

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 Unions 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+.