

Keeping the promise: Why the Just Transition Fund must be maintained in the next EU budget

The Just Transition Fund (JTF) is making a vital contribution to ensuring no one is left behind on the EU's path to climate neutrality. In light of the ongoing evaluation of the Cohesion Policy, the upcoming review of the JTF,¹ and the forthcoming preparation of the Multiannual Financial Framework (MFF) 2028-2034, we urge EU decision makers to ensure the fund's continuation. Based on the experience of two years of JTF implementation, this statement lays out why this fund should be extended into the next MFF, and offers recommendations to guide further improvements within the next programming period to deliver results 'enabling regions and people to address the social, employment, economic and environmental impacts of the transition towards the Union's 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050, based on the Paris Agreement'.² The Political Guidelines for the next European Commission contain a commitment to 'significantly increase our funding for a just transition across the next long-term budget'.³ We believe that maintaining the JTF as a dedicated instrument that contributes to both EU cohesion and climate neutrality should be central to the fulfilment of this commitment, along with other instruments supporting fair and sustainable development, and the strengthening of social and environmental conditionalities across all EU funds.

The Just Transition Fund should be continued in the next MFF in order to:

Maintain continuity and commitment in the transition process in the coal⁴ and industrial regions that have embarked on a path towards a better future

The JTF is proving to be a powerful catalyst for both decarbonisation and socio-economic changes in the regions which have to date relied heavily on fossil fuels or greenhouse gas-intensive industry. Prior to the fund's establishment, many regions found it difficult to imagine a future beyond coal and other carbon-intensive economic activity and did not consider such a shift feasible. Past experience with coal phase-out in different parts of Europe led many to believe this process could not be managed without devastating social impacts. However, the development of the Territorial Just Transition Plans (TJTJs) with the technical support of the European Commission⁵ has allowed for long-term planning of the transitions within these

¹ Official Journal of the European Union, [Regulation \(EU\) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund](#), article 14, 30 June 2021.

² Official Journal of the European Union, [Regulation \(EU\) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund](#), 30 June 2021.

³ Ursula von der Leyen, [Political Guidelines for the next European Commission 2024-2029](#), Strasbourg, 18, 18 July 2024.

⁴ Regions transitioning away from fossil fuels such as coal, oil shale, or peat in energy production.

⁵ Territorial Just Transition Plans (TJTJs) are required to access funding under the Just Transition Fund.

regions, providing a roadmap for their redevelopment. A non-renewal of the JTF risks unravelling the processes of decarbonisation and economic diversification which are now underway in many regions.

Transformation towards a clean economy is a lengthy and complex process that does not respect EU funding periods, so many of the impacts of the shift from a fossil-fuel based economy will require further attention post-2027. Some additional regions, such as the Turów⁶ and Bogdanka⁷ mining areas in Poland are preparing to apply for the next JTF; without the possibility of specific support for transition, their pathway out of coal will be much slower and will hit communities harder. Many other countries have set the coal phase-out date after 2027 and thus will require appropriate financial, technical and administrative support in order to sustain their transformation efforts. What is more, experience from coal regions in the United Kingdom and Germany,⁸ where the transition began long before the JTF was established, indicates that reforming regional economies is a decades-long process rather than a matter of years. Without careful planning and implementation, the social and economic consequences can be severe and destabilising, even after the official coal phase-out. Therefore, for the regions which have embarked on the transition pathway, the EU must maintain the JTF in the next MFF in order to deliver on its promise of enabling an effective and EU-wide transition to climate neutrality.

Enable regions to lead the socio-economic change despite challenging circumstances

The path to implementation under the JTF has not necessarily been smooth. National contexts have sometimes challenged or delayed regional efforts. For example, in Bulgaria, the political situation caused delays in the TJTP approvals by the European Commission, resulting in the country's loss of its yearly allocation from the JTF for 2023 and impacting timely project implementation. At the same time, the country's transition regions are very dedicated to the process and have taken numerous steps to move forward with decarbonisation planning.

Significant challenges are also evident in regions like Łódzkie in Poland, Taranto (Apulia) and Sulcis Iglesiente (Sardinia) in Italy, Baranya, Borsod-Abaúj-Zemplén, Heves in Hungary, and Western Macedonia in Greece for a wide variety of reasons, ranging from lack of administrative capacities or ownership of the process, lack of national-level decisions on concrete phase-out dates, and low social buy-in in the regions to delays in the transfer of land necessary for new investments, etc. Extensive efforts have been invested by a variety of stakeholders in addressing these challenges, to create an enabling environment for the necessary transition. Moving forward, the EU must continue its support through a renewed JTF to ensure these regions have enough time and opportunities to implement their transition plans effectively.

Continue empowering the regions

The JTF provides financial support directly to regions which have both an urgent need to reduce their dependence on a fossil fuel-based economy and the commitment to make the transition. Its strong territorial focus provides these regions with the opportunity to shape the use of the JTF according to their

⁶ Located in the Lower Silesia NUTS2 region.

⁷ Located in the Lubelskie NUTS2 region.

⁸ M. Kozakiewicz, J. Pacura, W. Fortuna, [Hambach – transition planning and implementation: Just Transition \(just-transition.info\)](https://www.bankwatch.net/en/hambach-transition-planning-and-implementation-just-transition-just-transition.info), CEE Bankwatch Network, 18 December 2023.

specific needs. This can empower regions, giving them greater agency and ownership over EU funds. As a result of establishing the JTF and the multi-party TJTP preparation process, regional stakeholders have evolved from being often passive beneficiaries to active managers who can adapt the funds to local needs. This approach also reduces the risk of funds being disproportionately absorbed by wealthier and more developed regions and subregions or regional capitals with greater administrative capacity. Ensuring small regions have ownership of the process and increasing their administrative and knowledge capacities to apply for and manage the funds should be continued. This would contribute to a strengthening of cohesion in the EU.

Bring the EU closer to its citizens and contribute to the reality of a ‘social Europe’ in local communities

The JTF enables regions to participate in the EU agenda in a practical way and demonstrates the EU’s commitment to social and economic convergence. It brings the EU’s support into diverse contexts in a tailored way, reducing social fragmentation and helping to uphold the ‘freedom to stay.’⁹ It supports the implementation of the European Pillar of Social Rights and, when applied to its full potential, can strengthen European solidarity by reducing inequalities and closing the development gaps between countries and within societies. By generating new job opportunities and boosting the attractiveness of these regions, it has great potential to mitigate brain drain and keep talented individuals in their home communities.

In some regions, JTF implementation is still at an early stage, and thus the process has yet to earn the full confidence and support of local communities (e.g. Western Macedonia in Greece). Therefore, it is crucial to maintain the JTF in order to ensure long-lasting, positive impacts. Its discontinuation could lead to social fragmentation, deepen the development trap for some regions, and intensify the exclusion from Europe felt by some citizens.

Maintain established JTF management structures and continue social and civic dialogue

The proper use of the JTF has required participating regions to establish relevant management and stakeholder structures not only in various institutions, but also linked to, for example, local enterprises, NGOs, research institutions, etc. This has involved the dedication of time and resources to mobilisation and to training on the functioning of this fund, as well as on proposal and project preparation and implementation. Failure to continue the JTF risks wasting investments already made for this purpose and reducing capacities in the regions.

In addition, in the 2021-2027 period, national and regional authorities, as well as other actors, have been working to develop collaborative practices, capacities and trust among different groups involved in the process, who were not previously aligned with regard to transition issues (for example, climate NGOs and industry or trade unions). By bringing together a variety of stakeholders, the JTF has facilitated an inclusive transformation process, thereby enhancing its social acceptance. If the JTF is discontinued, key

⁹ ‘The European single market should cater for everyone and benefit even those who do not plan to move out of their region. It means that the Union should allow our people to choose their future. This entails ensuring that Europe does more for those living in depressed areas than merely providing them with the right to relocate to another country.’ [Implementing the freedom to stay - Foundation for European Progressive Studies \(feps-europe.eu\)](https://www.feps-europe.eu)

stakeholders may lose motivation, which could discourage their active participation and undermine their trust in both state and EU institutions and the entire transformation process.

Recommendations for the renewal of the Just Transition Fund for EU policymakers

We urge EU decision-makers to maintain the JTF within the next MFF while continuing to improve the instrument in pursuit of an effective and environmentally and socially just transition.

1. **Keep the JTF as a dedicated financial instrument under Cohesion Policy**, contributing to improved opportunities for the most fossil fuel-dependent local economies and having the specific objective of ‘enabling regions and people to address the social, employment, economic, and environmental impacts of the transition towards the Union’s 2030 targets for energy and climate, and a climate-neutral economy by 2050, in line with the Paris Agreement,’¹⁰ and keep it embedded in the Cohesion Policy framework, including respect for the European Code of Conduct on partnership.
2. **Preserve the JTF’s territorial focus.** Maintain the strategic benefit of supporting specific regions which are ‘most negatively affected, based on the economic and social impacts resulting from the transition,’¹¹ and keep the core focus of the fund on regions phasing out carbon-intensive industries, especially coal and lignite mining, as well as peat and oil shale. At the same time, ensure a fair level of funding for subregions by basing allocations on NUTS 3 GDP per capita,¹² rather than on NUTS 2,¹³ as is currently done under Cohesion funds. Coal regions, which often have a lower GDP per capita when compared to their broader NUTS 2 regions, should receive more funding and benefit from reduced contribution levels¹⁴ under the JTF.
3. **Apply stronger social conditionalities**¹⁵ in order to properly address the impacts of the transition and ensure that the fund is dedicated first and foremost to measures which address the social dimension of the transition.
4. **Require a minimum proportion of the spending to be dedicated to social projects and social economy** in order to ensure that energy transition-related investments (e.g. renovations) target primarily vulnerable groups. Additionally, ask Member States to identify groups that could be adversely affected, considering dimensions such as gender, youth, older people and those with

¹⁰ Official Journal of the European Union, [Regulation \(EU\) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund](#), 30 June 2021.

¹¹ Official Journal of the European Union, [Regulation \(EU\) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund](#), 30 June 2021.

¹² Eurostat, [Gross domestic product \(GDP\) at current market prices by NUTS 3 regions](#), Eurostat, last update: 19 February 2024.

¹³ Eurostat, [Most EU regions record an increase in real GDP in 2022](#), Eurostat, 20 February 2024.

¹⁴ The level of EU co-financing of projects is set according to the category of region in which these projects are located. For less developed regions, it is set at a maximum of 85 per cent, for transition regions 70 per cent, and for more developed regions 50 per cent.

¹⁵ For example, funding could be conditioned to respect workers’ rights, collective agreements and social rights, as is set out in the European Pillar of Social Rights and its Action Plan.

disabilities, and plan for the mitigation of this impact within the JTF. Additionally, ensure adequate funding for community-based initiatives, such as projects that empower and are (co-)owned by local and affected groups (e.g. energy communities).

5. **Ensure strengthened environmental conditionalities** through stronger guidelines and through the application of the ‘do no significant harm’ principle (DNSH) and other environmental safeguards.¹⁶ The JTF should address the environmental impacts of transition (as per its purpose) through adequate investments in nature restoration and protection. At the same time, the application of the Polluter Pays Principle should be strictly enforced, ensuring that costs for land restoration, decontamination and repurposing after environmentally harmful activities are borne by companies and other entities who have profited from them.
6. **Provide dedicated technical support for the regions as early on as possible**, enabling them to enhance their capacity for bottom-up planning, and promptly assist potential beneficiaries in developing impactful projects. This should include a clear strategy for improving fund absorption by managing authorities, through direct operational support, in tandem with support for capital investments, such as technical assistance or establishing one-stop-shops in the regions.
7. **Ensure adequate time for contracting and disbursing funds** to avoid rushed implementation and unambitious projects that do not effectively address regional challenges. This pressure is especially felt by managing authorities with regard to the JTF portion funded by Next Generation EU, which must be fully contracted by 2026.
8. **Strengthen multi-level governance by clearly defining the crucial role of regional and local authorities** in the just transition process. This definition should be specified in the updated JTF legislation to support a place-based, participatory and inclusive approach in planning and implementation, tailored to regional needs and respective capabilities.
9. **Enhance interregional and territorial cooperation** by expanding collaboration between public authorities, NGOs, unions and the private sector. Strengthen the JTP Peers programme to facilitate the exchange of knowledge between JT regions and promote cooperation among regions, their public authorities and various stakeholders.
10. **Enhance the application of the partnership principle under the European Code of Conduct on Partnership**. This approach should support co-creation processes among relevant partners, i.e. public authorities at the national, regional, and local levels in Member States, along with social partners, NGOs, and other relevant stakeholders during both the planning and implementation phases, in order to ensure locally-relevant and effective transition plans and implementation with broad stakeholder support and engagement.
11. **Ensure the uniform application of just transition principles horizontally across all EU funds** under the post-2027 MFF architecture, incorporating social and environmental conditionalities.

¹⁶ CEE Bankwatch Network, [Lessons from the ground: application of the 'do no significant harm' principle under the Recovery and Resilience Facility](#). CEE Bankwatch Network, December 2023.



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