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What should we make of the Just Transition Mechanism put forward by the European Commission?

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Abstract : On January 14 last, the European Commission presented a draft regulation which aimed to create a "Just Transition Fund" within a mechanism of the same name. This mechanism, which is based on three pillars combining European, national, local and private public funding, will aim to guarantee the professional retraining of people directly affected by the foreseeable disappearance of high carbon-emitting activities, as well as the economic revitalisation and land rehabilitation of territories located throughout the continent, but mainly in Central and Eastern Europe. The initiative can certainly be criticised on the grounds of political and technical arguments which this paper will communicate, discuss and complement. All in all, however, it appears that the main virtue of the "Just Transition Mechanism" is that it establishes a positive dynamic initiated by the European public authorities with a view to achieving a transition based on solidarity for all territories. Hence, we must support it, just as the Heads of State and Government will perhaps do at the next European Council on July 17 and 18, whose aim it is to address the recovery plan.

A little-known component of the "Sustainable European Investment Plan" and, as such, an integral part of the European "Green Deal", the "Just Transition Mechanism" (JTM) aims to reconcile the Union's exceptional climate ambition with social justice. Through grants and investment programmes, it aims to secure the professional transition of people likely to lose their jobs, to revitalise and diversify local economies, and to restore land. The challenge is crucial: supporting the territories and populations most directly affected by the necessary extinction of the most polluting activities enables both an improvement of the future of the most deprived, and thus demonstrates that Europe can bring added value to these citizens, but also, more fundamentally, to strengthen the political legitimacy of the climate transition, at a time when the Union has set itself the ambitious objective of achieving carbon neutrality by 2050.

The Commission's initiative, like the "Green Deal", is as little known as it is criticised. Some, quick to perceive its political limits, point to the modesty of its financial means, the diplomatic tensions that lie ahead when it comes to sharing the windfall, or a complex governance that is too far removed from local actors. Others dwell more specifically on its technical construction flaws, such as the pre-allocation distribution key or the association of certain cohesion funds with the envisaged new "Transition Fund". Does the European "Just Transition Mechanism" deserve to be surrounded, even before it is launched, by scepticism that could undermine its necessary ownership by the stakeholders and thus affect its success? This paper - which explains the mechanism, lists several reasons why it should be supported and reviews the criticism of which it is already, or may still be, the object in the future - refutes this.

1. The "Just Transition Mechanism" is vital to the success of the European climate transition

1.1. "Just Climate Transition": an old idea[1]

The idea of "just transition" is as old as European integration: as early as 1951, within the European Coal and Steel Community (ECSC), a "Fund for the training and redeployment of workers" affected by the modernisation of a number of economic sectors was established. What was then a first outline of social and regional policy was paid into the European Social Fund (ESF) in 1957. From the outset, Europe was thus the precursor of a paradigm which was essential

[1] The following is taken from a European Parliament study of April 2020 by Bruegel economists, "A just transition fund: how the EU budget can best assist in the necessary transition from fossil fuels to sustainable energy".

for the achievement of an environmental objective - modest at the time - but which was destined to grow in importance.

Over the decades, the "Just Transition" has had mixed success. It was not uncommon, despite the importance of social issues in declining regions, to see public authorities faltering in the face of the diversity of obstacles that had to be overcome in order to guarantee the retraining of workers, initiate the economic diversification of territories, and restore the vitality of stricken areas. The political momentum for "climate justice" made a come back in the 1990s, when US unions made social justice a key condition for the implementation of stronger environmental policies, particularly in the Appalachian region.

The global debate benefited from this momentum: the International Trade Union Confederation (ITUC), as well as the International Labour Organization (ILO) in 2015, focused on it. The UN Climate Conventions took up the concept of "Just Transition", notably in the 2015 Paris Agreement. At the same time, the European Union was strengthening its own mechanisms, in the Energy Union launched in 2014 and then with the establishment in 2017 of a "Platform for Coal Regions in Transition". The specific idea of creating a "Just Transition Fund" was put forward by the European Parliament in 2016 and 2018[2] then endorsed by the European Council in December 2019, at the same time as the adoption of the "Green Deal".

1.2. The Just Transition Mechanism (JTM): a financial triptyque

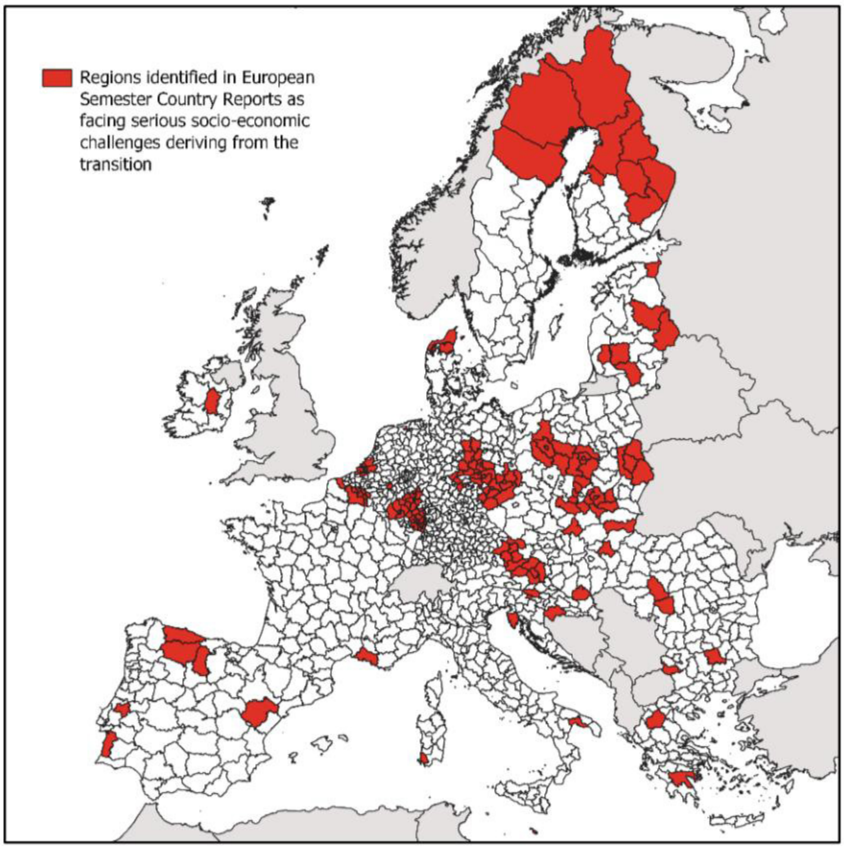
The "Just Transition Mechanism" is, however, much more than just a fund, to which it is sometimes reduced. It is part of the "Sustainable European Investment Plan" which, prior to the proposed recovery plan, aimed to catalyse, mainly through the multiannual budget and the "InvestEU" programme, €1,000 billion of financing in the green economy by 2029[3], its purpose is to initiate climate and social transition policies in the regions most affected by the foreseeable disappearance of high-carbon emitting activities, located in Eastern Germany and Central and Eastern Europe (Poland, Romania, Czech Republic, Bulgaria) but also in the South (France, Italy, Spain, Greece, etc.)[4].

[2] Parliament's ITRE Committee proposed such a fund in October 2016, as part of the review of the carbon trading scheme. In November 2018, Parliament adopted an interim report on the Multiannual Financial Framework 2021-2027, which called for the creation of a €4.8 billion fund. This idea was endorsed by the Committee of the Regions in October 2019.

[3] See the Commission's memo for the outline of the "European Sustainable Investment Plan" and the JTF.

[4] Several methodologies for identifying local "just transition" needs are available. The map presented below, derived from the country reports of the European Semester, is the result of a qualitative approach based on a multitude of criteria and regional information relating to employment in declining industries, regional development and unemployment rates.

Map 1: Location of "at-risk" regions (in need of "just transition")



Source: Country reports of the European Semester, presented in the European Parliament study

The economic sectors concerned include the extraction of coal, oil, natural gas, peat, oil shale or lignite. The basic functioning of the Mechanism consists in the approval by the Commission of "Territorial Just Transition Plans" drawn up by the Member States in accordance with the "National Energy-Climate Plans", which set the ambitions in this area for 2030, in order to release funding from three main sources, for the duration of the next Multiannual Financial Framework (MFF) still under negotiation. Relatively limited at the outset, each of these sources was the focus of proposals for additional funding under the "Next Generation EU" European recovery plan proposed by the Commission at the end of May, which has a clear ecological ambition[5]:

- A Just Transition Fund (JTF), initially endowed with €7.5 billion and later increased to €40 billion (i.e. five times as much as the previous one)[6] within the framework of the European Recovery Plan, should generate, with the leverage of national co-financing and the partly compulsory use of[7] cohesions funds FEDER and FSE+, between 160 and 260 billion € in investments[8];
- The "sustainable infrastructure" component of the "InvestEU" programme[9] support for investment: this strand, which has been increased to a total of €20 billion (instead of the €10 billion initially planned), should lead to some €90 billion in investment;
- A "Public Sector Lending Facility" under the aegis of the European Investment Bank (EIB) and marginally benefiting from EU funding would aim to finance local public authorities implementing projects to the tune of EUR 25-30 billion €.

As currently proposed and not yet approved by the co-legislators, the Just Transition Fund would support a series of measures grouped under three main objectives: social support (training, employment policies, income

[5] *The stimulus package currently being negotiated would be associated with MYFF 2021-2027. It targets a surplus of €750 billion in financing for the European economy, i.e. more than 5% of its GDP, divided between €450 billion in investment grants, €50 billion in provisions for financial instruments, and €250 billion in investment loans. In addition to the increases in funding for the Facility, the Recovery Plan provides for increases in the budgets allocated to the European Agricultural Fund for Rural Development or the European Regional Development Fund, which also serve climate objectives. Furthermore, in the MFF 2021-2027, the Commission proposed that 25% of the funds would be allocated to "green" programmes.*

[6] *See on this point as with the other amendments made to the "Just Transition Fund" Cameron, A., G. Claeys, G. Claeys, C. Midões, C. Midões, S. Tagliapietra (2020), "One last push is needed to improve the Just Transition Fund proposal", Bruegel blog, 11 June, available at: https://www.brueeel.ore/2020/06/one-last-push-s-needed-to-improve-the-iust-transition-fund-proposal. 10 billion would come from the 2021-2027 MFF and 30 billion from the Next Generation EU programme, financed by a joint debt issue. The 30 billion will be released gradually, in tranches of 7.5 to 8 billion per year between 2021 and 2024.*

[7] *Initially, the Commission had proposed that these cohesion funds be associated with the totality of the JTF funding, in a ratio of between 1.5 and 3, and within the limit of 20% of the envelopes allocated to each region. In order to meet Parliament's expectations of flexibility in the use of the funds, the Commission's new proposal now proposes to combine the FEDER and ESF + Cohesion Funds with only 10 of the 40 billion JTF, without, however, changing the ratios and limits initially envisaged.*

[8] *Each of the three total investment targets under the three pillars results from the application of the initial multiplier estimated by the Commission to the planned new basic envelopes.*

[9] *"InvestEU" will extend the logic of the "Juncker Plan" throughout the next mandate 2021-2027: limited European budgetary resources will guarantee risky EIB financing in order to catalyse a significant volume of public and private funding. Before the current economic crisis, the total investment volume targeted was EUR 650 billion. In "InvestEU", however, the EIB Group will compete with other public, multilateral and national financial institutions for the European guarantee, while retaining a substantial share (75%) of it.*

support, etc.), economic conversion, and land restoration. The two investment facilities will particularly support the renewal of local productive structures by financing energy efficiency, energy and transport infrastructure projects to open up these territories, or decarbonisation projects. The entire facility will be backed up by a "Just Transition Platform" and a "Dedicated Advisory Platform" bringing together the existing support mechanisms for the development of public policies and project packages.

1.3. The features of a just, effective transition

The "Just Transition Mechanism" therefore represents the first holistic attempt by the European Union to ensure the economic, social and land conversion of duly targeted territories that would be directly affected by climate transition. Thus, even before reviewing the criticism that may be levelled at the initiative, it cannot be denied that it sets a precedent and establishes a dynamic of emulation by all the parties concerned, at local, national and European levels, through climate transition. Recognition of this essential feature of the mechanism is fundamental to its collective ownership and, therefore, to its long-term success.

It can also be noted that, in its formal design, the European system is inspired by the best foreign practices identified in the world over a long period of time. According to the European Parliament's study, four criteria for a successful "just transition" emerge: it must be conducted at local level; include targeted labour and welfare policies; be part of a long-term economic and decarbonisation strategy; and allow regular evaluations of its effectiveness, leading to changes during the year, particularly with a view to granting it more resources.

Indeed, the Mechanism states that Member States must prepare the "Just Transition Territorial Plans" in consultation with all local stakeholders (trade unions, enterprises, NGOs, local authorities); that the "Just Transition Fund" explicitly provides for social support for workers; and that the two investment components aim to revitalise the territories financed by public and private funds. The "national energy-climate plans", which will provide a framework for local transition plans, should guarantee the implementation of the commitments of the beneficiary countries. Finally, the revision of the Mechanism is possible even if it is not guaranteed.[10]

2. Overall the "Just Transition Mechanism" may be viewed positively despite some political limitations

2.1. Several political reasons to support the scheme emerge

Before identifying the major limitations of the initiative, it is worth pointing out its political merits.

Firstly, we note that the European "Just Transition" mechanism strengthens the Union's strategic objectives on climate change. By showing concern for the citizens and territories most affected by the challenge of climate transition, the European leaders confirm that they want to contain the most significant emissions at their source and achieve profound changes by capitalising on concrete examples. This is essential if Europe is to hope to counter the current momentum of a slackening of efforts by the main emitting countries against a backdrop of deteriorating multilateral cooperation.[11]

The "Just Transition Mechanism" enables, above all, the social acceptability and political success of the climate transition. To ensure its success, it is clear that the fight to combat climate change must be based on widespread ownership, among all stakeholders and social categories, of its objectives and challenges and, therefore, on equitable and collaborative efforts among them. However, not all territories will be starting from the same point in the energy transition. It is therefore essential that the citizens and territories who are being asked to make the greatest efforts should receive the greatest support in return. The specific objective of social justice thus legitimises the entire European climate strategy.

[10] According to the Commission's draft regulation, the "territorial "just transition plans" should be regularly updated and adopted again, particularly in the case of an update of the "national energy-climate plans". "The programmes supported by the "Just Transition Fund" will be subject to a mid-term review... and should lead to a reallocation of JTF funds within the beneficiary State in 2025 (...) as well as an allocation of funding for the years 2026 and 2027".

[11] The EU is the only major regional bloc to make substantial efforts to reduce greenhouse gases, which is important if we hope to avoid aggravating the international trend. The annual growth in emissions from the major polluting emerging countries (China: +2.2%/year; India: +6.9%; Russia: +4.6%; Middle East: +2%; Africa: +2.3%), like that of the United States (+2.6%), will most certainly mean that the global objective of reducing greenhouse gases by the end of the century will be missed.

Table 1: Allocation of funding from the "Just Transition Fund" (€ million)

Etat membre	Allocation initiale (*)	Allocation nouvelle (*)	% de l'allocation totale initiale	% de l'allocation totale nouvelle
Pologne	2000	8000	26.66%	20.00%
Allemagne	877	5152	11.69%	12.88%
Roumanie	757	4449	10.09%	11.12%
Républiqe tchèque	581	3413	7.75%	8.53%
Bulgarie	458	2693	6.11%	6.73%
France	402	2142	5.36%	5.36%
Italie	364	2141	4.85%	5.35%
Espagne	307	1806	4.09%	4.52%
Grèce	294	1726	3.92%	4.32%
Hollande	220	1296	2.93%	3.24%
Finlande	165	968	2.20%	2.42%
Slovaquie	162	954	2.16%	2.39%
Estonie	125	736	1.67%	1.84%
Lituanie	97	568	1.29%	1.42%
Hongrie	92	543	1.23%	1.36%
Slovénie	92	538	1.23%	1.35%
Portugal	79	465	1.05%	1.16%
Belgique	68	380	0.91%	0.95%
Lettonie	68	398	0.91%	1.00%
Croatie	66	387	0.88%	0.97%
Suède	61	324	0.81%	0.81%
Autriche	53	282	0.71%	0.71%
Chypre	36	210	0.48%	0.53%
Danemark	35	185	0.47%	0.46%
Irlande	30	176	0.40%	0.44%
Malte	8	48	0.11%	0.12%
Luxembourg	4	19	0.05%	0.05%
Total	7.500	40.000	100%	100%
(*) Les montants indiqués dans ces colonnes sont en millions d'euros courants 2018				

Source: European Commission

Thirdly, the Commission's initiative is a useful political lever to ensure support for the countries of Central and Eastern Europe in the transition process. Due to different national preferences influenced by history, the state of the economy and the perception of climate urgency among citizens, the governments of these Member States have not placed the climate challenge at the top of their political agenda. This became evident when Poland was the only state not to endorse the Green Deal last December. Thus, by supporting the less attractive countries in particular, the European Union wants to help them take ownership of a fundamental issue, especially for future generations.

Finally, the "Just Transition", as well as the "Green Deal", is contributing to the European growth strategy. Far from establishing the concept of "degrowth", the European Union points, in its climate strategy, to the diversity of jobs and new activities that will result from the energy and climate transition. This perspective may seem naïve in view of the significant social costs induced by the transition, arising from the risk that thousands of jobs will disappear faster than others will be created[12]. This problem is compounded by the overall skills gap between the jobs created and those abandoned. However, the economic and technological dynamism resulting from change remains a motivating factor.

***[12]** Patrick Artus (see : https://www.lesechos.fr/idees-debats/cercle/opinion-ne-pas-se-tromper-de-transition-energetique- 1170578) notes, for example, that the number of jobs affected by the phasing out of internal combustion engine cars is around 1.7 million (in Germany, Slovakia, Hungary, Romania and the Czech Republic), while the number of jobs linked to the manufacture of electric cars is expected to be comparatively low, with the bulk of battery production taking place in Asia.*

2.2. Reasons to doubt the success of the existing initiative

With these positive elements in mind, the general criticism made of the "Just Transition Mechanism" can be explained. There are several types of complaint.

The first are financial: according to several observers, the total volume of the initiative is too limited in relation to the investment requirements of the Just Transition. This was particularly the case with the initial envelope (€100 billion over 7 years, €160 billion over 10 years), and it would remain so even if the sums increased under the recovery plan, which targets an estimated investment volume at a lower level of €275 to 380 billion (over 7 years). Similarly, EU budgetary rules would limit national co-financing to support the Transition Fund[13], particularly within the euro area

Governance also raises questions[14] : The "Just Transition Mechanism" will require the national authorities to submit their "Territorial Just Transition Plans" to the Commission within the framework of the European Semester, so that the Commission can approve their overall ambition and specific content as well as certify their conformity with the "National Energy-Climate Plans" for 2030. According to some, this exercise would be too restrictive, undemocratic and too remote to ensure the necessary involvement of the social partners and other stakeholders directly concerned[15].

It is noteworthy that these political objections are not fundamentally different from those relating to the European "Green Deal". They typically include the lack of ambition of European climate action in view of the general slackening of efforts by the major polluting countries; the lack of credibility of European measures to achieve the Union's own objectives; or the underestimation of the costs (economic, social, environmental) induced by the climate transition. Thus, the same climate of scepticism surrounding the "Green Deal" is therefore, in a way, shifting to its social aspect, in contrast to the political mobilisation sought.

2.3. This criticism can be put into perspective however

While the general comments made about the "Just Transition Mechanism" are valid to some extent, it is possible to put each of them into perspective.

Firstly the financial criticism is somewhat superseded by the prospect of allocating far more resources to the "Just Transition Fund" and the "InvestEU" programme than initially envisaged. With a funding target of around €275-380 billion dedicated to just transition over 7 years, the Union may be far from the mark, but will nevertheless, for the very first time, have put a substantial sum on the table. Moreover, the argument of national budgetary constraints with a view to national co-financing does not seem to apply in a post-crisis context of a general relaxation of the rules of the Stability and Growth Pact, even less so in Central and Eastern Europe where debt levels are much lower.

The political criticism pointing to difficulties in agreeing on the allocation of funds is relevant. The resources of the Just Transition Fund are unprecedented, but it cannot be assumed that they will be genuinely dissociated from the budget negotiations. It is also difficult to imagine the States who benefit from the cohesion policy (southern and central European countries) accepting a reduction in their allocations. One way solution would be to increase the budget envelopes, which remains possible. It will certainly be more difficult to shift a significant share of the cohesion funds within the beneficiary regions towards "climate" projects.

With regard to the problems of governance, the argument of the constraint caused for the policy coordination exercise within the framework of the European Semester should be put into perspective. While the dialogue between the national authorities and the Commission may restrict national sovereignties, or even be unpleasant because it is so fussy, it must be remembered that this is the logical and necessary consequence of the commitments made jointly by the Member States. And although the trade unions are indeed far from this, as they would be in the governance of the cohesion funds, this says nothing about the way

[13] This problem would arise because States in need of funding would restrict themselves ex ante to making "green" investments. Moreover, if a State decided to go beyond its budgetary limits, it would risk being denied regional aid under the "Just Transition Fund", which is governed by the European Semester.

[14] See on this subject the article by Alexandre Herrmann published on 14 January 2020 by Le Grand Continent.

[15] In addition to this problem, one is specific to the governance of the Cohesion Funds,it is based on the "national operational programmes" and leaves little room for the social partners.

they will be involved in the processes of drafting climate policies at national and local levels.

3. In view of its more technical limitations, the Just Transition Mechanism can still be amended to be fully effective.

3.1. Several construction defects in the mechanism have been identified

Having put the political limitations of the "Just Transition Mechanism" into perspective, it would be useful to review its technical construction flaws. Such an analysis is useful in the current phase of negotiations, which is linked to the discussions on the future MFF 2021-2027, with a view to developing an effective mechanism. Most of the technical criticisms identified were initially addressed to the "Just Transition Fund" alone, even though the whole Facility, i.e. including its three pillars, should be considered, with a view to ensuring effective complementarity and synergy of the desired financing.

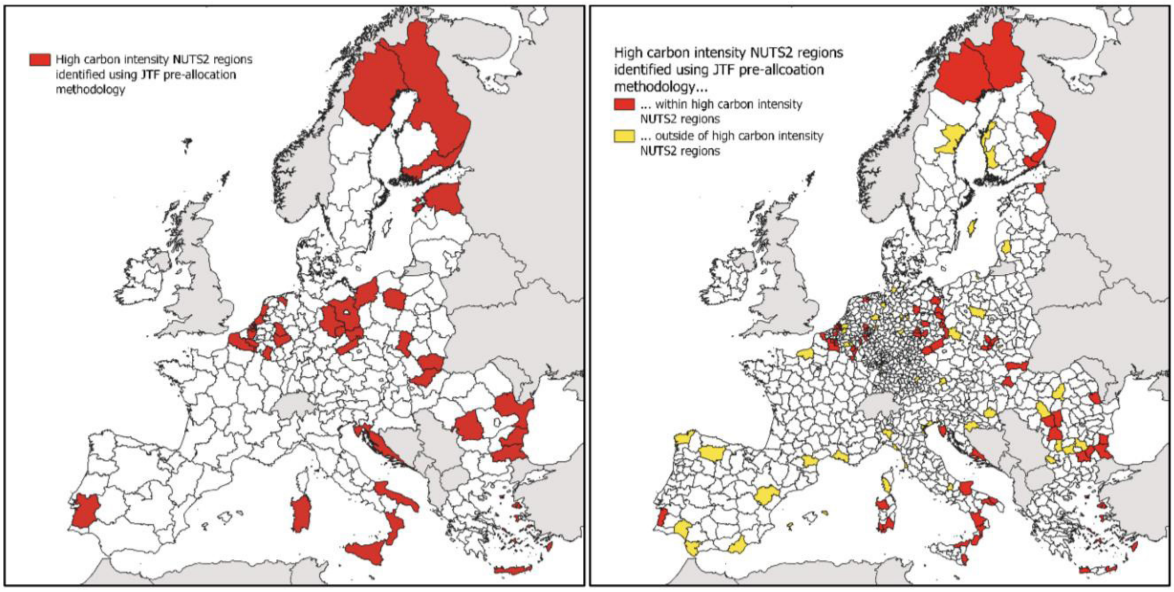
The first technical criticism of the "Just Transition Fund" points to the risk of thinly dispersing limited funds due to the diversity of the objectives pursued. Considering only the €40 billion of the fund, there is a risk of allocating too little funding to each of the targeted objectives (social, economic and land restoration) and, in particular, to vocational retraining. For example, under-funded social policies focusing on income support may not be sufficiently effective unless training opportunities and new jobs complements them. For this reason, the parliamentary study recommends that the majority of funding from the "Just Transition Fund" should be focused on the social component.

Another problem concerns the pre-allocation key. As it stands, the Commission's formula is based on two sets of criteria: carbon intensity, i.e. greenhouse gas emissions recorded using so-called "NUTS 2" data, and a set of data on employment and production in industrial sectors, including sectors under threat (oil, gas, lignite, peat, oil shale). However, the data are said to be unstable and highly correlated. Thus, the method of calculation would mean that the funds ultimately allocated to the regions would not correspond to their real needs. Consequently, the formula should be refocused on carbon intensity and include a binding greenhouse gas reduction schedule[16].

The compulsory, but partial, association of the FEDER and ESF + cohesion funds with the financing of the "Just Transition Fund" would pose a new type of difficulty. The cohesion funds may be able to finance carbon-emitting projects, in contradiction with the transition objective pursued. There would be no guarantee that the cohesion funds would be complementary to the financing of the Fund, which would raise the problem of the risk of fragmentation again. According to the Parliament's study, it would then be appropriate to separate the cohesion funds from the Fund's financing so as to guarantee their complementarity, while at the same time ensuring that the cohesion funds are channelled towards "green" projects.

[16] *The European Parliament study carried out by Bruegel's economists, as well as one of its earlier positions, indeed support the insertion of this timetable to increase pressure on the countries and regions receiving JTF funding, while the " territorial plans for just transition " must be in line with the " national energy-climate plans ".*

Map 2: Financing needs of the "Just Transition Fund" polluting regions according to the type of data used ("NUTS 2" / "NUTS 3 »)



Reading note: the map on the right shows the small "NUTS 3" regions that are large emitters and would need funding, but which may not be included in the planned allocation because they are part of a larger "NUTS 2" region that is not considered to be an emitter.

Source: European Parliament, on the basis of Commission data.

A final problem, of a technical nature, concerns the use of "NUTS 2" type data in the calculation of regional greenhouse gas emissions, even though "NUTS 3" type data that reflect more precisely local situations (regions, provinces and cities) would be used in the "Territorial Just Transition Plans". The difficulty lies in the fact that "NUTS 2" data could lead to a misallocation of funds granted by the FTJ, but also by national and cohesion fund co-financing, since these are "linked to the approval of local transition plans". The use of "NUTS 3" data should therefore be generalised.

3.2 It seems that this criticism should be taken up in part

The risk of the dispersion of funding induced by the diversity of transition objectives could be minimised if all the components of the "Just Transition Facility" were to be considered, especially their total investment target of between €275 and €380 billion. Indeed, the problem of dispersion may arise with the "Just Transition Fund" itself, even if it is increased to €40 billion, and even considering it and the national co-financing and cohesion fund co-financing respectively, but since the two investment components are designed to finance economic regeneration projects first, one might imagine a practical complementarity between the three pillars.

It therefore appears that the risk of spreading the funding too thinly can be avoided by concentrating the vast majority, if not all, of the JTF funding on the social strand and by encouraging local public authorities to use a significant proportion of their national co-financing and cohesion funds to launch investment projects that are useful for diversifying local productive fabrics. These would then be financed by the funds of public banks, including the EIB, and private funds. Measures to regenerate land could be partly financed under the JTF and other regional funding.

Assuming that this recommendation is followed, one might think, at the same time, that there would be no point in formally dissociating the cohesion funds from the JTF funding. It is true that Parliament is recommending this and the Commission has partly resolved to do so by asking, in the new version of the regulation taking account of the needs of the recovery, for only one association for 10 of the EUR 40 billion earmarked for the JTF. However, this decision seems to stem more from the "regional constraint" represented by the specific "earmarking" of cohesion funds for "green" investment projects when these funds are useful for other projects in a given region.

The criticism of a more methodological nature, concerning the formula for pre-allocating JTF funds and the use of "NUTS 2" as opposed to "NUTS 3" data, on the other hand, seems to be fairly well-founded. In either case, steps could be taken to ensure that pre-allocations are in line with the regions' real requirements. Effective targeting as well as the complementarity of funding, and rigour in the design of the projects and social measures financed, is indeed important, even if an effective synergy of the policies pursued will probably not be guaranteed immediately and everywhere.

3.3 The importance of assistance to local public authorities and project leaders

An issue underestimated by critics of the "Just Transition Mechanism" concerns the administrative capacity of regional and local authorities in the main beneficiary countries of the JTF to structure social, land restoration or economic revitalization policies. This is particularly true of social policies, which must guarantee the effectiveness of the retraining of workers, especially the youngest, and of economic regeneration projects, which in fact form the core of the Just Transition. In other words, it is essential to ensure that quality investment projects see the light of day. This challenge is even more important than the issue of the effective complementarity of the policies and funding involved.

With regard to social policies, the European Parliament's study points to the need to collect data on available jobs, to ensure that specific training is provided for jobs that have been or are likely to be created, to provide income supplements for people who have to take early retirement, and to grant aid for geographical mobility. The main focus of attention should be on training, to ensure that people become more skilled and to anticipate needs which will not always be immediate because of the time needed to create new jobs.

With regard to the projects, which must be part of a climate transition policy and be economically viable, the quality of the consultancy services offered by the platform dedicated to the Just Transition Mechanism and "InvestEU" will be decisive. In reality, it is the promotional banks, and first and foremost the EIB, even more so than the Commission, that will be in a position to help design public policies and set up projects. The effectiveness of the JASPERS and ELENA joint Commission-EIB programmes, which support a whole range of public policies and projects, including those relating to energy efficiency and transport, augurs well for the success of these initiatives.

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The "Just Transition Mechanism" has several political limitations in terms of its financial volume, the difficult budgetary trade-offs to be made in allocating its funding, and the effectiveness of the policies implemented to ensure the "just transition", particularly in the social sphere. Some technical design flaws seem well founded and justify changes to the text during the negotiation procedure between the Council and the Parliament with a view to ensuring its full success. Throughout this note, we have tried to put these grounds for scepticism into perspective and stressed, on the contrary, that the envisaged mechanism represents a significant step forward in the European climate strategy. Indeed, the dynamic that the "Just Transition Mechanism" will set in motion will help, over time and in the light of feedback, to share good practices highlighting the synergy of the projects supported, the efficient use of Community, national and private resources, and the gradual appropriation of the issues by the various stakeholders. This virtuous circle will be all the clearer if it is backed up, as planned in the framework of the next MFF 2021-2027 and the European Recovery Plan, by the general greening of European and national public policies.

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