Just Transition Fund

2020/0006(COD) - 18/05/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 615 votes to 35, with 46 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council establishing the Just Transition Fund.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

Fund’s objectives

The Just Transition Fund (JTF) should support the inhabitants, the economy and the environment of territories facing severe socio-economic difficulties in the process of transition towards the achievement of the Union's 2030 climate and environmental objectives and towards a climate-neutral Union economy by 2050, on the basis of the Paris Agreement.

Financial resources

The resources dedicated to the JTF from the multiannual financial framework for the period 2021-2027 amount to **EUR 7.5 billion** at 2018 prices. The main amount may be increased, as appropriate, by additional resources.

EUR 10 billion will come from the EU's recovery instrument, in addition to the planned resources (EUR 2 billion in 2021; EUR 4 billion in 2022; EUR 2 billion in 2023).

Scope of application

The scope of the Fund should include **sustainable investments** in: (i) SMEs, including micro-enterprises and start-ups; (ii) research and innovation activities, including those carried out by universities and public research organisations; (iii) renewable energy and energy efficiency; (iv) smart and sustainable local mobility, including decarbonisation of the local transport sector and its infrastructure; (v) modernisation of district heating networks; (vi) digital innovation; (vii) rehabilitation of brownfield sites and green infrastructure, taking into account the ‘polluter pays’ principle; (viii) retraining of workers and jobseekers; (ix) education and social inclusion, including investments in infrastructure for training centres and care facilities for children and the elderly.

Eligible investments

Investments will only be eligible if: (i) they are necessary for the implementation of the territorial Just Transition Plan; (ii) they contribute to the transition to a climate neutral EU economy by 2050 and to the achievement of the related environmental targets; (iii) their support is necessary for job creation in the identified territory; and (iv) they do not lead to relocation.

Excluded from financing will be: (i) the decommissioning or construction of nuclear power plants; (ii) activities related to tobacco products, (iii) investments related to fossil fuels, and (iv) companies in difficulty, unless authorised under temporary state aid rules established to address exceptional circumstances.

Conditional access to the JTF

Access to the fund will be subject to the adoption of a **national objective to achieve climate neutrality by 2050**. Only 50% of the national allocation will be available to Member States that have not yet committed to a national climate neutrality target by 2050, until such a target is adopted.

Territorial Just Transition Plans should identify the **most severely affected territories**, where JTF support should be concentrated, and describe the specific actions to be undertaken to achieve the EU's 2030 energy and climate targets and a climate neutral EU economy by 2050. Particular attention should be paid to the specificities of islands, insular areas and outermost regions.

The co-financing rate should not exceed: (i) 85% for less developed regions; (ii) 70% for regions in transition; (iii) 50% for more developed regions.

The JTF resources may be reinforced on a voluntary basis by additional funding from the ERDF and ESF+.

On the basis of the examination of the final performance report of the programme, the Commission may make financial corrections where less than 65% of the target value for one or more output indicators is achieved.

Green reward mechanism

A green reward mechanism will complement the JTF in the event that the fund's resources are increased after 31 December 2024. It will reward Member States that reduce their greenhouse gas emissions at a faster rate with additional allocations.