

JOINT STATEMENT

Europe's just transition fund must rise to the challenge

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Achieving ambitious climate goals requires not only political commitments but also significant funds and an effective financing strategy. The European Commission estimates that reaching the EU climate and energy targets by 2030 will need annual **investments of approximately EUR 180 billion across the EU. Europeans support ambitious climate measures and a clean energy transition which leaves no country and no citizen behind.**

As outlined by European Commission President Ursula von der Leyen, in the transition to a climate neutral economy “we must recognise and respect that we do not all start from the same point. We all share the same ambition but some may need more tailored support than others to get there.”

This is especially true for regions with an energy mix heavily reliant on coal and with a GDP per capita below the EU average. The investment needs in the energy sector in these regions are much higher than elsewhere in the EU.

The Just Transition Fund (JTF) established within the Multiannual Financial Framework (MFF) 2021-2027 is a step in the right direction. However, to be successful the Just transition Fund will need to be expanded and well targeted:

1. The budget for the Just Transition Fund must be significantly increased to have a genuine impact

Funding available for the Just Transition Fund needs to be **considerably higher than the EUR 5 billion for the EU proposed by the European Parliament.** The proposed amount will be insufficient to enable Europeans living in regions heavily reliant on coal and carbon intensive industries to fully benefit from the transition and to properly address its social and economic impacts. The Just Transition Fund should be EU “fresh money” as reallocating funding from existing EU Funds risks creating support gaps in other areas where support is still needed.

2. Member States should be in the driver's seat to select projects

The Just Transition Fund will only be successful if introduced with clearly defined governance, scope and objectives.

As in the management of the Structural Funds, Member States should have a leading role in selecting the most relevant projects for financing based on a transparent selection process. Accountability on project delivery will also be critical to ensure funding is properly allocated.

Just Transition Funding for energy investments should be fully consistent with the cost-effective delivery of the EU's Climate and Energy objectives and leveraging the European Investment Bank funds consistently with their overall energy lending policy.

3. The Just transition Fund should prioritise highly carbon-intensive regions

While Just Transition Fund funding will be supporting all Member States, it should **prioritise highly carbon-intensive regions, notably those heavily reliant on coal-mining and carbon intensive industries, and with GDP per capita below the EU average.** It is in those regions where citizens are faced with the biggest challenges. The number of jobs in carbon intensive industries, as well as Energy poverty rates, should be key eligibility criteria.

4. Funds should be made available for investment in renewables, smart electricity solutions and infrastructure

The Just Transition Fund should strive for holistic solutions. Beyond addressing the social impact on transitioning communities, it must support projects that offer economic opportunities. Crucially it should finance re-skilling programmes for coal miners as well as investment in renewables, and enabling technologies and infrastructure. This would help address the economic and social impacts of the transition by creating job opportunities within the power sector. Among others, the Just Transition Fund should support investment in grids and port infrastructure to boost the development of offshore wind, where some coal-heavy Member States have major ambitions.