

Deal on financing a just energy transition in EU regions

- 17.5 billion EUR to support people, the economy and the environment for 2021-2027
- Investments in fossil fuels will not receive funding
- Focus on least developed regions, outermost regions, islands

On Wednesday, EP and Council reached a provisional agreement on setting up the Just Transition Fund to mitigate the social impact of greening the economy.

The Just Transition Fund (JTF), worth 17.5 billion EUR, is one of the EU's key tools to support regions in the transition towards climate neutrality by 2050.

During their talks, EU institutions agreed to broaden its scope to also fund micro-enterprises, universities and public research institutions, digital innovation and activities in the areas of education and social inclusion. Investments in renewable energy and energy storage technologies, investments in energy efficiency and heat production for renewables-based district heating, smart and sustainable local mobility will also be financed.

The decommissioning or construction of nuclear power stations, activities linked to tobacco products and investment related to the production, processing, transport, distribution, storage or combustion of fossil fuels cannot be funded through the JTF.

At the initiative of the Parliament, a "Green Rewarding Mechanism" will be introduced, if JTF resources are increased after 31 December 2024. The additional resources will be distributed among member states, with those that succeed in reducing greenhouse gas emitted by their industrial facilities receiving more funding.

Other key measures agreed

- In their territorial just transition plans, member states have to focus on supporting **outermost regions and islands** and earmark specific amounts from their national allocations;
- **Businesses in difficulty** may receive support in compliance with temporary EU state aid rules established to address exceptional circumstances;

- Resources may be transferred from other cohesion funds on a **voluntary basis**;
- The proportion of the investments to be provided by EU funding (**co-financing**) is set at maximum of 85% for less developed regions, 70% for transition regions and 50% for more developed regions.

Quote

Rapporteur [Manolis Kefalogiannis](#) (EPP, GR) said: “The European Parliament gave a strong political signal: the social, economic and environmental impact of the energy transition in the most affected regions must be addressed. We took a pragmatic approach that will allow us to move into a new green era without leaving anyone behind.”

Next steps

Parliament and Council are now expected to endorse the content of the agreement.

Background

The Commission [published](#) in January 2020 a legislative proposal on the Just Transition Fund (JTF), the first legislative proposal implementing the priorities set out in the European Green Deal, followed in May by an [amended proposal](#) containing an increase of the Fund's resources. In July, the European Council set the financial envelope of the JTF at EUR 7.5 billion from the 2021-2027 Multiannual Financial Framework, supplemented by EUR 10 billion from the EU Recovery Instrument.

Further information

[Press release following plenary vote \(17.09.2020\)](#)

[Procedure file](#)

[Profile of the rapporteur Manolis KEFALOGIANNIS \(EPP, GR\)](#)

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