Basic information

2020/0006(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Just Transition Fund Amended by 2023/0199(COD) Amended by 2025/0084(COD) **Subject** 4.70.01 Structural funds, investment funds in general, programmes 4.70.02 Cohesion policy, Cohesion Fund (CF)	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
REGI Regional Development	KEFALOGIANNIS Emmanouil (EPP)	21/01/2020
	Shadow rapporteur MARQUES Pedro (S&D) KNOTEK Ondřej (Renew) NIENASS Niklas (Greens/EFA) FITTO Raffaele (ECR) DONATO Francesca (ID) MICHELS Martina (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets (Associated committee)	MUREŞAN Siegfried (EPP)	05/03/2020
ECON Economic and Monetary Affairs (Associated committee)	HAHN Henrike (Greens/EFA)	23/04/2020
EMPL Employment and Social Affairs (Associated committee)	SATOURI Mounir (Greens/EFA)	30/01/2020
ENVI Environment, Public Health and Food Safety (Associated committee)	VONDRA Alexandr (ECR)	24/03/2020

	ITRE Industry, Research and Energy (Associated committee)	BUZEK Jerzy (EPP)	12/02/2020
	TRAN Transport and Tourism	RIQUET Dominique (Renew)	13/02/2020
	AGRI Agriculture and Rural Development	CARVALHAIS Isabel (S&D)	04/03/2020

Council of the European Union	

European Commission	Commission DG	Commissioner
	Regional and Urban Policy	FERREIRA Elisa

European Economic and Social Committee
European Committee of the Regions

Key events

Date	Event	Reference	Summary
14/01/2020	Legislative proposal published	COM(2020)0022	Summary
29/01/2020	Committee referral announced in Parliament, 1st reading		
27/05/2020	Referral to associated committees announced in Parliament		
06/07/2020	Vote in committee, 1st reading		
15/07/2020	Committee report tabled for plenary, 1st reading	A9-0135/2020	Summary
17/09/2020	Decision by Parliament, 1st reading	T9-0223/2020	Summary
17/09/2020	Matter referred back to the committee responsible for interinstitutional negotiations		
18/12/2020	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE662.103 GEDA/A/(2021)001657	
17/05/2021	Debate in Parliament		
18/05/2021	Decision by Parliament, 1st reading	T9-0219/2021	Summary
18/05/2021	Results of vote in Parliament		
26/05/2021	Act adopted by Council after Parliament's 1st reading		
23/06/2021	End of procedure in Parliament		
24/06/2021	Final act signed		
30/06/2021	Final act published in Official Journal		

Technical information

Procedure reference	2020/0006(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amended by 2023/0199(COD) Amended by 2025/0084(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 175-p3
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	REGI/9/02350

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE648.609	23/03/2020	
Amendments tabled in committee		PE652.416	25/05/2020	
Amendments tabled in committee		PE652.417	25/05/2020	
Amendments tabled in committee		PE652.418	25/05/2020	
Amendments tabled in committee		PE652.419	25/05/2020	
Committee opinion	AGRI	PE648.613	16/06/2020	
Committee opinion	TRAN	PE648.628	24/06/2020	
Committee opinion	ECON	PE650.729	26/06/2020	
Committee opinion	BUDG	PE648.513	29/06/2020	
Committee opinion	EMPL	PE650.398	29/06/2020	
Committee opinion	ITRE	PE650.713	30/06/2020	
Committee opinion	ENVI	PE650.356	02/07/2020	
Committee report tabled for plenary, 1st reading/single reading		A9-0135/2020	15/07/2020	Summary
Text adopted by Parliament, partial vote at 1st reading /single reading		T9-0223/2020	17/09/2020	Summary
Text agreed during interinstitutional negotiations		PE662.103	09/12/2020	
Text adopted by Parliament, 1st reading/single reading		T9-0219/2021	18/05/2021	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2021)001657	03/03/2021	

Draft final act	00005/2021/LEX	24/06/2021	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2020)0022	14/01/2020	Summary
Supplementary legislative basic document	COM(2020)0460	28/05/2020	Summary
Commission response to text adopted in plenary	SP(2020)455	15/10/2020	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	DE_BUNDESRAT	COM(2020)0022	20/03/2020	
Reasoned opinion	CZ_CHAMBER	PE650.347	07/04/2020	
Contribution	CZ_SENATE	COM(2020)0022	11/05/2020	
Contribution	ES_PARLIAMENT	COM(2020)0460	07/07/2020	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0499/2020	10/06/2020	
CofR	Committee of the Regions: opinion	CDR0418/2020	02/07/2020	
CofA	Court of Auditors: opinion, report	52020AA0005 OJ C 290 01.09.2020, p. 0001	01/09/2020	
EESC	Economic and Social Committee: opinion, report	CES2765/2020	18/09/2020	
CofA	Court of Auditors: opinion, report	52020AA0005R(01) OJ C 350 20.10.2020, p. 0029	20/10/2020	

Additional information

Source	Document	Date
EP Research Service	Briefing	03/07/2020
European Commission	EUR-Lex	

Final act

Regulation 2021/1056
OJ L 231 30.06.2021, p. 0001

Corrigendum to final act 32021R1056R(01)
OJ L 421 26.11.2021, p. 0074

Just Transition Fund

2020/0006(COD) - 28/05/2020 - Supplementary legislative basic document

The Commission presented an amended proposal for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund with a view to increasing the resources of the Fund to address the consequences of the COVID-19 crisis.

BACKGROUND: in line with the objective of achieving EU climate neutrality by 2050 in an effective and fair manner, the Just Transition Fund aims at alleviating the economic, environmental and social cost of the transition towards climate neutrality, for the benefit of the territories that are most negatively affected by the transition.

The COVID-19 crisis has prompted many governments to introduce unprecedented measures to contain the pandemic. This will pose significant challenges for public finances and debt management in the coming years, which could limit the public investment needed for economic recovery.

In order to prevent the widening of disparities as well as to avoid an uneven recovery process, the Commission proposes to provide additional support over the short and medium term to Member States and regions in order to help their economies and societies weather the situation and to ensure a swift and sustainable recovery of their economies.

CONTENT: the Commission proposes to amend the proposal for the Regulation establishing the Just Transition Fund to ensure that the necessary investments in the green transition are accelerated to create the conditions for Europe's long-term growth and resilience of the European economy to future shocks.

It is therefore proposed that additional resources of **EUR 35 613 048 000** (in current prices) are made available for the Just Transition Fund.

Of these additional resources, EUR 2 810 048 000 in current prices shall come from budget appropriations, bringing the level of the programme under the next MFF to EUR 11 270 459 000, to be allocated in the course of the ongoing negotiations at the level of the European Council.

The remaining additional resources amounting to EUR 32 803 million shall cover the period 2021-2024 and shall constitute external assigned revenue from the European Recovery Instrument. They shall be made available for budgetary commitments under the 'Investment for jobs and growth' objective as follows:

- 2021: EUR 7 954 600 000;

- 2022: EUR 8 114 600 000;

- 2023: EUR 8 276 600 000;

- 2024: EUR 8 441 600 000.

In addition, EUR 15 600 000 in current prices shall be made available for administrative expenditure.

The additional amount shall be distributed among Member States reflecting their capacity to finance the necessary investments to cope with the transition towards climate neutrality in accordance with the methodology set out in Annex I of the proposed Just Transition Fund Regulation.

The proposal foresees that additional resources from the European Recovery Instrument shall not require transfers from national allocations under the European Regional Development Fund and the European Social Fund plus.

The support provided through the Just Transition Fund is complemented by a dedicated just transition scheme under InvestEU.

Additionally, a new public sector loan facility implemented with the EIB shall provide support to combining grants from EU resources with loans provided by the EIB for public entities in view of benefitting the most negatively impacted territories identified in the territorial just transition plans.

Just Transition Fund

2020/0006(COD) - 15/07/2020 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Regional Development adopted the report by Manolis KEFALOGIANNIS (EPP, EL) on the proposal for a regulation of the European Parliament and of the Council establishing the Just Transition Fund.

The committee recommended the European Parliament to adopt its position at first reading in accordance with the ordinary legislative procedure, subject to the following amendments.

Aim of the proposal

Members stipulated that the proposed Regulation shall establish the Just Transition Fund ('JTF') to provide support to the people, economy and environment of territories that face serious socio-economic challenges deriving from the transition process towards the achievement of the Union's 2030 targets for energy and climate, and a climate-neutral economy of the Union by 2050.

Scope of support

Members called for the support of the scope to be broadened in order to include sustainable investments in: (i) microenterprises and SMEs, including start-ups and sustainable tourism; (ii) social infrastructures; (iii) investments in smart and sustainable mobility and environmentally-friendly transport infrastructure; (iv) research and innovation activities, including in universities and public research institutions; (v) projects fighting energy poverty, particularly in social housing, and promoting energy efficiency, a climate neutral approach and low-emission district heating in most affected regions; (vi) green infrastructure as well as regeneration and decontamination of sites, brown fields and repurposing projects, when the 'polluter pays' principle cannot be applied.

Investments excluded from the scope

The following shall be excluded from the scope of the JTF funding:

- investment in enterprises other than SMEs, involving the transfer of jobs and production processes from one Member State to another or to a third country;

- operations in a NUTS 2 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.

For regions heavily reliant on the extraction and combustion of coal, lignite, oil shale or peat, Members proposed a derogation for investments in activities related to natural gas. In this sense, the Commission may approve Territorial Just Transition Plans that include such activities, if they qualify as "environmentally sustainable" in accordance with the Taxonomy Regulation and comply with six additional cumulative conditions.

Financial resources

Members requested a substantial increase in the budget allocated to the Fund from the 2021-2027 financial framework. They proposed an amount of EUR 25 358 532 750 in 2018 prices (principal amount) as opposed to the EUR 11 270 459 000 proposed by the Commission. The amount may be increased, as the case may be, by additional resources allocated in the Union budget.

Green rewarding mechanism

Members consider that additional efforts made by Member States leading to a reduction in emissions going beyond the target should be rewarded. Therefore, they support the introduction of incentives such as the Green Rewarding Mechanism, which reward with additional allocations those Member States which reduce their greenhouse gas emissions at a greater speed. More specifically, 18% of the total of the Just Transition Fund shall be allocated in accordance with the speed with which the Member States reduce their greenhouse gas emissions, divided by their latest average GNI.

Outermost regions and islands

Particular attention should also be paid to least developed regions, outermost regions, mountainous, islands, sparsely populated, rural, remote and geographically disadvantaged areas whose small population make the transition in energy towards climate neutrality more difficult to implement. In this regard, Members proposed that 1% of the total of the amounts shall be a specific allocation for islands, and 1% shall be a specific allocation for the outermost region.

Priority areas and complementarity with existing EU policy instruments

Given that the JTF is designed for the most vulnerable communities within each region, Members called for a co-financing rate of up to 85% of relevant costs for eligible projects.

The resources of the JTF shall be commensurate with its ambitious objective. In order to alleviate the effects of the transition to climate neutrality, the JTF shall have a distinct financial allocation, independent of the allocation of other EU structural and investment funds. Access to the JTF shall not be conditional upon transfers from other EU funds. The resources transferred from ERDF and ESF+shall maintain their original objectives and be included in the levels of thematic concentration of ERDF and ESF+.

Just Transition Fund

2020/0006(COD) - 17/09/2020 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 417 votes to 141, with 138 abstentions, amendments to the proposal for a regulation of the European Parliament and of the Council establishing the Just Transition Fund.

The matter was referred back to the committee responsible for inter-institutional negotiations.

The amendments adopted in plenary are as follows:

Aim of the proposal

Members stipulated that the proposed Regulation shall establish the Just Transition Fund ('JTF') to provide support to the people, economy and environment of territories that face serious socio-economic challenges deriving from the transition process towards the achievement of the Union's 2030 targets for energy and climate, and a climate-neutral economy of the Union by 2050.

Financial resources

Parliament requested a substantial increase in the budget allocated to the Fund from the 2021-2027 financial framework. It proposed an amount of EUR 25 358 532 750 in 2018 prices (principal amount) as opposed to the EUR 11 270 459 000 proposed by the Commission. The amount may be increased, as the case may be, by additional resources allocated in the Union budget.

Broadened scope

The scope of the application of the Funds shall be broadened in order to include sustainable investments in: (i) microenterprises and SMEs, including start-ups and sustainable tourism; (ii) social infrastructures; (iii) investments in smart and sustainable mobility and environmentally-friendly transport infrastructure; (iv) research and innovation activities, including in universities and public research institutions; (v) projects fighting energy poverty, particularly in social housing, and promoting energy efficiency, a climate neutral approach and low-emission district heating;(vi) investments in digitalisation, digital innovation and digital connectivity, including digital and precision farming; (vii) investments in green infrastructure and brown fields; (viii) investments in culture, education and community building, including the valorisation of tangible and intangible mining heritage and community hubs; (ix) training of workers and jobseekers.

Investments excluded from the scope

The following shall be excluded from the scope of the JTF funding:

- investment in enterprises other than SMEs, involving the transfer of jobs and production processes from one Member State to another or to a third country;

- operations in a NUTS 2 region where an opening of a new coal, lignite or oil shale mine or of a peat extraction field.

For regions heavily reliant on the extraction and combustion of coal, lignite, oil shale or peat, Members proposed a derogation for investments in activities related to natural gas. In this sense, the Commission may approve Territorial Just Transition Plans that include such activities, if they qualify as "environmentally sustainable" in accordance with the Taxonomy Regulation and comply with six additional cumulative conditions.

Access to the FTJ

Access to the fund shall be conditional on the adoption of a national objective towards the achievement of climate neutrality by 2050. Those Member States which have not yet committed to a national target for climate neutrality, only 50 % of their national allocation shall be released, while the remaining 50 % shall be made available once they have adopted that target.

Green rewarding mechanism

Parliament supported the introduction of incentives in the form of a mechanism that would reward Member States that reduce their greenhouse gas emissions at a faster rate with additional allocations. Specifically, 18% of the Fund's total resources shall be allocated on the basis of the speed at which Member States reduce their greenhouse gas emissions, divided by their latest average GNI.

Outermost regions and islands

Particular attention shall also be paid to least developed regions, outermost regions, mountainous, islands, sparsely populated, rural, remote and geographically disadvantaged areas whose small population make the transition in energy towards climate neutrality more difficult to implement. In this regard, islands shall benefit from a specific allocation of 1%, even for the outermost regions.

Priority areas and complementarity with existing EU policy instruments

Given that the JTF is designed for the most vulnerable communities within each region, Members called for a co-financing rate of up to 85% of relevant costs for eligible projects.

The resources from the FTJ shall complement the resources available under cohesion policy. Parliament introduced the possibility to transfer resources from other cohesion funds on a voluntary basis.

The resources transferred from ERDF and ESF+shall maintain their original objectives and be included in the levels of thematic concentration of ERDF and ESF+.

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.

Just Transition Fund

2020/0006(COD) - 14/01/2020 - Legislative proposal

PURPOSE: to establish a Just Transition Fund to assist territories facing economic and social transformation as part of their transition to a climate-neutral economy by 2050.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure on an equal footing with the Council.

BACKGROUND: the transition to a circular, climate-neutral economy is one of the main strategic objectives of the Union. On 12 December 2019, the European Council endorsed the objective of achieving a climate-neutral Union by 2050, in line with the objectives of the Paris agreement.

The proposed Regulation implements one of the priorities set out in the Communication of 11 December 2019 on the European Green Deal and is part of the Sustainable Europe Investment Plan, which provides for specific funding under the Just Transition Mechanism in the context of cohesion policy.

The Just Transition Mechanism (JTM) shall provide targeted support to the regions and sectors most affected by transition due to their dependence on fossil fuels or industrial processes that are high emitters of greenhouse gases, to help them mobilise at least EUR 100 billion over the period 2021-2027 and thus mitigate the socio-economic impact of transition.

The JTM shall be additional to the contribution made by the EU budget through all instruments directly related to the transition, including the European Regional Development Fund (ERDF) and the European Social Fund plus (ESF+). It shall have three main sources of funding: (1) a Just Transition Fund, (2) a dedicated scheme under InvestEU and (3) a Public Sector Loan Facility with the European Investment Bank (EIB).

CONTENT: the proposed Regulation aims at establishing the Just Transition Fund (JTF), which is one of the pillars of the Just Transition Mechanism implemented under cohesion policy.

Subject matter

The aim of the JTF is to mitigate the adverse effects of the climate transition by supporting the most affected territories and workers concerned. In line with the JTF specific objective, actions supported by the JTF should directly contribute to alleviate the impact of the transition by financing the diversification and modernisation of the local economy and by mitigating the negative repercussions on employment.

Programming

The programming process, including the identification of the territories for intervention and corresponding actions will be agreed in a dialogue between the Commission and each Member State. It will be steered by the European Semester process.

Taking into account the Commission's analysis, Member States shall prepare one or more territorial just transition plans, providing 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 identifying subsequently the most impacted territories that should be supported.

The proposal also establishes a framework for measuring the achievements of the JTF using the relevant indicators and a mechanism for adjusting support if the targets are not met.

Scope of support

The Fund would essentially provide grants to the regions. The projects funded should contribute to a transition to a circular, climate-neutral economy. The Fund would support, inter alia, the following activities:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;

- investments in research and innovation activities and in fostering the transfer of advanced technologies;

- investments in the deployment of affordable clean energy technologies and infrastructure, in the reduction of greenhouse gas emissions, energy efficiency and renewable energies;

- investments in strengthening the circular economy, including through waste prevention and reduction, resource efficiency, reuse, repair and recycling;

- the up-skilling and reskilling of the affected workers, with the aim of helping them to adapt to new employment opportunities, as well as providing jobsearch assistance to jobseekers and their active inclusion into the labour market.

Budget

The Fund shall be endowed with EUR 7.5 billion (at 2018 prices) for the period 2021-2027 in addition to what the Commission has proposed for the next EU Multiannual Financial Framework (MFF). It shall support the "Investment for jobs and growth" objective of the new regulation on common provisions (CPR) in all Member States.

Member States will complement their Just Transition Fund allocation from their resources under the ERDF and the ESF+ through a specific and definitive transfer mechanism. Member States will also provide national resources to complement the Union resources. The level of Union co-financing will be set according to the category of region in which the identified territories are located. The overall financing capacity of this fund will exceed EUR 30 billion and may reach EUR 50 billion.