These are testing times. As I prepare this text, the focus of the European Commission is on COVID-19 rescue and recovery actions. We are working to help European citizens, regions and countries tackle this global pandemic. We are working to help people and businesses withstand the economic shock it’s causing. We are coordinating a European-wide response, mobilising a Cohesion Policy to finance the health sector, to provide liquidity to SMEs and to support jobs. And we have managed to set all these measures in motion very rapidly, with the support of the European Parliament and the Council.

In a crisis, quick thinking and quick action are essential. But we must also play the long game: the socio-economic impact of COVID-19 will be enormous – and it may be with us for many years to come. The economic challenges that we faced before COVID-19 have not gone away. More than ever, Europe needs a strong growth strategy.

The European Green Deal is that strategy. Presented by the European Commission on the 11th of December 2019, the Green Deal is a new growth model for Europe. It is Europe’s commitment to combining a climate-neutral, fair society with a modern, competitive economy.
The current crisis makes this objective even more pressing. The considerable impact that we have already seen on economic activity is evidence of the limitations of our current growth model. It is a timely reminder that we can do better: reconciling growth with climate-neutral processes for the production of goods and services so we can live in a healthier, more equal and modern world.

However, the transition implies that significant structural changes will be required. Many European regions depend on fossil fuels, and they will face an irreversible decline in economic output and employment levels. For example, some 237,000 Europeans are currently employed in coal-related activities, 10,000 in peat extraction and 6,000 in the oil shale industry. Many other jobs depend, directly or indirectly, on the fossil fuel value chain and in greenhouse gas-intensive industrial processes. These sectors will need to transform, adopting technological alternatives instead.

The Coronavirus crisis is likely to accelerate these trends. Not all Member States, regions and cities will start the transition process from the same point or have the same capacity to respond. To succeed, the European Green Deal must be fair. It must leave no region behind.

The Just Transition Mechanism will support the regions and sectors most affected by the transition: regions dependent on fossil fuels or with greenhouse gas-intensive industrial processes. The Mechanism will consist of three pillars:

1. A Just Transition Fund implemented under Cohesion policy rules which will provide grants to manage the social and economic impact of the transition

2. A dedicated scheme under InvestEU which will draw in private investment to finance a wide range of bankable projects across sectors including energy, transport, and social infrastructure.

3. A public sector loan facility managed jointly by the Commission and the EIB; this will leverage in public investment and expand the capacity of local and regional authorities to invest in decarbonisation projects.

We expect that the three pillars will mobilise a total investment of EUR 100 billion.

For Pillar 1, the Just Transition Fund, the Commission proposes to add EUR 7.5 billion of new money, i.e. in addition to the funds specified in the Commission's May 2018 proposal for the 2021-2027 Multiannual Financial Framework. This fresh money will be leveraged with resources from the European Regional Development Fund (ERDF) and the European Social Fund+ (ESF+) through mandatory transfers. Together with national co-financing, as per the Cohesion policy rules, the Just Transition Fund will mobilise between EUR 30 and 50 billion.

The JTF aims to mitigate the adverse effects of the climate transition in the most affected areas — prioritising those with less capacity to address, by themselves, the challenges of the transition. The JTF will support the diversification and modernisation of local economies. It will shield workers from job losses by providing skilling and reskilling.

The JTF will be delivered through territorial Just Transition Plans, identifying the most affected territories and developing regional strategies to adjust them to a climate-neutral economy, while safeguarding economic activity and jobs, and minimising the social impact of transition. Plans will be developed by the Member States, in close cooperation with national, regional and local stakeholders along with the Commission (which will have
to approve them). The Commission aims to make JTF funding available as soon as the new Multiannual Financial Framework has been agreed between the Council and Parliament.

The JTF will be complemented by a Just Transition Scheme under InvestEU (Pillar 2). Pillar 2 will support a broader scope of investments than Pillar 1. Notably, it will encompass complementary projects such as energy and transport infrastructure (including under certain conditions gas infrastructure and district heating), decarbonisation projects, the economic diversification of the selected regions and social infrastructure.

Additionally, a new public sector loan facility to be set up together with the EIB (Pillar 3) will provide subsidised financing to local authorities for the benefit of the Just Transition regions. The Commission will present its proposal for this facility soon. It could take the form of an investment grant, financed from the EU budget, which will be provided together with loans by the EIB to public entities (e.g. municipalities, regional authorities, national bodies). These loans would ensure the financial viability of projects that are relevant to the region’s transition.

The Just Transition Mechanism will play an essential role in Europe’s progress towards achieving a climate-neutral economy by 2050. It will encourage the Member States to accelerate their engagement in the energy transition, minimising the potentially high social, economic and political costs of this transition for certain Member States and regions. It is a concrete sign of Europe’s commitment to ensuring that the social and economic impacts of climate transition are addressed and mitigated.

The times may test us – and other challenges surely lie ahead – but the European Commission will continue with its effort to help its Member States and citizens rise to the challenge together. Europe will face the aftermath of the current crisis empowered with a vision to go forward, a new growth strategy. A strategy to resume growth while replacing the present fossil fuel-intensive economic model of the past. A strategy to make the most of the attractive new opportunities in the emerging clean energy sectors. Most of all, a strategy that is true to our European values, in which no one is left behind.
A WAY TO CLIMATE NEUTRALITY

MICHAŁ KURTYKA MINISTER OF CLIMATE OF POLAND

Climate neutrality, low-carbon economy, reduction of emissions, renewable energy, circular economy, carbon footprint, Just Transition – in recent years, these keywords have become increasingly common in Poland’s public debate, writes Michał Kurtyka.

The debate about protecting the planet for future generations and thinking about climate policy as a tool for safeguarding the common good is engaging ever-broader social circles, which serves as a clear mandate for politicians and decision-makers. The key to good policymaking, which includes a good climate policy, is making responsible decisions.

Poland is a very active participant in the international climate debate and global climate negotiations. Here, it is worthwhile to recall the enormous success of the COP24 Climate Summit in Katowice, when together with partners from all over the world we contributed to the adoption of the Katowice Rulebook – a full operationalisation of the Paris Agreement.

The overarching goal of achieving climate neutrality by 2050 is a commitment commensurate with the European Union’s far-reaching ambitions. Without Poland, achieving this goal will be very difficult, if not impossible, especially in the wake of the United Kingdom leaving the Community.

Poland wants to continue a constructive debate about the future of the EU climate policy and – based on this debate, as well as the resulting thoughtful, responsible action plan – we also want to transform our economy towards climate neutrality.

Of course, as a responsible partner, we also have our concerns and awareness of the complexity of the issue at hand, which stem largely from the economic model that was imposed on Poland as a result of the forced political separation from the Western community in the aftermath of World War II.

The economic and political dependence on the Soviet Union shaped our economic model, the change of which requires time and considerable investments. In the wake of the political transition of 1989 and after regaining its freedom, Poland underwent a fundamental change.

This process is inextricably linked to considerable benefits and numerous opportunities, which can be exploited; however, it also requires numerous sacrifices. In Poland, the political transition has resulted in, among other things, a reduction of jobs in many industrial sectors, including mining, where employment fell from more than 400,000 to just about 80,000, a high unemployment rate and high inflation, which we managed to curb only in the first years of the 21st century.
These days, the situation of Polish society is much better, but in terms of living standards, we are still chasing the countries of the “old” EU.

The notion of justice has numerous interpretations; however, few Europeans would agree with the approach that envisions additional punishment for those who are disadvantaged through no fault of their own.

And this is what the universal imposition of measures to achieve climate neutrality by 2050 would amount to if it does not take into account the particular situation of Poland and without appropriate support mechanisms for a country whose energy system, economic structure and capital resources do not allow it to take full advantage of the opportunities associated with a rapid climate transition.

We are determined to join forces with our EU partners in order to pursue the path towards the key objective – achieving climate neutrality; however, we must be aware of the specifics of the energy market and the economy in a broader sense in Poland.

The scale of the challenges faced by Poland is incomparably greater than in other EU countries.

Poland wants to transform the energy sector and economy but we can’t forget that we are joining the transition from a completely different starting point than other countries. Currently, about 75% of the energy produced in our country comes from coal.

We want to change our energy mix. We want to produce more energy from renewable sources, which we will supplement with low-carbon sources in conventional energy.

Transformation is a long-term process that will not be carried out in a year. A just and responsible transformation will require time – this is not about radical changes, but about gradual but methodical implementation, taking into account a broad social factor.

Of course, this is an oversimplification to a certain extent, since achieving neutrality is not only about eliminating coal from the energy mix, it is also about changing the way we produce energy, switching economic models, as well as changing the behaviours and lifestyle of the society.

As such, it is a very complex undertaking, and we should approach it with utmost responsibility and care, so that its effects on society and industry are as imperceptible as possible.

Poland is taking concrete steps to make climate neutrality a reality. Established at the end of 2019, the Ministry of the Climate is setting ambitious goals for itself.

Those include the transition of the Polish energy sector, considering nuclear energy and the development of offshore wind farms, as well as measures aimed at achieving climate-neutral cities by reducing emissions generated by transport through electrification and clean air programmes, which fund the replacement of coal boilers, thermal modernisation of buildings and installation of photovoltaic panels.

The measures undertaken by the Ministry also include further steps towards achieving a circular economy and increased use of waste in the economy.

In the case of Poland, the next six months will be devoted to cooperation with partners in the EU for the best possible conditions for financing this transition from the EU funds and the implementation of legal, financial and institutional solutions to accelerate the change of the economic model to one that effectively reconciles the goal of improving the quality of life of citizens with concern for the climate.

If the EU wants to make climate neutrality a real and feasible goal, it needs to raise the issue of a fair distribution of commitments. From the point of view of Poland, as well as the viewpoint of the EU and its credibility, there is a need to diversify the pace of achieving climate neutrality, as well as the distribution of funds for funding this transition.

Poland does not want to oppose the EU’s climate ambitions, because we perceive them as an opportunity, not a threat.

Our economy is currently undergoing rapid changes, but we are only at the beginning of this long journey – a journey that will not be easy, but which we will be able to get through, thanks to cooperation with our partners.

Poland wants to show that we care about a community of solidarity within the EU. Without solidarity, we cannot achieve climate neutrality.

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In recent years, the EU has witnessed an acceleration in the transition away from the use of solid fossil fuels. More than half of EU countries now plan to phase out coal from their energy mix entirely. At the same time, more and more companies, in Germany, Spain, Estonia and Greece, face competition from cleaner, cheaper fuels and see their activities and employment levels reducing, whether they extract coal, lignite, peat or oil shale. This reduction has a direct impact on the regions that host such activities, and on the communities that depend upon them.

This issue is why the European Commission launched the Platform for Coal Regions in Transition in December 2017. Our objective was to create an open forum where the different parties who are affected by this transition across the EU could share their views and experience. From national governments to local authorities, coal mining companies to environmental NGOs –to learn from each other’s experience and come up with common solutions to their shared issues. We also established a dedicated Secretariat, tasked with gathering all the available scientific evidence and good practices related to the transition away from coal in Europe and the rest of the world. From this, to develop guidance materials and in-house expertise, which is then brought back to the EU coal regions by way of a technical assistance programme.

Very quickly, the Platform for Coal Regions in Transition became much more than a simple knowledge-sharing tool. It opened up a public debate in places where dialogue had been impossible for years. It established a real sense of community among the stakeholders, both at an EU level and within specific EU coal regions. This success has sparked the interest of even perhaps the most sceptical of the stakeholders. Still today, we regularly receive requests from various EU coal regions to join the initiative. The initiative already covers 20 of the EU’s 31 coal-dependent regions, and we have recently extended our focus to regions where other solid fossil fuels are extracted, such as peat in Ireland and oil shale in Estonia, which are facing similar challenges.

With the request coming from the affected regions for more bilateral interactions with the European Commission services, we complemented our Platform with Country Teams, gathering European Commission experts and their counterparts in the Member State’s national, regional and sometimes local administrations.

The idea that is driving this process is to engage in direct cooperation on the ground and seeking practical EU assistance in terms of support for the development of transition strategies and projects. The approach has already started to bear its fruits. In 2019, Slovakia officially adopted its Just Transition roadmap and action plan, developed with technical support from the European Commission. Similar processes are ongoing in Greece and Romania and soon Slovenia and Spain. We have also brought EU funds closer to the ‘Just Transition’ objectives, by reprogramming over EUR 400 million of our cohesion funds in Poland, Czech Republic and Slovakia to support pilot projects in these regions.

This approach will be continued in the next EU budget, with the mobilisation of all available EU tools and instruments to support climate action and the clean energy transition, with the objective of making the EU the world’s first climate-neutral economy and society by 2050. At the same time, additional finances will be channelled towards the regions and people most affected by the transition. Most notably through a newly created Just Transition Mechanism, and corresponding Just Transition Fund, to provide increased EU support to the most exposed regions and workers.

For this purpose, the European Green Deal that was announced by President Ursula von der Leyen on the 11th of December 2019 puts the issue of ensuring a ‘Just Transition’ at the very top of the EU agenda for the coming years. It has the twin objectives of protecting Europe’s competitive and technological edge in the future climate-neutral global economy while leaving no one behind.

**Total number of jobs in coal power plants and coal mines at NUTS-2 level**

There is no doubt that the ongoing coronavirus pandemic is one of the biggest and most pressing challenges that we have faced in recent decades. The European Union, and indeed the rest of the world, stood in dismay when suddenly the virus not only attacked our respiratory systems but also jeopardised the employment of tens of millions of people, restricted our freedom of movement and assembly, and significantly impacted our lifestyles.

We are profoundly shocked, which is entirely understandable. Still, all this could be just a bitter foretaste of what might soon await us if we do not stop global warming. We will see waves of fires and droughts, hundreds of thousands of premature deaths each year due to the heat and air pollution. People may need to resort to fighting for access to safe drinking water while, in other parts of the world, catastrophic floods will be washing away crops, roads and houses. Scientists have been warning us about these potential consequences for years. I hope soon we will find a vaccine for the COVID-19 virus; however, a vaccine for climate change neither exists today and nor will it ever appear in the future. Therefore, even the most heroic fight against a huge global challenge – coronavirus – in no way relieves us from our duty and responsibility to also combat global warming.

In this situation, the European Green Deal – the EU’s new growth and development strategy that aims to provide the tools to achieve climate neutrality by 2050 – is becoming even more vital than ever before. In a way, this is a genuinely historical initiative – both for the EU and globally. Why so? Because if it succeeds, it will not only contribute to protecting our planet and secure a better future for our children and grandchildren. First and foremost, we will prove to the rest of the world that it is possible to reconcile actions for economic recovery and growth with climate protection measures. And success will mean that others will follow – I am quite sure of that. At the same time, I am also equally sure that if it does not succeed, no one will ever follow us. And the consequences could be dramatic: from EU citizens losing trust in the EU as an institution, through to ultimately a global climatic disaster.

So, there is a lot at stake here, and failure is not an option. The dire consequences are why we have to approach the Green Deal in a balanced, well-thought and inclusive way. I believe the Just Transition Mechanism, and in particular, the Just Transition Fund (JTF), is one of the crucial elements of this approach. Let us look at the name itself – why do we call it “Just”? This nomenclature is because we want to leave no citizen, no region and no Member State behind. We aim to guarantee a secure and worthy future to all our citizens in the EU coal regions, which will be affected the most by this unprecedented transition. And why “Transition”? Such a profound transformation of the economy cannot happen overnight. We have to be aware that it will need to be an evolutionary and not a revolutionary process – and a long, complicated and demanding one. Finally – why do we talk about “Fund”? Our political will, and the commitments of citizens and relevant stakeholders are fundamental, but certainly not enough on their own. We need significant additional funding to properly and fully implement it, to make sure that it happens. This goal is precisely the reason why, in autumn 2018, I came up with the initiative to establish a new Just Energy Transition Fund. Thanks to the support of my colleagues from the Committee on Industry, Research and Energy (ITRE) and subsequently from the European Parliament (EP) as a whole, this proposal has become a part of the EP official position on the future Multiannual Financial Framework (MFF) for the years 2021-2027. Recently the European Commission took my plan on board and made it a key part of the “European Green Deal”.

WHY SHOULD A ROBUST JUST TRANSITION FUND BE ESTABLISHED?

JERZY BUZEK MEMBER OF THE EUROPEAN PARLIAMENT, ITRE COMMITTEE
For Pillar 1, the Just Transition Fund, the Commission proposes to add EUR 7.5 billion of new money, i.e. in addition to the funds specified in the Commission’s May 2018 proposal for the 2021-2027 Multiannual Financial Framework. This fresh money will be leveraged with resources from the European Regional Development Fund (ERDF) and the European Social Fund+ through mandatory transfers. Together with national co-financing, as per the Cohesion policy rules, the Just Transition Fund will mobilise between EUR 30 and 50 billion.

The JTF aims to mitigate the adverse effects of the climate transition in the most affected areas – prioritising those with less capacity to address, by themselves, the challenges of the transition. The JTF will support the diversification and modernisation of local economies. It will shield workers from job losses by providing skilling and reskilling.

The JTF will be delivered through territorial Just Transition Plans, identifying the most affected territories and developing regional strategies to adjust them to a climate-neutral economy, while safeguarding economic activity and jobs, and minimising the social impact of transition. Plans will be developed by the Member States, in close cooperation with national, regional and local stakeholders along with the Commission (which will have CEEP REPORT Q1 (59) 2020

The general idea of supporting the Union’s coal regions through the European Union’s budget dates back to at least 2017. In May 2017, in my home region of Silesia, we proposed – together with Maroš Šefčovič, who back then was the EC’s Vice-President for Energy Union - the creation of a special EU Coal Regions in Transition Platform. It was a structural action which aimed to help these regions in their transformation away from coal extraction and to mitigate the social impact. This initiative has been running through 2018, 2019, and in 2020 we secured a record budget of EUR 18 million for it!

This Platform should serve as a base model for a credible and robust Just Transition Fund. What will this Fund look like in more detail? What exactly will it finance, by how much and under which conditions? The answers to all these questions should become known in the next couple of months. On the 14th of January, the Commission came up with a proposal for the applicable Regulation. The European Parliament is currently working on this document, and, hopefully, by the end of the current year at the very latest, we hope to reach a reasonable compromise with the Council. And I look forward to contributing to the whole process as the ITRE rapporteur on this file.

In my opinion, the JTF should primarily provide support to the regions that are heavily reliant on coal and with a GDP per capita that is below the EU’s average level. It has to consider the different starting points of each different Member State, as a “one size fits all” approach will not work. Furthermore, it is crucial for its success that the budget increases significantly. At the same time, while being financed from new, additional budgetary resources – fresh money – it should by no means lead to any cuts in other EU instruments and policies (in particular in structural and agricultural funds). It has to become a separate budget line in the next 4-5 MFFs, until at least 2050. Moreover, allowing synergies with other financial instruments and institutions (e.g. the InvestEU Programme or the European Investment Bank) is critical. Last but not least, there needs to be a balance between the involvement of national, regional and local authorities in drafting the Territorial Just Transition Plans. It is also vital to ensure that the final decisions on the project financing rest with the authorities of the beneficiary regions.

As regards the possible scope of support, I would like it to be comprehensive and guarantee an adequate level of flexibility to the beneficiaries. The Fund has to support first of all the revitalisation of the coal regions and cities, as well as regeneration of post-industrial sites and their preparation for environmental-friendly investments that deliver new desirable jobs. Secondly, all the technology and infrastructure for reducing CO2 emissions, air pollution and energy poverty should be eligible – including renewable energy development, energy efficiency improvements, gas networks, high-efficiency district heating and cleaner public transport. Thirdly, JTF must allow for the financing of investments in digitalisation, research and innovation activities – including so-called social innovations which aim to meet citizens’ needs in a better, safer and more secure way than existing solutions. Moreover, the Fund has to support investments in enterprises, SMEs and start-ups, in training and courses that prepare workers for the labour market of the future.

All these measures should ensure that we will have a Just Transition Fund which will genuinely help the whole of the European Union - and in particular its coal regions and their citizens - in achieving a clean energy transformation. We have no other option but to succeed – today, this is even more evident than before.
Coal is dying in Europe, but lignite regions possess assets that could transform them into competitive power houses of low carbon industries, argues Julian Popov, Fellow at the European Climate Foundation and former Bulgarian Minister of the Environment.

Europe needs a coal regions strategy that combines local assets with favourable state aid rules, simplified bureaucracy and support for major industry R&I centres

European coal is in terminal decline. Coal consumption in the EU today is half of what it was 30 years ago while the economy is three times larger. According to Sandbag, a London and Brussels based think tank, in the last six years EU coal consumption declined by a third and shrunk by 19% in the first six months of 2019.

All this has happened before new tighter industrial emissions requirements for large combustion plants (known as LCP BREF) come into force in 2021 and before the current EU ambitions for a 55% greenhouse gas reduction by 2030 and climate neutrality by 2050 are formally adopted.

Europe is under pressure to act fast to mitigate the social, economic and energy security consequences of the closure of the coal industry. Public and political instincts suggest two interlinked approaches — burden sharing and compensation. We need to share the hardship of the transition and compensate those who would lose and suffer most. There should however be a third approach.

While coal is dying, coal regions don’t need to die. They could thrive. Their economic prospects come precisely from the death of coal. Coal, particularly lignite, regions could be not only the main beneficiaries of the carbon neutral transition, they could be one of its key drivers.

Lignite regions have several essential assets that could transform them into competitive power houses of future low carbon industries.

The large areas of land unsuitable for agriculture are an obvious opportunity. A recent study by the Joint Research Centre, the European Commission’s science and knowledge service, estimates that EU coal regions in transition occupy more than 7570 km2 of land. If covered with photovoltaic plants they could generate the same amount of electricity that coal in Europe generates today. This is not the only land available in the coal regions and the study does not include the significant coal areas in neighbouring Energy Community countries, namely the Western Balkans and Ukraine.

Of course nobody is suggesting that all this land should be fully covered with photovoltaic panels, but a large part of this low cost energy potential could be used. An industrial solar power contract in Portugal reached EUR 14.76 a megawatt hour this year, well below the wholesale average market price in Europe. While this price was unusually low, it points at a consistent downward trend of prices for utility solar and wind generation.

Land in the coal regions is typically owned or controlled by a single owner, often the state, that could provide it for free and waive administration fees and barriers with a single government or parliamentary decision reducing further the cost of installation.

**STRONG GRIDS**

Coal regions usually have the strongest power grids in a country because of their large generation capacities, significantly reducing grid connection costs and shortening the power system integration process that can be long, painful and expensive.

Turning coal regions into solar, and in some cases wind generation, centres is only part of the industrial potential of coal areas. Most of those in the labour force in mining regions are engineers and technicians with high level qualifications and extensive experience. Maritsa East, the largest lignite generation region in southeast Europe, employs around 15,000 people, 20% of those working on the mines and 25% of those in the power plants are university graduates.

This is the type of workforce that we should worry not how to compensate, but how to keep. Developing low carbon industrial clusters in coal regions could absorb, retain and expand this valuable expertise which otherwise could be dispersed and lost.

Along with industrial size renewables, expansion in coal regions could attract new pilot and commercial hydrogen installations, a wide variety of storage plants, battery manufacturing, electric car and bus plants, production of electric micromobility vehicles, cables, insulation materials, LED lighting, solar and wind energy components and dozens of other enterprises that would need primarily regulatory and political support rather than heavy subsidies.
Turning coal regions into zero carbon industry hubs will also respond to the idea of building so-called European industry transition "super-labs" as proposed last year in the Final Report of the High-Level Panel of the European Decarbonisation Pathways Initiative set up by the European Commission’s Directorate-General for Research and Innovation in 2016.

**SLOW PROGRESS**

To some extent this transformation is happening, but in a slow and random way, battling with constant big and small barriers at a local, national and EU level.

Since the 1960s, the Ruhr turned from a major coal region employing half a million miners into one of the drivers of Germany’s low carbon transition. The Katowice Economic Zone in Poland was established in 1996 and since then has created more than 80,000 new jobs and attracted more than 390 companies. In 2013, the former coal region of Nord Pas de Calais in the north of France adopted a roadmap with the ambition to become a leading centre of the Third Industrial Revolution. Greece recently announced its ambition to transition from coal to solar and hydrogen. There are other examples.

To accelerate and focus this process, we should replace the burden and compensation paradigm with one defined by competitiveness and innovation. We need a transition that seizes opportunities and uses the assets of coal regions to drive Europe’s net zero carbon strategy.

Europe needs a dedicated coal regions strategy that combines relevant assets with favourable state aid rules, simplified bureaucracy and support for major industry research and development centres that could catalyse the transition further. We need a combined effort from policy makers, industry and investors to encourage breakthrough technologies, both for start-ups and large companies, and absorb some of the financial risks of innovation.

The ambition to turn the European Investment Bank into a "climate bank" and setting high emission reduction standards are good initial steps. Channelling efforts towards the coal regions should follow.

In this way, coal regions will not only reduce their transition bill, but will become the main drivers and beneficiaries of the transition, contributing to Europe’s global industrial competitiveness and strengthening European energy and political security.

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THE SITUATION IN CENTRAL EUROPE

As many countries of the Central Europe region still largely depend on coal and lignite (Poland, Czech Republic, Bulgaria, Romania; Estonia depends on oil shale) their transformation will be more complex and will generate higher costs. At the same time, the national and local budgets, due to the lower than EU average GDP level, are not significant, and so without the external support, their transition journey could result in a surge in energy prices and social instability. The analysis of the more ambitious European Green Deal targets, particularly the increase of Greenhouse Gas (GHG) reduction target by 2030 to 50-55%, are urgently needed to accurately assess its impact on the energy systems and economy of the Central European countries. What we can expect is the rise in prices of CO2 allowances to the level above EUR 30 which will make most of the conventional power plants unprofitable and could lead to their early closure and, as a consequence, provoke a sharp increase of rate of unemployment and undermine security of supply level.

The most typical case is Poland, where the coal sector, directly and indirectly, employs 150,000 people. According to the eurelectric study, the total CAPEX of investments required to deliver the 80% GHG reduction scenario by 2045 would be equal to EUR 147 bn (excluding grid and storage costs). Additionally, the energy sector will have to bear the costs of CO2 allowances of approximately EUR 68-85 bn in the period 2020 to 2045. In the southern part of the region, the Bulgarian and Romanian governments estimate that the costs needed for the transition will be app. EUR 30 bn until 2030 and Croatia recently outlined in its INECP the amount around EUR 65 bn (till 2050).

SIZE OF THE FUND

The magnitude of the transformation requires the allocation of a significant amount of resources. The announcement of the European Green Deal has been a top political priority for the incumbent European Commission, and so consequently the relevant resources should follow. Meanwhile, the current proposal is only for EUR 7.5 bn for the period 2021 to 2027 for the whole EU. It constitutes only a small part of the total needs as we look at the figures above. If we consider the modest estimations of an annual requirement for EUR 100 bn, this means that the JTF constitutes only 1% of the total funding requirements.

The energy transition is a very complex and multifaceted process. It encompasses many dimensions of economic activities, the changes in the energy markets, the mode of power generation, but also the social impact – as it will create the structural changes in the related employment. In the last few years, the concept of Just Energy Transition has emerged and was often a subject for discussion in Brussels, in the Member State's capitals, and also in the framework of UNFCCC. The concept assumes that the decision-makers should focus on those regions and countries which rely to a more significant extent on fossil fuel production or extraction and, at the same time, have a lower level of economic development. Obviously, for them, the transition journey will be longer, more challenging and importantly, more costly.

Indeed, within the European Union, there are still discrepancies both in terms of the use of fossil fuels and the level of GDP. Central and South-Eastern European countries are all covered by a cohesion policy and are eligible for financing. At the same time, for many of them, fossil fuels (particularly coal and lignite) remain an essential source of power generation. This dependency automatically translates to higher costs for the decarbonisation of their energy systems.

COSTS OF THE ENERGY TRANSITION

The costs of the energy transition differ, depending on the assumed models, but even so, the figures are staggering. A study by the ITRE committee indicates that the annual cost of transition between 2021 and 2050 will be between EUR 95 and 145 bn annually. The impact assessments of the Clean Energy legislation estimate that the delivery of the Union’s 2030 energy targets will require additional investments of EUR 177 bn annually for the period 2021-2030. A study by Eurelectric indicates that the cumulative capital investment cost of energy transition between 2020 and 2030 for the EU would be between EUR 677 and 885 bn, which translates to between EUR 89 and 111 bn annually depending on the scenario (80-95% decarbonisation). The Long Term Climate Strategy assumes that investments in low-carbon energy and related infrastructure will have to increase from an annual 2% of EU’s GDP to a level of 2.8% (between EUR 520 and 575 bn) for carbon neutrality to be achieved by 2050. These estimates suggest considerable additional investments in the range of EUR 175 to 290 bn a year will be necessary.

THE SIZE OF THE JUST TRANSITION FUND SHOULD BE ADEQUATE FOR THE CHALLENGES AHEAD

MACIEJ JAKUBIK EXECUTIVE DIRECTOR OF CEEP
The circulation of different numbers before the announcement of the proposal indicated that the targeted amount was between EUR 15 and 30 bn. CEEP, in its paper¹, called for EUR 25 bn. The more, if the Commission is examining the increase of GHG reduction targets by 2030, it should go in parallel with an adequate expansion of the fund.

What’s also important is that a large share of the funding should constitute “fresh money”. It should not be reallocated from structural funds, as this would mean a decrease of resources available for the lower-income Member States and a weakening of the cohesion policy. Also, the JTF proposal assumes the transfer of sources from ERDF and ESF+ (for each EUR 1 from JTF, EUR 1.5-3 from the cohesion envelope). It is a discussable provision which can discourage local authorities from applying for funds and therefore should be optional and not mandatory. This proposal will allow for more flexibility and better assessment of the specific needs of any particular country or region.

We should also look at the distributional effects more closely. According to the proposal, the EU-11 countries will receive only 60% (EUR 4.5 bn) of the total amount of the fund whereas the biggest and richest EU countries will have an allocation of almost 30% (EUR2.17 bn). One can conclude that the implementation of the GDP adjustment factor is not correct here.

CONCLUSION

As the costs of the energy transition are enormous, there is a clear need to increase the spending for the transformation of the European energy sector. Bearing in mind the economic consequences of the COVID-19 outbreak, it will be a challenging task. However, we can also see it as an opportunity. The significant investments into the transformation could stimulate economic growth and therefore form a part of the European recovery scheme. This additional benefit is an argument in favour of the increase of the fund.

The question remains open how to design the next EU budget properly and how to finance the increase in climate ambition adequately. If we consider an increase of climate targets, then rise of the JTF allocation is a natural consequence. To put it in other words, the size of the JTF should be adequate to for the challenges ahead.

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**European countries have different starting points in the energy transition**

**2015 carbon intensity of electricity**, kg CO₂/MWh

- Heavy dependence on coal. Nuclear phase out and high share of intermittent renewables.
- Wind, nuclear and gas capacity. Coal phasing out.
- Wind, hydro and nuclear fleets, in addition to significant gas capacity across Iberia.
- France with a large nuclear fleet.

**Nordics, Austria and Switzerland with significant hydro resources.**

**Heavy current dependence on coal in Poland, and Southeastern Europe.**

**Gas provides large fraction of generation.**

Source: Decarbonisation pathways. Full study results. Eurelectric 2018
Riding high on momentum of the COP 24 Silesia Declaration in Katowice heralding a socially inclusive just energy transition from the heart of Poland’s coal mining region, it was inevitable that early enthusiasm was due for a reality check and the Commission’s Just Transition Mechanism (JTM) proposal released in January did not fail to disappoint.

As part of the 10-year EUR one trillion European Green Deal Investment Plan, JTM is envisaged to reach EUR 100 billion of investments over 7 years. For some context, one trillion over the next decade would only cover the power sector based on its own estimates, and with the expected increase in 2030 targets later this year more investments will be needed faster.

Setting aside Poland’s popular assertion that the JTM is an order of magnitude too small, this article will attempt to present the JTF as case study for CEE efforts to accelerate its energy transition.

Setting aside Poland’s popular assertion that the JTM is an order of magnitude too small, this article will attempt to present the JTF as case study for CEE efforts to accelerate its energy transition.

The JTM starts with a paltry EUR 7.5 billion of fresh money which in itself is technically dubious under the MFF framework. What the Commission classifies as financial leveraging to reach the heights of this EUR 100 billion critics in Strasbourg deem as misleading creative accounting. Both have a point. But Eastern recipients have the most to gain and lose when it comes to the Commission’s grandiose figures since they would be obligated to contribute matching euros to receive them in return.

At the core of JTM is the Just Transition Fund (JTF), functioning primarily to provide grants for Eastern member states that not only face a greater degree of socioeconomic difficulty in transitioning from carbon intensive economies but suffer from chronically underdeveloped financial markets and investment frameworks. I would emphasize that fixing the latter is a precondition for achieving the former.

JTF is envisaged to reach EUR 50 billion – half of the JTM – with a reallocation of ‘matching’ beneficiary funds through a combination of European Regional Development Fund (ERDF) and European Social Fund (ESF) and national budget provisions that topping up the EUR 7.5 billion seed money. This is a large enough gap, but not to say that these funds wouldn’t or shouldn’t be put this use anyway. The Cohesion Policy governing the last budgetary period set out climate action and environmental sustainability growth objectives for Cohesion, ERDF and ESF that will be further emphasized in the next budget. Thus there is already a firm basis for scope and application of JTM/JTF to compliment and reinforce these objectives.

If the EU is introducing a new policy initiative that requires increased spending – like the Climate law’s 2050 carbon neutrality in this case – Eastern member states rightly expect more money on top of existing budgetary provisions, not the recycling of them. ERDF and ESF are within the Cohesion Policy which is a sacred cow fiercely defended from any Commission imposition. But stepping back, CEE has grown all too comfortable and dependent on the grant system over the years. On top of being free, and the moral hazard that comes with it, external evaluation is superficial and virtually unenforceable. This is not to question the rationale or purpose behind the Cohesion Policy – in a word getting used more frequently in time of crisis ‘solidarity’ – but to advocate the need for more transparency and accountability that improves value for money. In the end it is the governments that need to take the initiative on performance criteria through EU advisory tools that are available.

And while governments finagle over headline MFF budget numbers, the fact remains that public finances and no less EU grants will not be sufficient to achieve the scale of investment necessary. They must do heavy lifting to crowd-in private investment, which is why the Commission’s plan to leverage JTM with EIB and InvestEU programmes is the correct and only way forward.

Private equity and commercial loans are by nature more transparent and accountable because people or banks are rigorous about project evaluation and expect their money back with a return, which is why blended financial instruments structured around public funds is ideal not only as a multiplier but for quality control. As such, instruments using EU funds should not be subject to the same extensive application procedures as EU grants, yet in many cases they are.

'LESS MONEY MORE PROBLEMS': JTM AND CEE ENERGY TRANSITION

NOLAN THEISEN CLIMATE AND ENERGY FELLOW, GLOBSEC
JTF is a tool for the Commission to gain political buy-in from Eastern member states for the Climate Law and 2050 carbon neutrality. As such, being light on funds, vague in scope and somewhat redundant is not exactly a winning formula. Eastern member states have a right to call out the Commission’s for a degree of mischaracterization and under-delivery, but at the same time should recognize that Cohesion, Emission Trading Scheme (ETS) or Green Deal budgets will together not be enough. Above all, rather than distracting from the JTF should contribute to improving national financial frameworks and ensuring value for money, which requires a radical departure from business as usual. Is reallocating ERDF/ESF resources in support of the social dimension of the low carbon transition, already enshrined in the Cohesion Policy, so consequential? Are we talking about the principle or the result? In the end it is a green DEAL after all.

This year was already set to be pivotal for the EU with the intensification of Green Deal and MFF negotiations that will fund the bloc’s sustainable growth model for the next decade, but now adding to this monumental undertaking is the urgent need to set economies on the proper long-term trajectory from the depths of the COVID-19 shutdown. Actions and decisions in the coming months will go a long way in determining the future competitiveness of the CEE region and for that matter the EU as a whole - whether strategic clean technology project pipelines will emerge to capitalize on available EU resources and catalyze the region’s low carbon economy transition or whether the region continues to be muddled in business-as-usual, making hay in the short and medium term while failing to reinvent the foreign direct investment infused industrial model of the past 30 years and falling further behind the West. It is cliché, but solidarity must prevail to make the grand deal on Europe’s climate future.

The views expressed in this opinion are those of the author and do not necessarily reflect the position of GLOBSEC or CEEP.
The last decade can be called not so much an energy transformation as a world-wide turning point looking to return the climate to the state before the start of the so-called industrial age. The adoption of the European Green Deal is a new start for the energy future, with specific objectives set out in the proposal for European climate law to achieve climate neutrality by 2050. The New European Deal obliges the EU Member States to achieve ambitious targets with support provided through new financing mechanisms. The expectation is that the budget for investment is to be EUR 100 billion. For Poland, whose fuel mix currently consists of 75 % from coal, this is an opportunity to obtain considerable funds. In this report, we identify the relevant EU objectives and to whom the money streams will flow.

The energy transformation will be a challenge for many EU countries, especially Poland. The present structure of our fuel mix puts us in an uncomfortable position from the perspective of the European Green Deal objectives. On the other hand, the fact that we still produce over 75 % of our electricity from coal is an opportunity to obtain significant financial resources from the Fair Transition Fund. The condition for taking advantage of this opportunity will be to create a good plan for the transformation of the Polish energy sector, taking into account ambitious, but at the same time realistic, climate goals that need to be achieved and ensure consistency in its implementation. However, the most critical factor for the success of such a plan will be to gain social acceptance for its application, which in turn will require the creation of an acceptable deal for its beneficiaries.

The European Green Deal is the legal consequence of the obligations arising from ratification by the EU of the Paris Agreement when it became a party to it. It stresses the need to halt climate change and respond to the risks involved. It sets out key climate objectives, i.e. to reduce global emissions by at least 60 % below the 2010 levels by 2050, to give impetus to the actions necessary to achieve climate neutrality as soon as possible, to ensure a fair transition and to protect those at risk of losing their jobs. Although it is a weak law, with no absolute enforcement, it is an exercise of the European Commission's competence to protect the interests of the EU and its citizens in matters that it cannot effectively address at a national level. The importance of this act needs to be read across the board, in light of future developments. The question that needs asking here is, do countries that unite within a given international organisation only respect acts that are at risk of being sanctioned for not respecting them, or are the provisions contained in the EU’s new governance values of supranational interest?

The most critical objective of the Green Deal is to achieve climate neutrality as a priority that radiates to the other determinants, i.e., zero-carbon, modern, resource-efficient and a competitive economy. Protecting the EU's and citizens' natural capital against climate change and preventing social exclusion by providing jobs for those at risk of losing them as a result of the macroeconomic changes.

The European Commission proposal, published on the 14th January of this year, Proposal for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund is supposed to stand as the financial basis for the implementation of the abovementioned objectives.

**JUST TRANSITION MECHANISM**

The Trilogue, the ordinary EU legislative procedure involving cooperation between the European Commission, the European Parliament and the Council, will produce the regulations for the functioning of the Fair Transition Fund, as announced in the European Green Deal.

The Just Transition Fund is one of the three pillars of the Just Transition Mechanism, a comprehensive solution to support the ability of Member States to finance the activities related to the energy transformation. The mechanism foresees a fund of EUR 100 billion that will be made available for the Member States, with the possibility of increasing this amount. The first pillar (JTF) announces funding at the level of EUR 30-50 billion, the second pillar (InvestEU) will be EUR 30-40 billion, and the third pillar, the EIB’s lending mechanism will be EUR 25-30 billion. These amounts are the highest budgeting of EU funds so far, but, at the same time, the means of obtaining them is to be covered by a regime of meeting strictly defined requirements and a mechanism of verifying the effectiveness of their disbursement.

**JUST TRANSITION FUND**

The objective of the Fund will be to provide grants to the regions most affected by the effects of combating climate change. All Member States will be able to apply for support. However, the allocation is to be proportional to the needs, based on an allocation method that depends primarily on the greenhouse gas emissions from industrial plants (weighting 49 %) and employment in the hard coal and lignite mining sector (weighting 25 %). This allocation is a strong incentive for changes to the Polish economy, in which the share of renewable energy sources (RES)
in the current energy mix is far from the required thresholds established in the climate and energy package. Local governments will play an essential role in obtaining access to funds. They will take part in the preparations to issue a territorial transition plan, presenting the state’s actions for transformation until 2030, which will need to be prepared by each state applying for funding.

The plan must ensure the transition to a climate-neutral economy and identify the territories in most need of support. Resources will need to be shared, considering the social, economic and environmental challenges. The data from the Central Statistical Office (GUS) contained in the Fuel and Energy Economy in 2017-2018 shows that the share of RES in this period was about 12% of the total. Therefore, it is necessary to increase the actions aimed at adopting clean energy dynamically. The conclusions of the European Council meeting held on the 12th of December 2019 shows that Poland is not able to commit itself to the goal of achieving climate neutrality by 2050. The proposed European Climate Law, which will be issued in the form of a Regulation, aims at harmonising the EU climate strategy and preventing individual derogations from the climate neutrality objective.

WHO CAN APPLY FOR FUNDS?

The expectation is that the budget of the Just Transition Fund for the period 2021-2027 will be at the level of EUR 4.8-7.5 billion. Individual countries will be able to supplement this Fund with money taken from the European Regional Development Fund and the European Social Fund. Taking into account the total funding possibilities, the final amount available could reach as much as EUR 50 billion. Among others, the following will be able to apply for funding: SMEs, start-ups, business incubators, and entities providing consulting services, conducting research and other innovation activities, and implementing technologies for clean energy, including RES. Funding options will exclude investments in nuclear power plants, the tobacco industry and fossil fuels. Such a wide range of applications represents significant opportunities for many industries, which will gain not only financial support but also new tools for investment.

InvestEU

The second pillar is to constitute a special system within the InvestEU Programme. It provides for the financing of EUR 30-40 billion. InvestEU is to focus exclusively on private investment in energy and transport infrastructure, gas and district heating and decarbonisation projects. The aim is to support investment in low-carbon energy, i.e. RES and energy efficiency. The expectation is that this pillar will mobilise EUR 650 billion over a period of seven years.

EIB

The intention of the EIB loan facility is to be the third pillar of the JTM. It will target the public sector through interest subsidies or investments in energy infrastructure, transport, district heating and energy efficiency measures. Through the so-called financial leverage effect, i.e., attracting financial resources in the private sector, the expectation is that it will generate many times more funds and contribute to achieving the climate change target. This instrument provides support of EUR 25-30 billion, financing climate-related investments of around EUR 600 billion.

IN SUMMARY

The best description of the current global climate situation is as approaching a point of no return, a state where it would be extremely challenging to reverse the negative industrial consequences. As a result, it is necessary to focus the whole world towards adopting a rational, climate-neutral economy. For the Member States, local governments, and entrepreneurs, this is the green light for the development of investments through transfers of significant EU funds. For Poland, it means a red light for coal-based energy and the possibility of using a Union financial moneybox without prejudice to the budget.

To use the new funding effectively, preparation of a comprehensive plan for the transformation of the Polish industry will be necessary, including the mining and coal-fired energy sectors. Such a strategy should include an offer addressed to the inhabitants of the mining regions, taking into account both the direction of industry transformation and the provision of jobs in new branches of the economy (e.g., the RES sector, batteries for electric vehicles, or energy storage facilities), as well as support mechanisms for employees of the liquidated industries and their families. The inclusion of resources from the European Social Fund in the JTM enables the implementation of social programmes aimed at supporting employees in the acquisition of new competencies, reshaping, or shielding programmes similar to those used by the British Government led by Margaret Thatcher in the 1980s.

Today, it should do its homework and prepare itself so it can join the ranks of the zero-carbon economy leaders.

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The European support for energy projects in Slovakia has been not only traditionally welcomed, but it seems that the level of investment into energy infrastructure would never reach necessary levels with only the available domestic funds. Time and again, the Slovak government has utilised different EU funds to support energy infrastructure development, especially concerning energy security. And while until recently the focus has been primarily on fossil fuels (mainly natural gas supply diversification), the Just Transition Mechanism – and especially the associated Fund – provides an opportunity for Slovakia to decrease the carbon footprint of Slovak electricity generation. There are many other areas in which the Mechanism has an opportunity to support Just Energy Transition in Slovakia. However, when it comes to the coal industry, the Mechanism (and especially the Fund) can contribute to the government’s effort to make electricity production in Slovakia much “cleaner". This effort sends an important message about EU’s intentions to support energy transition not only in the most challenging cases but to provide assistance to any member state dedicated to the common goals of achieving (almost) a carbon-neutral economy by 2050. Moreover, the experience gained from the Slovakia transition can then be applied to govern Just Transition in the coal sector in those member states where this plays a much more crucial role.

Indeed, Slovakia produces only a small amount of electricity from coal-fired power plants, with only two being currently online. In 2018, these power plants produced 2826 GWh of electricity, which is less than 10% of the country’s total electricity consumption.

Domestic coal is used only in one of them (Elektrárne Nováky); however, due to its low-quality and non-competitiveness, the Government has decided to subsidise its utilisation by developing a support scheme. In practice, this has a form of a preferential dispatch for the coal-fired power plant and a guaranteed price for a certain amount of generated electricity. If the end consumers cover the cost of this support in the form of a surcharge added to their electricity bill, which increases the price of electricity for households and companies, and provides another incentive for the phase-out of coal. The basis for the support is the argument that the electricity generated from domestic coal improves energy efficiency, and the support of the connected coal industry is important for social reasons.

With the launch of “Platform for Coal Regions in Transition” in 2017, the position of Slovakia on the necessity of needing electricity produced from domestic coal started to change. An announcement in 2019 declared that the support for electricity generation from domestic coal would cease in 2023, which will lead to the end of domestic coal production since the Elektrárne Nováky power plant consumes almost all of this domestically produced coal. This change will not, however, mean the end of the use of coal in the Slovak electricity production in particular, or the economy in general. The steel industry has an important position in the Slovak economy, and another power plant uses imported hard coal. The change will get rid of a significant greenhouse gasses emitter, and considerably reduce the carbon footprint of Slovak electricity production. However, there is a need for solutions for several issues before the successful finalisation of the domestic coal phase-out process.

Resolving these issues is where the Just Transition Mechanism and its funds can provide help. The Slovak Ministry of Economy has already used EU funds (Structural Reform Support Programme 2017-2020) to finance the first analysis for the proposed transition of the affected region. However, the interconnectivity of the thermal power plant with many issues (including district heating, electricity grid balancing, employment, and other topics) create a challenge for a transition to be on the one hand just, and on the other hand, create new opportunities. The EU funds could provide crucial support to help solve many of these issues, not only because the Slovak government has cooperated with the EU to resolve its energy policy challenges but also because EU financing can be an extra incentive for transition. The EU provided support for energy supply diversification, and only minor projects have competed without such support.

Thanks to its rather small size and short-term schedule, the Slovak transition can serve as a blueprint for much larger projects of Just Transitions in Germany and Poland, with their much larger coal industries and a much higher share of electricity generation from coal in their electricity mix. Although the scope will be different, the challenges will be similar in both cases. Therefore a detailed process of Just Transition in Slovakia can provide the EU with valuable lessons of what to do (and what not to do) when transforming the EU’s coal regions and preparing its member states’ economies for (so far) a coal-free future. This process can shed light on the follow-up processes during which oil and – in the long-term – natural gas will also need to be phased-out from our economies. Identifying best practices can, therefore, be the main Slovak contribution to Just Transition across the European Union.
THE JUST TRANSITION FUND AND THE POLISH ENERGY TRANSFORMATION

KAMIL MOSKWIK DIRECTOR OF JAGIELLONIAN INSTITUTE

The Just Transition Fund (JTF) is increasingly present in the public discussions. Let us not forget that this Fund is part of the Just Transition Mechanism, which is one of the pillars of the European Green Deal, i.e. actions intended to move the EU economy to climate neutrality by 2050. The main objectives will be to support the economy and also to create new jobs. The JTF is committed to aid countries that will have to face the transformation of their energy mix to achieve climate neutrality by 2050.

What is its scope? Actions needed to support the regions and citizens in their transition towards a climate-neutral EU economy by 2050 and a closed-loop economy – for those most vulnerable to negative socio-economic impacts due to their dependence on fossil fuels or energy-intensive industries.

Which economic operators among the beneficiaries? Mainly SMEs or others provided that they are included and accepted in the territorial plans.

TERRITORIAL PLANS FOR A JUST TRANSITION

- These plans, prepared by the national authorities in cooperation with the regional authorities, cover the lowest territorial level in the EU (the so-called NUTS-3), which are eligible for support as regions requiring restructuring
- The criteria for selecting the regions include the economic and social risks resulting from the expected loss of jobs in the production or use of fossil fuels (e.g. mining and energy sectors – based on, e.g. hard coal, lignite, peat, bituminous shale), as well as in the high-emission industries
- Should be consistent with NECPs.

METHODOLOGY FOR THE ALLOCATION OF FUNDS

- Distribution between the Member States is on a proportional basis of weighted totals: 49% for GHG emissions (at NUTS-2 level), 25% for employment in coal and lignite mining, 25% for employment in affected industries (at NUTS-2 level), 0.95% for peat production, and 0.05% for bituminous shale production.
- The allocation also takes into account the GNI per capita. Countries whose GNI per capita is less than 90% of the EU average will receive approximately 2/3 of the Fund.
- Finally, the allocation takes into account the condition that the maximum allocation for each Member State cannot exceed EUR 2 billion.

At the very beginning, I would like to present the most critical components of the Just Transition Mechanism. These are, first of all:

1. **The Just Transition Fund** – which will receive EUR 7.5 billion under the current EU budget. It will require the use of EU regional policy and national funds to mobilise it. In total, the expectation is that these actions will provide between EUR 30 and EUR 35 billion for investments under the Fund.

2. **The Just Transition System under InvestEU** – which will mobilise investments of up to EUR 45 billion by attracting private investment, including for energy and transport infrastructure.

3. **EIB public sector loan facility** – the objective will be to mobilise EUR 25 to 30 billion of public sector investment through a guarantee from the EU budget.

As we see, the leading pillar of JTM is the JTF. You should ask yourself what is it, and what do I need to know about it? I will try to answer these questions below.

The Just Transition Fund is anchored in the EU’s cohesion policy due to its regional character. It is designed to support EU funding for the objective of investing in employment and growth (investment for jobs and growth goal), which is the primary objective of the cohesion policy, implemented through support under the ERDF and ESF+

What is the value of the Fund? EUR 7.5 billion for the period 2021-2027 (note – this is not funding for the period up to 2050, but only for the next seven years of the EU multi-annual budget) which will increase using funds from other sources (from the cohesion policy and national contributions).
The Polish economy is known to be dependent on coal production and use. According to ARE data, in 2019, 73.6% (120.6 TWh) of energy produced in Poland came from lignite (25.5%) and hard coal (48.1%). Why did I quote these figures? Because one of the main objectives of the JTF is to support the Member States that will have to face the transformation of their energy mix towards climate neutrality. One of these Member States will be Poland. The allocation of resources from the Fund will grant Poland 26% of the funds, i.e. about EUR 2 billion. It is worth noting that the EC suggests that EU countries should add at least 1.5 times the amount they receive from their pool of the cohesion policy – which involves the use of the member states’ resources.

Based on the data published in the draft Polish Energy Policy, we know that the energy transformation is likely to cost around PLN 440 billion. A similar value appears among the various estimates, including those of the Jagiellonian Institute which estimates the costs to be between PLN 200 and PLN 400 billion. Taking this into account, we can see that the cost of the energy mix transformation will be one of the most significant challenges for the Polish economy over the next few years. It is worth noting that JTF funds will represent a drop in the ocean of total needs of those Member States that are heavily dependent on coal and who have a GDP per capita that is below the EU average.

It should also be remembered that the key factor affecting the pace of transformation for the individual Member States will be having an appropriately calibrated incentive system. This system could include, among other things, attractive levels of co-financing from the EU budget and greater flexibility for the mix conversion.

Just Transition Funding (EUR 7.5 bn) across Member States
In the case of Romania, the country is committed to maintaining the European relevance abroad by addressing the five components of the European Energy Strategy, namely energy security, decarbonisation, energy efficiency, internal energy market and combined research, innovation and competitiveness. According to the National Energy Strategy for the period 2019-2030, “developing and increasing the competitiveness of the Romanian economy, increasing the quality of life and caring for the environment are inextricably linked to the development and modernisation of the energy system” (Ministry of Economy, Energy and Business Environment, 2018)\(^1\), all for the national goal of preserving its status as a regional supplier of electricity and resilience. In this regard, Romania is placing its effort on eight objectives:

- Clean energy and energy efficiency;
- Ensuring access to electricity and heating for all consumers;
- Protection of vulnerable consumers and the reduction of energy poverty;
- Competitive energy markets, as the basis of a competitive economy;
- Modernisation of the energy governance system;
- Increasing the quality of energy education and continuing the training of the human resource;
- Romania, a regional supplier of energy security;
- Increasing Romania’s energy contribution to the regional and European markets by capitalising on national primary energy resources.

Romania has the potential of being in the vanguard of the energy transition, benefiting from a well-developed and balanced energy mix (fig. 1) together with the most abundant hydrocarbons’ resources in Central and South-East Europe. However, precisely this historically balanced energy mix might pose the biggest challenge to the decarbonisation efforts for Romania. Currently, around 45% of its requirements being dependent on coal, oil and natural gas.

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For Romania to modernise its energy systems, the national energy strategy identifies the need for significant levels of investment, between EUR 15 and 30 billion until 2030. Taking into consideration the new renewable energy targets, assumed within the National Integrated Plan for Energy and Climate Change to be 6,900 MW of new capacities, the required funding will be even greater. Consideration of the social impact of the energy transition will require the further increase of these numbers to make sure that “no one is left behind”.

Citizens are central to the European Green Deal, and the reason why the Just Transition Fund is providing targeted financial support to those regions most significantly affected by the transition to the green economy, support in excess of 100 bn EUR. Of all the regions in Europe that met the European Commission’s criteria in terms of carbon-intensive jobs, fossil fuel-based industry activity and GDP per capita, Romania includes six regions designated as being eligible to receive up to EUR 757 million. The question this raises is, not only for Romania, do the governments have the wisdom and capacity to use the funding to its full potential, to reshape the destinies of these regions and add equivalent value to the existing local economy.

Figure 1. Share of primary energy resources in electricity production (ibid.)

<table>
<thead>
<tr>
<th>Resource</th>
<th>[%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nuclear</td>
<td>16.3</td>
</tr>
<tr>
<td>Hydro</td>
<td>23.0</td>
</tr>
<tr>
<td>Wind</td>
<td>18.3</td>
</tr>
<tr>
<td>Solar</td>
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</tr>
<tr>
<td>Coal</td>
<td>0.7</td>
</tr>
<tr>
<td>Oil</td>
<td>0.7</td>
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<tr>
<td>Natural Gas</td>
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<tr>
<td>Biomass</td>
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</table>
EU'S GREEN AGENDA

The ambitious political agenda of the new European Commission's leadership revealed the EU's collective ability to transform its economy and society to become a world leader in climate protection and sustainability. In December 2019, the publication of the Communication on the European Green Deal signalled the EU's commitment to tackling climate change. The Communication sets out a clear roadmap for achieving climate neutrality by 2050 and meeting the ambitious 2030 climate and energy targets. In addition, the European Green Deal will constitute the framework for a fair and effective transition, while providing investors with a degree of regulatory certainty and predictability.

Given the Member States’ different economic starting points in terms of GDP, energy mix, emissions reduction targets, as well as their investment needs for energy infrastructure and technology, it is essential for the EU energy and climate goals to involve a degree of flexibility. Moreover, the social impact of the energy transition is a critical parameter to take into account.

The Member States’ tool for achieving their energy and climate targets are the National Energy and Climate Plans (NECPs). These include national targets for emissions reductions, as well as goals for renewable energy, energy efficiency, internal market, improving market coupling, grid and e-mobility infrastructure, as well as research and innovation.

The Member States must present well-structured and clear plans that take account of their long-term decarbonisation goals while ensuring they meet the short-term objectives of security of energy supply and social stability.

BULGARIA'S PATH TOWARDS GREEN ENERGY TRANSITION

Achieving the transition to green energy and energy market integration is a vital goal for both Bulgaria and South-East Europe (SEE). Bulgaria is currently the most carbon-intensive economy in the EU, with coal being the primary energy source (43% in 2017). The country's energy mix is diversified and includes both nuclear and renewable energy sources (RES) including hydropower, biomass, solar and wind power, and its diversification will further continue. The Bulgarian energy market holds a vast potential for expanding renewable energy generation, thus making the system more sustainable and increasing energy security and efficiency.

Given the high carbon and energy intensity of Bulgaria’s economy and its dependence on coal power, this will require significant transition efforts. It is therefore essential that the transition towards a climate-neutral market takes place gradually, without jeopardising the security of supply – a key focus for Bulgaria and the SEE energy market.

With an installed capacity of 1,000 MW of solar and 700 MW of wind generation, Bulgaria was the second Member State to meet its 2020 renewable energy targets as a result of strong RES (wind and solar) expansion up to 2013. This expansion came at a time when the costs of such technologies were significantly higher than they are today. As stated in its NECP, Bulgaria's renewable target increases to 27% for its gross final consumption of energy in 2030. However, the processes needed to meet this target remains, as yet, unclear.

Nonetheless, the security of its energy supply during Bulgaria's transition to RES must be guaranteed. The most efficient trade-off between ecology and cost-efficiency would require the continued application of the cleanest and most reliable coal-based production available (with a high ramp-up and ramp-down flexibility) – while other technologies do not yet provide sufficient capacity.

Facilitating the Just Transition towards a low-carbon economy will require significant investments in climate and energy, with private investment remaining critical. For this reason, the degree of investor protection, regulatory certainty and the equal treatment of domestic and foreign investors will fundamentally influence the success of Bulgaria’s energy transition.

Furthermore, identifying new investment requirements in green technologies, and securing adequate funding, will be vital to delivering on the abovementioned climate and energy goals, and the shaping of a new growth model as indicated in the country’s European Semester 2020 Report1.

A JUST TRANSITION

The Commission has put in place a proposal for a Just Transition Mechanism under the next 2021-2027 Multiannual Financial Framework. The mechanism includes a Just Transition Fund, a dedicated Just Transition Scheme under InvestEU, and a new public sector loan facility with the European Investment Bank. It is designed to ensure the fairness of Europe's transition towards climate neutrality by helping the most affected regions to alleviate any social and economic fallout. Given the significant transformation that coal-based energy markets like the Bulgarian market will require to meet future targets, it will need substantial financial resources to mitigate the impact that the transition has on the coal regions and their societies. Taking into account that the Bulgarian coal sector alone employs, both directly and indirectly, more than 100,000 people, it is clear that the Just Transition draft proposal’s allocation of EUR 7.5 bn will not be sufficient to prevent hardship in certain regions. The fund should be equipped with at least double the financial means, though not increased by the reallocation of funds from other financial sources but increased by the injection of “fresh” money. The basis of the allocation of the fund should primarily be on GDP per capita – since low GDP countries are more heavily dependent upon mining and coal use and so will require more financial support.

Furthermore, clear signals must be given to investors to avoid any regional economic decline. Significant investments will be needed to fill the gaps in the economies that the closure of mining facilities will leave. Large companies, with their experience in the development of high-quality projects, should be able to participate in this process to help to cushion the economic consequences, while contributing to carbon reduction through innovation.

The transition will require a range of initiatives to address societal challenges and provide new solutions including the reskilling of workers, and training that can contribute to improving the life of local communities and offering support to vulnerable social categories directly affected by the transition.

In principle, funding should be made available for renewable electricity and energy efficiency projects, storage and smart infrastructure solutions (like digitised grids). But, as the energy transition proceeds, it will also need to maintain generation capacities to ensure the security of supply, and in Bulgaria, help maintain energy independence. Electricity capacity and security cannot be jeopardised. Based on their remaining useful life, ecological principles and reliability considerations, obsolete coal production capacities need to be retired (and adequately compensated), while others will likely need to remain in operation. The basis of these considerations must be on thorough capacity assessments, as part of a broad, transparent, multi-stakeholder dialogue on the energy transition with mutual agreement on the outcome. Simultaneously, the development of project pipelines in close cooperation between authorities and stakeholders should begin. Subsequently, the Territorial Just Transition plans should be prepared with a high level of central coordination, to provide alignment with national energy and climate policies. There should be a reduction in any administrative burdens for projects to avoid project delays.

Finally, the European Commission and its consultancy services could aid countries during the transition by providing tailored guidance to help them achieve the smoothest energy transition possible.

THE GERMAN ENERGY TRANSITION FUNDING

ALINA SULOWSKA POLICY ADVISOR, CEEP

In the publication of the European Semester earlier this year, before the COVID-19 outbreak, the European Commission identified a hundred regions which would qualify for the Just Transition Fund (JTF). The list was based on the number of coal-dependent jobs, the degree of industrialisation of the country and the GDP per capita of each region. Germany has the largest number of eligible regions for one state with 18, mostly smaller regions (Landkreise) in Eastern Germany. Regional energy and climate plans require development in accordance with the NECPs for later approval by the Commission, and only then will funding be possible.

According to the Commission, there are around 18,000 jobs that will be affected directly and 10,000 more affected indirectly as a result of the planned phase-out of lignite mining. Germany could receive up to EUR 877 million from the JTF. Projects that could benefit from the JTF include investments in renewable energy sources, reskilling of workers and investments in local SMEs. The German regions were also active in the ‘Coal regions in transition platform’ in the last two years.

The European Semester report states that the use of the funds could mitigate any unemployment resulting from the phase-out of coal mining. New investments could boost the creation of jobs in more technologically advance industry branches. The EU is trying to make sure that the JTF does not become a fund for just the phase-out of coal. Besides that, many Member States hope that there is room for funding projects that are not directly related to energy. The most important ones are, obviously, are in the steel and chemical industries, but also could include the modernisation of transport infrastructure.

In the scope of the JTF, wealthy member states like Germany would need to invest more of their own money to get more EU-funding. However, the mechanisms have been created to convince some particular Member States, like Poland, to transition towards climate neutrality. Germany will receive the second-largest share of the JTF after Poland. After the publication of JTM Communication, there was not much debate about this topic. It seems to be mostly because the total EUR 7.5 billion funding is not a significant amount for Germany, especially when boiled down to the actual EUR 876.6 million that Germany could receive. Germany is awaiting the publication of the final version of the JTF and the end of the MFF negotiations before commenting further.

In the limited German debate so far on the JTF, it was not only the Green Party that was pointing out that the fund was just not enough to make a significant difference. Bruegel’s director Guntram Wolff said that the numbers are ‘illusory’ and much more ‘real’ money is needed. Thilo Schaefer, from the German Economic Institute in Cologne, said, that it is not clear if the JTM will be functional at all. He argues, along with some of the German newspapers, that the basis of the JTM is on the Juncker funds which are not bad per se, but it might be tricky to perform the same exercise twice in different circumstances and still expect the same outcome. Environmental activists point out that there are still existing subsidies available for fossil fuels, so the JTF will never manage to leverage the transformation on its own.

German politicians are aware of the problems of coal industry transitions because they have still ongoing negotiations with energy companies, like RWE, on the possible compensations for the coal-industry phase-out plan. The story of the German coal industry is a long and complex one, but also the phase-out of this industry has been a subject for debate for many years. Germany managed to secure subsidies for its coal industry from the EU until 2018. Most experts agree that the exit from hard coal mining was not appropriately handled and now attention is being focussed on the lignite case.

It is important to put this into perspective – in the German plans to quit coal use by 2038, they forecast the need for a budget of EUR 40 billion for the most affected regions – Sachsen, Brandenburg, Sachsen-Anhalt and Nordrhein-Westfalen. A separate budget reserved EUR 26 billion for supporting infrastructure.

Additionally, energy companies in Western Germany will receive compensation of EUR 2.6 billion for closing down coal power plants, in the Eastern regions this is forecast to require EUR 1.75 billion. The companies argue that this will not be enough money to mitigate all their loses. RWE calculates EUR 3.5 billion as a suitable level of cover for these shutdowns. In general, there are mixed feelings for the proposed phase-out plan, DIW Berlin expert Claudia Kemfert says that out of the many options available, they chose most expensive solution and that the costs will not match the outcomes.

The government published on the 29th January 2020 a law for coal electrification phase-out. A dedicated commission worked for a year on the plan to smoothly transform this greenhouse gas emitting sector. But then again, it is part of the German Energiewende, the transition towards a clean and green energy system that has been a paradigm for German energy policy for more
than a decade now. The law foresees subsidies for coal regions and CHP, compensation for end-users in case of increasing energy prices, acceleration of permitting procedures for new gas power plants and the possibility to remove free EU ETS certificates. The renewable energy act might be changed to adopt these new goals. Moreover, there will be regular monitoring of the process – in 2023, 2026 and 2029 to make sure the measures are effective, the energy price is stable, the security of supply is not affected, and the climate is protected.

In 2017, there was 42.5 GW of installed coal-powered generation capacity in Germany. The plan is to shut down these power plants in three phases – in 2022 this will be reduced to 30 GW, in 2030 it will be down to only 17 GW and then finally in 2038 it will be zero. There is a plan that in 2032 there will be an assessment to see if the total phase-out could be brought forward to 2035. Then again, the government recently said ‘yes’ to the construction of a new hard coal power plant Datteln 4 (Uniper), which is being heavily criticised by environmental groups. Not to mention that this development puts the German ‘green’ reputation at stake.

A different development in German energy policy, also linked to the transition processes, is the R&D for the use of hydrogen. There are now a number of research facilities involved and both federal and local governments are approving more significant amounts of grants. After the phase-out of nuclear- and the coal-powered power plants, and at some point, towards 2050 also the gas-powered ones, Germany will need alternative reliable energy sources. It appears that these projects will receive significant funding in the nearest future. However, the current Corona crisis might temporarily change some priorities, as it will around the world. In the meantime, the key points for the German Presidency agenda are being revisited and it is evident that the immediate focus will be on crisis management and economic recovery. The first concrete step for European and German energy and climate politics will be the outcome of the MFF negotiations.

Also, the JFT will be probably be affected by the Corona outbreak even more than the European Green Deal as a whole. The publication of the Farm to Fork Strategy and the Biodiversity Strategy have both been postponed, but apart from this, things are currently continuing unchanged. The ENVI Committee will hold a meeting on the subject of the Green Deal and the implications of COVID-19, and Commission Executive Vice President Frans Timmermans has been invited. The ITRE Committee is putting the industry strategy on hold. In the end, there is no doubt that a lot will still need to be determined by the outcome of the MFF negotiations.

In a nutshell – the German energy transition has started, indeed some time ago, and it was boosted by RES development with a generous support scheme, but now it seems to have come to a crossroad – on the one hand, there are new ideas and laws in place, but on the other, these are very costly and their impact is unknown. The biggest economy in the EU will spend more than EUR 44 billion on coal phase-out in the period 2020-2038, the Just Transition Fund enables Germany to spend some additional EUR 877 million in the period 2020-2030.

![Just Transition Fund – EU27 – allocation by Member State (in million EUR)](image)
The transition towards a carbon-neutral economy will transform the functioning of modern societies. In order for it to be achieved in a cost effective, economically viable, environmentally justifiable and socially acceptable manners, considerable changes must be introduced: how energy is produced and consumed, how our industry produces goods and how transport networks operate. Simultaneously, such a transformation should not result in a surge in energy prices for consumers, a loss of competitiveness of the European industry or a reduction in accessibility and security of supply levels. Were that to happen, associated costs incurred by end-users may well result in a decrease in their acceptance of, and support for such changes.

With the ambitious timeline – a carbon-neutral economy by 2050 – must come a strong regulatory framework and robust financial assistance to facilitate the transition. In this regard, we note a proposal of the European Commission on European Green Deal, which can be perceived as a reference point. We consider that a key element of this initiative should be a Just Energy Transition Fund (JET Fund), a tool of support and mitigation of the changes, available to those regions and countries for which this transition is much more technologically difficult and economically and socially costly.

THE SCALE OF THE CHALLENGES RELATED TO THE ENERGY TRANSITION

The European Commission estimates in its Long-Term Climate Strategy that investments in low-carbon energy and related infrastructure have to increase from an annual 2% of EU’s GDP to 2.8% or to EUR 520-575 bn for carbon neutrality to be reached by 2050. This means considerable additional investments compared to the baseline – in the range of EUR 175 to 290 bn a year. A study by Eurelectric indicates that the cumulative capital investment cost of energy transition between 2020 and 2030 for the EU would be between 677 and 885 bn EUR. In the case of Poland alone, these figures are EUR 147 bn until 2045. While these estimates vary, their numbers remain staggering. Therefore, the mobilisation of capital is crucial for the success of energy transformation in the EU. In this regard, public sources should have a leveraging effect on private capital, encouraging the necessary investments.

THE SOCIAL COST OF ENERGY TRANSITION

The phasing out of coal will result in significant loss of jobs. Coal is mined in 41 regions within 12 EU countries and overall, 452,000 jobs are directly and indirectly related to the coal sector. There are currently 207 coal power plants operating in 21 Member States (MS), with a total capacity of 150 GW and 53,000 employees. Moreover 6,000 people work in the oil shale extraction industry. Many of these facilities and jobs are located in Central and South-Eastern Europe (Poland, Czechia, Romania, Bulgaria and Slovakia), regions with significantly lower GDP per capita in comparison to the EU average. The decommissioning of coal power plants and the closure of coal mines would lead to an accumulated loss of up to 77,000 workplaces by 2025 and 160,000 by 2030. As an example, in Silesia, Poland, job losses could amount to 50% of the current workforce by 2030, i.e. 40.000.

SIZE OF THE FUND AND SOURCING

The magnitude of the transformation justifies an increase to the financial resources of the JET Fund which should be far larger than the EUR 4.8 bn as proposed by the European Parliament. We advocate an initial budget of at least EUR 25 billion. Moreover, a large share of the funding should not be reallocated from Structural Funds, as this would mean a decrease of resources available for lower-income MS and weakening of the cohesion policy. A targeted approach necessitates that the eligible MS should be granted national shares within the Fund.
The JET Fund should also be introduced with a clearly defined governance, scope, and objectives. MS should have a leading role in selecting the most relevant projects for financing based on a transparent selection process.

As the energy transition is a long-term challenge, the JET Fund should be a constant element of the MFF beyond the currently discussed period (2021-2027) and should remain as one of the fundamental funds for the EU’s policies.

OBJECTIVES OF THE FUND

We anticipate that this instrument would be the response to the risk of a significant increase in electricity prices for end-users in those regions and MS where electricity generation requires far-reaching structural changes to the energy mix. Thus, the JET fund should first of all support investments in new generation and grid infrastructure, aimed at the evolution of energy mixes towards low carbon.

As the costs of the energy transition could have a direct impact on levels of economic growth, the fund should also support investment in job creation, up-skilling and re-skilling of the active workforce. It should also contribute to GDP growth, including innovation, research, and development, primarily in the most adversely affected regions.

As the transformation will affect mainly those communities where coal constitutes an important source of employment, it will almost certainly lead to structural redundancies. Programmes linking the need for retraining with investments in households’ energy efficiency or distributed energy systems, appears to be a viable option for coal-mining regions.

CLEAR ELIGIBILITY CRITERIA

Any political decisions related to the energy transition should take into account the different starting points of MS, which is determined by the shares of fossil fuels within their electricity generation portfolio. This automatically translates to higher costs for the decarbonisation of those energy systems which have a high carbon intensity. The role of the JET Fund would be to leverage investments in order to facilitate a rapid decrease of GHGs.

We advocate that financial resources should be split fairly among eligible MS in accordance with clear criteria which will objectively present the scale of challenges for particular countries and regions, while ensuring that no affected region is left behind and a minimum share of the total size of the fund is provided:

- CO2 emission intensity (g CO2/kWh)
- Share within energy mix (dispatchable electricity generation capacities)
- GDP per capita (PPS)
- number of jobs in the coal and coal-dependent sectors.

This Joint statement was published in January 2020.
We, the Heads of State and Government,

Emphasizing that climate change is one of the greatest challenges of our time and a common concern of humankind and that Parties to the Paris Agreement recognized the need for an effective and progressive response to the urgent threat of climate change on the basis of the best available scientific knowledge;

Stressing that addressing climate change requires a paradigm shift towards building a low greenhouse gas emission and climate resilient economies and societies for all that offers substantial opportunities and ensures growth and sustainable development, while ensuring a just transition of the workforce that creates decent work and quality jobs;

Reaffirming that Parties to the Paris Agreement on climate change are taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs, in accordance with nationally defined development priorities, and also reaffirming that the Paris Agreement emphasizes the intrinsic relationship that climate change actions, responses and impacts have with equitable access to sustainable development and eradication of poverty;

Recognizing the specific needs and special circumstances of developing countries, especially those that are particularly vulnerable to the adverse effects of climate change and that natural disasters and other exogenous shocks, exacerbated by climate change, bring devastating effects to vulnerable workers and people living in poverty with limited savings and no social safety net, increasing the challenges of and the obstacles to just transition, especially for countries characterized by fragile environmental conditions and least developed countries;

Also recognizing that circumstances of economic sectors, cities and regions that are most likely to be affected by the transition vary from country to country depending on their level of development;

Taking note of the importance of the International Labour Organization’s “Guidelines for a just transition towards environmentally sustainable economies and societies for all”, and its considerations, as appropriate, by Parties while fulfilling their commitments under the Paris Agreement on climate change;

Highlighting that the United Nations 2030 Agenda for Sustainable Development, as well as its Sustainable Development Goals confirm the need to tackle environmental, social and economic problems in a coherent and integrated manner:

1. Stress that just transition of the workforce and the creation of decent work and quality jobs are crucial to ensure an effective and inclusive transition to low greenhouse gas emission and climate resilient development, and to enhance the public support for achieving the long term goals of the Paris Agreement;

2. Emphasize that development measures to make infrastructure climate resilient and enhance institutional capacity in this respect have the potential to be a source of decent jobs creation for both women and men while improving resilience, especially in vulnerable countries;

3. Underline employment opportunities that the transition to low-greenhouse gas emission and climate resilient economies have already created and the potential for the creation of a number of additional jobs as a result of increased global ambition;

4. Recognize the challenges faced by sectors, cities and regions in transition from fossil fuels and high emitting industries, and the importance to ensure a decent future for workers impacted by the transition, while working to ensure sustainable development and community renewal;

5. Note the importance of a participatory and representative process of social dialogue involving all social partners to promote high employment rates, adequate social protection, labour standards and wellbeing of workers and their communities, when developing nationally determined contributions, long-term low greenhouse gas emission development strategies and adaptation planning processes;
6. Highlight the importance of further work on the just transition of the workforce and the creation of decent work and quality jobs, including:

- Sharing experiences from Parties, relevant international organizations, observer organizations, as well as other stakeholders, in supporting workers, cities and regions in the transition towards low-greenhouse gas emission and climate resilient development;

- Encouraging taking into consideration the issue of just transition of the workforce and the creation of decent work and quality jobs, while preparing and implementing nationally determined contributions, national adaptation plans and national long-term low greenhouse gas emission development strategies;

- Encouraging support for developing countries to promote low greenhouse gas emission and sustainable economic activities that will create quality jobs in regions, cities and non-urban areas;

- Encouraging that the transition to low greenhouse gas emission and climate resilient development is in line with the UN Sustainable Development Goals;

7. Invite all relevant United Nations agencies, including the International Labour Organization, and international and regional organizations, observer organizations including social partners as well as other stakeholders and interested Parties to implement this Declaration.
Central Europe Energy Partners (CEEP) represents the energy and energy-intensive companies from Central Europe, employing over 100,000 workers, with total annual revenue of more than EUR 20 billion.

CEEP is the first major body to represent the energy sector companies from the region at the EU level, in order to promote balanced energy transition in accordance with technological neutrality principle, enhance regional cooperation and strengthen the region’s energy security within the framework of EU energy and climate policy.

CEEP is an international non-profit association with its headquarters in Brussels (Belgium).

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