



The Just Transition Fund: Will the territorial plans deliver?

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The Just Transition Fund is a flagship instrument of the European Green Deal aiming to support EU regions most affected by the social, economic, and environmental impacts of transition to a low carbon economy. However, programming and spending the resources in a strategic, coherent and timely manner will be challenging. Heavy administrative demands, resource constraints, challenges with coordination and demonstrating performance will have to be overcome to ensure effective delivery.

What is the JTF?

The Just Transition Fund (JTF) is a flagship instrument of the Green Deal, the EU's sustainable growth strategy. It aims to support territories facing serious socioeconomic challenges deriving from the transition process towards the EU 2030 target for energy and climate and a climate-neutral economy of the Union by 2050.

The notion of a “just transition” implies a fair and inclusive shift in development pathways. [It gained increased visibility in the 1990s](#) North American labour movement highlighting the needs of workers and pushing for the creation of green and good quality jobs. Attention to the concept increased in climate negotiations and was included in the 2015 Paris Agreement.

The EU Just Transition Fund is part of the **wider EU Just Transition Mechanism**, which includes two further pillars: a just transition scheme under InvestEU, and a public sector loan facility with the EIB Group to mobilise additional investments.

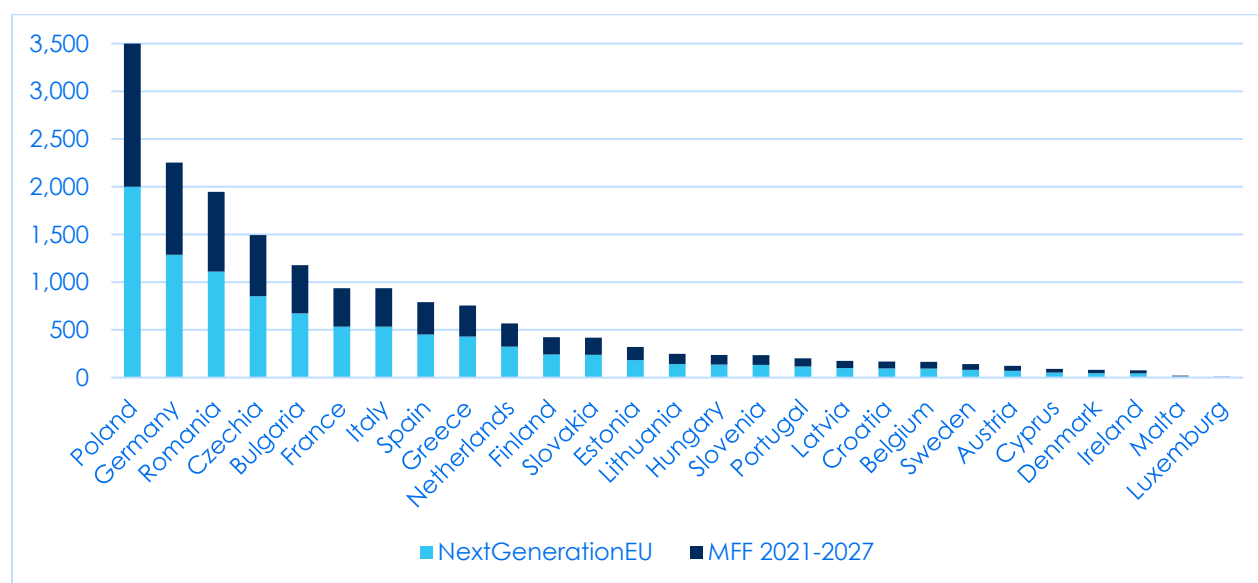
The overall budget of the JTF is €17.5 billion, of which €7.5 billion is from the Multiannual Financial Framework (MFF) and €10 billion from the Next Generation EU. The distribution to Member States is determined by five socio-economic criteria: industrial GHG emissions (49 percent), employment industry in regions with low carbon intensity (25 percent), employment in mining of coal and lignite (25 percent), production of peat (0.95 percent) and oil shale and oil sands (0.05 percent).

The largest beneficiaries are Germany, Poland and Romania (Figure 1) although the highest aid intensity as a share of population is in Estonia, Bulgaria and the Czech Republic.

The regions targeted for support will be those most negatively impacted by the climate transition at NUTS 3 level. The Commission has identified 100 such target regions across the EU, which are likely to increase following negotiations with Member States. To obtain funding, Member State are required to prepare Territorial Just Transition Plans (TJTPs) setting out an outline of the national transition process and most negatively identified territories; an assessment of transition challenges, needs and objectives, consistency with other strategies and types of projects; and governance mechanisms.

The scope of JTF intervention comprises 15 activities supporting sustainable investments in technology and enterprise (e.g. support for microenterprises, sustainable tourism, low-emission district heating, smart and sustainable mobility, energy storage technologies) and more socio-cultural support (e.g. projects tackling energy poverty, culture, education and community building).

Figure 1: Just Transition Fund allocations, € millions



Source: data from European Commission: https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/just_transition_fund_allocations_05.11_v2_0.pdf

Will the territorial plans deliver?

Critical to the effective delivery of the Just Transition Fund and achievement of objectives is the ability of Member States to program and spend the resources in a strategic, coherent and timely manner. This requires consideration of the following potential issues:

- **Adequacy of the budget.** [Recent studies](#) and reports have criticised the inadequate resources allocated for the JTF to reach the ambitious EU objectives given the huge private capital injection needs. The JTF has been dismissed as merely repurposing and re-labelling pre-existing funds, including through pillars 2 (InvestEU) and 3 (EIB lending). The option to complement the JTF with ERDF and ESF+ funds and associated national co-financing may also lead to constraints in other programmes and reduced allocations to non-eligible regions. This may lead to lower overall support (from ERDF, ESF+ and JTF) for some carbon-intensive regions.
- **Administrative requirements of programming are demanding** given the need for coordination between different territorial levels and thematic areas. This has been compounded by the delays in agreeing the JTF regulation, the impact of COVID, and the ongoing programming of both Cohesion Policy and the new Recovery and Resilience Facility, which have led to uncertainties regarding the geographical targeting, content and governance of territorial just transition plans.
- Need for **sufficient flexibility during implementation.** The high level of programming detail required in the plans may reduce the flexibility to adjust plans during implementation in an experimental manner without recourse to bureaucratic modification procedures. The choice of programming approach also carries risks. For instance, the submission of a single TJTP for several programmes may be administratively expedient, but also carries risks for future amendments because changes in the TJTP will affect all programmes and modifications.
- **Credibility of performance.** The JTF performance framework is underpinned by requirements for territorial and thematic concentration, a clear intervention logic with targets, a green rewarding mechanism and conditionality. Providing credible evidence of the performance of the JTF will not be straightforward given the difficulties in separating the causal impact of other factors on just transition outcomes such as reduced GHG emissions. Spending challenges are likely owing to the front-loaded expenditure profile of the Next Generation EU component of the EU budget, with substantial funding commitments required in 2021-2023.

These issues highlight the need for a comprehensive project pipeline for an efficient approval and launch of the JTF and TJTP plans, and further [coordination](#) in the programming of the JTF. Namely, coordination with other programmes and objectives, like smart specialisation strategies, other relevant territorial strategies, and especially with NECPs and national climate strategies. This would facilitate administrative processes and streamline strategic visions, especially important in what concerns environmental plans and strategies, since a third of Member States have yet to adopt long-term climate strategies.

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