primary subnational focus.

Most regularly recurring planning obligations fall to Member States, but the EU has produced one-off planning documents, such as the EU LTS ('Clean Planet for All') or the European Pillar of Social Rights (EPSR) Action Plan (EC, 2018, 2021). Likewise, in the context of the European Semester the Commission's Autumn package communication (previously 'Annual Sustainable Growth Survey') serves a strategic planning role at EU level (EC, 2025g).

3.2 Monitoring and reporting

Monitoring and reporting instruments for the clean transition take three forms. First among these are **reporting by Member States to the EU** outlining progress on policy implementation and towards objectives, such as the biennial National Energy and Climate Progress Reports (NECPR) under the Governance Regulation or annual progress reporting on the Medium-Term Fiscal Structural Plans under the European Semester. Second are regular **assessments by the EU Commission** itself, which are often based on information obtained from national reporting, e.g., the Climate Action Progress Report produced by the Commission annually (EC, 2025j) or the Annual Single Market and Competitiveness Report (EC, 2025i). Whereas the former is required by the Governance Regulation (Art. 29) and focused on EU *and* national progress towards climate and energy goals, the latter is an EU-wide exercise that has expanded in scope over the years, most recently in 2025 to include key performance indicators (KPIs) for tracking progress on the Clean Industrial Deal.

Finally, monitoring and reporting can also take the form of regularly updated **progress tracking scoreboards.** This includes the EPSR Social Scoreboard, the European Monitor of Industrial Systems (EMI),

[1] Our focus on planning, monitoring/reporting, and review/feedback is based on but not identical to the 'policy cycle' or 'policy stage' model as it is conventionally described in the literature. The model distinguishes between five (not three) steps to the cycle: agenda setting, policy formulation, decision-making, implementation, evaluation, and revision (see, e.g., Wendler, 2022).

the Annual Single Market and Competitiveness Scoreboard, the Recovery and Resilience Scoreboard, as well as assorted Eurostat and European Environment Agency (EEA) dashboards and datahubs. All examples of scoreboards included in this study are EU-level initiatives, and do not always show country-level results, even though in most cases they are based on national data provided by Eurostat.

3.3 Review and feedback

Feedback instruments close the policy cycle with dedicated assessments, resulting in guidance, corrective action, or the escalation of measures where progress and/or ambition is found to be insufficient. In the EU context, these instruments are often embedded in iterative exchanges between the Commission and Member States and can vary in their degree of formalisation.

A first category consists of **Commission assessments and recommendations** addressed to Member States. For example, under the Governance Regulation, the Commission evaluates draft and final NECPs and bases its annual assessments on NECPRs. Where gaps are identified, whether in ambition, policy implementation, or projected target achievement, the Commission can issue recommendations to Member States. Although formally non-binding, Member States must take account of these and explain deviations, thereby introducing a soft accountability mechanism. The assessment of SCPs under the Social Climate Fund follows a similar process. However, here, unlike the softer approach for NECPs, approval of the SCPs is a precondition for accessing funding, giving this feedback instrument a direct financial implication. Where deficiencies are identified, Member States may be required to revise their SCPs.

Centralised feedback also occurs through the issuance of so-called **'Country-Specific Recommendations' (CSRs) under the European Semester**. Based on annual assessments of Member States' economic, fiscal, and increasingly social and climate performance (see also 5.3), the Commission proposes CSRs, which are then adopted by the Council. While CSRs are also non-binding, they are politically salient and can be linked to other EU planning and funding instruments (such as for the Recovery and Resilience Facility), thereby strengthening their influence.

Finally, the Governance Regulation includes so-called **action trigger mechanisms**, whereby the Commission may propose additional EU-level measures when collective ambition is found to be lacking (Art. 31(3)). A similar instrument in Art. 32(3) obliges Member States to pursue additional measures on renewable energy if the Commission finds that countries have fallen short of their national reference points along the EU trajectory and explain these gap-filling measures in their next NECPR (see Art. 32(5)). Provisions like these introduce a more consequential form of feedback, moving beyond guidance towards potential regulatory intervention at Union level.

4 On paper: Legal requirements for integration

To investigate the degree of formal integration that exists on paper we surveyed the legal requirements for interactions between the governance instruments, focusing especially on relationships between policy areas.

The analysis revealed a governance landscape that is highly complex with several formal connections across all three policy areas, at least on paper, and distinct institutional arrangements. Figure 2 provides a full overview of the legal interconnections between planning, monitoring/reporting, and review/feedback instruments for ensuring progress on EU climate, economic, and social aims. A mapping of institutional arrangements at EU level showed that these are distinct with clear roles and responsibilities assigned for each governance instrument (see also Figure 3 in next section).

Formal integration between the policy areas takes three main forms: **(1) legal provisions for planning consistency**; **(2) structural alignment of reporting processes**; and **(3) requiring consistency or cross-consideration on Commission recommendations** to Member States coming from different sources, but especially regarding CSRs under the European Semester.

4.1 Legal provisions for planning consistency

A first form of integration is the alignment of national planning instruments. As illustrated in Figure 2, Member States are required to ensure consistency between key planning documents, most prominently between the NECPs, RRPs, and SCPs. These linkages are often framed as formal 'consistency' requirements or obligations to 'take into account' other plans in the process of drafting or updating national planning submissions. For example, the Social Climate Fund requires that a SCP 'shall be consistent with the information included in and the commitments made by the Member State' in both the NECPs and RRPs (Art. 1(3)). A similar provision can be found in Article 17(3) of the Recovery and Resilience Facility but focusing on NECPs.

While the Governance Regulation predates these subsequent planning obligations, the Commission Notice on the Guidance to Member States for the update of the 2021-2030 NECPs reiterated these consistency requirements (see EC, 2022, para. 3.4). Some planning consistency is also required indirectly by design if not explicitly. For instance, Article 15 of the Governance Regulation requires that national LTS and NECPs be consistent, which, by extension means that RRPs and SCPs *might* consider the long-term perspective set out in the strategies.

Box 1: New instrument – National Regional and Partnership Plans (NRPPs)

> At the time of writing, the EU is in the process of hammering out the details of the next MFF, which will cover the period 2028-2034 with adoption pending in 2027. The Commission's proposal, published in July 2025, would shift the budgetary framework away from programme-based management towards a performance-based system to monitor allocation and delivery on investment (EC, 2025h). Among the instruments proposed is a new **National Regional and Partnership Plan (NRPP)** that would consolidate initiatives currently managed through separate budgetary instruments across agriculture, cohesion, social policy, and migration. Inspired by the approach taken for the RRPs, the NRPPs must 'effectively address all or a significant subset of challenges identified' in the NECPs (among others) and be consistent with these (EC, 2025k, Article 22).

At EU level, alignment is supported by overarching strategic processes, such as the Autumn package under the European Semester or EU LTS, which provide common priorities and guidance (although the EU LTS has not been updated since its initial publication in 2018). Also, the Social Climate Fund Regulation requires that SCPs be consistent with the broader framework of the EPSR Action Plan (Art. 1.3).

Overall, these provisions aim to ensure that planning across the three policy areas reflects a shared direction and avoids internal contradictions, even though the instruments remain legally distinct. Still, the language of the law is not always clear on how national governments are to operationalize 'consistency' when it comes to preparing plans, and, as described in Section 5, misalignment in the timing of planning cycles is a challenge to ensuring consistency in practice.

4.2 Structural alignment of reporting processes

A second type of integration concerns the consolidation of monitoring and reporting requirements. Several mechanisms already serve to streamline national reporting on the transition – most notably the biennial NECPRs, which include data on GHG emissions; sectoral trends in energy, transport, and buildings; as well as information on investment and energy poverty. Figure 2 illustrates how reporting streams are increasingly interconnected across the three policy areas. For one, starting in 2027, biennial reporting on the SCP implementation will be included in the NECPRs (Regulation (EU) 2023/955, Art. 18(5)). In addition, national progress on EPSR aims is reported in the context of the Medium-Term Fiscal-Structural Plans under the European Semester, which helps incorporate social policy considerations into broader EU economic governance, e.g., on labour market reforms (Regulation (EU) 2024/1263, Art. 13). Several links within individual policy areas are also worth pointing to. For example, information from the NECPRs feeds into EU-level monitoring tools such as the Climate Action Progress Report as well as relevant EEA and Eurostat dashboards. In parallel, biennial RRP progress reporting happens in the context of the European Semester and is thus linked to instruments like the Alert Mechanism Report/Scoreboard and the CSRs (see discussion below).

Despite legal connections on paper, reporting processes across policy areas face obstacles to improved integration. As explored further in Section 5, in practice, distinct timelines, a lack of common indicators, and diffuse institutional responsibilities remain as structural barriers, meaning that integration is often limited to information-sharing and parallel use of outputs.

4.3 Consistency and cross-consideration on recommendations and feedback

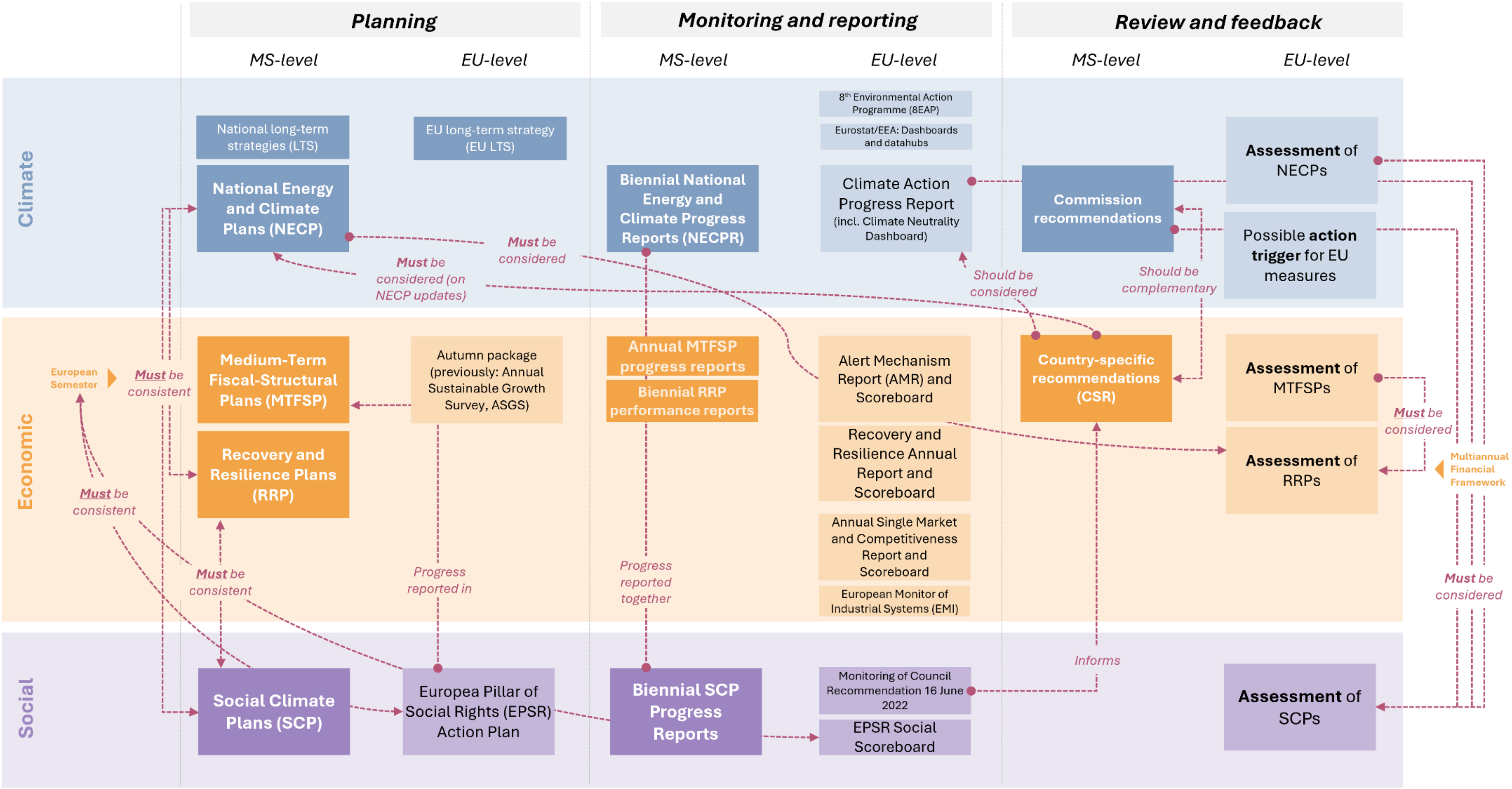
A third form of integration emerges in the review and feedback phase through requirements to ensure consistency among EU-level recommendations to Member States. As depicted in Figure 2, explicit provisions require that recommendations issued under different frameworks inform one another and avoid duplication or contradiction.

This is most visible in the central role of the European Semester, where the CSRs serve as form of consolidation process, distilling Commission recommendations from across the three areas (see also Section 5.3). For example, the Commission's evaluation of NECPs as well as its monitoring of progress based on the NECPRs result in recommendations to Member States, which should *complement* the formulation of CSRs under the European Semester (Regulation (EU) 2018/1999, Art. 34(2)). Likewise, social considerations from the monitoring of Council Recommendation 16 June 2022 and the EPSR scoreboard provide inputs to the CSRs. The Commission's assessment of the SCPs must take account of assessments under the Governance Regulation and corresponding recommendations (Regulation (EU) 2023/955, Art. 16(3)). This creates an indirect link between the review of the SCPs and the European Semester process even if there are no clear legal anchors. The Semester CSRs also serve as required *input* to the Commission's assessment of Medium-Term Fiscal-Structural Plans and previously for the RRPs – and for Member States when producing draft NECP updates (Regulation (EU) 2018/1999, Art. 14(5)).[2] In parallel, the Commission should take account of the CSRs in its annual Climate Action Progress Report.

Taken together, these feedback loops position the European Semester as the primary platform for integrating insights from different governance streams, even if the degree of practical alignment is often left to the discretion of the Commission and Member States as discussed in Section 5.

[2] This requirement was underscored in the Commission's guidance for NECP update (EC, 2022, para. 3.4).

Figure 2: Landscape of climate, social, and economic governance frameworks in the EU and their formal interactions



Source: authors' own illustration based on assessment of relevant EU policies listed in Annex I. For a more detailed representation, including interconnections within policy areas and notes, see Figure 6 in Annex I.

5 In practice: Good practices and challenges related to integration

To investigate the degree of integration between EU climate, social, and economic policy *in practice* we looked at three lines of evidence. First, we considered the degree of **(1) coordination between relevant EU institutions** in the compilation of national reporting data, preparation of assessments and recommendations, and elaboration and use of indicators. In parallel, we investigated the existence of a **(2) shared evidence base** in terms of data flows for the KPIs defined for the main EU-level progress tracking activities for climate, economic, and social policy aims. Finally, we conducted a systematic assessment of the **(3) uptake of climate/energy and social policy related CSRs** in the European Semester over the period 2015-2024. As the EU's principle economic planning tool, this serves as a helpful indication of whether climate and social considerations are making their way into broader EU economic governance. The main insights on challenges to integration are summarised in Box 2.

Box 2: Challenges and barriers to integration

Timing mismatches and cyclical constraints: Despite intentions for alignment and data reuse, integration is hindered by misaligned planning, reporting, and funding cycles. For instance, NECPs operate on a five-year cycle, limiting responsiveness to annual CSRs under the European Semester. Although NECPs should guide RRPs, funding decisions sometimes preceded updated planning documents. Timing mismatches between processes can lead to lacking integration of planning and funding decisions.

Parallel reporting systems due to different policy purposes: Most data are provided by the EEA and Eurostat ensuring data is reused across multiple instruments. The once-only principle is however not applied consistently. This is due to specific data needs of certain instruments (e.g., within SCPs) or monitoring tools serving specific purposes and audiences, e.g., the 8th Environmental Action Programme (8EAP) or the Environmental Accounts Dashboard. Climate and energy data are reported my Member States on two parallel platforms, one managed by the EEA (Reportnet3) and one by the Commission (Policy Reporting Platform, formerly ReportENER). Given the wide range of functions that governance tools perform, fully integrating the data landscape is difficult to achieve in practice.

Legal and structural rigidities: Several accountability frameworks are constrained by fixed legal and institutional designs that limit adaptability. An example is the 8EAP, which has legally fixed objectives and indicators, requiring formal legislative change for updates. Structurally, other instruments like the Annual Single Market and Competitiveness Report remain institutionally and procedurally siloed despite underlying shared data sources.

Limited integration of the social dimension: The social dimension remains less integrated across governance frameworks. This concerns monitoring and reporting as well as review and feedback instruments. Social reporting (e.g., on energy poverty) is often narrow and symbolic, with limited coverage of employment, skills, and distributional impacts. Despite a shared analytical base, SCPs are not formally embedded in the European Semester cycle. There is no direct conditionality or programming link between SCPs and CSRs, and their influence on Semester outputs therefore remains indirect.

Interference: Political dynamics and shifting priorities can reduce the consistent use of analytical evidence in policymaking. This is particularly evident in the European Semester process, which is by design a bottom-up analytical process, where information from national reporting requirements forms the basis for CSRs. However, the central role of the Council, particularly the outsized voices of some Member States, can result in changes or omission of certain topics when these do not suite their interests.

The findings outlined in the following sections are based in part on insights gained from ten expert interviews with representatives from the European Commission and other EU institutions responsible for the governance instruments under investigation. Important to note is that we did not seek to systematically capture the full complexity of the legal interactions outlined in the previous section – i.e., we did not scrutinize each provision for consistency independently. Instead, interviewees were asked to explore what was working well and what challenges remained in integrating the climate, social, and economic dimensions. The relevant legal provisions were presented for context at the start of each interview. For additional details on methodology refer to Annex II.

5.1 EU-level coordination and consultation

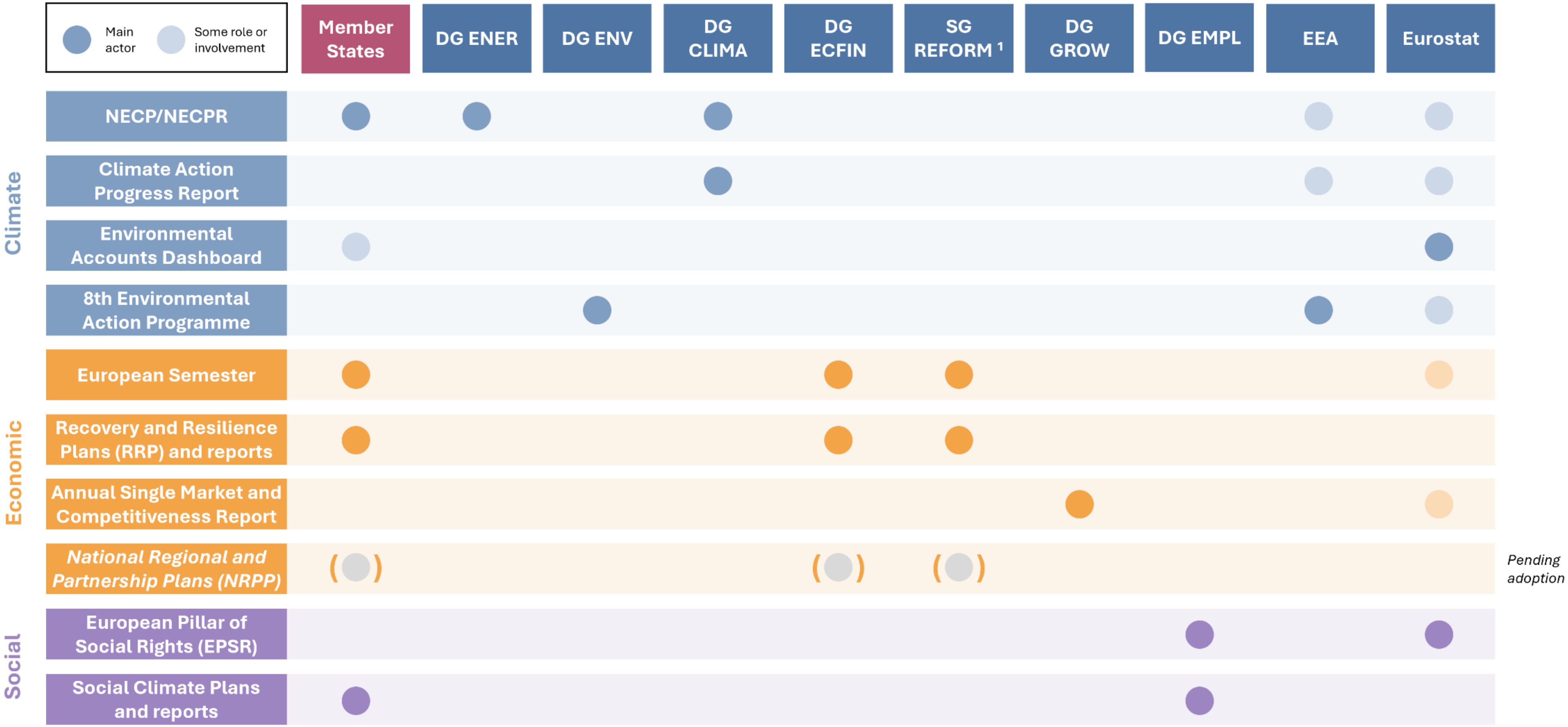
In interviews with EU representatives, coordination and consultation between institutions responsible for the various governance instruments were described as functioning 'reasonably well' but heavily dependent on individual actors.

Aside from the cross-cutting technical support role of the EEA and Eurostat, most of the governance mechanisms we investigated are clearly under the purview of one or in some cases two organisations (refer to Figure 3). While this does not mean that implementation happens in complete siloes, a consistent approach often relies on ad hoc exchange between Commission units over and above extant inter-service consultations. Country teams, composed of representatives from all relevant DGs, help ensure that the same experts who work on technical instruments like the NECPs also contribute to Semester assessments for their respective countries. Nonetheless, overall effectiveness relies on the involvement of the 'right people' at key stages of the process, which may be limited by structural factors – this dynamic was described by one interviewee as 'the human element'.

Many interviewees viewed the European Semester as the main coordination framework, bridging climate, economic, and social policy by design. It is centrally coordinated by DG ECFIN and the Secretariat-General (SG) and operates through a broad bottom-up analytical process, in which thematic DGs (i.e., DG CLIMA, DG ENV, DG EMPL) produce detailed annexes for annual Country Reports, drawing on information obtained through underlying national reporting requirements (e.g., NECPRs). In other words, the initial elaboration of CSRs under the Semester is based on information flows across the three policy areas and managed by the institutions responsible (e.g., DG CLIMA and DG ENER for the NECPRs) and then funnelled into a final set for Council endorsement.

However, despite its potential as the spider in the web, the European Semester was also described as a top-down, 'editorial' process, due to influence by the Council and the management role of DG for Economic and Financial Affairs (ECFIN). Although the involvement of the Council was framed by some Commission representatives as a critical step to ensure buy-in by Member State governments, it also means that final CSR decisions are often centralised, which can result in 'high-level' outputs that override or soften technical proposals by the various DGs, especially on topics that are politically sensitive in a national context. Furthermore, despite the integrative process for elaborating CSRs, NECPs and SCPs (and their respective progress reports) are not formally embedded in the European Semester cycle. As such, their influence on Semester outputs remains indirect, and insights often lag due to reporting delays or timing mismatches. For example, the June 2024 deadline for final NECP updates, came after the European Commission drafted CSRs for that year's Spring Package under the Semester, and the lack of interim, partial updates for NECPs means that these planning documents only inform the Semester effectively every five years. In theory, the NECPRs due every two years in March, could be a reliable source of insights for the Semester but late submissions undermine their use for this purpose (EC, 2025d, p. 3). The effectiveness of the Semester to drive reforms for the clean transition is also limited due to the lack of a direct conditionality or programming link between SCPs, NECPs, and the CSRs (Forte, 2025; Simon et al., 2022).

Figure 3: Institutional responsibilities for EU planning, monitoring/reporting, and feedback instruments across climate, economic, and social policy for the clean transition



Source: authors' own illustration. Note: (1) In February 2025, the Reform and Investment Task Force took over the responsibilities of the previous Recovery and Resilience Task Force established in 2020.

Beyond ad hoc coordination, integration is also strengthened at the system level through shared administrative infrastructures and analytical procedures. Particularly, monitoring through the System for Fund Management[3] reinforces coordination across policy areas that receive EU funding. As the system is already used for cohesion and agricultural funds, its application to SCPs was described as creating a practical coordination layer across DG EMPL, DG CLIMA, and DG ENER for this planning tool, helping to embed the SCPs within the EU's broader economic governance system. DG EMPL also carries out ex-ante consistency checks to assess alignment between SCPs, NECPs, the EPSR, and broader policy frameworks and definitions (e.g., energy poverty and energy savings). These checks complement the more informal coordination mechanisms and provide a more formal procedural layer that operationalises the legal requirements mapped in Figure 2.

5.2 Shared evidence base

Integration across the three policy areas is underpinned by the reuse of shared data sources across multiple governance instruments, although this integration remains partial and subject to constraints. Interviewees consistently highlighted that primary data for monitoring policy progress are predominantly provided by the EEA and Eurostat. Eurostat functions as the central statistical backbone, ensuring cross-country comparability in key domains, such as GHG inventories, energy statistics, material flows, and labour market data. A wide range of monitoring tools builds on or feeds this shared evidence base, including the 8th Environmental Action Programme (8EAP), the Environmental Accounts Dashboard, and the NECPRs. While these instruments differ in scope and purpose, they largely draw on the same underlying datasets provided by the EEA and Eurostat, thereby facilitating a degree of information coherence across policy domains.

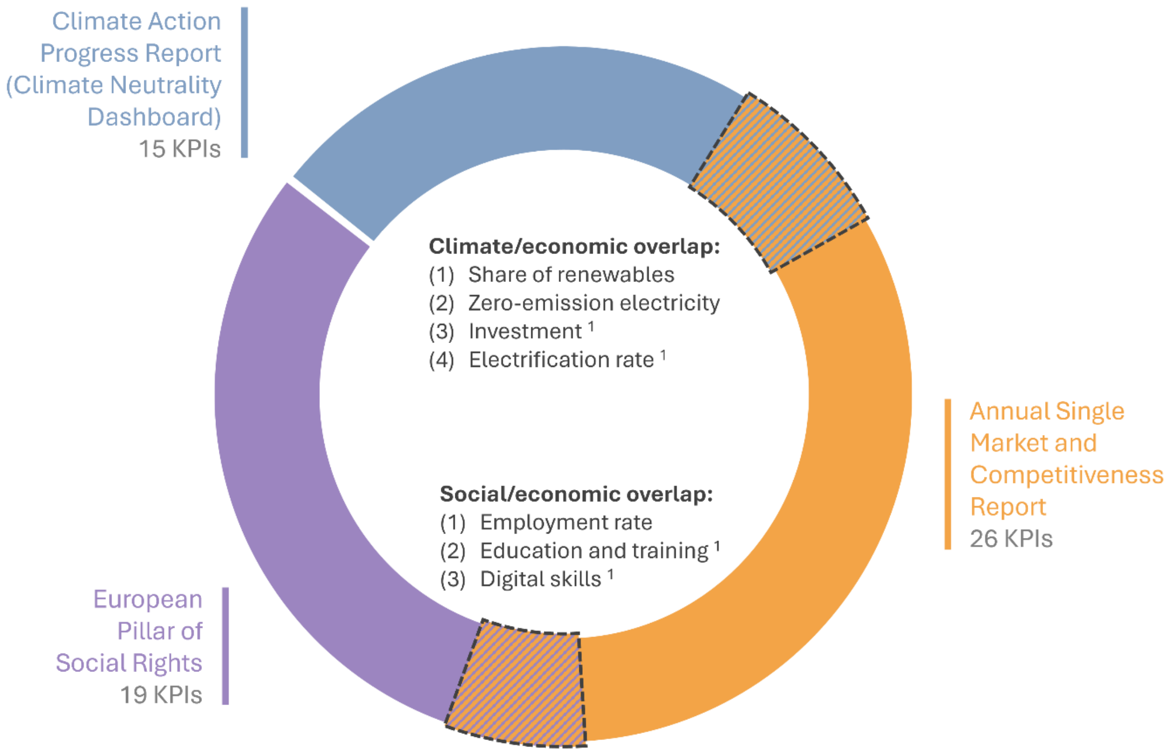
Data are not only reused but also applied to analytical frameworks across policy areas. For instance, DG EMPL, which is responsible for assessment of the SCPs, uses the same evidence base for its evaluations of the plans and contributions to the European Semester's employment and social policy annexes. This analytical integration is further strengthened through *ex ante* modelling, such as DG EMPL's use of EUROMOD, which jointly assesses social, climate, and distributional impacts. In doing so, it plays an important role in informing both SCP negotiations and contributions to the European Semester.

Integration across the three policy areas is also evident by shared KPIs across the main EU-level monitoring activities, i.e., the Climate Action Progress Report, the EPSR, and the Annual Single Market and Competitiveness Report (see Figure 4). While a full accounting of the underlying indicators involved in all governance instruments was beyond the scope of the paper, the investigation of KPIs allowed for a bird's eye view of the kind of information EU institutions are prioritising as well as data overlaps, possible blind spots, and (underutilised) synergies. Notably, the Climate Action Progress Report and the Annual Single Market and Competitiveness Report share indicators related to renewable energy, electrification, and investment, reflecting an increasing alignment between climate and competitiveness objectives. This showcases the growing integration between climate and competitiveness policy goals, driven by initiatives such as the Clean Industrial Deal. With regards to the social dimension, the Annual Single Market and Competitiveness Report also includes indicators on employment, education and training, and digital skills which are also monitored under the EPSR. Notably, the EPSR and the Climate Action Progress Report do not share any indicators, which reveals a potential gap in the evidence base for more integrated progress monitoring.

[3] See https://sfc.ec.europa.eu/en/2021, accessed 08 June 2026.

Despite Eurostat's central role, not all instruments are fully integrated into this shared data infrastructure. For instance, monitoring of SCPs relies primarily on Member State-reported data submitted via the System for Fund Management rather than directly on Eurostat datasets, revealing the existence of parallel reporting streams within the broader system. And although the system is designed around the intention to apply the 'once-only' principle, whereby data reported under one framework is reused across others, the persistence of multiple tools (e.g., the Policy Reporting Platform and Reportnet 3 under the Governance Regulation[4]) and partially overlapping datasets reflects the fact that these instruments are designed to serve different policy purposes and audiences, making a fully unified data landscape difficult to achieve in practice.

Figure 4: Overlap on EU key performance indicators (KPIs) under monitoring activities for climate, economic, and social policy



Source: authors' own illustration. Note: (1) Not an exact match due to differences in operationalization or scope (e.g., the investment figures in the Annual Single Market and Competitiveness Report focus only on industry, whereas in the Climate Neutrality Dashboard the indicator is economy-wide)

5.3 Social and climate considerations in the European Semester

As mentioned above, the European Semester serves as the EU's core economic coordination and oversight framework. Thus, the uptake of social- and climate-related CSRs in the Semester's annual cycle not only sheds light on successive shifts in governance priorities but can also serve as an indication of integration between EU climate, economic, and social aims. Moreover, given its role as the EU's principal annual policy guidance mechanism addressing all Member States simultaneously, the Semester's CSRs offer a particularly suited lens for assessing whether social and climate objectives are being coordinated at the EU level (EC, 2025a; Loi & Antonini, 2025).

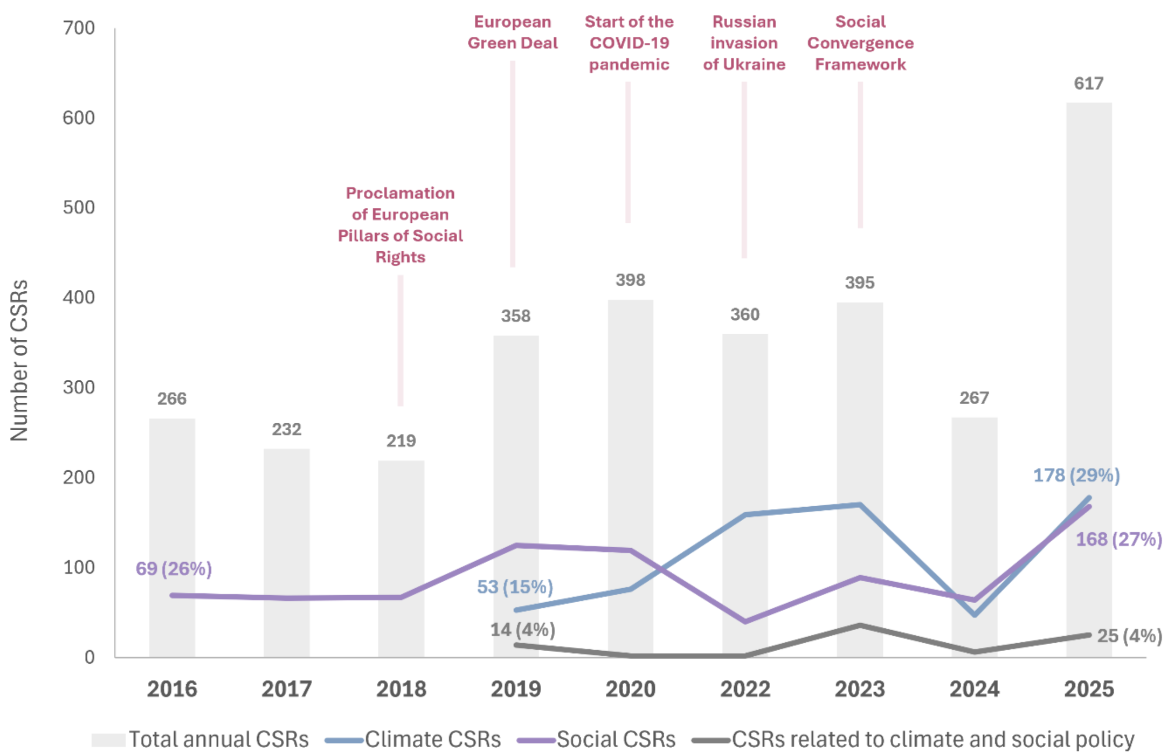
[4] See Reporting system for EU countries - Energy - European Commission, accessed 31 August 2026.

To assess integration within the Semester over time, we conducted a systematic categorisation of CSRs published in the CSR database[5] looking at the share of social and climate-related recommendations across annual cycles. Although the figures are approximations based on thematic clustering, they nonetheless provide a good basis for identifying trends. For more information on methodology see Annex II.

Increasing coverage of social and climate priorities in the European Semester

The results suggest an overall upward albeit gradual trend in coverage of social and climate priorities (see Figure 5). Social CSRs remained relatively stable between 66 to 69 per year between 2016 and 2018 (representing 26% to 30% of total CSRs), before rising notably from 2019 onward and peaking at 125 CSRs in 2019 (35% of total 2019 CSRs). This may reflect the progressive integration of EPSR considerations into the Semester (Vesan et al., 2021). As described above, Member States report on EPSR implementation in their Medium-Term Fiscal-Structural Plans, i.e., the main planning component of the reformed Semester, which in turn directly inform CSR proposals.

Figure 5: Trends in social- and climate-related country-specific recommendations (CSRs) issued under the European Semester over the period 2016-2025



Source: authors' own illustration, based on calculations using data from the European Commission CSR database. Bars represent total annual CSRs. Lines represent the absolute number of social- and climate-related CSRs per year. Shares for each year are included for reference. Note: In response to the COVID-19 pandemic, the European Commission temporarily refocused the Semester on budgetary matters, suspending non-budgetary CSRs. As a result, no dedicated social or climate-related recommendations were issued in 2021 (Muraille, 2021). Therefore, 2021 data were omitted from analysis.

The sharp increase in social and climate CSRs in 2025 should be interpreted with caution. Total CSRs more than doubled from 267 to 617, as the 2025 Semester cycle deliberately moved towards a more comprehensive set of recommendations, 'phasing out the streamlined approach introduced during the earlier phases of RRF implementation' (EC, 2025e). For social CSRs, the share of 27%

[5] European Commission, Country-specific recommendations database, accessed 13 April 2026.

remains within the historical norm, suggesting the absolute rise primarily reflects the broader expansion of the Semester's guidance scope, though the gradual upward trend since 2023 may also hint at a modest continued influence of the Social Convergence Framework. For climate CSRs, the share also increased to 29%, pointing to a degree of renewed thematic emphasis consistent with the Clean Industrial Deal priorities of the 2025 Spring Package.

Climate-related CSRs rise following the European Green Deal

While some CSRs addressed energy efficiency or renewable energy, climate considerations did not constitute a systematic or prominent dimension prior to 2019 (General Secretariat of the Council, 2023). Climate-related CSRs rose from 53 in 2019, peaking in relative terms at 44% in 2022 (159 out of 360 total CSRs), accelerated in part by energy security imperatives following Russia's invasion of Ukraine. Afterwards, climate CSRs fell sharply to 47 in 2024 (18% of total 2024 CSRs) before recovering to 178 in 2025, representing 29% of total CSRs that year. The overall rise in climate-related CSRs after 2019 may be a consequence of the European Green Deal, which committed to refocusing the Semester around sustainability objectives and aligning it more closely with the United Nations Sustainable Development Goals (SDGs) (Charveriat & Bodin, 2020; Marelli et al., 2025).

Beyond the quantitative trends, the Commission's revision of the CSR taxonomy in 2022 is indicative of deeper institutional prioritisation. What was previously captured under a single broad category 'Energy, resources & climate change' was disaggregated into five distinct policy domains, including renewable energy, energy efficiency, climate adaptation, and environmental policy.[6] This structural differentiation reflects an institutional recognition of climate policy as a multidimensional field within the Semester framework, rather than a single thematic add-on.

Increase in social CSRs linked to new EU social policy frameworks

The subsequent rise in social CSRs to 89 in 2023 (23% of total CSRs that year) coincides with the Council's adoption of the Social Convergence Framework, a two-stage diagnostic mechanism designed to identify Member State risks to upward social convergence and inform CSR proposals in employment and social domains (EC, 2026a). However, interviewees noted that the framework is not yet consistently reflected in actual CSRs, as the mechanism does not automatically trigger recommendations. This may be reflected in the gradual nature of the trajectory between 2022 and 2025, which suggests that social considerations have been fed into the Semester's analytical and political process over time and have not been triggered by an immediate, one-off effect. This dynamic is emblematic of a broader pattern (see also below on NECPs) in which governance instruments establish formal entry points into the Semester's annual cycle without reliably delivering integration in practice, as they lack binding transmission mechanisms into CSR adoption, much less implementation.

CSRs relevant to both climate and social policy remain relatively marginal

CSRs with joint relevance to social and climate objectives have remained marginal, averaging around 4% of total annual recommendations (ranging from 2 to 36 per year). This mirrors the limited overlap in the underlying monitoring frameworks, where shared indicators are confined to a few metrics like employment rates, renewable energy shares, and digital skills (refer to Figure 4). This structural fragmentation may also reflect the institutional architecture of the European Semester, where inputs are largely organised along sectoral lines with DG CLIMA and DG ENV contributing climate-related analysis, DG EMPL focusing on social dimensions, and final CSR formulation concentrated within DG ECFIN and the Secretariat-General. As confirmed in interviews, cross-cutting

[6] See European Commission: New CSR policy areas applied as of the 2022 European Semester cycle and correspondence with old policy areas, accessed 20 July 2026.

integration therefore depends heavily on inter-service coordination, country teams, and informal alignment processes rather than on binding structural mandates.

Legal and structural linkages may serve to integrate climate and social considerations

Some degree of integration is also maintained through the legal and structural linkages described under Section 4 above. Under the Governance Regulation, Commission recommendations resulting from the assessment of NECPs or NECPRs are supposed to be complementary to CSRs (Simon et al., 2022). This is implemented primarily through shared analytical inputs through the normal inter-service channels at the Commission with the same public officials working on technical instruments like NECPs also contributing to the Semester assessments. Importantly, while SDG indicators on climate were integrated into the 2020 Country Reports, they did not always flow into the resulting CSRs, illustrating a gap between stated ambition and actual policy output (Simon et al., 2022). Finally, the Social Scoreboard provides a common indicator basis for assessing Member State performance on EPSR principles.

The partial suspension of the traditional CSR cycle in 2021, when the Semester was temporarily reoriented towards the preparation of RRPs, and the subsequent dip of social CSRs to 40 in 2022 (representing 11%) reflect a structural recalibration rather than a policy retreat (Vanhercke & Verdun, 2021). The RRF conditionality mechanism, which required Member States to embed relevant CSRs in their RRPs as a prerequisite for accessing RRF funding, produced, according to our interviews with Commission representatives, the strongest observed cross-instrument alignment across EU governance frameworks over the entire RRF period. This episode demonstrates that strong financial conditionality, rather than soft coordination, can serve as a particularly effective lever for strengthening CSR integration into reform areas.

European Semester: An imperfect vehicle for integration?

Overall, the data demonstrate that the European Semester possesses a demonstrable capacity to absorb new policy priorities when backed by strong political mandates and, as the RRF experience most clearly illustrates, financial conditionality. Social and climate objectives have grown in prominence in parallel rather than jointly, and the governance frameworks introduced to date have raised their profile but have fallen short of creating the binding cross-policy-area coordination mechanisms needed to address them together. The forthcoming revision of the Governance Regulation was identified by Commission interviewees as the most significant structural opportunity to close this gap, particularly by strengthening the legal basis for social reporting within climate frameworks but also through concerted regulatory links between EU climate and energy governance and the Semester.

6 Improving integration across EU climate, economic, and social governance

The analysis above reveals that the EU already has several entry points for integrated governance across climate, economic, and social policy. The NECPs, the European Semester, as well as investment plans in the context of the MFF, such as the RRPs, SCPs and, in future, the NRPPs, are increasingly connected in formal terms. Better integration will require improvements in sequencing, monitoring, follow-up on legal consistency requirements, and the way trade-offs between policy objectives are addressed. Below we outline four high-level recommendations to improve integration across the three policy areas.

Recommendation 1: Address timing and sequencing mismatches between policy planning and investment planning

Efforts should be made to address the timing mismatches that continue to limit the practical integration of EU governance frameworks. This is particularly evident in the relationship between policy planning instruments (e.g., NECPs) on the one hand and investment planning instruments on the other (e.g., SCPs, RRPs). If planning cycles, reporting deadlines, funding decisions, and review processes operate on different timelines, mutual reinforcement is weak.

The forthcoming NRPPs offer an important opportunity to improve sequencing. Their development should be as closely aligned with the next round of NECPs as possible, procedural and timing uncertainties notwithstanding. The next batch of NECPs will be submitted in January 2029 with drafts due a year prior (pending any changes from a revised Governance Regulation). Although the timing is such that the two plans could be drafted in tandem, there remains a risk that the NRPPs may be developed based on half-finished NECPs. This could be prevented by timely intervention by the Commission in the form of guidance on how to operationalise the proposed consistency requirements (i.e., EC, 2025k, Article 22). Potential conflicts that might arise from changes to the next NECP phase under the revision of the Governance Regulation should be pre-empted with clear and early instructions for Member States and interim flexibilities, if needed. If all else fails, the mid-term review of the NRPPs should serve as a window of opportunity to align planned spending with the NECP.

Importantly, NRPPs should not become another parallel planning exercise but should build on and reflect the targets and pathways set forth in the NECPs. This would help ensure that macroeconomic, competitiveness, and reform priorities are informed by national climate and energy objectives, rather than being developed separately or only loosely connected. This also points to a broader need to integrate planning and reporting more systematically to allow for more regular NECP updates. As argued in Evans and Duwe (2025), linking NECPs and their progress reports (NECPRs) in a more iterative process could reduce duplication while improving the quality and usefulness (i.e., timeliness) of the governance cycle. A more integrated planning/reporting system under the Governance Regulation would allow evidence from implementation to feed back into and update NECPs on a need-to basis, giving funding and reform instruments a more reliable *and regular* basis for decision-making.

Recommendation 2: Strengthen integrated monitoring across the climate, economic, and social policy areas

A second priority is to improve monitoring across all three policy areas, with particular attention to the social and just transition dimensions. The social dimension remains insufficiently integrated into monitoring frameworks for both climate and economic policy. For example, the Annual Single Market and Competitiveness Report is intended to track the EU's progress on industrial transformation and the Clean Industrial Deal, but it does not yet include a sufficiently broad set of indicators covering climate and social policy objectives. As a result, it risks providing an incomplete picture of progress towards a competitive, decarbonized, and fair European economy.

The challenge is not primarily a lack of indicators. Many relevant KPIs already exist across EU and national governance frameworks. The problem is that they are not yet used jointly or consistently across institutional silos. More effort is needed to mainstream existing indicators across the climate, economic, and social governance systems, including through greater institutional learning and shared use of evidence at both EU and national levels. Here digital tools and platforms can play a role in several ways, including (1) full realization of 'once-only' reporting as well as pre- and post-filling interoperability to ensure consistent data across monitoring activities, and (2) the use of online portals that pull from existing dataflows to present relevant and comparable data on progress on the clean transition.

A stronger evidence base is especially needed for the fair transition. Energy and transport poverty are increasingly visible in EU monitoring, but employment effects, distributional impacts, and the broader social consequences of climate policies remain less well understood (see discussions in Crespy & Moreira Ramalho, 2025; Dermine, 2025; Kögel, 2024). More systematic monitoring of socio-economic impacts would help policymakers identify risks earlier and design compensatory or enabling measures more effectively. In their SCPs, Member States are required to assess the impacts of ETS2 on private households and small and medium enterprises (SMEs) (see Social Climate Fund, section 3.2 in Annex V, outlining a template for the SCPs). Despite methodological challenges and the potential administrative burden, this assessment could provide a useful starting point for a broader appraisal of the socio-economic costs, trade-offs, and benefits of climate policies. The new European Fair Transition Observatory could play a central role in this regard by consolidating evidence, improving comparability across Member States and supporting more integrated analysis of transition impacts.

The forthcoming revision of the Governance Regulation is a key opportunity to strengthen this integration structurally. It should provide a clearer legal basis for social reporting within climate governance and ensure that employment, skills, poverty, and distributional indicators are better connected to climate and economic monitoring.

Recommendation 3: Use integration to confront trade-offs and conflicts head on

Better integration should not be understood only as administrative streamlining. It should also improve the EU's capacity to confront trade-offs between policy objectives. As detailed in Section 2, climate policies have distributional effects, competitiveness measures may prioritise industrial performance while overlooking social impacts, and social policy objectives can be weakened if they are treated as secondary to fiscal or market-oriented priorities.

The growing emphasis on competitiveness makes this especially important. A stronger competitiveness agenda can support the clean transition, but it also risks crowding out social objectives unless those objectives are explicitly embedded in monitoring, planning, and review processes (Galgóczi & Pochet, 2025). Integrated governance should therefore seek to make trade-offs visible and manageable, rather than allowing them to remain implicit. This requires indicators, analytical tools, and review processes that assess not only whether emissions are falling or industries are transforming, but also who benefits, who bears costs and whether transition policies are socially sustainable. At a minimum, key concepts and benchmarks should be defined and operationalised consistently across policy areas, including (but not limited to) energy and transport poverty and fossil fuel subsidies (see also Kögel, 2024).

Recommendation 4: Improve the European Semester as a vehicle for fair transition governance

The European Semester remains one of the EU's most important coordination mechanisms, but its potential to support a clean and fair transition is constrained by several factors. Under the current fiscal framework, ambitious NECP implementation may come into conflict with budget constraints, particularly where long-term public investment is needed to support decarbonisation, infrastructure, skills, social protection, and regional transition strategies.

The Stability and Growth Pact should therefore allow sufficient space for long-term investments that are necessary to achieve a fair transition. Without this, Member States may face conflicting signals: to raise ambition in climate and social planning while simultaneously limiting the fiscal room needed for implementation. The European Commission has acknowledged this at least to some degree with a proposed extension to flexibilities under the National Escape Clause for measures that strengthen energy security *and* accelerate the phase-out of fossil fuels.[7] A more coherent framework would recognise that well-designed transition investments are not only costs, but also prerequisites for resilience, competitiveness, and social cohesion.

The links between the Semester and social-climate instruments should also be strengthened. Although SCPs and the Semester may draw on parts of a shared analytical base, SCPs are not formally embedded in the Semester cycle. There is currently no direct conditionality or programming link between SCPs and CSRs, and their influence on Semester outputs remains indirect. Stronger connections could help ensure that social climate priorities are reflected in economic coordination and that CSRs give greater attention to the distributional and social dimensions of the transition.

The more regular updating of NECPs through better integration with NECPRs mentioned above would also help to align EU climate and energy planning and reporting with the Semester. At present, Semester CSRs and the MTFSPs are often based on outdated NECPs. While an annual update to the NECP would be too burdensome to national authorities, targeted periodic updating of NECPs components pulling from NECPR reporting would help these planning tools remain relevant on a rolling basis.

Advancements in these four areas would help the EU move from partial integration towards a governance system in which climate, economic, and social objectives are planned, monitored and reviewed in a more coherent way. This does not require creating entirely new structures in every case. Rather, it requires better sequencing of existing instruments, stronger legal anchoring for social reporting, more coherent use of indicators, and a willingness to address head-on the political trade-offs at the heart of the clean transition.

[7] See 2026 Spring Semester Package, accessed 22 July 2026.

7 References

Averchenkova, A., Higham, C., Chan, T., & Keuschnigg, I. (2024). *Impacts of climate framework laws: Lessons from Germany, Ireland and New Zealand*. Grantham Research Institute on Climate Change and the Environment; Centre for Climate Change Economics and Policy.

Bain, P. G., Milfont, T. L., Kashima, Y., Bilewicz, M., Doron, G., Garðarsdóttir, R. B., Gouveia, V. V., Guan, Y., Johansson, L.-O., Pasquali, C., Corral-Verdugo, V., Aragones, J. I., Utsugi, A., Demarque, C., Otto, S., Park, J., Soland, M., Steg, L., González, R., … Saviolidis, N. M. (2016). Co-benefits of addressing climate change can motivate action around the world. *Nature Climate Change*, *6*(2), 154–157. https://doi.org/10.1038/nclimate2814

Bali, A. S., Howlett, M., Lewis, J. M., & Ramesh, M. (2021). Procedural policy tools in theory and practice. *Policy and Society*, *40*(3), 295–311. https://doi.org/10.1080/14494035.2021.1965379

Bergquist, M., Nilsson, A., Harring, N., & Jagers, S. C. (2022). Meta-analyses of fifteen determinants of public opinion about climate change taxes and laws. *Nature Climate Change*, *12*(3), 235–240. https://doi.org/10.1038/s41558-022-01297-6

Biesbroek, R. (2021). Policy integration and climate change adaptation. *Current Opinion in Environmental Sustainability*, *52*, 75–81. https://doi.org/10.1016/j.cosust.2021.07.003

Candel, J. J. L., & Biesbroek, R. (2016). Toward a processual understanding of policy integration. *Policy Sciences*, *49*(3), 211–231. https://doi.org/10.1007/s11077-016-9248-y

Cesaro, P., Moro, B., Forte, M., Ciatti, D., Yada, J., & Giannelli, E. (2025). *Making National Strategies in the EU Investable: Closing the Feedback Loop Between National Strategies and Private Sector Transition Plans* [Policy Report]. E3G and ECCO. https://www.e3g.org/publications/making-national-strategies-in-the-eu-investable/

Charveriat, C., & Bodin, E. (2020). *Delivering the Green Deal through the European Semester*. the Institute for European Environmental Policy (IEEP).

Constantino, S. M., Sparkman, G., Kraft-Todd, G. T., Bicchieri, C., Centola, D., Shell-Duncan, B., Vogt, S., & Weber, E. U. (2022). Scaling Up Change: A Critical Review and Practical Guide to Harnessing Social Norms for Climate Action. *Psychological Science in the Public Interest*, *23*(2), 50–97. https://doi.org/10.1177/15291006221105279

Crespy, A., & Moreira Ramalho, T. (2025). *Strengthening and Mainstreaming Just Transition Goals in the EU Budget* [Policy Brief]. Foundation for European Progressive Studies (FEPS) and SOLIDAR. https://www.feps-europe.eu

Dermine, P. (2025). The New EU Economic Governance Framework Perspectives for Social Europe. In S. Sabato, D. Ghailani, & S. Spasova (Eds.), *Social policy in the European Union: State of play 2024, Social Europe amidst the security and competitiveness paradigms*. ETUI and OSE.

Dolphin, G., Duval, R., Rojas-Romagosa, H., & Sher, G. (2024). *The Energy Security Gains from Strengthening Europe's Climate Action*. *Departmental Papers*. https://doi.org/10.5089/9798400265655.087

Draghi, M. (2024). *The future of European competitiveness—A competitiveness strategy for Europe*.

Duwe, M. (2022). *Making EU Climate Governance Fit for Net Zero*. Umweltbundesamt, Deutschland. https://www.ecologic.eu/18516

EC. (2018). *Communication COM/2018/773 from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, A Clean Planet for All, A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy (EU 2050 Strategy)*.

EC. (2021). *European Pillar of Social Rights Action Plan*. European Commission.

EC. (2022). *Commission Notice on the Guidance to Member States for the update of the 2021-2030 national energy and climate plans* (2022/C 495/02).

EC. (2025a). *2025 European Semester Spring Package sets out guidance to boost EU competitiveness** [Press Release]. European Commission. https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1388

EC. (2025b). *A simpler and faster Europe: Communication on implementation and simplification*. European Commission.

EC. (2025c). *Action Plan for Affordable Energy Unlocking the true value of our Energy Union to secure affordable, efficient and clean energy for all Europeans COM/2025/79 final*. European Commission.

EC. (2025d). *Commission Staff Working Document Assessment of progress towards the objectives of the Energy Union and Climate Actio* (SWD(2025) 351 final). European Commission.

EC. (2025e). *Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank. 2025 European Semester—Spring package.* (COM(2025) 200 final). https://commission.europa.eu/document/download/5e1e7cfe-a9e0-47ad-aac9-e850e5739589_en

EC. (2025f). *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation* (COM(2025) 85 final). European Commission.

EC. (2025g). *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank. 2026 European Semester—Autumn Package Delivering on the Competitiveness Compass: Pushing forward with reforms and investments* (COM(2025) 955 final). European Commission.

EC. (2025h). *Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. A dynamic EU Budget for the priorities of the future—The Multiannual Financial Framework 2028-2034* (COM(2025) 571 final). European Commission.

EC. (2025i). *Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. The Single Market: Our European home market in an uncertain world. A Strategy for making the Single Market simple, seamless and strong* (COM(2025) 500 final). European Commission.

EC. (2025j). *EU Climate Action Progress Report 2025: Strengthening Competitiveness on the Road to Climate Neutrality*.

EC. (2025k). *Proposal for a regulation of the European Parliament and of the Council regulation establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509* (COM(2025) 565 final). European Commission.

EC. (2026a). *Commission Staff Working Document. Second-stage country analysis on social convergence in line with the Social Convergence Framework (SCF). SWD(2026) 122 final*. European Commission.

EC. (2026b). *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions on the European Pillar of Social Rights* (COM(2026) 650 final). European Commission.

EC. (2026c). *Review of the 2021 European Pillar of Social Rights Action Plan accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions on the European Pillar of Social Rights* (SWD(2026) 650 final). European Commission.

ECNO. (2024). *Briefing: Next steps in setting up EU progress monitoring for climate neutrality—A review of the European Commission's assessment of progress towards climate neutrality* (E. K. Velten, M. Duwe, M. Hagemann, S. Jackson, & P. Schöberlein, Eds.). European Climate Neutrality Observatory (ECNO).

ECNO. (2026a). *Clean Industrial Transition Monitor Moving to a clean industrial future in Europe Progress, Gaps and Policy Implications of the Clean Industrial Deal* (C. Fürst, A. Stefańczyk, C. Humphreys, C. Calipel, M. Moisio, M. Duwe, & A. Śniegocki, Eds.). European Climate Neutrality Observatory (ECNO).

ECNO. (2026b). *State of EU Progress to Climate Neutrality: An indicator-based assessment across 13 building blocks for a climate neutral future* (E. K. Velten, C. Calipel, L. Compere, M. Duwe, N. Evans, H. Fekete, C. Felthöfer, J. Ferrell, J. Gardiner, M. Hagemann, F. Hossfeld, C. Humphreys, L. Kahlen, S. Lalieu, M. Moisio, I. Meyenberg, N. Pelekh, J. Pestiaux, P. Schöberlein, … M. Wojtyło, Eds.). European Climate Neutrality Observatory (ECNO).

Evans, N., & Duwe, M. (2025). *Smarter, simpler, more effective: Options to improve EU transition policy Enhancing climate policy management through simplification*. Ecologic Institute. https://doi.org/10.13140/RG.2.2.11905.31844

Evans, N., Schöberlein, P., & Duwe, M. (2024). *Raising the bar on national climate governance in the EU: How EU policy can help Member States deliver certainty, accountability, consensus, and consistency on the road to net zero*. Ecologic Institute. https://doi.org/10.13140/RG.2.2.16825.79206

Farrow, K., Grolleau, G., & Ibanez, L. (2017). Social Norms and Pro-environmental Behavior: A Review of the Evidence. *Ecological Economics*, *140*, 1–13. https://doi.org/10.1016/j.ecolecon.2017.04.017

Forte, M. (2025). *Briefing paper: Cash for which reforms? Improving climate and energy policy coordination through the next EU budget*. E3G.

Galgóczi, B., & Pochet, P. (2025). Between competitiveness and austerity: What's next for a just, green transition in the EU? In S. Sabato, D. Ghailani, & S. Spasova (Eds.), *Social policy in the European Union: State of play 2024, Social Europe amidst the security and competitiveness paradigms*. ETUI and OSE.

General Secretariat of the Council. (2023). *Greening the European Semester—Exchange of views* (15184/22-COM(2022) 780 final). Council of the European Union. https://data.consilium.europa.eu/doc/document/ST-6679-2023-INIT/en/pdf?utm_source

Kögel, N. (2024). *Policy integration: Enhancing the social dimension in climate policy planning instruments in the EU. An assessment of Member States' NECPs, TJTPs & RRPs*. Ecologic Institute.

Kulovesi, K., Oberthür, S., Van Asselt, H., & Savaresi, A. (2024). The European Climate Law: Strengthening EU Procedural Climate Governance? *Journal of Environmental Law*, eqad034. https://doi.org/10.1093/jel/eqad034

Lafferty, W., & Hovden, E. (2003). Environmental policy integration: Towards an analytical framework. *Environmental Politics*, *12*(3), 1–22. https://doi.org/10.1080/09644010412331308254

Loi, G., & Antonini, L. (2025). *The implementation of country-specific recommendations under the European Semester cycles* (PE 760.248). European Parliament, Economic Governance and EMU Scrutiny Unit (EGOV). https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/760248/IPOL_BRI(2024)760248_EN.pdf

Marelli, L., Trane, M., Gastaldi, C., & Guerreiro Miguel, M. (2025). *Delivering the EU Green Deal—Progress towards targets* (No. JRC140372). Publications Office of the European Union. https://doi.org/10.2760/3105205

Muraille, M. (2021). *A Revised European Semester under Centralised Management: The Risk of Overlooking Social Policy* (European Policy Brief No. 72). Egmont – Royal Institute for International Relations. https://egmontinstitute.be/app/uploads/2021/09/epb-72-marcel-muraille.pdf?type=pdf

Oberthür, S., Moore, B., & von Homeyer, I. (2023). *Towards an EU Climate Governance Framework to Deliver on the European Green Deal*. GreenDeal-NET, VUB Brussels School of Governance Centre for Environment, Economy and Energy.

Oberthür, S., & Von Homeyer, I. (2023). From emissions trading to the European Green Deal: The evolution of the climate policy mix and climate policy integration in the EU. *Journal of European Public Policy*, *30*(3), 445–468. https://doi.org/10.1080/13501763.2022.2120528

Simon, L., Herrmann, O., Juergens, I., Berendsen, S., & Kaspar, L. (2022). *Make EU Economic Governance fit for climate neutrality: Time to reform the European Semester*. Climate and Company.

Stephanides, P., Chilvers, J., Honeybun-Arnolda, E., Hargreaves, T., Pallett, H., Groves, C., Pidgeon, N., Henwood, K., & Gross, R. (2025). Beyond public acceptance: Towards systemic societal responsiveness of net zero infrastructures. *Energy Research & Social Science*, *127*, 104251. https://doi.org/10.1016/j.erss.2025.104251

Vanhercke, B., & Verdun, A. (2021). The European Semester as Goldilocks: Macroeconomic PolicyCoordination and the Recovery and Resilience Facility. *Journal of Common Market Studies, 1*, 204–223. https://doi.org/https://doi.org/10.1111%2Fjcms.13267

Vella, A., van Maris, K., & Dauwe, T. (with Jóźwicka-Olsen, M.). (2025). *Strengthening National Governance Systems. Exploring Current Practices and Innovations for Reporting on Policies and Measures and Greenhouse Gas Projections.* (ETC CM Report 2024/08). European Topic Centre on Climate change mitigation (ETC-CM), European Environment Agency (EEA). https://doi.org/10.5281/ZENODO.14889499

Vesan, P., Corti, F., & Sabato, S. (2021). The European Commission's entrepreneurship and the social dimension of the European Semester: From the European Pillar of Social Rights to the Covid-19 pandemic. *Comparative European Politics, 19*, 277–295. https://doi.org/10.1057/s41295-020-00227-0

Wendler, F. (2022). Climate Change Policy in the EU: From the Paris Agreement to the European Green Deal. In F. Wendler, *Framing Climate Change in the EU and US After the Paris Agreement* (pp. 65–117). Springer International Publishing. https://doi.org/10.1007/978-3-031-04059-7_3

Zwar, C., Edenhofer, J., Ruzelyte, V., Edmondson, D., & Flachsland, C. (2023). *Mapping Variation in Institutions for Climate Policymaking: Climate Institutions in Germany, the United Kingdom, Sweden, and Australia* [Ariadne-Report]. Potsdam-Institut für Klimafolgenforschung (PIK). https://doi.org/10.48485/pik.2023.017

Annex I: Key components of climate, social, and economic governance in the EU

Governance Regulation (and EU Climate Law)

The EU Governance Regulation (Regulation (EU) 2018/1999) and the EU Climate Law (Regulation (EU) 2021/1119) together constitute the legal backbone of the EU's clean transition accountability architecture. The Governance Regulation establishes a structured ten-year planning (with five year updates) and biennial reporting cycle requiring Member States to develop National Energy and Climate Plans (NECPs) and Progress Reports (NECPRs) across the five dimensions of the Energy Union: decarbonisation, energy efficiency, energy security, the internal energy market, and research, innovation, and competitiveness.

The EU Climate Law enshrines the binding 2050 climate neutrality objective and the net 2030 GHG reduction target of at least 55% and amends the Governance Regulation to embed climate neutrality consistency requirements across planning and progress review processes. In March 2026, as foreseen by Article 4 (3) of the original law, the EU amended the law to set a binding intermediate emissions reduction target of 90% by 2040 (relative to 1990), comprised of an 85% domestic reduction with up to 5% from international carbon credits.

Key governance instruments in the Governance Regulation

Planning

- **National Energy and Climate Plans (NECP)**, Regulation (EU) 2018/1999, Art. 4
- **National long-term strategies (LTS)**, Regulation (EU) 2018/1999, Art. 15
- **EU long-term strategy (EU LTS),** Regulation (EU) 2018/1999, Art. 15(2)

Monitoring and reporting

- **National Energy and Climate Progress Reports (NECPR)**, Regulation (EU) 2018/1999, Art. 17
- **Climate Action Progress Report**, Regulation (EU) 2018/1999, Art. 29

Review and feedback

- **Commission assessments of (draft) NECPs and recommendations**, Regulation (EU) 2018/1999, Art. 9, 13, 14, 34
- **Action trigger for EU measures,** Regulation (EU) 2018/1999, Art. 32

European Semester

The European Semester is the EU's principal annual cycle for economic policy coordination, established in 2010 following the 2008 financial crisis and most recently reformed by Regulation (EU) 2024/1263. Structured around an Autumn Package previously referred to as the Commission's Annual Sustainable Growth Survey (ASGS), followed by country reports and spring country-specific recommendations (CSRs), the Semester functions as a soft governance instrument with significant political weight, feeding into multilateral surveillance, fiscal procedures, and increasingly into EU investment conditionality. Since 2019, the Semester has progressively absorbed both social and climate dimensions: the European Green Deal committed to reorienting the process around sustainability, while the mainstreaming of the European Pillar of Social Rights introduced the Social Scoreboard as a monitoring reference. In 2023, the Semester was complemented by the Social

Convergence Framework, which provides a structured two-stage assessment of social and employment risks across Member States and informs Semester CSRs.

Key governance instruments in the European Semester

Planning

- **Medium-Term Fiscal-Structural Plans (MTFSP),** Regulation (EU) 2024/1263, Art. 11-20
- **Autumn Package** (previously referred to as the Annual Sustainable Growth Survey (ASGS)), Treaty on the Functioning of the EU, Art. 121; Regulation (EU) No 473/2013

Monitoring and reporting

- **Annual MTFSP progress reports,** Regulation (EU) 2024/1263, Art. 21
- **Alert Mechanism Report (AMR) and Scoreboard**, Regulation (EU) 1176/2011, Art. 3, 4

Review and feedback

- **Assessment of MTFSPs**, Regulation (EU) 2024/1263, Art. 16
- **Country-specific recommendations (CSR),** Treaty on the Functioning of the EU, Art. 121, 148; (also operationalized via secondary legislation, e.g., Regulation (EU) 1176/2011, Art. 6)

Recovery and Resilience Facility

The Recovery and Resilience Facility (Regulation (EU) 2021/241), the centrepiece of the NextGenerationEU recovery package, is a time-limited, performance-based instrument providing up to EUR 723.8 billion in grants and loans to support Member States' recovery from the COVID-19 pandemic. Access to funding required the submission of national Recovery and Resilience Plans (RRPs), outlining reform and investment programmes across six policy pillars including the green transition, digital transformation, and social resilience, with disbursements contingent on achieving pre-agreed milestones and targets. Plans were subsequently expanded with REPowerEU chapters in response to the energy crisis following Russia's invasion of Ukraine.

Key governance instruments in the Recovery and Resilience Facility

Planning

- **Recovery and Resilience Plans (RRP),** Regulation (EU) 2021/241, Art. 17-21

Monitoring and reporting

- **Biennial RRP performance reports,** Regulation (EU) 2021/241, Art. 27
- **Recovery and Resilience Annual Report and Scoreboard**, Regulation (EU) 2021/241, Art. 30, 31

Review and feedback

- **Assessment of RRPs**, Regulation (EU) 2021/241, Art. 19

Social Climate Fund

The Social Climate Fund (SCF, Regulation (EU) 2023/955), adopted as part of the 'Fit for 55' legislative package, is designed to address the social and distributional consequences of extending the EU Emissions Trading System (EU ETS) to buildings and road transport (ETS2). With an indicative budget of approximately EUR 86.7 billion for the period 2026 to 2032, the SCF aims to provide targeted support to vulnerable households facing increased energy and mobility costs. Access to funding requires Member States to prepare national Social Climate Plans (SCPs) setting out direct income support measures, energy efficiency investments, and sustainable mobility solutions. The recommended submission date was 30 June 2025, following an iterative preparation process supported by Commission guidance and expert group exchanges. As such, missing this soft deadline has come with no consequences. Once formally submitted, the Commission has up to five months to complete its assessment, with first payment requests possible starting on 31 July 2026.

Key governance instruments under the Social Climate Fund

Planning

- **Social Climate Plan (SCP),** Regulation (EU) 2023/955, Art. 4-6

Monitoring and reporting

- **Biennial SCP progress reports,** Regulation (EU) 2023/955, Art. 24 (also Regulation (EU) 2018/1999, Art. 17 on the NECPR)

Review and feedback

- **Assessment of SCPs**, Regulation (EU) 2023/955, Art. 16

European Pillar of Social Rights

The European Pillar of Social Rights (EPSR), jointly proclaimed by the European Parliament, the Council, and the Commission at the Gothenburg Social Summit in 2017, articulates 20 guiding principles across three chapters – 'equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion'. It is intended to anchor the social dimension of European policy. Though lacking direct legal binding force, the EPSR has been operationalised through a 2021 Action Plan, which establishes three EU headline targets for 2030 on employment, skills, and poverty reduction. In July 2026, the Commission published both a new Communication on the EPSR (EC, 2026b) as well as review of the Action Plan (EC, 2026c). EU-level progress is tracked via the Eurostat-managed Social Scoreboard comprised of 16 headline and 18 secondary indicators.

Key governance instruments under the European Pillar of Social Rights (EPSR)

Planning

- **EPSR Action Plan**

Monitoring and reporting

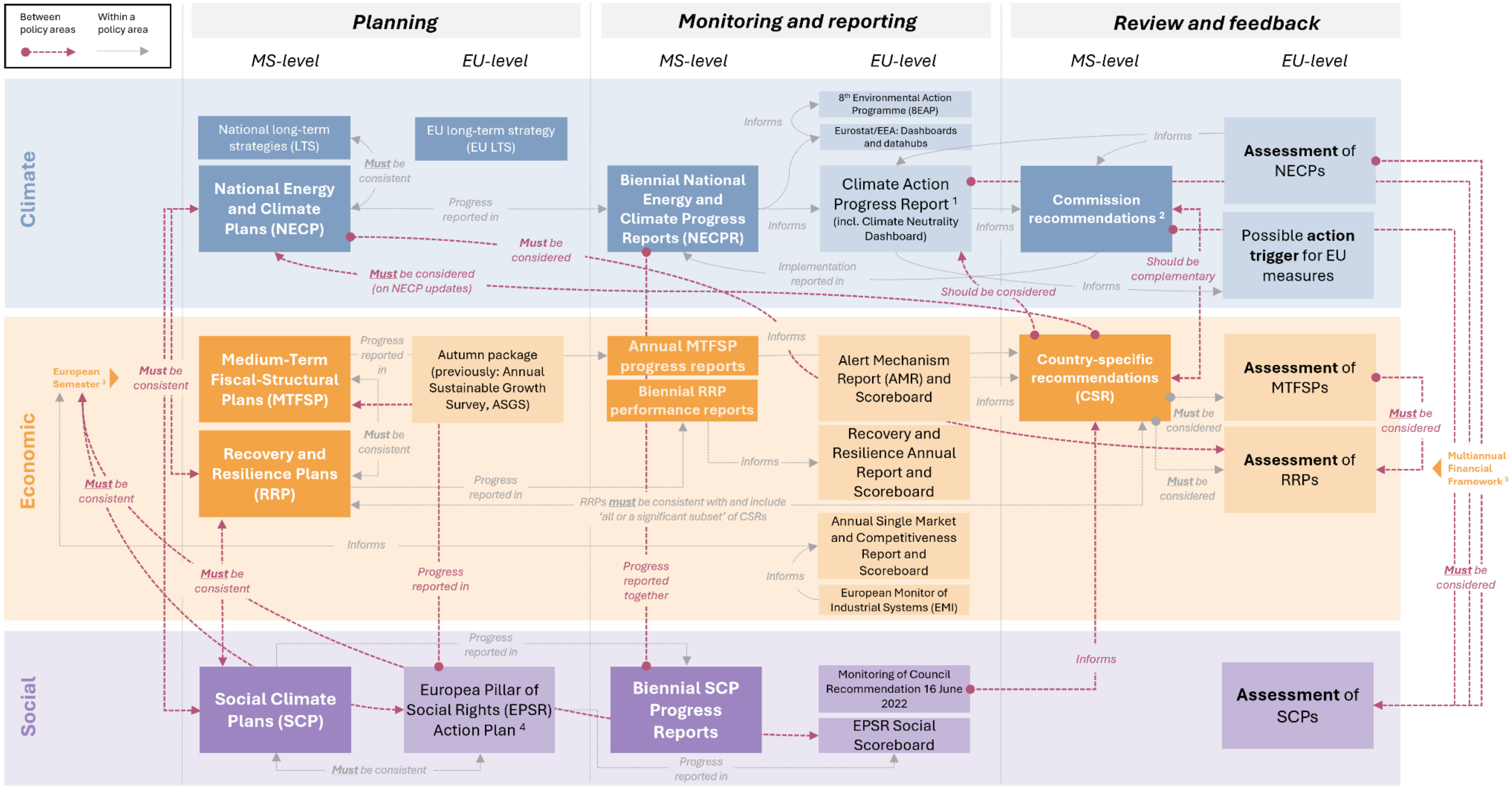
- **National EPSR progress** reported in Medium-Term Fiscal-Structural Plans (MTFSPs), Regulation (EU) 2024/1263, Art. 13c
- **EPSR Social Scoreboard**

Additional relevant governance instruments and processes

Monitoring and reporting

- **8th Environmental Action Programme (8EAP)**
- **Eurostat and EEA dashboards and datahubs,** e.g., Statistics for the European Green Deal, Climate and Energy in the EU
- **Annual Single Market and Competitiveness Report and Scoreboard**
- **European Monitor of Industrial Ecosystems (EMI)**
- **Monitoring of Council Recommendation 16 June 2022 on ensuring a fair transition towards climate neutrality (2022/C 243/04)**

Figure 6: Landscape of climate, social, and economic governance frameworks in the EU and their formal interactions – additional detail



Source: authors' own illustration. Note: (1) Published each year in the context of the State of the Energy Union report; (2) Recommendations are issued by the Commission on the draft NECPs and their updates (Governance Regulation, Arts. 9, 14, 32, and 34) as well as following the Commission's assessment of the consistency of national measures with Union-wide climate neutrality (EU Climate Law, Art. 7) ; (3) This presentation is not meant to represent the annual 'timeline' of the European Semester; (4) The EPSR Action Plan notes the mainstreaming of the EPSR principles across the European Semester and notes several connections; (5) the new National Regional and Partnership Plans (NRPPs) under the next MFF are omitted in the figure but would effectively replace the RRPs, with proposed formal linkages to the NECPs, Medium-Term Fiscal-Structural Plans, and the Semester.

Annex II: Note on methodology

Desk research

In a first step, we mapped the core planning, monitoring, and reporting governance instruments in EU climate, economic, and social policy to identify formal links, understand how information informs policymaking, and establish a baseline of evidence bases and data infrastructures. To do this we consulted relevant EU regulations and policies; Commission documents, assessments, and webpages; as well as independent studies and reports.

Expert interviews

In a second step, using semi-structured expert interviews with EU officials we explored how legal requirements for consistency are implemented in practice, whether data is shared across policy areas, and potential improvements to existing systems. These interviews also helped fill knowledge gaps and identify challenges and inconsistencies, particularly relevant to the EU's simplification agenda.

In total, we conducted ten separate interviews, speaking with 19 individuals from eight EU institutions. All interviews were conducted online using MS Teams. Transcripts and notes were cleaned and anonymised for further analysis.

EU institutions represented in expert interviews

1. European Environment Agency (**EEA**)
2. European Commission, Directorate-General for Climate Action (**DG CLIMA**)
3. European Commission, Directorate-General for Energy (**DG ENER**)
4. European Commission, Directorate-General for Environment (**DG ENV**)
5. European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and small and medium enterprises (SMEs) (**DG GROW**)
6. European Commission, Directorate-General for Economic and Financial Affairs (**DG ECFIN**)
7. European Commission, Directorate-General for Employment, Social Affairs and Inclusion (**DG EMPL**)
8. European Commission, Reform and Investment Task Force of the Secretariat-General (**SG REFORM**)

Analysis of country-specific recommendations (CSR) data

The analysis of social and climate-related CSRs in the European Semester drew on the European Commission's CSR database, which lists all CSRs issued to Member States by policy area. Following extraction, the data were cleaned by removing all entries relating to the United Kingdom, as well as those issued before 2016.

In addition, all 'first-level' CSRs were excluded. CSRs are subdivided into 'subparts', which appear as separate entries in the database. A single CSR may therefore cover several distinct topics. To avoid double counting and enable a more precise analysis, only these subparts were retained, while the corresponding first-level or headline CSRs were filtered out. This cleaning process resulted in a final dataset of 12111 entries.

A three-step process was used to assess CSR entries for their social and climate relevance. First, the database's predefined policy areas were used as proxies. All CSRs assigned to policy areas judged to be directly relevant were counted automatically for the respective dimension. For the social dimension, we selected policy areas broadly aligned with the thematic scope of the Social Convergence Framework. For the climate dimension, we selected policy areas with an explicit climate and/or energy focus relevant for the clean transition. See Table 2 for a list of all relevant policy areas used to guide the assessment.

Table 2: CSR database policy areas and keywords

Social-related policy areas used as proxies	Active labour market policies, incentives to work and labour market participation[1]; Early childhood education and care; Education; Housing; Functioning of the labour market, including the framework for labour contracts and undeclared work; Healthcare; Long-term care; Non-discrimination and equal opportunities; Poverty, social inclusion and social protection[2]
Social keywords	social protection, social inclusion, poverty, minimum income, unemployment benefits, active labour market policies, skills education and training, childcare, healthcare, energy poverty, vulnerable households, disparities/disparity
Climate-related policy areas used as proxies	Renewable energy, energy infrastructure & networks; Energy efficiency; Environmental policy & resource management; Climate adaptation; Energy, resources & climate change
Climate keywords	sustainable, decarbonisation, climate, emissions, renewable energy, energy efficiency, energy savings, energy security, REPowerEU, environmentally harmful subsidies, “climate change-related risks, green transition, green
Policy areas with indirect relevance manually checked using keywords	Transport; Taxation policy; Skills, vocational education and training & adult learning; Skills & life-long learning; employment; taxation policy; Wages & wage setting; Unemployment benefits; Regional development & local public services.

Note: (1) Before 2019, this policy area was called ‘Incentives to work, job creation, labour market participation’ (2) before 2019, this policy area was called ‘Poverty reduction and social inclusion’

In a second step, we manually assessed policy areas considered indirectly relevant to the two dimensions, as well as the full list of CSRs identified through a dimension-specific keyword search (see Table 2). This helped ensure that climate-related CSRs classified under the social policy area proxies were not omitted, and vice versa. In a final step, AI tools were used to cross-check for (1) errors of commission in the final list of relevant CSRs and (2) errors of omission in the final list of irrelevant CSRs. Despite this additional cross-check, some CSRs may have been misclassified, as not every entry was reviewed manually. However, the resulting margin of error is expected to be small.

A few methodological notes regarding comparability over time should be considered. First, in response to the COVID-19 pandemic, the European Commission temporarily refocused the 2021 Semester cycle on budgetary matters, meaning only fiscal recommendations were adopted that year. As such, the 2021 Semester cycle was omitted from our analysis. Second, the European Commission revised its CSR policy area taxonomy after the 2022 Semester cycle, expanding and renaming the climate-related categories. To ensure consistency and comparability across the full time series, we used the 2022 Semester cycle version of the CSR database for the 2019 and 2020 observations, which applies the updated taxonomy retroactively to CSRs from those years. This approach ensures that the observed increase in climate-related CSRs after 2022 reflects genuine shifts in policy content. Finally, because multiple versions of the same CSR often appear in the database across years, we consistently used the most recently updated version of the recommendation to avoid double-counting.

Ecologic Institute
ecologic.eu