

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 Unions 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+.