

# Mapping the road to a just transition in central and eastern Europe: an analysis of Territorial Just Transition Plans in 7 countries

September 2023 update – part I



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This briefing is the seventh in our series of briefings on the just transition process in central and eastern Europe.

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- [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](#)
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## Section 1: Introduction

The Just Transition Mechanism is a regional development programme announced by the European Commission in January 2020. Its purpose is to provide targeted support to regions in the EU that are likely to be disproportionately impacted by the transition to a carbon neutral economy under the European Green Deal.

The mechanism rests on three separate pillars. The first is the Just Transition Fund, the second is a dedicated just transition scheme under the InvestEU programme, and the third is a new public sector loan facility financed with EU grants and loans from the European Investment Bank. The latter two are discussed in more detail in our recent briefing on the second and third pillars of the Just Transition Mechanism.<sup>1</sup> Overall, the targeted support provided by the Just Transition Mechanism has led to the mobilisation of around EUR 55 billion in private and public investments.<sup>2</sup>

To be eligible for funding under the pillars of the Just Transition Mechanism, EU Member States were required to negotiate Territorial Just Transition Plans for regions identified as likely to suffer negative socio-economic impacts from the transition to a carbon-neutral economy. This process lasted from the launch of the Just Transition Fund Regulation in June 2021 until the European Commission’s approval of the plans, which had to be completed by 31 December 2022. Of the eight countries covered by CEE Bankwatch Network – Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania and Slovakia – seven have had their Territorial Just Transition Plans approved.<sup>3</sup> Only Bulgaria continues to work on its plans owing to the ongoing political instability in the country. For this reason, it will not be included in this briefing; in the future, a separate short briefing will be prepared to analyse Bulgaria’s approved Territorial Just Transition Plans.



All countries who have had their Territorial Just Transition Plans approved have now entered the implementation phase, which means that potential investors are able to apply for funding under all three mechanisms. Additionally, European funds monitoring committees are being established alongside the development of project pipelines.

This briefing consists of three sections. Following this brief introduction to the Just Transition Mechanism, the second section provides an analysis of the approved Territorial Just Transition Plans and identifies what

<sup>1</sup> CEE Bankwatch Network, [The Second and Third Pillars of the Just Transition Mechanism](#), CEE Bankwatch Network, 13 March 2023.

<sup>2</sup> European Commission, [The Just Transition Mechanism: making sure no one is left behind](#), European Commission, accessed 9 March 2023.

<sup>3</sup> European Commission, [Just Transition Platform](#), European Commission, accessed 9 March 2023.

these countries actually intend to do to alleviate the impacts of the transition to carbon neutrality. The final section outlines a summary and recommendations related to the analysis conducted.

This briefing will be followed in autumn 2023 by separate in-depth country-by-country analyses of the allocations from the Just Transition Fund to specific types of projects.

## Section 2: How do regions intend to transition according to the Territorial Just Transition Plans?

The briefing provides a first comprehensive look at the Territorial Just Transition Plans in seven central and eastern European countries based on their final versions, as approved by the European Commission in 2022. Our previous briefings primarily focused on the documents that were available at the time, usually draft versions. Therefore, this is our first opportunity to fully and clearly analyse the contents of the Territorial Just Transition Plans. In the coming months, we will examine the extent to which the plans announced for regional investments have been reflected in the allocated budgets from the Just Transition Fund.

This section of the briefing seeks to determine how the approved plans from the Czech Republic, Estonia, Hungary, Latvia, Romania, Poland and Slovakia intend to address the EU's climate targets, what they consider to be the main problems in the regions, and how they claim to be addressing them with the funds they have dedicated. Briefly, the main legal documents underpinning the EU just transition process are the Just Transition Fund Regulation<sup>4</sup> and the Common Provisions Regulation.<sup>5</sup> The European Commission's Staff Working Document on Territorial Just Transition Plans,<sup>6</sup> issued in 2021, provides further important clarifications. These guidelines provide an outline of what should be included in the plans. However, in determining what they consider to be the most important regional issues to be addressed in the coming years, these seven countries have taken different approaches.

It should be emphasised that the Territorial Just Transition Plans are relatively short documents (approximately 20 to 25 pages) and provide only a general outline of the transition strategies adopted for the various regions. Therefore, the ultimate effectiveness of the just transition in each country will largely depend on how well its respective plans are prepared and executed.

The data used for this briefing has been provided by CEE Bankwatch Network's national campaigners operating in the seven countries, who have been deeply involved in negotiating and commenting on the Territorial Just Transition Plans since the Just Transition Fund Regulation came into force in June 2021.

From the perspective of climate goals, the most important aspects of the plans are the descriptions of how each region intends to move towards climate neutrality. This includes providing a credible timeline for key transition steps to be implemented in order to achieve the EU's energy and climate targets for 2030.

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<sup>4</sup> European Parliament, Council of the European Union, [Regulation \(EU\) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund](#), *EUR-Lex*, 30 June 2021.

<sup>5</sup> European Parliament, Council of the European Union, [Regulation \(EU\) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy](#), *EUR-Lex*, 30 June 2021.

<sup>6</sup> European Commission, [Commission Staff Working Document on the Territorial Just Transition Plans](#), *European Commission*, 23 September 2021.

The plans are required to address the social, employment, economic and environmental impacts of the transition, and provide an overview of how the affected region intends to achieve economic diversification, including clear indications of how the jobs lost in transitioning sectors will be replaced. The results of our analysis will be presented on a country-by-country basis.

Before proceeding with the individual country summaries, it should be noted that, despite the evident shortcomings, some countries have been successful in creating relatively progressive Territorial Just Transition Plans, largely as a result of adopting some innovative approaches. For instance, many regions have benefitted from a highly participatory process, which indicates the importance of involving local communities and stakeholders in project consultations. Additionally, plans that have focused on addressing the direct effects of the just transition on affected territories have accelerated the establishment of phase-out dates for high-emitting industries, notably those in Poland, Romania and the Czech Republic.

## Czech Republic

There are three just transition coal regions in the Czech Republic: Ústecký, Moravskoslezský and Karlovarský. The three regions are covered by one joint Territorial Just Transition Plan,<sup>7</sup> which was approved by the European Commission on 26 September 2022. The Czech Republic is due to receive around EUR 1.7 billion in funding. Of this total, 46 per cent will be allocated to Moravskoslezský, 39 per cent to Ústecký and 15 per cent to Karlovarský.

### Moving towards climate neutrality

The Territorial Just Transition Plan for the Czech Republic fails to describe the process towards achieving climate neutrality in sufficient detail. It also contains references to outdated and unambitious national strategies and guiding documents, namely the State Energy Policy (2015),<sup>8</sup> the Climate Protection Policy (2017)<sup>9</sup> and the National Energy and Climate Plan (2020).<sup>10</sup> The plan does indicate that the highest drop in emissions will occur between 2030 and 2033, which is expected to coincide with the country's final coal phase-out.

### Key transition steps towards reaching the 2030 climate and energy targets

The main goal of the Czech Republic's climate policy is to reduce emissions by 30 per cent by 2030 compared with 2005 levels. However, this level of ambition is not enough and should be raised in the upcoming revised national energy and climate plan.

The Czech Territorial Just Transition Plan outlines four objectives for achieving a reduction in emissions:

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<sup>7</sup> Ministry of Regional Development of the Czech Republic, [Plán spravedlivé územní transformace](#), Ministry of Regional Development of the Czech Republic, 26 September 2022.

<sup>8</sup> Ministry of Industry and Trade of the Czech Republic, [Státní energetická koncepce České Republiky](#), Ministry of Industry and Trade of the Czech Republic, 18 May 2015.

<sup>9</sup> Ministry of the Environment of the Czech Republic, [Politika ochrany klimatu v ČR](#), Ministry of the Environment of the Czech Republic, accessed 1 September 2023.

<sup>10</sup> Government of the Czech Republic, [Vnitrostátní plán České republiky v oblasti energetiky a klimatu](#), Government of the Czech Republic, 22 January 2020.

- Support productive investments that change the structure of the economy and reduce the impacts of the just transition in the industry and energy sectors as a result of the decline in coal mining;
- Promote a low-carbon circular economy based on decontamination, revitalisation and resocialisation, including developing local infrastructure as a means of diversifying the economy and supporting mining culture heritage projects;
- Maximise the potential of human resources to drive the transformation of the energy industry, phase out coal mining, and develop new economic activities;
- Enable innovation through research and development initiatives that deliver tangible benefits to businesses and the economy as a whole.

### Addressing the social, employment, economic and environmental impacts of the transition

The Czech Territorial Just Transition Plan aims to address the social, employment, economic and environmental impacts of the transition through the following measures:

- Modernise industry and actively promote new businesses – especially small and medium-sized enterprises with higher added value – such as through the development of business incubators and consultancy services;
- Provide support for infrastructure construction and modernisation as well as research and development initiatives, particularly those focused on sustainable mobility and businesses that contribute to the development of renewable resources;
- Accelerate decontamination, revitalisation and resocialisation after mining activities cease in affected regions;
- Support the circular economy and facilitate the development of related technologies and consultancy services;
- Implement outplacement projects for vulnerable groups in the labour market, including re-training schemes, active assistance for job seekers, and prevention programmes to address the consequences of social exclusion;
- Educate local communities on transitioning to the new economy in the context of the changing labour market.

### Economic diversification and job replacement

The Czech Territorial Just Transition Plan forecasts significant job losses in various sectors: 18,000 in the coal industry, 3,600 in coal power generation, and 19,000 in indirectly related professions. To achieve economic diversification, the plan focuses on the potential of the transition to low-carbon industries through adaptive measures aimed at saving jobs within existing value chains linked to carbon-intensive industries. The plan also highlights the importance of productive investments in small and medium-sized enterprises as well as in research and innovation. However, it should be noted that the projected job losses

indicated in the plan are considerable and, therefore, it remains to be seen whether the planned measures will be sufficient to ensure a just transition.

### Czech Republic in a nutshell

The Czech plan generally aligns with key EU legislation and guiding documents. However, the glaring weakness of the plan is its lack of ambition, reflected in an excessive reliance on outdated national strategies. These shortcomings could perhaps be remedied through the addition of new measures that would align with the hopefully more ambitious version of the national energy and climate plan due to be published in 2024.

At the same time, it should be acknowledged that the Czech Territorial Just Transition Plan displays a commendable balance in attempting to address a wide variety of negative impacts resulting not only from the country's reliance on high-emitting and environmentally harmful industries in the regions, but also from the transition process itself. The plan sets clear goals for economic diversification, notably by prioritising initiatives targeting small and medium-sized enterprises, research and development, and solutions for a circular economy. Other proposed measures include the reskilling of employees at risk of losing their jobs, addressing related environmental issues, and improving education opportunities in response to the changing job market.

However, the high number of job losses forecast in the plan remains a concern, which is likely to challenge the effectiveness of the measures proposed. The plan also does not make much of an attempt to address other social and economic impacts that are likely to arise in the affected regions, particularly the growing problem of energy poverty, which has been exacerbated by the war in Ukraine and the ongoing energy crisis. To address these issues, it is vital that additional funding for appropriate measures is allocated through other funding streams.

### **Estonia**

Oil shale-rich Ida-Virumaa, located in the north-east of Estonia, is the only just transition region in the country. The final draft of Estonia's Territorial Just Transition Plan was submitted to the European Commission in mid-June 2022 and approved on 4 October 2022.<sup>11</sup> Set to receive around EUR 354 million from the Just Transition Fund, Estonia is determined to maintain the ambitious pace it has set thus far. Notably, construction of an industrial magnet factory in the eastern town of Narva, one of the proposed investments in the plan, has recently commenced.<sup>12</sup>

### Moving towards climate neutrality and key steps in the transition

According to the Territorial Just Transition Plan, Estonia will phase out oil shale in electricity production by 2035 and in overall energy production by 2040. The plan also includes a timeline for the closure of oil shale-based power plants and a projection of emissions reductions up to 2050. However, this prediction is based

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<sup>11</sup> Government of the Republic of Estonia, [Õiglase ülemineku territoriaalne kava](#), *Government of the Republic of Estonia*, 4 October 2022.

<sup>12</sup> Rene Kundla, ['Construction of magnet factory in Narva begins'](#), *ERR.ee*, 29 June 2023.

on the previous, outdated national energy and climate plan and fails to reflect the ambition set in the Paris Agreement.

An amendment to the Energy Management Organisation Act adopted in 2022<sup>13</sup> outlines two key transition goals aimed at reaching the 2030 climate and energy targets: the first is to cover annual domestic electricity consumption with 100 per cent renewable electricity by 2030; the second is to increase the share of renewables in the energy mix to 65 per cent by the same year. Both objectives are reflected in the recently revised draft national energy and climate plan,<sup>14</sup> which was submitted to the Commission in June 2023 and approved by the Estonian Government on 10 August 2023. The final version is scheduled for submission in June 2024. However, the Territorial Just Transition Plan still contains only the previously included transition objectives and has not been updated to reflect the newly introduced more ambitious goals from other documents.

### Addressing the social, employment, economic and environmental impacts of the transition

The total Just Transition Fund allocation for Estonia is EUR 354 million. According to the Territorial Just Transition Plan, 80 per cent of the Just Transition Fund will be allocated to economic diversification projects in Ida-Viru County. The remaining 20 per cent will be used to improve living conditions through investments in nature restoration projects and grassroots initiatives, among other measures.

The majority of the funds will be allocated for large investments totalling EUR 153 million. The remaining share of the funds will be invested in:

- small and medium-sized enterprises,
- support services for economic diversification,
- support services for increasing the knowledge and capacities of enterprises,
- financial support for workers in transition,
- reskilling/upskilling of workers,
- decoupling the Narva heat plant from oil shale,
- alleviating environmental damage caused by the oil shale sector through measures such as biomonitoring,
- social and health services,
- financial support for local governments in eligible areas, and
- support for grassroots initiatives.

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<sup>13</sup> Government of the Republic of Estonia, [Energiamajanduse korralduse seaduse muutmise seadus 656 SE](#), Government of the Republic of Estonia, 12 October 2022.

<sup>14</sup> Government of the Republic of Estonia, [Draft update of Estonia's National Energy and Climate Plan for 2030](#), Government of the Republic of Estonia, 10 August 2023.

While Estonia has not provided financing for any oil shale projects, continued vigilance is required. Projects likely to increase logging pressure, notably a proposed pulp mill project, will need to be closely monitored. Another concerning venture is the EUR 20 million investment in the two fossil fuel-based power plants in Narva. Plans to convert the facilities to run on biomass are likely to exacerbate the country's alarming trends in land use, land use change and forestry (LULUCF).

### Economic diversification and job replacement

The Territorial Just Transition Plan foresees the creation of around 1,000 new jobs within emerging industries in the Ida-Viru region, such as cellulose production, solar power generation and magnet manufacturing. However, nearly 5,000 jobs in the oil shale sector are expected to be lost as part of the transition, while other sectors are likely to be indirectly affected, resulting in an estimated loss of between 6,158 and 18,474 jobs. The Estonian government has pledged to use resources from other funds to create jobs needed to bridge the employment gap.

### Estonia in a nutshell

Overall, the Estonian plan is a credible, detailed document that aligns with key legislation, despite maintaining consistency with the rather unambitious climate and energy goals set in previous national documents. Therefore, the plan now needs to be supplemented with additional measures, particularly in the context of the increased ambition shown in Estonia's latest national energy and climate plan.

The Estonian plan primarily focuses on the economy, allocating a significant proportion of funds to large investments aimed at economic diversification and job replacement. However, it pays too little attention to social and environmental issues. The plan does mention improving living standards and supporting grassroots initiatives, albeit with limited funding. As such, it offers some hope that these issues, which tend to be overlooked in the Territorial Just Transition Plans of other countries, will be somewhat addressed. Regarding the environment, the plan allocates funds to mitigate the environmental damage caused by the oil shale sector using various tools such as biomonitoring. In addition to the substantial investments in economic diversification aimed at addressing the issue of job replacement, the plan also pledges to allocate additional resources from other funds to ensure this is achieved.

## Hungary

Hungary has prepared three Territorial Just Transition Plans covering the regions of Baranya,<sup>15</sup> Heves<sup>16</sup> and Borsod-Abaúj-Zemplén.<sup>17</sup> Developed as an annex to the Environment and Energy Efficiency Plus Operational Programme Plus (KEHOP Plusz),<sup>18</sup> the plans were approved in December 2022. The planned allocation from the Just Transition Fund consists of a lump sum of EUR 250.6 million for all three regions along with EUR 10.4 million in technical assistance.

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<sup>15</sup> Government of Hungary, [Területi Igazságos Átmenet Terv – Baranya Megye](#), Government of Hungary, 22 December 2022.

<sup>16</sup> Government of Hungary, [Területi Igazságos Átmenet Terv – Heves Megye](#), Government of Hungary, 22 December 2022.

<sup>17</sup> Government of Hungary, [Területi Igazságos Átmenet Terv – Borsod-Abaúj-Zemplén Megye](#), Government of Hungary, 22 December 2022.

<sup>18</sup> Government of Hungary, [Környezeti És Energiahatékonysági Operatív Program Plusz 2021-2027](#), Government of Hungary, 22 December 2022.

### Moving towards climate neutrality

The Hungarian Territorial Just Transition Plans describe the process towards achieving climate neutrality largely by referencing Hungary's long-term National Clean Development Strategy,<sup>19</sup> which sets a national climate neutrality target for 2050. However, the plans lack detailed regional and local strategies for reaching this target. Instead, the main focus is on addressing the economic challenges faced by the affected regions. According to the strategy, in order to reach the 2050 neutrality climate target, progress is required in the following areas:

- Improving energy efficiency and building a circular economy;
- Electrifying all sectors of the economy using domestic nuclear<sup>20</sup> and renewable energy sources;
- Utilising hydrogen and upscaling related hydrogen technologies;
- Using bioenergy in a sustainable way and within set limits;
- Promoting sustainable, modern and innovative agricultural practices;
- Increasing natural sinks to enhance carbon dioxide (CO<sub>2</sub>) absorption in forests.

### Key transition steps towards reaching the 2030 climate and energy targets

The Territorial Just Transition Plans outline the steps required to achieve the 2030 climate targets. However, these targets are based on the objectives outlined in Hungary's current national energy and climate plan, which was adopted back in January 2020. The national energy and climate plan sets a goal of phasing out coal and lignite mining as well as coal-fired electricity generation by 2030. This goal involves the following measures:

- closing the lignite units at Matra power plant in Heves by 2025, or 2030 at the latest;
- phasing out lignite mining and the use of lignite in residential heating by 2030;
- investing in energy efficiency and technological improvements;
- focusing on upskilling and reskilling.

### Addressing the social, employment, economic and environmental impacts of the transition

The Territorial Just Transition Plans identify four issues that must be addressed to adequately tackle the significant social, employment, economic and environmental impacts of the green transition:

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<sup>19</sup> Ministry of Innovation and Technology of the Government of Hungary, [National Clean Development Strategy 2020-2050 Executive Summary](#), Ministry of Innovation and Technology of the Government of Hungary, 17 September 2021.

<sup>20</sup> Note that the Just Transition Fund does not provide financial support for 'the decommissioning or construction of nuclear power stations'. See European Parliament, Council of the European Union, [Regulation \(EU\) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund](#), EUR-Lex, Art 9 (a), 30 June 2021. , Art 9 (a), 30 June 2021.

- The average age of employees working in lignite mines and energy production is 49, many of whom have limited opportunities in the wider labour market.
- The counties of Borsod–Abaúj–Zemplén, Baranya and Heves have high rates of energy poverty.
- The cement industry, heavily concentrated in Baranya, is the largest greenhouse gas-emitting sector in Hungary.
- Lignite mining has a strong negative impact on the quality of groundwater in Borsod–Abaúj–Zemplén and Heves.

Addressing the above issues is expected to yield positive results and contribute to achieving the general objectives of the Territorial Just Transition Plans through the following measures:

- Reskilling workers;
- Promoting green economic diversification, technological advances, research and development, and innovation;
- Supporting the development of renewable energy infrastructure and the implementation of an energy storage pilot project;
- Encouraging households to adopt environmentally friendly energy production and consumption by improving household energy efficiency, increasing the use of renewable energy sources, and reducing energy poverty;
- Addressing mine drainage and the recultivation of mine sites in Borsod–Abaúj–Zemplén and Heves.

All three Territorial Just Transition Plans outline the impacts of the just transition and provide a list of solutions:

- Employment restructuring of both direct and indirect jobs;
- Provide new training and retraining to help workers in the lignite sector move to other sectors;
- Replacing lignite-based domestic heating with carbon-free heating technologies;
- Encouraging the role of small and medium-sized enterprises in research and innovation;
- Significantly improving the energy management practices of small and medium-sized enterprises;
- Stimulating new productive investments in the green economy;
- Restoring areas impacted by lignite mining and ensuring socio-economic integration;
- Mitigating the negative effects of open-cast lignite mining on hydrological conditions, including restoring the regional water balance.

## Job replacement

The plans estimate that, overall, around 13,000 jobs in the three just transition regions will be affected. By 2030, almost 6,300 jobs are expected to be lost, including 800 in Heves, 3200 in Baranya and 2225 in Borsod–Abaúj–Zemplén. The aim is to replace most of the jobs that are lost, partly through reskilling. However, the Just Transition Fund alone is unlikely to be sufficient to fully replace all jobs, particularly given the operational programme indicates that only 817 jobs will be created at beneficiary organisations. Additionally, the plans fail to provide any details on the financial mechanisms that will be used to replace these jobs, nor any supporting data and calculations. The plans acknowledge that a significant number of mining and energy production employees are approaching retirement age. However, the plans do not indicate adequate solutions to address this issue. For instance, early retirement plans could be offered to ageing employees likely to be severely impacted by the transition.

## Hungary in a nutshell

Overall, Hungary's Territorial Just Transition Plans seem to be credible in that they align with key legislation. However, considering the government's recent recarbonisation policies and the uncertainty surrounding the Mátra power plant, it is questionable whether the plans will be implemented in a timely manner. As reported by Forbes, the Hungarian government plans to construct three new combined cycle gas turbine (CCGT) units with a maximum output of 1,650 megawatts (MW): two units, each with a maximum capacity of 500 MW, are planned for Tisza power plant in Tiszaújváros, Borsod–Abaúj–Zemplén, and one unit with a maximum capacity of 650 MW at the Mátra power plant site in Visonta, Heves.<sup>21</sup> The Ministry of Energy was due to make a formal announcement on the future of Mátra power plant by the end of June 2023, but a government decree has yet to be issued. Hungary's updated national energy and climate plan, submitted to the European Commission in the summer of 2023, clearly states: 'Our plans include the construction of a new gas turbine power plant at the Mátra power plant site, after which coal-based electricity production will be phased out.' We therefore expect the future government decree to state that coal will not be phased out at Mátra power plant by 2025 (as announced in 2021), but years later, after the new CCGT becomes operational, which is likely to be 2027 at the earliest. The several tens of thousands of households in Hungary's three just transition regions that use lignite and other types of coal for heating will be particularly impacted by a further delay in the closure of the lignite mines in Heves and Borsod–Abaúj–Zemplén. This is because cleaner alternative heating sources and support for switching to cleaner heating will not be made available as needed.

The Territorial Just Transition Plan for Baranya does not address the region's problematic cement and lime industry in any detail. However, the second measure in the plan, which targets green economic diversification, identifies the potential for converting installations in the cement and lime industry to low-emissions production. Confusingly, the plan mentions that the technological aspects relating to how this will be achieved are set out in an annex to the Territorial Just Transition Plan, which has yet to be published. The authors of the plan further claim that a technical support instrument (TSI) addresses the issue in greater depth. However, the details of the TSI are still unknown. Unfortunately, this general lack of clarity is indicative of the government's poor approach to ensuring transparency across its national documents.

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<sup>21</sup> Forbes, '[Itt építi fel az állam az újabb gázerőműveket](#)', *Forbes*, 13 March 2023.

Considering all three counties have high levels of energy poverty, in excess of the national average, the inclusion of measures to address issues associated with energy poverty is welcome.

The environmental objectives focus on land restoration and restoring water balance, but it is difficult to determine the viability of the measures proposed until the activities, beneficiaries, expected results and indicators are described in a more detailed manner. Similarly, the need to introduce natural sinks and modern agricultural practices is mentioned in the general description of the transition steps. However, no other details are provided, save for a project involving a greenfield biomethane production plant in Borsod-Abaúj-Zemplén.

The plans include a range of proposals for energy greening, including bioenergy production, carbon-free heating solutions, green hydrogen, energy management improvements, and the development of other green technologies.

There are plans to develop small and medium-sized enterprises in the regions. However, it is still possible for large industries to apply for funding within the scope of many of the planned activities. This will likely result in support being given to large industries over smaller enterprises due to an imbalance in power and capacity.

In summary, while the plans contain some innovative proposals for solutions, they are also hampered by gaps and inconsistencies. Therefore, much will depend on how they are implemented. Regrettably, based on the contents of a draft of the revised national energy and climate plan,<sup>22</sup> which was open to public consultation until 7 July 2023, it is very likely that the phase-out of the lignite units at Matra power plant will be delayed until 2030 at the latest. In this scenario, the Hungarian government would need to adjust its Territorial Just Transition Plans and request an operational programme amendment from the European Commission, which would jeopardise the disbursement of the Just Transition Fund and the roll-out of a just transition in the impacted regions.

## Latvia

Latvia's four just transition regions are Latgale, Vidzeme, Zemgale and Kurzeme, all of which are closely connected with the peat industry. With the exceptions of Pierīga and Rīga, these regions cover most of the country. However, only one Territorial Just Transition Plan<sup>23</sup> was prepared due to the similarity of the economic situations in the four regions. Latvia's single cohesion policy operational programme for the period from 2021 to 2027 was approved in November 2022. The country will receive a total of EUR 191.6 million from the Just Transition Fund to support Latvia's transition to a carbon-neutral economy.

### [Moving towards climate neutrality](#)

Unfortunately, Latvia's Territorial Just Transition Plan only briefly refers to climate neutrality goals, and in the context of two outdated documents: the national strategy for achieving climate neutrality by 2050

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<sup>22</sup> Ministry of Energy of Hungary, [Magyarország Nemzeti Energia- és Klímaterve: 2023. évben felülvizsgált változat](#), Ministry of Energy of Hungary, 23 June 2023.

<sup>23</sup> Cabinet of Ministers of the Republic of Latvia, [Par Taisnīgas pārkārtošanās teritoriālo plānu](#), *Likumi.lv*, 14 July 2022.

(published in 2019)<sup>24</sup> and the national energy and climate plan (published in 2020).<sup>25</sup> Soon to be updated, the new version of the national energy and climate plan is expected to improve the targets for reducing greenhouse gas emissions. The revised plan is urgently needed, as the existing unambitious national energy and climate plan only fulfilled the minimum requirements at the time it was drafted. The Territorial Just Transition Plan also fails to detail the process for achieving climate neutrality, focusing instead on the economic challenges facing the regions.

### Key transition steps towards achieving the 2030 climate and energy targets

The key transition steps in the Territorial Just Transition Plan centre around the phased elimination of peat as an energy source by 2030 and the implementation of recultivation measures in degraded peatlands. The document also focuses on strengthening the capacity of local governments to improve the efficiency and quality of their operations.

### Addressing the social, employment, economic and environmental impacts

The plan aims to comprehensively address the social, employment, economic and environmental impacts of the transition through the following measures:

- Upskilling employees in the peat sector and providing support for obtaining qualifications;
- Developing the public infrastructure necessary for business and the improvement of skills in the transition to a climate-neutral economy;
- Ending the use of peat in energy, including recultivating degraded peatland and replacing peat boilers with renewable solutions;
- Research and development for the sustainable use of natural resources in the context of environmental and climate goals;
- Business greening and product development measures;
- Promoting increased energy efficiency and the introduction of energy-efficient technologies in businesses;
- Restoring peatland habitats located in Natura 2000 sites;
- Promoting the use of emissions-free vehicles in municipalities.

However, the predicted creation of employment opportunities through recultivation measures, such as afforestation and re-purposing degraded peatland as berry fields, is excessively optimistic and fails to consider the existing shortage of workers in the regions. Additionally, the plan lacks a rigorous scientific approach to addressing the potential environmental impacts of the proposed recultivation measures. The plan focuses too narrowly on the impacts of the peat industry on energy production and not enough on the

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<sup>24</sup> Ministry of Environmental Protection and Regional Development of Latvia, [Informative Report: Strategy of Latvia for the Achievement of Climate Neutrality by 2050](#), Ministry of Environmental Protection and Regional Development of Latvia, 2019.

<sup>25</sup> Ministry of Economics of Latvia, [Latvia's National Energy and Climate Plan 2021-2030](#), Ministry of Economics of Latvia, 2020.

broader ecological consequences of converting degraded peatland to forests and berry fields, including the effects on biodiversity. The plan envisages re-naturalising peatland with the aim of restoring wetland and swamp habitats. However, these activities will only apply to areas that are designated Natura 2000 protected habitats, which represent only 12.4 per cent of all the remediated regions. The remaining 87.6 per cent will be recultivated as berry fields or forest plantations. To complicate matters, the recultivation methods selected in the plan are justified based on scientific data that fail to properly consider greenhouse gas emissions in the context of specific land use.

### Economic diversification

The plan ambitiously predicts that only 74 jobs will be lost directly or indirectly as a result of phasing out peat as an energy source. These losses will be offset by new employment opportunities created through reskilling and promoting economic activity, such as peatland recultivation, in degraded peatlands and other affected areas. This shift towards a greener economy through the recultivation of degraded peatlands and other measures is expected to result in 3,183 new jobs, including those in related industries.

### Latvia in a nutshell

Despite generally aligning with key legislation, Latvia's plan to reach the 2030 climate targets is lacking in detail. One major issue is the absence of science-based decision making, especially in relation to the climate and biodiversity impacts of the peat sector and the recultivation measures proposed. As a result, not enough peatland areas have been designated for re-naturalisation.

Another concern is the plan's failure to address the existing labour shortage in the regions. The minimal estimate of job losses suggests that the plan does not adequately consider the current employment situation in the region or the true impacts of the transition. That the plan completely overlooks peat extraction for other purposes is another significant shortcoming.

More positively, the plan includes a range of measures to green the energy sector, such as the promotion of green mobility, new individual heating solutions, energy efficiency and renewable energy production for businesses.

## **Poland**

Poland originally drafted Territorial Just Transition Plans for seven subregions: Eastern Wielkopolska, Upper Silesia, Lublin Voivodeship, Łódź Voivodeship (the Bełchatów region), Western Małopolska, the Zgorzelec and Wałbrzych regions (both Lower Silesia). However, only five plans were formally submitted to the European Commission: Eastern Wielkopolska, Upper Silesia, Łódź (for Bełchatów), Lower Silesia (for Wałbrzych) and Western Małopolska. Lublin Voivodeship and the Zgorzelec region were excluded earlier in the process after concerns were raised during informal discussions with the European Commission over a lack of clarity on the transition plans for the two regions, particularly in relation to the low targets for reducing CO<sub>2</sub> by 2030 and the distant closing dates set for the mines in Bogdanka and Turów.

The plan for Western Małopolska was later rejected because it failed to comply with the Just Transition Fund Regulation, largely due to its lack of detail on how the transition process would impact the region. However, it is set to receive some support from the Just Transition Fund due to the knock-on effects of the Upper Silesian transition process on workers living in an affected area of Małopolska.

The plan for Łódź (Bełchatów) was approved with a ‘rendez-vous clause’, with an updated and more ambitious version of the document due to be submitted by January 2024. This revised plan is expected to include a more detailed timetable of the transformation anticipated by 2026 and 2028.

It should be noted, however, that Poland’s plans for the regions vary considerably. They were also written with varying levels of public participation, which has affected the quality in some cases.

The funds allocated for the four regions are as follows: EUR 2.128 billion for Upper Silesia (including the partial allocation for Western Małopolska),<sup>26</sup> EUR 581.5 million for Lower Silesia (Wałbrzych),<sup>27</sup> EUR 415 million for Eastern Wielkopolska<sup>28</sup> and EUR 370 million for Łódź (Bełchatów).<sup>29</sup>

### Moving towards climate neutrality

The four approved plans take different approaches to achieving climate neutrality. The Silesian plan acknowledges the overarching EU target of climate neutrality by 2050, but fails to describe how this will be achieved locally. The plan for Lower Silesia (Wałbrzych) is based on the Energy Strategy of Lower Silesia,<sup>30</sup> which sets climate neutrality by 2040 as a key target.

The plan for Eastern Wielkopolska, while acknowledging that national documents provide the framework for the transition, sets out more ambitious measures to achieve climate neutrality by 2040. To reach this goal, the region plans to undertake various activities aimed at increasing energy efficiency and developing renewable sources of energy. By 2030, the region plans to phase out lignite and other forms of coal from mining, energy and heat production, replacing them with renewable energy sources. The future system, the plan states, will be based on energy communities and individual production.

The Łódź (Bełchatów) plan refers to the EU’s climate neutrality goal, but places greater emphasis on two key national strategic documents, namely the Energy Policy of Poland until 2040 (EPP2040)<sup>31</sup> and the existing national energy and climate plan,<sup>32</sup> neither of which align with the EU’s goal of net-zero greenhouse gas emissions by 2050. According to a document outlining its strategy until 2030,<sup>33</sup> Polska Grupa Energetyczna (PGE), which manages the mines and energy plant in the Bełchatów region and is Poland’s largest energy group, has also set a goal of achieving climate neutrality by 2050. However, the document does not provide a clear roadmap for how this will be achieved.

<sup>26</sup> Silesian Voivodeship, [Terytorialny Plan Sprawiedliwej Transformacji Województwa Śląskiego 2030](#), *Silesian Voivodeship*, 18 November 2022.

<sup>27</sup> Lower Silesian Voivodeship, [Terytorialny Plan Sprawiedliwej Transformacji Dla Województwa Dolnośląskiego 2021-2030 Subregion Wałbrzyski Wersja 10.0 Po Uwagach KE](#), *Lower Silesian Voivodeship*, December 2022.

<sup>28</sup> Local Government of Wielkopolska Voivodeship, [Terytorialny Plan Sprawiedliwej Transformacji Wielkopolski Wschodniej](#), *Local Government of Wielkopolska Voivodeship*, December 2022.

<sup>29</sup> Łódź Voivodeship, [Terytorialny Plan Sprawiedliwej Transformacji Województwa Łódzkiego](#), *Łódź Voivodeship*, 14 April 2023.

<sup>30</sup> Lower Silesian Voivodeship, [Strategia Energetyczna Dolnego Śląska – Kierunki Wsparcia Sektora Energetycznego](#), *Lower Silesian Voivodeship*, 25 October 2022.

<sup>31</sup> Ministry of Climate and Environment of Poland, [Energy Policy of Poland Until 2040](#), *Ministry of Climate and Environment of Poland*, 2 February 2021.

<sup>32</sup> Ministry of State Assets of Poland, [Krajowy plan na rzecz energii i klimatu na lata 2021-2030](#), *Ministry of State Assets of Poland*, 18 December 2019.

<sup>33</sup> PGE Group, [Strategia 2030](#), *PGE Group*, 19 October 2020.

The Łódź (Bełchatów) plan refers to the Polish government's intention to incorporate the coal assets of state-owned utilities into a single entity called the National Agency for Energy Security (NABE), which it claims will ensure achieving climate neutrality. However, the plan does not elaborate on how the agency will do so. Indeed, it is highly possible that the agency will in fact stop Poland from transitioning. Critical analyses<sup>34</sup> of the proposed agency indicate that transferring coal assets from energy companies to a dedicated entity, such as NABE, would be a good idea if this were linked to a coal exit date. A coal exit date in place would facilitate the process of energy companies investing in renewables based on their profitability, allowing NABE to focus on gradually closing the coal units. However, with no coal exit date set, the opposite might occur. This is because energy companies are currently under economic pressure to replace coal units with renewable energy sources. In contrast, a state agency is less constrained, as it does not have to prioritise profitability across its activities; thus, it might very well decide to continue investing in coal. For example, all coal assets within NABE may be subsidised with public funds to keep these assets 'alive', which could result in a very slow transition and postponement of the coal phase-out date for Poland.

### Key transition steps towards achieving the 2030 climate and energy targets

The key steps in achieving the 2030 climate and energy targets vary across the different plans.

The plan for Upper Silesia focuses on limiting the use of hard coal in the energy sector and the regional economy by 2030. Five of the 18 mines listed will have ceased production or have significantly reduced operations by 2030. However, the plan does not include all of the existing mines in the region, including the coal and coke mines operated by the JSW Group and various private mines. It only includes mines covered by a social agreement reached between the government and trade union representatives on transformation of the hard coal mining sector,<sup>35</sup> which is directly referenced in the plan. Lastly, the plan predicts that by 2030, one of the five coal power plants in the region will have shut down and decarbonisation measures will have been rolled out in other sectors of the economy.

The Lower Silesia (Wałbrzych) plan estimates a 55 per cent reduction in total emissions by 2030 compared to 2022 levels. This reduction is equivalent to 3.58 million tonnes of carbon dioxide (tCO<sub>2</sub>). The plan prioritises the decarbonisation and thermal modernisation of buildings as well as measures aimed at encouraging businesses to adopt green technologies.

The targets outlined in the following measures, due to be implemented by 2030, are set against 2022 levels:

- Increase installed renewable energy capacity by 56 MW and annual production from renewable energy sources by at least 56 megawatt hours (MWh);
- Reduce annual greenhouse gas emissions with support from the EU Emissions Trading System in both the construction sector (by approximately 36,000 tCO<sub>2</sub>) and in the heating sector (by approximately 45,000 tCO<sub>2</sub>) by investing in biomass combustion installations to be carried out by the local heat suppliers, PEC Wałbrzych and MZEC Świdnica;

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<sup>34</sup> Paweł Czyżak, Anna Frączyk, Wojciech Kukuła et al., [Monopol węglowy z problemami. Analiza restrukturyzacji polskiego sektora energetycznego](#), ClientEarth, Instrat, November 2020.

<sup>35</sup> Government of Poland, [Umowa Społeczna dotycząca transformacji sektora górnictwa węgla kamiennego oraz wybranych procesów transformacji województwa śląskiego](#), Website of the Republic of Poland, 28 May 2021.

- Improve the energy efficiency and performance of over 17,000 residential premises, 473,000 square metres (m<sup>2</sup>) of public buildings, and 93,000 m<sup>2</sup> of buildings occupied by small and medium-sized enterprises;
- Lower annual primary energy consumption in the construction industry by approximately 23 MWh.

The Eastern Wielkopolska plan outlines the following transition steps, which are generally more ambitious than corresponding national targets:

- Reduce CO<sub>2</sub> emissions in the energy industry by 90 to 95 per cent by 2030;
- Reduce CO<sub>2</sub> emissions in other sectors by 80 to 90 per cent by 2040;
- Reduce CO<sub>2</sub> emissions across all sectors by 55 per cent by 2030;
- Implement parallel activities aimed at absorbing CO<sub>2</sub>;
- Increase the share of renewables consumed to 32 per cent by 2030;
- Increase energy efficiency by 32.5 per cent by 2030;
- Close open-cast lignite mines by 2030;
- Phase out lignite-fired power plants by 2030.

The Łódź (Bełchatów) plan aims to reduce carbon emissions by 80 per cent by 2030 compared to 2020 levels. Gross electricity production is expected to decrease from 27.4 terawatt hours (TWh) in 2020 to 6.9 TWh in 2030, and coal consumption from 34.8 million tonnes in 2020 to 8.4 million tonnes in 2030. In addition, lignite-fired electricity production is expected to decrease by 74.8 per cent by 2030. Electricity in the system will be replenished by adding new renewable capacity in the form of offshore wind farms and other installations. The following transformation milestones are indicated:

- Obtain construction permits for renewable energy projects, with a minimum capacity of 130 MW, by 2026;
- Cease operations at Bełchatów mine by 2028 and shut down one of the 380 MW lignite-fired generating units at Bełchatów power plant by 2030;
- Complete renewable energy projects in post-mining areas, with a minimum capacity of 130 MW, by 2030.

The plan for Łódź (Bełchatów) states that various renewable energy investments, representing a total capacity of 171.5 MW, will increase the share of renewable energy sources in energy consumption. Increasing energy efficiency through thermal upgrades and energy-saving solutions will bring the region closer to achieving climate neutrality by 2050.

It is estimated that, in 2030, the total installed capacity from renewable energy sources could reach 700 MW, with photovoltaic farms contributing 600 MW and wind farms contributing 100 MW. There are also plans to build energy storage facilities with a capacity of up to 300 MW. Electricity production from new 'green'

sources could amount to about 1,050 GWh. Looking ahead to future transformations, the focus may shift to green hydrogen production and the utilisation of hydrogen and CO<sub>2</sub> technology.

### Addressing social, employment, economic and environmental impacts of the transition

The plan for Upper Silesia outlines the following measures for addressing the social, employment, economic and environmental impacts of the transition:

- Enhancing research and development and increasing the implementation potential of the sector;
- Diversifying the economy in mining subregions;
- Reducing the consumption of energy by primary raw materials and increasing the share of clean technologies in production processes to significantly reduce waste;
- Boosting employment by creating new jobs and enhancing the competitiveness of small and medium-sized enterprises in non-mining and clean energy sectors;
- Improving access to advisory and financial support for entrepreneurs starting new businesses;
- Encouraging the internationalisation of business activities;
- Increasing the production and storage of energy from distributed renewable sources;
- Mitigating the environmental effects of industrial activities, including mining;
- Promoting biodiversity in post-industrial areas and improving water conditions in areas impacted by mining;
- Developing vocational education in collaboration with entrepreneurs and universities;
- Investing in a higher education system geared towards the needs of the green economy;
- Setting suitable conditions for professional development, including through upskilling, to create career opportunities for affected workers;
- Strengthening the capacity of local institutions, including enabling staff to implement the transformation process;
- Establishing a comprehensive system for monitoring the progress of transformation processes.

The Lower Silesia (Wałbrzych) plan focuses on transforming the local job market with the aim of creating around 7,000 jobs in green economy sectors by 2030. This will be achieved by investing in vocational education and implementing measures to upgrade qualifications and improve employment opportunities. The document also outlines plans to prevent further climate change and adapt to its current effects.

The Eastern Wielkopolska plan alludes to the potential negative impacts of the transformation. One of its concerns is that rushing to reach the ambitious goal of climate neutrality by 2040 could trigger a socio-economic crisis in the region. The plan flags several problematic social phenomena in the region, including an ageing local population, youth migration and poverty. It warns that these issues will be amplified by the

eventual closure of the mines and plants in the region, which will in turn significantly reduce the incomes of municipalities and their capacity to perform vital tasks. The document also identifies the challenge of managing the considerable swathes of devastated land caused by extraction activities.

On the other hand, the plan acknowledges that many of these concerns can be alleviated through targeted action. These measures are categorised as follows:

- Building a zero-emission circular economy that breaks the region's dependence on coal and fosters competitiveness in accordance with the region's climate-neutrality goals;
- Creating a high-quality integrated environment, revitalising devastated land and rebuilding water eco-systems;
- Engaging the mining region's community to address socio-economic challenges and adverse demographic changes.

The phasing out of coal mining will reduce the number of employees working in both mines and power plants by 40.4 per cent from 7,530 to 4,485 by 2030. Of this workforce, 74.5 per cent are aged 45 and above. Between 2021 and 2030, 3,045 employees will become eligible for pension benefits.

In the Territorial Just Transition Plan for Łódź (Bełchatów), data is cited without providing its source. The claim made is that for every job at the mine, four additional jobs are created in regional businesses cooperating with the utility. Based on the estimates provided in the plan, it is assumed that a failure to restore 1,773 jobs would result in the loss of 7,092 jobs in the region. This assumption, based on materials developed by coal companies operating in Upper Silesia, has proved unfounded. According to the Institute for Structural Research,<sup>36</sup> each full-time mining-related position actually generates between 1.16 and 1.35 jobs in other sectors of the economy.

### Economic diversification

The Territorial Just Transition Plan for Upper Silesia estimates that 273,000 jobs will be created through the measures listed in the document (see above sub-section providing information on planned measures to address impacts). This will help to create the conditions for the development of an innovative and green economy in the area. Investments in research, innovation and the transfer of advanced technologies are also foreseen. In addition, new jobs will be created as an indirect effect of the measures related to the implementation of alternative energy sources and the effective use of post-industrial land for economic, environmental and social purposes.

The plan for Lower Silesia (Wałbrzych), which focuses particularly on the subregion of Wałbrzych, where most coal-related jobs were lost in the 1990s, aims to boost the local job market by developing green technologies, nurturing innovation, diversifying economic sectors, and creating high-value jobs within industries already established in the subregion. These sectors include IT, automation, mechatronics, energy and electricity, chemical production, tourism and agri-food. The goal is to create new, local supply chains involving design companies, manufacturers and distributors of construction and installation materials,

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<sup>35</sup> Jan Frankowski, Joanna Mazurkiewicz, Robert Krzysztofik, [Województwo śląskie w punkcie zwrotnym transformacji](#), *Institut Badań Strukturalnych*, 19 October 2020.

general construction and installation companies, enterprises specialising in energy-saving solutions (energy consultancy, auditing, IT) as well as financial, maintenance and after-sales service providers.

The Territorial Just Transition Plan for Eastern Wielkopolska acknowledges that the transition could potentially result in a socio-economic crisis in the short term. It anticipates that up to 2,200 jobs will be lost due to the coal mining phase-out alongside the creation of 1,100 new positions, amounting to a net loss of 1,100 jobs. The following activities are identified as ways of diversifying the economy and creating jobs:

- Investments in renewable energy, energy efficiency and land renovation
- Support for entrepreneurship, small and medium-sized enterprises, and startups
- Support for research and development
- Development of electronic public services
- Improving energy efficiency and sources of heat modernisation for businesses

The plan for the Łódź Voivodeship (Bełchatów) sets out three rather general goals aimed at addressing the social, employment, economic and environmental impacts of the transition.

Goal 1: A competitive, innovative and climate-neutral economy based on smart growth, diversified industry, modern technologies and attractive jobs.

The goal will be achieved by creating employment opportunities in businesses outside the mining sector and investing in research and innovation, with 759 firms set to benefit. The envisioned new green model for a diversified circular economy will be based on zero-emission and resource-efficient industries, renewable energy sources and advanced technologies.

Goal 2: A qualified, informed and actively involved society with equal access to high-quality public services.

The goal will be achieved by adapting the skills and qualifications of local residents to the new economic model. This will involve the development of an educational and training base, advisory services, and vocational activation training for the unemployed, especially those who are women. The state-owned power company PGE will set up a competence development centre, which will play a role in reskilling residents and creating new employment opportunities in the energy and renewable energy sectors, with 4,070 individuals expected to gain new qualifications as a result of the initiative.

Goal 3: A natural environment and landscape resilient to climate change and a transportation system that prioritises sustainable mobility services.

The goal will be achieved by transforming the energy sector, specifically by developing low- and zero-carbon sources of energy, including renewable energy, and implementing energy storage facilities. This will be complemented by renewable energy-based investments in heating and cooling production along with storage facilities. A key aspect will be the reclamation of post-mining areas in accordance with the 'polluter pays' principle, remediation of degraded ecosystems, and rational management of raw resource deposits and water. Other measures involve decarbonising the transportation system and reducing transport exclusion through investments in sustainable local mobility.

In summary, the Just Transition Mechanism will be used to help Bełchatów transition from a coal-based monocultural economy to a more diversified model. Measures such as retraining the local workforce and creating new green jobs and businesses are expected to contribute to the decarbonisation of electricity production.

### Poland in a nutshell

The climate and energy targets set out in the above plans reflect a general lack of ambition. The one notable exception is the plan for Eastern Wielkopolska, which intends to phase out coal completely by 2030 and achieve climate neutrality by 2040. It should be noted that the tentative indications made in some public statements to phase out coal in Poland by 2049 has yet to be officially endorsed.<sup>37</sup> Furthermore, the approved Territorial Just Transition Plans do not include dates for the closure of private mines in Silesia, notably the four coking coal mines owned by Jastrzębska Spółka Węglowa, the Bogdanka coking coal mine in the Lublin Voivodeship and the Turów lignite mine in Lower Silesia. Also, given that Poland is home to extensive steel, chemical and cement industries, further applications for Just Transition Fund support are likely to be submitted in the next funding period. Nevertheless, based on preparations for the implementation of the Territorial Just Transition Plans at the regional level, it is evident that Poland is now embracing a more ambitious approach to the phase-out of coal than it did previously.

Overall, the plans provide a detailed account of the measures needed to advance renewable energy sources and sectors connected with the green transition. The plans are also notable for their increased ambition, setting objectives to enhance energy efficiency measures and address heating and cooling needs. However, while the analysis of the economic and social contexts of the transition in affected regions is relatively thorough, the main challenges related to jobs, depopulation and land reclamation are less well considered, and it is obvious that little will be achieved if the implementation phase is not underpinned by more detailed strategies.

In recent years, Eastern Wielkopolska, Upper Silesia and Lower Silesia have simultaneously developed many other more detailed documents and strategies, which raises confidence that the Territorial Just Transition Plans for these regions will be supplemented with more comprehensive data on how to tackle the issues faced by the transitioning territories. These three regions also set and prioritise measurable goals for mitigating the social, employment, economic and environmental impacts of the transition. The plan for Łódź (Bełchatów) is the least advanced, as it lacks a post-coal strategy for regional development. Environmental aspects, especially hydrological issues in lignite mining regions, are important focal points of the plans for the Eastern Wielkopolska and Łódź (Bełchatów) regions.

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<sup>37</sup> For example, in a tweet posted on 21 November 2021 in relation to the COP26 summit, the Polish Minister of Climate and Environment, Anna Moskwa, mentioned the year 2049 as the phase-out date for coal in Poland. However, this statement was swiftly contradicted in a tweet by the Ministry itself, which stated that coal would be phased out in Poland in the 2040s or as early as possible after this date. See Martyna Maciuch, [Polska odejdzie od węgla dopiero w 2049? Tę deklarację wypisujemy się z grona państw rozwiniętych, wskazują eksperci](#), *300Gospodarka.pl*, 5 November 2021.

## Romania

The Territorial Just Transition Plans<sup>38</sup> for Romania cover six regions: Hunedoara, Gorj, Dolj, Galați, Prahova and Mureș. Of these, Gorj and Hunedoara are coal regions, with the remaining four designated carbon-intensive regions. The approximate Just Transition Fund allocations for the regions are as follows: EUR 196.7 million for Hunedoara, EUR 200 million for Gorj, EUR 153 million for Dolj, EUR 144 million for Galați, EUR 103 million for Prahova and 103 EUR million for Mureș. This briefing focuses primarily on the two coal regions of Hunedoara and Gorj, but touches on aspects that are common to all six plans. An upcoming Bankwatch briefing on the Just Transition Fund allocations, due to be published in autumn 2023, examines the situation in all six regions in greater detail.

### Moving towards climate neutrality and key transition steps

Romania's Territorial Just Transition Plans reference the targets set out in Romania's decarbonisation law<sup>39</sup> adopted in November 2022, which is a key element of the national recovery and resilience plan. The law requires coal to be phased out by 2030 and climate neutrality to be achieved by 2050.

However, the relatively detailed strategy for phasing out coal outlined in Romania's Territorial Just Transition Plans neglects to include a timeline for the closure of lignite mines. The path towards climate neutrality is not described comprehensively in any of the six plans.

### Addressing the social, employment, economic and environmental impacts of the transition

The plans for Hunedoara and Gorj outline measures to mitigate the social, employment, economic and environmental impacts of the transition. These include:

- Developing the small and medium-sized enterprises sector as well as social enterprises through technology transfer and other strategies;
- Supporting entrepreneurial initiatives, including female and youth entrepreneurship;
- Reskilling and upskilling;
- Supporting small and medium-sized enterprises operating in the sectors of production, construction and building renovations, green energy production and installation, and maintenance of individual renewable energy solutions.

Increasing local technical and administrative capacity is not a priority for Romania's central government. EU technical assistance programmes are therefore crucial in order to increase the capacity of local government in Romania and help it to deliver the measures set out in their Territorial Just Transition Plans. Finally, none of the plans offer a comprehensive approach to addressing the environmental impacts of the transition.

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<sup>38</sup> Government of Romania, [SFC2021 Program sprijinit din FEDR \(Investiții pentru ocuparea forței de muncă și creștere economică\), FSE+, Fondul de coeziune și FEPAM – articolul 21 alineatul \(3\)](#), Government of Romania, 9 December 2022.

<sup>39</sup> Government of Romania, [Ordonanță de Urgență nr. 108 din 30 iunie 2022 privind decarbonizarea sectorului energetic](#), Government of Romania, 30 June 2022.

### Economic diversification and job replacement

It is estimated that 45,150 jobs will be lost in the decarbonisation process across the six counties. At the same time, 17,250 jobs are expected to be created with the aid of the Just Transition Fund. While some of the counties seem to have inflated their job loss numbers to obtain a higher proportion of the funding, there still seems to be a significant discrepancy between the expected amounts of jobs lost and those that will be replaced. This would suggest that most of the counties will probably not be able to tackle the issue fully based on current planning.

The plans for Hunedoara and Gorj outline strategies to boost economic diversification. This will be achieved by transferring funds, prioritising small and medium enterprises, and promoting advanced renewable technologies, including

- manufacturing rechargeable batteries,
- green hydrogen,
- equipment for the energy efficiency of buildings, and
- renewable energy technologies and biofuels.

Nonetheless, the available information is not detailed enough to assess whether the plans will be able to follow through on their promises of job replacement and economic diversification.

### Romania in a nutshell

The Romanian Territorial Just Transition Plans align with key legislation and seem to have set a quite ambitious timeline. However, they lack clarity on the exact dates of phasing out lignite mining. Additionally, the path towards climate neutrality is not described comprehensively in any of the six plans, weakening their overall credibility.

There also seems to be an issue with the feasibility of the approach to job replacement, considering the significant number of jobs that are estimated to be impacted by the transition. However, from our perspective, the focus on providing support to small and medium-sized enterprises and developing new green value chains at the local level are likely to have some effect on addressing the economic needs of the regions.

In the context of the Territorial Just Transition Plans of other nations, Romania's stand out for their explicit endorsement of female and youth entrepreneurship. However, whether this commitment is reflected in the projects that eventually secure funding remains to be seen. Therefore, it is imperative to monitor whether the intentions articulated in the planning documents are realised when it comes to implementing the Just Transition Fund.

The plans place no emphasis on increasing local technical and administrative capacity, which indicates that this aspect of the transition is not considered a priority. Concerningly, a comprehensive strategy for addressing the environmental impacts of the transition is notably absent from the plans.

## Slovakia

Slovakia has prepared one Territorial Just Transition Plan<sup>40</sup> covering three just transition regions: Upper Nitra, Kosický and Banskobystrický. Upper Nitra is a coal region, with the remaining two designated carbon-intensive regions. The Slovak plan was approved on 25 November 2022. The approximate allocation for Slovakia is as follows: 226 million for Upper Nitra, 158.5 million for Kosický and 56.4 million for the Banskobystrický region.

### Moving towards climate neutrality and key transition steps

The Territorial Just Transition Plan fails to offer a credible and detailed path towards climate neutrality. Nor does it provide a description of transition processes at the national level or any associated timelines. Instead, it states in a rather general way that the measures outlined are consistent with the Slovak national energy and climate plan and other strategic documents. The key transition steps outlined in the plan are restricted to the cessation of coal mining in 2023 and commitments by the most significant EU emissions trading systems operators to implement technological changes to their planned projects.

The Territorial Just Transition Plan primarily focuses on the coal phase-out, which is due to be completed in 2023. It also alludes to technological advances by large enterprises operating within the emissions trading system, particularly those involved in steel production. Overall, however, the plan is vague on the key transition steps that need to be taken to achieve the 2030 climate and energy targets.

### Addressing the social, employment, economic and environmental impacts of the transition

The Territorial Just Transition Plan emphasises three key areas of action needed to address the social, employment, economic and environmental impacts of the transition. These are (1) economic diversification, (2) transition to clean energy and the revitalisation of territories, and (3) the development of human capital and skills.

The plan outlines several activities under each of the three categories. Under ‘economic diversification’, the following areas will receive funding: business support, development of small and medium-sized enterprises, creation of sustainable jobs, research and development, and innovation.

Under the ‘transition to clean energy and revitalisation of territories’ category, the following areas will be funded: clean energy, the circular economy, repurposing and reusing abandoned industrial sites, territory and land restoration, sustainable local transport, development of infrastructure for alternative fuels, and intelligent mobility.

Under the ‘development of human capital and skills’ category, funding is planned for lifelong training and retraining, intelligent specialisation, industrial transformation, entrepreneurship infrastructure, and formal and non-formal education development.

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<sup>40</sup> Ministry of Investments, Regional Development and Informatization of the Slovak Republic, [Plán Spravodlivej Transformácie Územia](#), Ministry of Investments, Regional Development and Informatization of the Slovak Republic, 24 November 2022.

### Economic diversification and replacement of jobs

The Slovak plan outlines a strategy for economic diversification based on supporting the development of small and medium-sized enterprises and startups, as well as focusing on industries with large potential for growth, such as sustainable agriculture and tourism. The plan anticipates more than 2,700 job losses in the Upper Nitra region, with the highest amount of layoffs expected to occur in 2024. The plan anticipates the creation of 900 new jobs, a projection based on a list of projects proposed by various large enterprises. However, this list is purely indicative and may be subject to modifications and additions. Based on its own indicators, the plan also foresees an additional 303 jobs created by other supporting entities by 2029. Considering the age profile of the current workforce, the measures intended to create replacement employment opportunities seem sufficiently credible.

### Slovakia in a nutshell

There are major concerns regarding the credibility of the path towards climate neutrality outlined in Slovakia's Territorial Just Transition Plan. Rather than providing a detailed overview with specific timelines, the plan simply states that the planned measures are consistent with the Slovak national energy and climate plan and other relevant documents. In general, the plan aligns with key legislation on measures to address social, employment, economic and environmental impacts of the transition.

The plan sets goals for economic diversification based on measures that support small and medium-sized enterprises, research and development, and the circular economy. Further measures include re-employing workers at risk of losing their jobs, addressing some related environmental issues, and improving education opportunities in response to the changing job market. However, there is no attempt to address other social and economic impacts on the regions, especially the growing issue of energy poverty.

## **Section 3: Summary and recommendations**

This briefing investigates the degree to which approved Territorial Just Transition Plans in seven central and eastern European countries align with key EU legislation and guiding documents in three main areas: (1) the level of ambition for achieving the EU's 2030 and 2050 climate targets and the key transition steps involved; (2) addressing the social, employment, economic and environmental impacts of the transition; (3) economic diversification and replacement of jobs. Our findings show that the approved Territorial Just Transition Plans generally align with key legislation, including the Just Transition Fund Regulation and the Common Provisions Regulation. However, there are some concerns regarding their transformative potential of the plans proposed by all seven countries monitored by CEE Bankwatch Network.

### **Climate targets**

The Territorial Just Transition Plans for the Czech Republic, Latvia, Romania, Slovakia, and some of the regions in Poland do not provide sufficient clarity on the path towards reaching the EU's 2030 climate targets. Some of the plans, such as the Romanian plan, even fail to provide clear phase-out timelines. It should be noted that while it was not the aim of the Territorial Just Transition Plans to establish a pathway for countries to phase out high-emissions industries in the regions, in practice, the requirement to develop the plans inadvertently led to the establishment of timelines in several cases, propelling national-level ambitions forward.

On the one hand, the Territorial Just Transition Plans proposed typically reflect outdated national energy and climate plans and strategies, as evidenced in the Czech Republic, Hungary and Estonia. On the other hand, as the plan for Eastern Wielkopolska in Poland shows, individual regions are capable of adopting a much more ambitious timeline than that set on the national level.

The current updating of the national energy and climate plans provides an opportunity to raise the low climate ambitions of the Territorial Just Transition Plans. For example, in Estonia, key transition steps towards reaching the 2030 climate and energy targets were updated with the amendment of the Energy Law in 2022. As a result, as of May 2023, the key targets are much more ambitious than those previously set in the country's Territorial Just Transition Plan. Estonia's new targets will be reflected in the country's revised national energy and climate plan, which will probably affect the situation in the just transition region of Ida-Virumaa.

### Recommendations:

- Revise national climate and energy plans to reflect the increasing climate ambitions of the EU. This will necessarily lead to a more ambitious approach to phasing out fossil fuel activities and achieving climate neutrality in the just transition regions, regardless of the level of ambition set out in the current Territorial Just Transition Plans.
- Clearly set phase-out timelines for industries at the national level, especially in cases where dates have yet to be defined.

### **Addressing the impacts of the just transition process**

A number of the plans, such as those for the Czech Republic and Slovakia, take a relatively balanced approach to addressing the social, employment, economic and environmental impacts of the just transition process. In all documents, however, emphasis on both the social and environmental aspects of the just transition is significantly reduced.

Overall, the main focus is on economic diversification and providing re-employment opportunities for workers who lose jobs as a result of the transition. While it could be argued that these are the main priorities of the Just Transition Fund, a lack of focus on the social and environmental impacts will prevent the regions from fully recovering from the negative effects of changing their status as heavy industry centres. One of the most harmful impacts is the issue of energy poverty, which has been brought into sharp focus by Russia's invasion of Ukraine and the current energy crises. However, the issue is barely mentioned in most of the Territorial Just Transition Plans, with the exception of the Hungarian plan.

The most significant failure to address environmental issues can be found in the Territorial Just Transition Plan for Latvia. Specifically, it fails to acknowledge peat extraction for purposes other than energy production and pays scant attention to the potential of peatland restoration.

From our perspective, some of the more innovative solutions, while well-intentioned, either lack credibility or the necessary funding to follow through. These include:

- Estonia's plans for improving living standards and supporting grassroots initiatives;

- Hungary's plans for addressing the issue of energy poverty in its just transition regions alongside environmental assessments highlighting the urgent need to implement land restoration measures and resolve water balance issues resulting from decades of open-pit mining;
- Poland's plans to address hydrological issues associated with the lignite mining regions of Bełchatów and Eastern Wielkopolska; and
- Romania's attempts to address gender-related social inequalities.

Moreover, because the Territorial Just Transition Plans are painted in such broad brushstrokes, much will depend on the formulation of more detailed strategies specifically targeting the impacts identified and the corresponding measures outlined to combat them. Arguably, a more important consideration is the manner in which these strategies will be executed during the implementation phase. Encouragingly, many regions are already taking advantage of various technical assistance instruments to ensure best practices are adopted during this important phase.

#### Recommendations:

- Going forward, additional funding should be provided to just transition regions for appropriate social and environmental measures from other funding streams wherever these have not been addressed appropriately in the Territorial Just Transition Plans, with priority given to the rising issue of energy poverty.
- Social issues need to be emphasised more, potentially through projects availing of other European funds, such as the Social Climate Fund.
- More detailed strategies for tackling the negative impacts of the transition should be developed using suitable technical assistance instruments.
- The more innovative proposals from the regions listed above should be afforded the necessary funding and resources to ensure they fulfil their transformative potential.
- Environmental issues, which have to date only been superficially tackled in the Territorial Just Transition Plans, should be assigned separate strategies in order to address the impacts of heavy industry on the regions and mitigate the effects of the transition process.

#### **Economic diversification and job replacement**

All of the Territorial Just Transition Plans discussed in this briefing prioritise economic diversification. For example, the Estonian plan for Ida-Virumaa intends to allocate 80 per cent of its funds for this purpose. However, the concern is that a sizeable proportion of the funding allocation will be provided to large beneficiaries, such as in the Czech Republic, Slovakia and Hungary, despite simultaneous statements of support for the development of small and medium-sized enterprises, which represent 99 per cent of all businesses in the EU.

While in many of the regions it seems probable that the job losses forecast (particularly indirectly) as a result of the transition have been overestimated, tackling the issue of re-employment will certainly be one of the most challenging tasks ahead. One notable exception to this trend is Latvia, where the estimates of job

losses seem low by comparison. Irrespective of the accuracy of the predictions, it is doubtful whether the proposed measures will be sufficient to tackle re-employment, particularly given that the plans completely overlook the workforce shortage in the regions.

### Recommendations

- Supplement existing funding to provide more support for re-employment schemes in the just transition regions, given that the challenges faced cannot be met using the amount currently available.
- Ensure that funds are allocated to small and medium-sized enterprises in the first instance instead of large industries, while at the same time ensuring that economic diversification remains a high priority.
- Provide capacity-building support to smaller stakeholders to ensure they are able to apply for relevant funding.

One final, more general recommendation would be to conduct a mid-term review of the Territorial Just Transition Plans that takes the above recommendations into account. Introducing a review of this kind would help to adjust the level of ambition in the context of the revised national energy and climate plans and re-evaluate the effectiveness of the spending allocated for the measures planned.

In summary, it remains to be seen whether the plans will be realised to the extent promised, which is not saying much given that in many cases the plans are low in ambition to begin with, especially in social and environmental terms. It is vital that the level of ambition is raised across the board and, crucially, that solutions are implemented in the most climate-friendly, inclusive and just way possible so that no one is left behind.

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