

## Just Transition Fund

The EU's ambition to achieve climate neutrality will require a transformation in those regions relying on fossil fuels and high-emission industries. The Just Transition Fund of €17.5 billion, complementing the existing cohesion policy funds, will provide support to address the social, economic and environmental impacts of the transition in the most affected territories. The European Parliament is expected to vote during the September plenary session on its legislative resolution outlining the Parliament's first-reading position on the proposed regulation, and refer the file back to the Committee on Regional Development (REGI) for interinstitutional negotiations.

### Background

The EU aims to cut greenhouse gas emissions by 50-55 % by 2030, and achieve climate neutrality by 2050. As part of the [European Green Deal](#), on 14 January 2020, the European Commission put forward a legislative [proposal](#) on the Just Transition Fund (JTF). The proposal was then [amended](#) on 28 May 2020 in light of the coronavirus crisis. The JTF is part of a broader [Just Transition Mechanism](#), which also includes a scheme under [InvestEU](#) and a public sector [loan facility](#) implemented together with the European Investment Bank.

### European Commission proposal

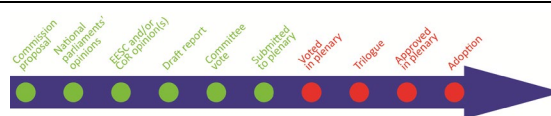
The initially [proposed](#) budget for JTF itself amounted to €7.5 billion under the 2021-2027 Multiannual Financial Framework (MFF). In the [amended](#) proposal, the Commission increased the total for the JTF to €40 billion (€10 billion under the new MFF and €30 billion from the Next Generation EU instrument, in 2018 prices). At the special European Council [meeting](#) on 17-21 July 2020, EU leaders cut the proposed allocation to €7.5 billion under the new MFF and €10 billion from Next Generation EU, reducing the total JTF budget to €17.5 billion. The MFF share is expected to be complemented by the European Regional Development Fund and European Social Fund Plus, as well as national co-financing in line with cohesion policy rules.

The JTF will support investments such as clean energy technologies, emissions reduction, regeneration of sites, reskilling of workers and technical assistance. Excluded from support are nuclear power stations and fossil fuels, among others. In order to access JTF support, territorial just transition plans must be prepared. The [allocation method](#) ensures funding for all Member States. The allocation criteria are based on industrial emissions in regions with high carbon intensity, employment in industry and in coal and lignite mining, production of peat and oil shale, and the level of economic development. The [Just Transition Platform](#) provides technical and advisory assistance.

### European Parliament position

Parliament's Committee on Regional Development (REGI) adopted its [report](#) on the proposal on 6 July 2020. It calls for a broader scope for support and proposes additional exclusions. It recommends increasing the JTF budget under the MFF to over €25 billion. It recommends a mechanism to reward Member States with more ambitious emission reduction targets, and specific allocations for islands and outermost regions. It also calls for an 85 % co-financing rate and for ensuring that access to the JTF is not conditional on transfers from other EU funds. Parliament is expected to hold a partial vote on its first-reading position during September plenary and refer the file back to the REGI committee for interinstitutional negotiations with the Council.

First-reading report: [2020/0006\(COD\)](#); Committee responsible: REGI; Rapporteur: Manolis Kefalogiannis (EPP, Greece). For further information see our 'EU Legislation in progress' [briefing](#).



EPRS | European Parliamentary Research Service

Author: Agnieszka Widuto, Members' Research Service  
PE 652.063 – September 2020

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2020.

[ep@ep.europa.eu](mailto:ep@ep.europa.eu) (contact) <http://www.eprs.ep.parl.union.eu> (intranet) <http://www.europarl.europa.eu/thinktank> (internet) <http://epthinktank.eu> (blog)

