

# Status of the Territorial Just Transition Plans in central and eastern Europe

October 2022 update

For more information

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This briefing is the sixth in our series of updates on the Territorial Just Transition Plans.

See previous briefings:

- [Territorial Just Transition Plan Checklist: July 2020](#)
- [Status of the Territorial Just Transition Plans in central and eastern Europe: October 2020](#)
- [Status of the Territorial Just Transition Plans in central and eastern Europe: March 2021 update](#)
- [Status of the Territorial Just Transition Plans in central and eastern Europe: July 2021 update](#)
- [Status of the Territorial Just Transition Plans in central and eastern Europe: December 2021 update](#)

See also:

- [Overview of Polish Territorial Just Transition Plans](#)
- [Just Transition Project Implementation Checklist: April 2022](#)
- [Status of the Territorial Just Transition Plans in central and Eastern Europe: December 2021 updates – Annex: Slovakia](#)
- [The state of youth engagement in the implementation of the EU Just Transition Mechanism](#)
- [The state of youth engagement in the implementation of the EU Just Transition Mechanism, second edition](#)

*Assessments of the various Territorial Just Transition Plans were conducted by CEE Bankwatch Network's national just transition campaigners:*

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## Executive summary

The EU provides targeted support through the Just Transition Mechanism to regions affected particularly negatively by the energy transition from fossil fuels to renewables. To be eligible for funding under the mechanism, Member States must deliver Territorial Just Transition Plans for approval to the European Commission. They must specify in the plans why they are particularly affected and how they plan to transform their local economies.

Most Member States are now finished or in the final stages of negotiating the content of their Territorial Just Transition Plans with the European Commission. Once their plans have been approved, they can start implementing them through the funding of specific programmes. EU rules require strict monitoring of the project approval process. This is done in part through the work of monitoring committees.

This report lays out the state of play of the just transition process in seven countries in central and eastern Europe (CEE), both in terms of negotiating Territorial Just Transition Plans and of institutional developments and monitoring committees. Its main finding is that all seven countries have made progress and look set to start implementation over the coming months. Estonia, the Czech Republic and Slovakia are front runners, while Poland, Hungary, Romania and Bulgaria are lagging behind.

## Introduction

EU Member States are required to produce Territorial Just Transition Plans as a prerequisite for receiving funding under the Just Transition Mechanism. The mechanism consists of three pillars: the Just Transition Fund, a dedicated Just Transition Scheme under the InvestEU package and the new Public Sector Loan Facility. In total, the different funding sources are expected to mobilise around EUR 55 billion over the budget period from 2021 to 2027. This amount will be divided amongst all the regions that fulfil the requirements and are approved for funding.

The plans outline the expected transition process of the participating countries, including the impact the transition will have on the most affected regions; how the process will ensure public participation, monitoring and evaluation; and the operations envisaged. CEE Bankwatch Network has been actively involved in the Territorial Just Transition Plan development process since these plans were announced in the Just Transition Fund Regulation proposal in January 2020.

In July 2020, Bankwatch launched a checklist of recommendations for each section of the plans. Our first briefing on the status of Territorial Just Transition Plans was published in October 2020. It mainly discussed the consultant selection processes, national government awareness of the drafting and local stakeholder engagement in regions affected by coal phase-outs. This was followed by an update in March 2021 that focused primarily on the establishment of working groups and technical assistance. Another update was launched in July 2021, focusing primarily on the employment of the partnership principle and decarbonisation ambitions in the Territorial Just Transition Plans. The most recent full-length edition was published in December 2021, focusing on the state of play of just transition in the CEE region and the compatibility of available draft

Territorial Just Transition Plans with the priorities of the European Commission set out in a staff working document published in September 2021. A just transition project implementation checklist was published in April 2022, focusing on the implementation stage and how to achieve targets in the fields of climate neutrality and the environment, social and economic redevelopment and public participation.

This briefing from October 2022 consists of two sections. The first provides an overview of the general Territorial Just Transition Plan progress in seven CEE countries: Bulgaria, the Czech Republic, Estonia, Hungary, Poland, Romania and Slovakia. It offers clarity on the current status and roadmap for approval of Territorial Just Transition Plans in each country, as well as progress on establishing monitoring committees. The second section summarises the findings of the first and provides conclusions.

## State of play

### Bulgaria

Bulgaria signed its partnership agreement with the European Commission on 6 July 2022. The agreement is the first step towards the approval of EU Cohesion Fund programmes. There are three Territorial Just Transition Plans under development in Bulgaria for the regions of Kyustendil, Pernik and Stara Zagora. The current draft versions were made available for public consultation from 2 to 23 August 2022, but were only seen by the European Commission for the first time in August. So far, no public comments have been published and there is no feedback to indicate whether stakeholders' input will be considered in the updated Territorial Just Transition Plans.

There is currently no clear timeline for approval of the Bulgarian Territorial Just Transition Plans, but they must be sent to the European Commission by the end of October 2022 in order to be eligible for 2021 funding. The Commission has noted that it remains unclear whether Bulgaria will be able to reach this deadline, and that it will not budge on its quality control standards for the plans in order to facilitate a swift approval.

Concrete steps and a timeline for the decarbonisation of the coal sector will be crucial for the approval of the plans. The plans are expected to be delivered by the Commission for Energy Transition, which has been operational since July 2022. This commission comprises around 30 members from local and national administration bodies, social partners, business interests, mining industry representatives and civil society organisations. Two representatives of green NGOs are currently represented. There is currently no specific monitoring committee for just transition, but this might change after the upcoming parliamentary election in Bulgaria on 2 October.

### Czech Republic

There are three just transition regions in the Czech Republic: Ustecký, Moravskoslezský and Karlovarský. The three regions are covered by one joint Territorial Just Transition Plan, which was approved by the European Commission on 26 September 2022.

The Czech Republic is expected to receive around EUR 1.7 billion. Of this funding, 46 per cent will be allocated to Moravskoslezský, 39 per cent to Ústecký and 15 per cent to Karlovarský.

A monitoring committee has been established and was scheduled to assemble for its first meeting on 8 September 2022. Two civil society representatives have been appointed. The total number of members of the committee is 47.

## Estonia

Ida-Virumaa in north-eastern Estonia is the only just transition region in Estonia. The final draft of its Territorial Just Transition Plan was submitted to the European Commission in mid-June 2022. The European Commission and the Estonian Ministry of Finance have both indicated that the plan will be approved in the autumn of 2022. The European Commission has suggested during informal negotiations with the Estonian Ministry of Finance that the ambition Estonia has demonstrated in transitioning the economy of Ida-Virumaa is weak. While there are currently no fears that Estonia will lose access to funding entirely, this might result in a slower assessment process than previously outlined.

A detailed overview of the allocations under the Just Transition Fund has been made public. The largest part of the funding will go to large enterprises, which will receive approximately EUR 153 million. The selection criteria have also been finalised and application rounds have opened. Disbursements to approved projects will begin shortly after the final approval of the Territorial Just Transition Plan. The Estonian Ministry of Economic Affairs and Communication aims to provide support through the Just Transition Fund to at least 20 projects, creating at least 1,000 new jobs.

The European Commission has clarified that no project aiming to support the production or use of oil shale can be funded under the Just Transition Mechanism. This includes projects aiming to use oil shale as a raw material for the chemistry industry rather than burning it for fuel.

In terms of institutions, a joint monitoring committee covering the recovery plan, the Territorial Just Transition Plan and the European Structural and Investment Funds first met in May 2022. For the moment, it meets as a shadow committee and will come legally into force following the approval of the relevant plans.

## Hungary

Hungary has prepared three Territorial Just Transition Plans covering three regions: Baranya, Heves and Borsod-Abaúj-Zemplén. The plans were developed as an annex to the Hungarian Environment and Energy Efficiency Operational Programme (EEOP Plus) and have been recently published.<sup>1</sup> Negotiations are still ongoing between the European Commission and the Hungarian government regarding the timing and content of the Territorial Just Transition Plans. This process has been complicated by the enforcement of the Hungarian Energy Emergency Action Plan in August 2022 aiming to tackle the ongoing energy crisis through planning to

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<sup>1</sup> Government of Hungary, [Environmental and Energy Efficiency Operational Program, Territorial Just Transition Plans: TJTP Baranya county, TJTP BAZ county, TJTP Heves county](#), Government of Hungary, accessed 4 October 2022.

increase domestic lignite extraction and restart retired lignite units at the Matra power plant. The action plan is likely to have a strong negative impact on the just transition process in Hungary. As a result, the timeline for approval of the Hungarian Territorial Just Transition Plan is likely to change.

There is an existing monitoring committee in Hungary entrusted with monitoring the county's original Energy Efficiency Operational Programme. This committee seems to have been given the added responsibility of monitoring EEOP Plus, which includes the Hungarian Territorial Just Transition Plans. The committee currently meets twice a year and consists of a varied set of stakeholders, including about half a dozen civil society organisations.

The total allocation under the Just Transition Fund in Hungary is expected to be around EUR 273 million and the funding will be split between the three just transition regions.

## Poland

Poland originally began drafting Territorial Just Transition Plans for seven subregions, including Eastern Wielkopolska, Upper Silesia, Lubelskie, Łódzkie and Western Małopolska, Zgorzelec and Wałbrzych. Since our previous briefing in December 2021, Lubelskie and Zgorzelec have been excluded from the process due to concerns over the climate commitments of the two regions, especially with regards to the distant closing dates of the Bogdanka and Turów mines.<sup>2</sup> Western Małopolska has also been merged with the Upper Silesia region.

All remaining Polish Territorial Just Transition Plans are still under negotiation between marshal offices, ministries and the European Commission. The final draft versions of the plans are expected to be finalised and sent to the European Commission for approval in October 2022. The European Commission has noted that all the regions seeking to receive funding must provide more detail on how they will cut local emissions in their regions. No monitoring committees have so far been set up and their future tasks and modalities are still unknown.

Funding allocations remain unclear, but it is likely that the region of Upper Silesia will receive the largest share of the funding, to the tune of nearly EUR 2 billion.

## Romania

There are six Territorial Just Transition Plans under development in Romania for six regions: Hunedoara, Gorj, Dolj, Galați, Prahova and Mureș. Out of the six, Gorj and Hunedoara are coal regions, and the remaining four have been designated as carbon-intensive. All six Territorial Just Transition Plans are still under negotiation and final drafts have not been sent to the European Commission for approval. There is currently no available information on the timeline for approval of the plans.

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<sup>2</sup> Letter from the European Commission to Mr Grzegorz Puda, Minister of Development Funds and Regional Policy Ministry of Funds and Regional Policy, 26 April 2022.



Similarly, no information is available regarding the future allocation of funding under the Just Transition Fund, but unofficial information suggests that most of the funding will be allocated to the two coal regions of Hunedoara and Gorj.

A monitoring committee for the implementation of the plans has existed since 2021, but no meetings have been held and none are foreseen before the approval of the plans and the beginning of the implementation phase. It will be very important for the monitoring committee to consider including already existing mechanisms for participatory monitoring and implementation, such as the Association for Integrated Territorial Development Valea Jiului. This association has been active since 2021 and is composed of representatives from local civil society organisations, the six municipalities of the Jiu Valley region, the local university, the local business association and Hunedoara County council.

## Slovakia

Slovakia is drafting one Territorial Just Transition Plan covering three just transition regions: Upper Nitra, Kosický and Banskobystrický. The former two have been confirmed as eligible regions, and the status of the latter is still pending. The final draft version of this plan was sent to the European Commission for approval on 8 June 2022. The Slovak Ministry of Investments has indicated a timeframe of three to four months for the approval of the plan.

So far, no monitoring committee has been established in Slovakia and no official information has been published regarding timelines for doing so.

The total Just Transition Fund allocation to Slovakia will be EUR 459 million.

## Summary and conclusions

The programming phase is entering its final stage in most beneficiary countries across the CEE region. The Czech Territorial Just Transition Plan has already been approved, and Estonia and Slovakia's plans are expected to be approved shortly. Poland, Hungary, Bulgaria and Romania have all made progress on their negotiations with the European Commission, but have not yet been able to agree on final plans. Considerable progress has also been made on the institutional side. Monitoring committees have been formed in Estonia (a shadow committee), the Czech Republic, Hungary and Romania. Generally, all seven countries followed by Bankwatch appear set to enter the implementation stage over the coming months. Decarbonisation commitments, timelines and institutional frameworks for inclusive and transparent Just Transition spending remain key questions to be addressed in the approval of the plans and must be monitored throughout the implementation period.



Table 1: Schematic summary of the state of play on Territorial Just Transition Plans in the CEE region

	<b>Territorial Just Transition Plan status</b>	<b>Timeline for approval</b>	<b>Changes to territories</b>	<b>Monitoring committee status</b>	<b>Feedback received</b>	<b>Allocation</b>
Estonia	Final draft sent for approval	Approval expected autumn 2022	No change	Shadow committee formed. First meeting May 2022. Full monitoring committee will be formed following approval of Territorial Just Transition Plans.	Worries of too little ambition for transitioning the economy of Ida-Virumaa	Total allocation of EUR 153 million. High percentage of funding will go to large enterprises.
Poland	Territorial Just Transition Plans still under negotiation	Final draft expected to be sent to the European Commission in October 2022. Approval timeline unknown.	Lubelskie and Turów excluded. Western Malopolska merged with Silesia.	No monitoring committees formed	All regions must provide more detail on how they aim to cut their local emissions.	Silesia will likely receive the highest percentage of funding, over twice as much as any other region.
Czech Republic	Territorial Just Transition Plan approved	Approved 26 September 2022	No change	Monitoring committee formed. First meeting September 2022. Two civil society organisation representatives, 47 full members.	No information	Total allocation of EUR 1.7 billion, from which 46 per cent will go to Moravskoslezský, 39 per cent to Ustecký and 15 per cent to Karlovarský
Slovakia	Final draft sent for approval	Approval expected by October 2022	Bratislava region excluded. Banskobystrický still not approved for funding.	No monitoring committee formed	No information	No information
Hungary	Territorial Just Transition Plans still under negotiation	Unknown	Unknown	A monitoring committee for the Hungarian operational programme exists and is likely to be entrusted with monitoring just transition implementation as well.	No information	Total allocation of EUR 273 million. Roughly equally split between its three just transition regions.
Romania	Territorial Just Transition Plans still under negotiation with the European Commission	Unknown	Unknown	A monitoring committee for the Romanian just transition operational programme set up	No information	No information
Bulgaria	Territorial Just Transition Plans still under negotiation with the European Commission	Unknown	Unknown	No monitoring committee has been formed. Developments are expected after the upcoming parliamentary election in October 2022.	Provide more detail on how decarbonisation of the regions will happen and specific timeline	No information