

# TERRITORIAL JUST TRANSITION PLAN CHECKLIST

How to make TJTPs climate and  
people driven

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# INTRODUCTION

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On 14 January 2020, the European Commission proposed the establishment of a Just Transition Fund (JTF), as part of the European Green Deal. The purpose of this new fund, first proposed in 2017, is to aid the regions most affected by the energy transition in order to diversify their economies. As part of the European Commission's measures to address the coronavirus pandemic, an increase of the JTF budget to EUR 40 billion was proposed on 28 May 2020. The Fund is one of the three pillars of the Just Transition Mechanism, which also includes a public sector loan facility created by the EIB and specific support through InvestEU<sup>1</sup>. The three pillars of the Mechanism combined are supposed to reach at least EUR 150 billion.

A condition to access this fund is the creation of territorial just transition plans (TJTTPs). According to the Fund's proposal, the purpose of these plans will be to 'provid[e] an outline of the transition process until 2030, consistent with the National Energy and Climate Plans and the transition to a climate-neutral economy and identify subsequently the most impacted territories that should be supported'. This paper outlines recommendations for the content of each section in the TJTP in order to help countries produce meaningful plans which will ensure that the solutions envisaged for regions are sustainable and fair.

In order to support the countries in the development of these plans, at the end of February the Commission opened a call for technical assistance through the Structural Reform Support Programme (SRSP). All 18 Member States that applied were approved in May to receive help for the development of their TJTPs<sup>2</sup>

Another important element of this new Fund will be the Just Transition Platform. According to the proposal, its role will be 'to enable bilateral and multilateral exchanges of experience on lessons learnt and best practices across all affected sectors building on the existing platform for coal regions in transition'. This Platform was launched on 29 June 2020 and towards the end of the year it will host a projects and experts database, while also providing a forum for dialogue and a web-based single access point<sup>3</sup>

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<sup>1</sup> [https://ec.europa.eu/regional\\_policy/en/newsroom/news/2020/01/14-01-2020-financing-the-green-transition-the-european-green-deal-investment-plan-and-just-transition-mechanism](https://ec.europa.eu/regional_policy/en/newsroom/news/2020/01/14-01-2020-financing-the-green-transition-the-european-green-deal-investment-plan-and-just-transition-mechanism)

<sup>2</sup> [https://ec.europa.eu/regional\\_policy/en/newsroom/news/2020/05/05-07-2020-commission-supports-member-states-in-their-transition-to-a-climate-neutral-economy](https://ec.europa.eu/regional_policy/en/newsroom/news/2020/05/05-07-2020-commission-supports-member-states-in-their-transition-to-a-climate-neutral-economy)

<sup>3</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1201](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1201)



The JTF is still being amended and the legislative process is expected to continue through the year. The file falls under the responsibility of the Committee on Regional Development (REGI) in the European Parliament. On 23 March, the rapporteur's draft report on the original proposal for the Fund was published and on 12 May it was presented.

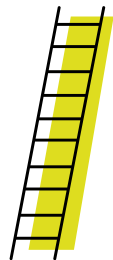
The REGI committee voted on the report on 6 July, introducing a new criterion for the allocation of the Fund: the Green Rewarding Mechanism, which will allow 18% of the total JTF resources to be allocated depending on the speed with which Member States reduce their greenhouse gas emissions. The REGI committee also proposed a derogation for investments in activities related to natural gas for regions heavily reliant on coal, lignite, oil shale or peat<sup>4</sup>. The REGI vote is not the final position of the Parliament. Instead, the REGI position will be put to a Plenary vote in September, with a view to fixing Parliament's position for trilogue negotiations. The trilogues will begin afterwards under the German presidency, with the aim of concluding negotiations by the end of the year. Finally, for the JTF to be up and running, the Multiannual Financial Framework and sectoral regulations (CPR) also have to be concluded.

<sup>4</sup> <https://www.europarl.europa.eu/news/en/press-room/20200703IPR82625/just-transition-in-eu-regions-support-to-people-economy-and-environment>

# RECOMMENDATIONS FOR THE TJTPS

When the European Commission published the proposal for the creation of the Just Transition Fund, it also included Annex II, which details what territorial just transition plans must contain. The text of this annex is below in italics. As the structure proposed by the Commission is not precise enough to ensure that all TJTPs will ensure a truly just transition, below each excerpt from the annex we propose a series of elements that the plans must contain to lead to the desired results. Among these goals, the most important is probably the EU becoming climate neutral – having an economy with net-zero greenhouse gas emissions – by 2050, as the European Council agreed last year<sup>5</sup>.

*1.1. Outline of the expected transition process towards a climate-neutral economy, in line with the objectives of the National Energy and Climate Plans and other existing transition plans with a timeline for ceasing or scaling down activities such as coal and lignite mining or coal fired electricity production.*



- ✓ **A yearly estimate of the greenhouse gas (GHG) emissions reduced through the implementation of the Plan.** In order to be credible, the outline of the transition process needs to directly address the heart of the problem and estimate the yearly GHG emission reductions.
- ✓ **Direct references to the NECP and clear explanations of the contributions of the TJTP.** Currently, there is no proposed methodology for proving that the TJTPs contribute to the objectives of the National Energy and Climate Plans (NECPs). As the name suggests, the NECPs focus on decarbonisation pathways at the national level, but they do not explain how each region in the countries will contribute to Europe's overall decarbonisation goals. The approach in the NECPs is rather sectoral, showing how energy production, industry, transport or agriculture can be changed to become less carbon intensive. For the purpose of the TJTPs, these changes also need to be localised, so the Member States can show that the regions benefitting from the JTF significantly contribute to national emissions reductions.

<sup>5</sup> <https://www.bbc.com/news/world-europe-50778001>

- ✓ **Consistency with climate neutrality should take precedence over consistency with the NECP.** The priorities and measures included in the TJTPs should in principle be consistent with the decarbonisation pathways laid forth in the NECPs to ensure policy coherence, smooth integration of the new businesses and infrastructures supported by the JTF in the future national energy models, etc. However, the NECPs of some countries are unambitious and fail to make a fair contribution to the EU climate targets, while the TJTPs are required to be consistent with the objective of climate neutrality. In such cases, the low level of ambition in the NECPs should not prevent the TJTPs from pursuing higher ambitions. Indeed, consistency with climate neutrality should take precedence over consistency with the NECP in cases where these two objectives are difficult to reconcile.
- ✓ **Yearly estimate of installed capacity in the region by type and of tonnes of coal mined.** The ‘timeline for ceasing or scaling down activities such as coal and lignite mining or coal fired electricity production’ should be complemented by an estimation of the remaining installed capacity in the region and at the national level in order to show the contributions of the closure to the decarbonisation of the national energy system.

*1.2. Identifying the territories expected to be the most negatively affected and justifying this choice with the corresponding estimation of the economic and employment impacts based the outline of Section 1.1*



- ✓ **Mention current and estimated future jobs in high-carbon industries in the region.** Territorial just transition plans should explicitly detail the number of jobs in each high-carbon industry in the region, but should also project their expected evolution until 2030. This is necessary in order to plan in advance for the deployment of job-creating solutions and early retirement plans. Special attention must be paid to indirect jobs, or those that rely on the fossil fuel industry but are not directly a part of it, which the coal industry often overstate in order to justify state support. Coal has been declining for years across Europe, and many service providers for this industry have been diversifying their businesses in order to reduce their dependence on

one client. A good example of this is rubber conveyor belt producer Artego, which has historically been the second biggest employer in lignite-rich Gorj in Romania, after its main client Oltenia Energy Complex. In recent years, as mining faced economic difficulties, Artego increased its exports, and today these exports make up 55% of the company's turnover<sup>6</sup>. It must not be assumed that indirect jobs will disappear at the same time as the carbon-intensive industries they serve – instead, the TJTPs should look at how they can support these businesses to diversify their offerings.

### 2.1. Assessment of the economic, social and territorial impact of the transition to a climate-neutral economy.

Identification of economic activities and industrial sectors impacted, distinguishing:

- declining sectors, expected to cease or significantly scale down their activities related to the transition, including a corresponding timeline;
- transforming sectors, expected to undergo a transformation of their activities, processes and outputs.

For each of the two sectors:

- expected job losses and reskilling needs, taking into account skills forecasts;
- economic diversification potential and development opportunities.



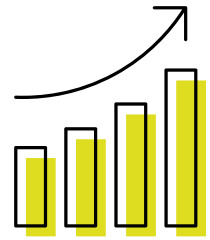
**Evaluation of the potential of all sectors of the economy, not just those typically identified.** Annex II currently focuses on 'declining' and 'transforming' sectors, which most likely correlate with direct and indirect employment in high carbon sectors. There is a risk here that this approach will leave out other important parts of the economy that will be affected. When preparing the territorial just transition plans, regions must also take into account that their training and education systems will need to focus on new skills, that companies managing and building the local infrastructure will need to implement new technologies, that travel to the region will change over the decade, etc.



<sup>6</sup> <https://www.zf.ro/burse-fonduri-mutuale/cum-a-profitat-artego-targu-jiu-de-seceta-ca-sa-si-majoreze-vanzarile-9037950>

## 2.2. Development needs and objectives by 2030 in view of reaching climate neutrality

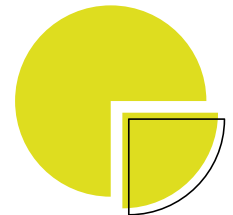
- Development needs to address the transition challenges;
- Objectives and results expected through implementing the JTF priority.



- ✓ **Assessment of existing social issues in the region.** It is natural for many countries to try to anticipate how many people will be laid off as high carbon industries begin closing down in order to reach carbon neutrality by 2050. But many mono-industrial areas, be it coal regions or steel towns, have been faced with social challenges for decades. A just transition cannot focus exclusively on the newly unemployed, but must address historic problems and start with finding solutions for the most vulnerable. Furthermore, high carbon industries primarily employ men. The territorial just transition plans should therefore also explicitly mention how they improve gender equality in the region.

## 2.3. Consistency with other national, regional or territorial strategies and plans

- Smart specialisation strategies;
- Territorial strategies referred to in Article 23 of Regulation (EU) [new CPR];
- Other regional or national development plans.



- ✓ **Evaluation of the contribution to NDCs and to Paris Agreement goals.** Each party to the Paris Agreement must communicate its Nationally Determined Contribution (NDC) by the end of the year. These documents will outline climate action undertaken at the national level to reach global peaking of GHG emissions as soon as possible and to undertake rapid reductions thereafter. Countries must make sure that they do not produce contradicting documents, evaluating their TJTPs against their NDC.

#### 2.4. Types of operations envisaged

- types of operations envisaged and their expected contribution to alleviate the impact of the climate transition
- synergies and complementarities of the envisaged operations with other programmes under the Investments for jobs and growth goal (supporting the transition process), other financing instruments (the Union Emissions Trading Modernisation Fund) and the other pillars of the Just Transition Mechanism (dedicated scheme under InvestEU and public sector loan facility with the European Investment Bank ) to address identified investment needs



**Operations which cannot be financed are explicitly mentioned.** As the plans are designed for a 10-year period, it is likely that countries will aim to keep this section general and include here a variety of operations. But in order to pave a pathway for the transition, this section should also list those operations which are not allowed to be financed using the Just Transition Fund. Among the exclusions should be investments in extremely large projects which narrow the space for other ideas, sectors which were supported in the past and did not work in the region, businesses which cannot guarantee quality employment, or investments in unsustainable sectors. Given the 2050 decarbonisation goal, any high carbon investment, including natural gas, should be considered unsustainable, as it will need to be phased out in the coming decades.

#### 2.5. Programme-specific output or result indicators

To fill in only if programme-specific indicators are envisaged:

- justification for the necessity of programme-specific output or result indicators based on the types of operations envisaged



We do not propose any specific recommendations for this point.



### 3.1. Partnership

- Arrangements for involvement of partners in the preparation, implementation, monitoring and evaluation of the territorial just transition plan;
- Outcome of public consultation.



#### Concrete participation provisions and timeline for the participation procedure.

The definition of partnership is wide and gives space for different forms of cooperation. It is up to the Member States to determine the extent to which they create a real or formal partnership and the necessary processes to involve stakeholders. The TJTPs need to include the following elements in order to have convincing partnership provisions:

- commitments to the transparency of the institution responsible for the TJTP, including regular publication of information on the progress of the process, the results of the surveys, the results of the working groups, etc.
- clear rules and responsibility for decisions and tasks of the participant
- sufficient time and financial allocations for each stage in order to ensure participation
- concrete provisions to ensure participation: location of meetings; number of facilitators, research teams and experts; types and numbers of consultations - surveys, focus groups, questionnaires, semi-structured interviews, etc.
- online tools – website, archive of all documents and information, FAQ, single contact point, etc.

Based on our experience in Slovakia<sup>7</sup>, we believe that the following time allocations are necessary in order to ensure participation:

1. Identification of stakeholders – 2 weeks
2. Creating a working group – 4 weeks
3. Identifying needs and recommendations – 12 weeks
4. Commenting on the draft by the target groups, the public, experts, etc.; producing a report resulting from the participatory process – 8 weeks
5. Incorporating the comments into the second draft – 4 weeks

<sup>7</sup> <http://www.just-transition.info/slovak-government-to-approve-today-just-transition-plan-for-upper-nitra>

### 3.2. Monitoring and evaluation

Monitoring and evaluation measures planned, including indicators to measure the ability of the plan to achieve its objectives.

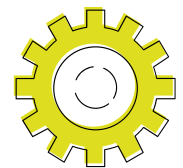


- ✓ **Define qualitative indicators, not only quantitative ones.** The monitoring measures should be designed in a way that makes it clear for all actors whether the TJTP is implemented based on the desired objectives. The interim assessment of the TJTPs must be demonstrated not only by quantitative criteria, but also qualitative, such as:
  - Sustainable development
  - Potential to reach climate neutrality and GHG emissions reduction
  - The creation of quality jobs – stable, unionised, decently paid, safe and with guarantees of gender equality
  - Economic diversification and support of small and medium enterprises (SMEs)
  - Reduction of socially excluded communities
  - Improvement of quality of life – health, air pollution, region attractiveness, etc.

Finally yet importantly, the success and credibility of monitoring and evaluation teams depends on the involvement of diverse actors at all levels.

### 3.3. Coordination and monitoring body/bodies

Body or bodies responsible for coordinating and monitoring the implementation of the plan and their role



- ✓ **System of checks and balances to ensure fair decision making.** Given the scope and breadth of the territorial just transition plans, it is essential to have an effective coordination body (CB) in place. The TJTP must set its priorities for each quarter and then ensure that the CB, together with the other actors:
  - determine the number and scope of supported projects
  - monitor the areas in which adequate calls are prepared
  - estimate which results the supported projects should bring
  - define how the results will be measured
  - define what the follow-up activities are, if the expected results of funded projects are not translated into practice

The participatory process of preparing calls can have similar features as the participatory process for creating the TJTP.

The coordination body must prevent 'pseudoparticipation', where it (at times unintentionally) tries to give the impression of a participatory process, but is not willing to share decision-making power. If participation has no influence on decision-making, it is not real but just an illusion. This can happen if:

- The CB restricts access to necessary information for members of the monitoring committee / working groups
- The CB creates formal bodies (e.g. monitoring committees, advisory boards, working groups) without real influence on decision-making, and/or without real opportunity to discuss/propose topics (due to lack of time, little information, poorly run or too large groups).
- The CB leads the process and meetings so that participants support the given decision (creates restrictions, ignores the proposals of participants, does not record them in the minutes, does not justify their rejection or selectively captures in the minutes only some comments and suggestions).
- The CB uses status / power differences to enforce its own solutions or solutions which give an advantage to stronger actors (i.e. it structures meetings so that they favour the voice of high-ranking participants, does not consciously work with differences of power in favour of the weaker, or does not engage participants with dissenting views).
- The decision-making process is separate from the participatory process (i.e. decision-making involves actors who are not part of the participation process, or are not publicly named as decision-makers, the result of the participatory process is not processed in any way, etc.).

# CONCLUSION

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As a just transition for Europe becomes increasingly closer to reality, the opportunity to make the most of it should not be wasted. In recognising the need to focus on territories, the EU has already committed to addressing the needs of those communities that will be most affected. Now, the plans to help these regions and their communities must be as comprehensive as possible.

Climate neutrality and maximum economic and social benefits for residents must be the priorities of the transition, and they must go hand in hand. In focusing on regions, the Commission must ensure that they do everything possible to align the plans with international climate goals, foster inclusive planning with all stakeholders, clearly define acceptable projects and monitor the plans' impacts. This checklist and recommendations can help to ensure that the TJTPs contain the right measures and commitments to ensure that the energy transition happens and leaves no one behind.

