



**European Committee  
of the Regions**

**COTER-VII/002**

**139th plenary session, 30 June-2 July 2020**

## **OPINION**

### **Just Transition Fund**

The European Committee of the Regions:

- welcomes the Just Transition Fund as a key tool in supporting the regions most affected by the transition towards climate neutrality and the fact that the proposal for the Just Transition Fund has taken on board key CoR recommendations set out in its opinion on socioeconomic structural change in Europe's coal regions;
- asks the European Commission to place the new Just Transition Fund under Heading 2 (Cohesion and Values) of the MFF 2021-2027 instead of Heading 3 (Natural Resources and Environment);
- is concerned about the delay the JTF may cause to the implementation of the main programmes of cohesion policy; is also concerned about the complexity and red tape that management of this new fund could create for the management of the main programmes of cohesion policy;
- calls for the scope of support of the Just Transition Fund to be expanded so that, in agreement with the European Commission and the Member States, local and regional authorities can include additional eligible projects in their territorial just transition plans;
- suggests giving managing authorities more flexibility by making transfers on a voluntary basis with a maximum amount of up to 1.5 times the amount of support from the JTF and only with the consent of the local and regional authorities involved;
- welcomes in this respect the creation of the Just Transition Platform, which should be built on the positive experiences with the carbon-intensive regions and other regions that have successfully managed to move from fossil fuels to clean energy sources. The CoR underlines that this platform should make sure that all relevant Commission services and the EIB work closely together to address structural change in the affected regions. The CoR undertakes to engage closely in the operation of the Just Transition Platform, in particular by co-organising an Annual Forum of Just Transition Regions with the European Commission;
- stresses that EU provisions on state aid need to allow for flexibility when eligible regions in transition want to attract private investment;

Rapporteur-general

Vojko Obersnel (HR, PES), Member of Local Executive: City of Rijeka

Reference documents

COM(2020) 22 final

COM(2020) 23 final

COM(2020) 460 final

## Opinion of the European Committee of the Regions – Just Transition Fund

### I. RECOMMENDATIONS FOR AMENDMENTS

#### Proposal for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund COM(2020) 22 final

#### Amendment 1

Recital 13

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>In order to provide flexibility for the programming of the JTF resources under the Investment for jobs and growth goal, it should be possible to prepare a self-standing JTF programme or to programme JTF resources in one or more dedicated priorities within a programme supported by the European Regional Development Fund ('ERDF'), the European Social Fund Plus ('ESF+') or the Cohesion Fund. In accordance with Article 21a of Regulation (EU) [new CPR], JTF resources <i>should</i> be reinforced with complementary funding from the ERDF and the ESF+. The respective amounts transferred from the ERDF and the ESF+ should be consistent with the type of operations set out in the territorial just transition plans.</p>	<p>In order to provide flexibility for the programming of the JTF resources under the Investment for jobs and growth goal, it should be possible to prepare a self-standing JTF programme or to programme JTF resources in one or more dedicated priorities within a programme supported by the European Regional Development Fund ('ERDF'), the European Social Fund Plus ('ESF+') or the Cohesion Fund. In accordance with Article 21a of Regulation (EU) [new CPR], JTF resources <i>could</i> be reinforced with complementary funding from the ERDF and the ESF+. The respective amounts transferred from the ERDF and the ESF+ should be consistent with the type of operations set out in the territorial just transition plans.</p>

<b>Reason</b>
<p>The Just Transition Fund is a political proposal that should only come on top of existing cohesion budget. Most of the activities proposed to be supported by the JTF (Article 4) would be in practice already possible to finance under the Policy Objectives 1 and 2 through the ERDF and ESF+.</p>

#### Amendment 2

Article 2

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>In accordance with the second subparagraph of Article [4(1)] of Regulation (EU) [new CPR], the JTF shall contribute to the single specific objective 'enabling regions and people to address the social, economic and environmental impacts of the transition towards a climate-neutral economy'.</p>	<p>In accordance with the second subparagraph of Article [4(1)] of Regulation (EU) [new CPR], the JTF shall contribute to the single specific objective 'enabling regions and people to address the social, economic and environmental impacts of the transition towards a climate-neutral economy' <i>in line with the goals of the Paris</i></p>

	<i>agreement, the EU's goal of climate neutrality by 2050 and the 2030 reduction targets.</i>
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<b>Reason</b>
The objective of the fund should clearly refer to the goals of the Paris agreement, the EU's goal of climate neutrality by 2050 and the 2030 reduction targets.

**Amendment 3**  
Article 3(1)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
1. The JTF shall <i>support</i> the <i>Investment for jobs and growth goal in all Member States.</i>	1. The JTF shall <i>fund</i> the <i>social, socio-economic and environmental impact of the transition in regions or activities affected.</i>

<b>Reason</b>
Self-explanatory.

**Amendment 4**  
Article 4(2)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
In accordance with paragraph 1, the JTF shall <i>exclusively</i> support the following activities:	In accordance with paragraph 1, the JTF shall support the following activities:
(a) productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;	(a) productive <i>and sustainable</i> investments in SMEs, including start-ups, leading to economic diversification and reconversion;
(b) investments in the creation of new firms, including through business incubators and consulting services;	(b) investments in the creation of new firms <i>relevant for the transition to sustainable development</i> , including through business incubators and consulting services;
(c) investments in research and innovation activities and fostering the transfer of advanced technologies;	(c) investments in <i>sustainable</i> research and innovation activities and fostering the transfer of advanced technologies;
(d) investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;	(d) investments in the deployment of technology and <i>social</i> infrastructures for affordable clean, <i>safe and sustainable</i> energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
(e) investments in digitalisation and digital connectivity;	(e) investments <i>supporting the implementation</i>

<p>(f) investments in regeneration and decontamination of sites, land restoration and repurposing projects;</p> <p>(g) investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;</p> <p>(h) upskilling and reskilling of <i>workers</i>;</p> <p>(i) job-search assistance to jobseekers;</p> <p>(j) active inclusion of jobseekers;</p> <p>(k) technical assistance.</p>	<p><i>of the EU Directive 2018/2001 on the promotion of the use of energy from renewable sources (Article 15.3), the EU Directive 2010/31 on the energy performance of buildings (Articles 9 and 11) and the EU Directive 2012/27 on energy efficiency (Article 14.4);</i></p> <p><i>(f) investments</i> in digitalisation and digital connectivity;</p> <p><i>(g) investments</i> in regeneration and decontamination of sites, land restoration and repurposing projects, <i>in accordance with the "polluter pays principle" as defined in Article 2(122) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty;</i></p> <p><i>(h) investments</i> in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;</p> <p><i>(i) upskilling and reskilling of the labour force;</i></p> <p><i>(j) job-search assistance to jobseekers;</i></p> <p><i>(k) active inclusion of jobseekers;</i></p> <p><i>(l) any other specific activities, as agreed between the relevant local and regional authorities for the territory concerned, the Member State and the European Commission, that are in line with local development strategies and contribute to the transition towards a carbon-neutral EU economy by 2050;</i></p> <p><i>(m) technical assistance.</i></p>
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<i>Reason</i>
<ul style="list-style-type: none"> <li>– Any investments in environmental protection should respect the rule that the cost of measures to deal with pollution should be borne by the party that caused the pollution.</li> <li>– Upskilling and reskilling should not be restricted to workers, but should also include training unemployed people, job-seekers, etc. for jobs in the green economy.</li> <li>– Ensuring greater flexibility in the choice of supported project, if the local and regional authorities in the territory concerned, the Member State and the European Commission agree.</li> </ul>

#### **Amendment 5**

Article 5, point (a)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(a) the decommissioning <i>or</i> the construction of nuclear power stations;	(a) the decommissioning the construction, <i>or any other form of investment in</i> nuclear power stations;

<i>Reason</i>
Self-explanatory.

#### **Amendment 6**

Article 5, point (d)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(d) investment related to the production, processing, distribution, storage or combustion of fossil fuels;	(d) investment related to the <i>extraction</i> , production, processing, distribution, storage or combustion of fossil fuels, <i>including the opening of new coal mines</i> ;

<i>Reason</i>
The FTJ should not support the opening or reopening of coal mines, but this limitation should not be extended to other types of mining (metal, industrial minerals, ornamental rock, etc.), which is an economic activity that creates quality, long-term employment.

#### **Amendment 7**

Add a paragraph at the end of Article 5

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>No support shall be granted to operations in a NUTS 3 region where an opening of a new coal, lignite or oil shale mine or of a peat extraction field or a reopening of a temporarily decommissioned coal, lignite or oil shale mine or of a peat extraction field is scheduled during the duration of the programme and based on a territorial just transition plan.</i>

**Reason**

The objective of the support is to assist in the transition towards a carbon-neutral economy, which excludes the opening of new mines and/or peat extraction fields and the reopening of existing ones.

**Amendment 8**

Article 6(1), second subparagraph

<b><i>Text proposed by the European Commission</i></b>	<b><i>CoR amendment</i></b>
The Commission shall only approve a programme where the identification of the territories most negatively affected by the transition process, contained within the relevant territorial just transition plan, is duly justified and the relevant territorial just transition plan is consistent with the National Energy and Climate Plan of the Member State concerned.	The Commission shall only approve a programme where the identification of the territories most negatively affected by the transition process, contained within the relevant territorial just transition plan, is duly justified, and the relevant territorial just transition plan <b><i>commits to the goals of the Paris agreement, the EU's goal of climate neutrality by 2050 and the 2030 reduction targets and</i></b> is consistent with <b><i>the territorial strategies referred to in Article [23] of Regulation (EU) [new CPR], the National Energy and Climate Plan of the Member State concerned and the European Pillar of Social Rights.</i></b>

**Reason**

**Amendment 9**

Article 6(2)

<b><i>Text proposed by the European Commission</i></b>	<b><i>CoR amendment</i></b>
The JTF priority or priorities shall comprise the JTF resources consisting of all or part of the JTF allocation for the Member States and the resources <b><i>transferred</i></b> in accordance with Article [21a] of Regulation (EU) [new CPR]. The <b><i>total</i></b> of the ERDF and ESF+ resources transferred to the JTF priority shall <b><i>be at least equal to one and a half times</i></b> the amount of support from the JTF to that priority <b><i>but shall not exceed three times that amount.</i></b>	The JTF priority or priorities shall comprise the JTF resources consisting of all or part of the JTF allocation for the Member States and the resources <b><i>that the managing authorities may decide to transfer</i></b> in accordance with Article [21a] of Regulation (EU) [new CPR]. The <b><i>amount</i></b> of the ERDF and ESF+ resources <b><i>to be</i></b> transferred to the JTF priority shall <b><i>not exceed one and a half time</i></b> the amount of support from the JTF to that priority.

**Reason**

Member States should be given greater flexibility in deciding the amounts to be transferred from the ERDF and the ESF+ to the JTF. This would also limit possible decommitments in the event of low absorption capacity in the territories most affected.

### Amendment 10

Add a subparagraph at the end of Article 6(2)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<i>The Commission shall only approve transfers of ERDF and ESF+ resources to the JTF priority where the total amount of the transfer does not exceed 20% of the operational programme's initial ERDF and ESF+ allocation (calculated per Fund).</i>

<i>Reason</i>
Aligns the legislative text with the explanatory memorandum.

### Amendment 11

Article 7(1)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
1. Member States shall prepare, together with the relevant authorities of the territories concerned, one or more territorial just transition plans covering one or more affected territories corresponding to level 3 of the common classification of territorial units for statistics ('NUTS level 3 regions') as established by Regulation (EC) No 1059/2003 of the European Parliament and of the Council as amended by Commission Regulation (EC) No 868/2014 or parts thereof, in accordance with the template set out in Annex II. Those territories shall be those most negatively affected based on the economic and social impacts resulting from the transition, in particular with regard to expected job losses in fossil fuel production and use and the transformation needs of the production processes of industrial facilities with the highest greenhouse gas intensity.	1. Member States shall prepare, together with the relevant authorities of the territories concerned, one or more territorial just transition plans covering one or more affected territories corresponding to level 2 of the common classification of territorial units for statistics ('NUTS level 2 regions') as established by Regulation (EC) No 1059/2003 of the European Parliament and of the Council as amended by Commission Regulation (EC) No 868/2014 or parts thereof, in accordance with the template set out in Annex II. Those territories shall be those most negatively affected based on the economic and social impacts resulting from the transition, in particular with regard to expected job losses in fossil fuel production and use and the transformation needs of the production processes of industrial facilities with the highest greenhouse gas intensity.

<i>Reason</i>
Negative spillover effects of the transition will not be limited to territories at NUTS 3 level, but will most likely also affect surrounding territories. For this reason, and to simplify governance, it seems more appropriate to focus support at NUTS 2 level.



### Amendment 12

Article 7(2), point (b) (new)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<b><i>(b) (new) a clear commitment to a socially fair and just green transition in the implementation of the Paris agreement;</i></b>

#### *Reason*

Territorial just transition plans should only be approved if they include a clear commitment to the goals of the Paris agreement, as stressed by the European Council on 18 October 2019.

### Amendment 13

Article 7(2), point (c) (new)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<b><i>(c) (new) a clear commitment to the objective of achieving a climate-neutral EU by 2050 and reaching its reduction targets by 2030;</i></b>

#### *Reason*

Territorial just transition plans should only be approved if they include a clear commitment to the objective of achieving a climate-neutral EU by 2050 and of reaching its reduction targets by 2030, as stressed by the European Council on 12 December 2019.

### Amendment 14

Article 7(2), point (c)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(c) an assessment of the transition challenges faced by the most negatively affected territories, including the social, economic, and environmental impact of the transition to a climate-neutral economy, identifying the potential number of affected jobs and job losses, the development needs and objectives, to be reached by 2030 linked to the transformation or closure of greenhouse gas-intensive activities in those territories;	(c) an assessment of the transition challenges faced by the most negatively affected territories, including the social, economic, and environmental impact of the transition to a climate-neutral economy, identifying the potential number of affected jobs and job losses, the development needs and objectives, to be reached by 2030 linked to the transformation or closure of greenhouse gas-intensive activities in those territories, <b><i>as well as an assessment of negative spillover effects of transition on adjacent regions;</i></b>

#### *Reason*

All possible negative spillover effects should be properly assessed in the territorial just transition plans.

**Amendment 15**  
Article 7(2), point (f)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(f) a description of the governance mechanisms consisting of the partnership arrangements, the monitoring and evaluation measures planned and the responsible bodies;	(f) a description of the governance mechanisms consisting of the partnership arrangements, the monitoring and evaluation measures planned and the responsible bodies, <i>if different from the elements already described in the programme as defined in Annex V of Regulation (EU) [new CPR]; local and regional authorities need to be fully involved in all aspects of this;</i>

<i>Reason</i>
As a simplification measure, only information different from the elements already described in the programme in accordance with the "Template for programmes supported from the ERDF (Investment for Jobs and growth goal), ESF+, the JTF, the Cohesion Fund and the EMFF – Article 16(3)" (Annex V of the CPR) should be provided. <i>Furthermore, local and regional authorities need to be regarded as integral stakeholders in this process.</i>

**Amendment 16**  
Article 7(2), point (h)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(h) where support is provided to productive investments to enterprises other than SMEs, <i>an exhaustive list of such operations and enterprises and</i> a justification of the necessity of such support through a gap analysis demonstrating that the expected job losses would exceed the expected number of jobs created in the absence of the investment;	(h) where support is provided to productive <i>and sustainable</i> investments to enterprises other than SMEs, a justification of the necessity of such support through a gap analysis demonstrating that the expected job losses would exceed the expected number of jobs created in the absence of the investment;

<i>Reason</i>
Providing an exhaustive list of operations and enterprises (large companies) in the programming phase of the JTF does not appear to be particularly feasible, and may lead to delays from the very beginning of the programming period. In addition, such an approach runs directly counter to simplification efforts, the result of which was, among other things, to abandon separate procedures applicable to major projects pursuant to Articles 100-103 of the current CPR.

**Amendment 17**  
Article 7(2), point (i)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(i) where support is provided to investments to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC, <b><i>an exhaustive list of operations to be supported and</i></b> a justification that <b><i>they</i></b> contribute to a transition to a climate neutral economy and lead to a substantial reduction in greenhouse-gas emissions going substantially below the relevant benchmarks established for free allocation under Directive 2003/87/EC and provided that they are necessary for the protection of a significant number of jobs;	(i) where support is provided to investments to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC, a justification that <b><i>the operations to be supported</i></b> contribute to a transition to a climate neutral economy and lead to a substantial reduction in greenhouse-gas emissions going substantially below the relevant benchmarks established for free allocation under Directive 2003/87/EC and provided that they are necessary for the protection of a significant number of jobs;

<i>Reason</i>
Providing an exhaustive list of operations in the programming phase of the JTF does not appear to be particularly feasible, and may lead to delays from the very beginning of the programming period.

**Amendment 18**  
Article 8a (new)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<p><b><i>Article 8a.</i></b></p> <p><b><i>1. A Just Transition Platform (hereinafter referred to as the "Platform") shall be set up, under the supervision and direct management of the European Commission, in order to enable bilateral and multilateral exchanges of experience on lessons learnt and best practices across all affected sectors.</i></b></p> <p><b><i>2. The Platform shall comprise two strands:</i></b></p> <p><b><i>(a) technical working groups, addressing concrete challenges in the regions concerned, and facilitating exchanges of experience and best practices on the preparation of territorial just transition plans and individual operations. The technical working groups, which should include local and regional authorities, shall be set up according to the operational needs of the JTF, taking into account sectoral coverage of</i></b></p>

	<p><i>the operations supported.</i></p> <p><i>The technical working groups shall cooperate closely with the InvestEU Advisory Hub established in accordance with Article 20 of Regulation (EU) [new InvestEU programme] and relevant services of the European Investment Bank to ensure that local and regional authorities have the necessary technical and practical knowledge to access funding available via the InvestEU programme as well as via the EIB.</i></p> <p><i>(b) an Annual Forum of Just Transition Regions (hereinafter referred to as the "Forum"), co-organised with the European Committee of the Regions. The Forum shall enable the coordination of policy orientations and their transposition into operational activities of the technical working groups.</i></p> <p><i>3. The Commission shall establish the detailed arrangements concerning governance mechanisms, membership, operation and budget of the Platform. A balanced participation of all levels of government shall be ensured.</i></p> <p><i>4. The Platform's operational costs shall be covered from the technical assistance resources pursuant to Article 3(2), third subparagraph.</i></p>
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<i>Reason</i>
Practical provisions on the set-up of the Just Transition Platform should be added to provide more clarity on its objectives and operation.

### Amendment 19

Article 10 (4)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.	Before adopting a delegated act, the Commission shall consult experts designated by each Member State <b>and conduct stakeholder consultations</b> in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

**Amendment 20**  
**Article 21a (1)**

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>The amount of resources available for the JTF under the Investment for jobs and growth goal in accordance with Article [3] of Regulation (EU) [JTF Regulation], shall be complemented with resources from the ERDF, the ESF+ or a combination thereof, of the category of regions where the concerned territory is located. The total of the ERDF and the ESF+ resources transferred to the JTF shall be at least <b>one and half times</b> the amount of JTF support, but shall not exceed <b>three times</b> the amount of that support. In no case shall the resources transferred from either the ERDF or the ESF+ exceed 20% of the respective ERDF and ESF+ allocation to the Member State concerned. (...)</p>	<p>The amount of resources available for the JTF under the Investment for jobs and growth goal in accordance with Article [3] of Regulation (EU) [JTF Regulation], shall be complemented with resources from the ERDF, the ESF+ or a combination thereof, of the category of regions where the concerned territory is located, <b>by means of a voluntary transfer</b>. The total of the ERDF and the ESF+ resources transferred to the JTF shall be at least <b>half</b> the amount of JTF support, but shall not exceed <b>one and a half time</b> the amount of that support. In no case shall the resources transferred from either the ERDF or the ESF+ exceed 20% of the respective ERDF and ESF+ allocation to the Member State concerned. (...)</p>

<b>Reason</b>
<p>Member States should be given greater flexibility in deciding the amounts to be transferred from the ERDF and the ESF+ to the JTF. This would limit possible decommitments in the event of low absorption capacity in the territories most affected by the transition.</p>

**Amended proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument**  
**COM(2020) 23 final**

**Amendment 21**  
COM (2020) 23 final  
Article 59(3a) (new)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<p><b>3a. Operations supported by the JTF in accordance with Regulation (EU) [JTF Regulation] shall repay the support from the JTF if, within ten years of the final payment to the Member State that received the support, a new coal, lignite or oil shale mine or peat</b></p>

	<i>extraction field is opened or a temporarily decommissioned coal, lignite or oil shale mine or peat extraction field is reopened in the territory where the support from the JTF was utilised.</i>
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<i>Reason</i>
The objective of the support is to assist regions in their transition towards a carbon-neutral economy, which excludes the opening of new mines and/or peat extraction fields and the reopening of temporarily decommissioned ones.

## **I. POLICY RECOMMENDATIONS**

### THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the establishment of the Just Transition Fund, which will be a key tool in supporting the regions most affected by the transition towards climate neutrality;
2. welcomes the fact that the proposal for the Just Transition Fund has taken on board key CoR recommendations set out in its opinion on socioeconomic structural change in Europe's coal regions<sup>1</sup>;
3. welcomes the fact that the fund will provide support to all Member States, but will still be targeted only at the most affected regions. Moreover, to ensure that the fund is properly concentrated and effective, and to establish the minimum aid intensity, only the population of the affected regions should be taken into account;
4. welcomes the proposed EUR 11°270°459°000 of appropriations (in current prices) for the Just Transition Fund from the Multiannual Financial Framework for 2021-2027 and the additional EUR°32°803°000°000 (in current prices) from the European Recovery Instrument as a massive boost to deliver on the objective of the Just Transition Fund; notes with concern that the figures expressed in current prices may lead to less transparency and comparability of allocations between the MFF headings; calls on the Council to include this as real, additional appropriations in the negotiations on the Multiannual Financial Framework 2021-2027;
5. notes with concern that the additional resources financed under the European Recovery Instrument, leading to additional commitments in years 2021-2024, will put an extreme pressure to managing authorities and final beneficiaries to prepare, implement and spend almost 75% of the total allocation within the first four years of the new programming period;
6. welcomes the European Commission's initiative to flank the transition to a climate-neutral, climate-sensitive and ecologically sustainable economy by 2050 with targeted measures and to

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<sup>1</sup> Opinion on Socioeconomic structural change in Europe's coal regions, rapporteur Dr. Mark Speich (DE/EPP), ECON-VI-041, 6337/2018.

support the areas most affected by the transition to climate neutrality in a special way and with additional resources; underlines that these additional funds must not under any circumstances be taken from the cohesion policy budget; highlights that a strong budget for cohesion policy must remain the main priority to support climate action at territorial level;

7. asks the European Commission to place the new Just Transition Fund under Heading 2 (Cohesion and Values) of the MFF 2021-2027 instead of Heading 3 (Natural Resources and Environment), and reiterates its rejection of the envisaged cuts to cohesion policy; recalls the CoR's call that all of the ESIF national co-financing is excluded from the calculations on the Stability and Growth Pact; considers that the same should be applicable for the Just Transition Fund;
8. highlights the particular difficulties for regions with a high dependence on fossil fuels with isolated energy systems, such as outermost regions; underline that the development of the energy mix, in relation to the territory, water, waste and energy, is the key to its energy strategy towards a carbon neutral economy;
9. takes note of the adjusted European Commission's estimate that the three pillars of the Just Transition Mechanism will lead to an investment of EUR 150 billion by 2030. The CoR nonetheless has concerns about the expected leverage rate and the feasibility of private investments for some of the possible projects;
10. requests that no support from JTF or JTM should be granted to investments in NUTS-3 regions where an opening of a new coal, lignite or oil shale mine or of a peat extraction field or a reopening of a temporarily decommissioned coal, lignite or oil shale mine or of a peat extraction field has been granted public authorisation;
11. welcomes that the payment of public sector loans should be limited to projects which achieve measurable impact in addressing social, economic or environmental challenges following the transition towards a climate neutral economy;
12. points out that local and regional authorities also need to finance projects in the process towards a climate-neutral economy, which do not generate a sufficient stream of own revenue and for which they do not receive support under any other Union programmes; welcomes in this context the proposal for a regulation on the public sector loan facility under the Just Transition Mechanism which supports public sector entities in their investment needs resulting from the transition challenges described in the just transition plans;
13. notes the varying experience and uptake of LRAs across the EU in using EIB financial mechanisms; therefore, to ensure the success of pillar 3 of the Just Transition Mechanism, calls on the European Commission to ensure that respective Member States provide sufficient practical and technical assistance to those LRAs wishing to use the respective EIB financial mechanisms;

14. takes note of the alignment of the scope of support of the Just Transition Fund, the ERDF and the ESF+, as the majority of activities supported by the Just Transition Fund can be also financed within the objectives under the ERDF and ESF+;
15. is concerned about the delay the JTF may cause to the implementation of the main programmes of cohesion policy; is also concerned about the complexity and red tape that management of this new fund could create for the management of the main programmes of cohesion policy;
16. finds it regrettable that the Commission's proposal aims to establish programmes at NUTS 3 level instead of NUTS 2, which is the level at which the main programmes of cohesion policy are implemented. This proposal runs counter to the notion of functional areas, which are not necessarily identical to the administrative NUTS 3 areas. The CoR underlines that only one corresponding territorial plan at NUTS 2 level should be required;
17. calls for the scope of support of the Just Transition Fund to be expanded so that, in agreement with the European Commission and the Member States, local and regional authorities can include additional eligible projects in their territorial just transition plans. The CoR also requests that unemployment, particularly youth unemployment, be taken into account as a key indicator for the distribution of the resources allocated to the fund;
18. calls for local and regional stakeholders to be closely involved in the preparation of the territorial just transition plans, given that management of the JTF will be shared and ERDF and ESF+ resources are closely linked to JTF support;
19. asks the Commission to give more guidance on how it intends to assist managing authorities and regions in drafting their territorial just transition plans, given that the proposal for the JTF regulation, including its annexes, may still be subject to substantial modifications. The CoR warns against additional delays in the preparation of those programmes where JTF support is conditional on ERDF and ESF+ support due to the obligation of approval of territorial just transition plans;
20. stresses that affected territories should not have to provide exhaustive lists in their territorial just transition plans of potential companies and/or operations to which they might grant support, as this could cause delays in their adoption and might lead to unnecessary administrative burdens on managing authorities. The CoR points out in this respect that a separate procedure for the adoption of major projects has been omitted from the Commission's proposal for the new CPR and that such a list of beneficiaries and/or operations could reverse this again;
21. calls for transfers to the JTF to be capped at 20% of the operational programme's initial ERDF and ESF+ allocations. The CoR suggests giving managing authorities more flexibility by making transfers on a voluntary basis pursuant to Article 6 (2) of the draft regulation with a maximum amount of up to 1.5 times the amount of support from the JTF and only with the consent of the local and regional authorities involved;
22. underlines the importance of avoiding unnecessary administrative burdens by clearly envisaging an ex-ante impact assessment of the programming and monitoring scheme for the JTF;



23. notes that investment priorities for the JTF will be outlined in respective Country Reports, forming part of the European Semester process; highlights that regions are still not formally associated with the process and believes that a stronger role for the local and regional authorities needs to be assigned in order to deliver on the objectives of the JTF;
24. welcomes the fact that the Regulation defines specific elements that need to be included in the territorial just transition plans. The CoR calls on the legislative authority to add to those elements a clear commitment to the goals of the Paris agreement, to the EU's goal of climate neutrality by 2050 and to its reduction targets for 2030;
25. points out that the Platform for Coal Regions in transition was initially created as a platform focusing on coal mining regions where coal mining activities were still on-going, and that the plan was for the scope of the initiative to be extended to all carbon-intensive regions in the second step. The CoR stresses that the regions facing transition will need to address similar obstacles, and that the new platform should therefore provide advisory services, assist managing authorities and beneficiaries with their project ideas and practical implementation on the ground, and also serve as an exchange of good practices;
26. welcomes in this respect the creation of the Just Transition Platform, which should be built on the positive experiences with the carbon-intensive regions, and other regions that have successfully managed to move from fossil fuels to clean energy sources. The CoR underlines that this platform should make sure that all relevant Commission services and the EIB work closely together to address structural change in the affected regions. The CoR undertakes to engage closely in the operation of the Just Transition Platform, in particular by co-organising an Annual Forum of Just Transition Regions with the European Commission;
27. stresses that EU provisions on state aid need to allow for flexibility when eligible regions in transition want to attract private investment. The CoR reiterates its calls on the Commission to also take account, when drawing up the new guidelines, of the problems linked to structural change in the affected regions and to ensure that those regions have sufficient flexibility to enable them to implement their projects in a socially and economically viable way;
28. highlights that support via the Just Transition Fund for productive investments in enterprises other than SMEs should not be limited to those areas that are eligible for State aid under Article<sup>o</sup>107(3)(a) and (c) of the TFEU under the existing State aid rules. State aid law should instead allow all areas benefiting from the Just Transition Fund to counteract the threat of job losses effectively at an early stage. This should also be ensured by adapting the General Block Exemption Regulation accordingly;
29. emphasises that the areas most affected by the transition to a climate-neutral economy should be given the opportunity to actively counteract the associated structural change as early as possible. The European Committee of the Regions therefore advocates that future adjustments to State aid law, e.g. by means of a new guideline from the European Commission based on Article 107(3)(b) or (c) TFEU, should ensure that aid is allowed regardless of the status of the assisted area under existing rules;

30. acknowledges the role of smart specialisation strategies as one of key delivery tools for the new JTF;
31. underlines that the European Committee of the Regions has conducted a questionnaire to analyse the changes needed to state aid regulations in relation to the structural change in Europe's coal regions<sup>2</sup>; highlights that the conclusions stressed that the transition process should be backed up by state aid in order to attract companies which could offset job-losses and losses in value creation and that state aid rules should allow for more flexibility, particularly as regards to the investment in energy infrastructure, energy efficiency, energy-related investment and renewable energy;
32. welcomes the fact that the legislative proposal is based on the cohesion-centred Article 175 of the Treaty on the Functioning of the European Union, and considers that the proposal clearly outlines its European added value and is in compliance with the principles of subsidiarity and proportionality.

Brussels, 2 July 2020

The President  
of the European Committee of the Regions

Apostolos Tzitzikostas

The Secretary-General  
of the European Committee of the Regions

Petr Bližkovský

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<sup>2</sup> <https://cor.europa.eu/en/news/Pages/report-coal.aspx>

## II. PROCEDURE

<b>Title</b>	Just Transition Fund
<b>Reference(s)</b>	COM(2020) 22 final COM(2020) 23 final COM(2020) 460 final
<b>Legal basis</b>	Article 307 TFEU
<b>Procedural basis</b>	Rule 41(a) of the CoR Rules of Procedure
<b>Date of Council/EP referral/Date of Commission letter</b>	15 January 2020: European Commission letters 23 January 2020: Council of the EU letters
<b>Date of President's decision</b>	27 January 2020
<b>Commission responsible</b>	Commission for Territorial Cohesion Policy and EU Budget (COTER)
<b>Rapporteur-general</b>	Vojko OBERSNEL (HR/PES) Member of Local Executive: City of Rijeka
<b>Analysis</b>	7 February 2020
<b>Discussed in commission</b>	N/A
<b>Date adopted by commission</b>	N/A
<b>Result of the vote in commission (majority, unanimity)</b>	N/A
<b>Date adopted in plenary</b>	2 July 2020
<b>Previous Committee opinions</b>	<ul style="list-style-type: none"><li>• CoR opinion 3593/2018 on the Common Provisions Regulation<sup>3</sup></li><li>• CoR opinion 6337/2018 on Socioeconomic structural change in Europe's coal regions<sup>4</sup></li></ul>
<b>Date of subsidiarity monitoring consultation</b>	N/A

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<sup>3</sup> [OJ C 86, 7.3.2019, p. 41](#)

<sup>4</sup> [OJ C 39, 5.2.2020, p. 58](#)