

# Following the Money: Romania

## What is the Just Transition Fund going to finance?



Photo: Cioana via Canva

See our most recent briefings on just transition:

- [Just Transition Project Implementation Checklist: April 2022](#)
- [Status of the Territorial Just Transition Plans in central and eastern Europe: October 2022](#)
- [What is the current state of the just transition processes in Bulgaria? January 2023](#)
- [Assessment of Latvia's Territorial Just Transition Plan: February 2023](#)
- [The second and third pillars of the Just Transition Mechanism: March 2023](#)
- [Mapping the road to a just transition in central and eastern Europe: an analysis of Territorial Just Transition Plans in 7 countries: September 2023](#)
- [Planning for social justice in Territorial Just Transition Plans in central and eastern Europe: September 2023](#)
- [Guidelines for selecting just transition projects: October 2023](#)

For more information

**Dan Dobre**

Just Transition Campaigner  
CEE Bankwatch Network  
[dan.dobre@bankwatch.org](mailto:dan.dobre@bankwatch.org)

**Eliza Barnea**

Romanian Just Transition  
Campaigner  
CEE Bankwatch Network  
[eliza.barnea@bankwatch.org](mailto:eliza.barnea@bankwatch.org)

**Michiel Stapper**

Assistant Professor at Tilburg  
University  
Department of Public Law and  
Governance  
[E.W.Stapper@tilburguniversity.edu](mailto:E.W.Stapper@tilburguniversity.edu)

Learn more: [bankwatch.org](https://bankwatch.org)



## Table of contents

|  |    |
|--|----|
| Introduction to the Just Transition Mechanism .....  | 3  |
| Methodology .....  | 4  |
| The Territorial Just Transition Plan for Romania .....   | 5  |
| Planned policy implementation outcomes.....  | 5  |
| Main prognosed impacts (economic, employment, environmental and social) of the just transition process in Romania..... | 6  |
| Where will the money go? .....   | 7  |
| Annex 1.....   | 11 |

The briefing aims to provide an understanding of the just transition envisioned in the Romanian Territorial Just Transition Plan for the six regions designated to receive money from the Just Transition Fund: the Hunedoara, Gorj, Dolj, Galați, Prahova and Mureș counties. It scrutinises and evaluates the economic, environmental and social aspects of the plan, while also showing how the investments are to be divided among economic, environmental and social policies. Unlike our previous briefings, this time we will not only be looking at what is written in the Territorial Just Transition Plan (TJTP), but will primarily be following the money, i.e. analysing how the objectives and focus described in the plan are translated into fund allocation.

The briefing consists of three sections. Following a brief introduction to the Just Transition Mechanism, the second section provides an overview of the methodology we applied to conduct this analysis. The third section identifies what Romania actually plans to fund to alleviate the impacts of the transition to carbon neutrality and looks at the allocation of the funds to specific types of projects.

**Funded by**



'The RegENERate project has received funding from the LIFE Programme of the European Union.'

## Introduction to the Just Transition Mechanism

The Just Transition Mechanism (JTM) 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 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, the 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 plan, 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 Plan.

The Territorial Just Transition Plan for Romania<sup>4</sup> covers six regions: Hunedoara, Gorj, Dolj, Galați, Prahova and Mureș. Of these, Gorj and Hunedoara are coal regions, with the remaining four designated as carbon-intensive regions.

All countries that 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, in accordance with the established funding priorities in the approved plans. In most countries, including Romania, monitoring committees for European funds have been established and project implementation has been initiated.

---

<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.

<sup>4</sup> Ministry of Investment and European Projects of Romania, [Programul Operational Tranzitie Justa](#), Ministry of Investment and European Projects of Romania, 16 June 2022.

## Methodology<sup>5</sup>

The plan for Romania was carefully examined and assessed in a four-step process. Firstly, we delved into the primary intended policy outcomes. This involved identifying the key sectors targeted in the plan, summarising estimated job losses and job creation, and analysing the proposed reduction in carbon emissions. We also scrutinised the aspirations related to the phase-out of fossil fuels and the promotion of renewable energy.

In the second step, we closely evaluated the expected impact of the plan. This encompassed a comprehensive analysis of six critical elements: the economic, environmental, employment, and social implications of the plan, as well as potential areas for growth and retraining requirements.

Moving on to the third step, we categorised the most significant economic, social, and environmental policies in a table format. Economic policies were defined as those directly aimed at the private sector or the improvement of employment conditions. Employment policies, for instance, were grouped under economic policies due to their primary benefits for private companies or individuals. Economic policies encompassed initiatives such as investments in small and medium-sized enterprises (SMEs), workforce retraining or upskilling, and investments in large businesses. Environmental policies focused on measures to enhance the environment, including increasing renewable energy production and brownfield decontamination. Social policies aimed to improve the communal and public conditions of regions and were designed to benefit large segments of the population. These policies covered investments in social and healthcare, education (excluding retraining or upskilling), and public research organisations. Economic policies were further categorised into those related to employment, retraining/upskilling, SMEs, and large corporations. Social policies were divided into areas such as social issues, child and elder care, public sector research and development, education, and small-scale community initiatives. Environmental policies were categorised based on their relationship to energy and land development.

In the fourth and final step, we utilised the Cohesion Open Data Platform<sup>6</sup> to investigate the allocation of funds to specific policies. We calculated the percentage of the total budget allocated within the Just Transition Fund to each policy. It should be noted that just transition regions will also be receiving money from other European funds (e.g. the second and third pillars of the Just Transition Mechanism, the European Social Fund, the Modernisation Fund, the general Cohesion Fund, etc.) and national funds; however, it was not possible to include an analysis of all these additional allocations in this brief.

---

<sup>5</sup> The methodology was based on our collaboration with Michiel Stapper, Assistant Professor at Tilburg Law School, based on his earlier work. See Michiel Stapper, [The Road to a Just Transition. A Comparative Analysis of Territorial Just Transition Plans](#), *Foundation for European Progressive Studies*, April 2022.

<sup>6</sup> European Commission, [Cohesion Open Data Platform](#), *European Commission*, accessed 9 November 2023.

## The Territorial Just Transition Plan for Romania

### Planned policy implementation outcomes

**Table 1:** Planned outcomes of the just transition process in Romania according to the Territorial Just Transition Plan.<sup>7</sup>

| Regions   | Sectors targeted  | Estimated job losses | Estimated new jobs | Greenhouse gas emission reduction | Phase-out of fossil fuels                                   | Percentage of renewable energy in 2030 |
|---|---|----------------------|--------------------|-----------------------------------|---|--|
| Gorj, Dolj, Hunedoara, Mureş, Prahova and Galaţi counties | Coal extraction and energy production; steel production; metal construction and metal products; manufacture of non-metallic mineral products; manufacture of components for automotive production; food industry, chemical fertilisers, petroleum | 45,150               | 17,250             | 43.9 % as compared to 2005        | 2032 in the annexes of the TJTPs and the coal phase-out law | 30.7 % increase as compared to 2005    |

When considering the just transition in Romania, we first think about the coal counties: Gorj, Hunedoara and Dolj. All of them will be significantly impacted by the coal phase-out process, which is to be completed by 2032. Romania has a coal phase-out date in place that is highly interconnected with the just transition process, as it sets a clear deadline. At the same time, coal regions are not the only ones affected by the transition, as other high-polluting industries will also be restructured. Prahova (petroleum), Galaţi (steel), Mureş (chemical fertilisers), and Dolj (automotive and some coal) will all see significant declines in their polluting industries, job losses, and, at the same time, a reduction in greenhouse gas emissions. Overall, Romania will experience a considerable number of job losses – 45,150 – and only a small portion of these will be mitigated by the interventions that will be undertaken as part of the Territorial Just Transition Plan. Moreover, job losses are foreseen in sectors which will have net gross value added (GVA) growth (manufacturing, construction), illustrating a process of jobless growth. Despite allocating a high amount of funds to the development of renewable energy sources, the Romanian Territorial Just Transition Plan does not provide specific renewables-related targets to be achieved by 2030.

<sup>7</sup> Developed by CEE Bankwatch Network using methodology prepared by Michiel Stapper and data available in the Territorial Just Transition Plan for Romania.

## Main prognosed impacts (economic, employment, environmental and social) of the just transition process in Romania

**Gorj:** Most of the coal energy production in Romania happens in Gorj county. As a result, the county has the highest allocation among the six counties that benefit from the Just Transition Fund. Almost half of the GDP in the county comes from the coal operator – ten lignite mines and the two biggest power plants, Rovinari and Turceni. The coal phase-out will have a significant negative impact on the local economy – the unemployment rate may rise from 3.8 per cent to 6.42 per cent.

The county struggles with the effects of its industrial profile, resulting from problems related to air and water pollution, soil quality, and contaminated sites. Lignite mining affects approximately 13,000 hectares, and the energy industry causes the presence of slag, ash and dust in areas of up to 50,000 hectares.

**Hunedoara:** The failed transition in the 1990s left Jiu Valley and Hunedoara, in general, as one of the most economically vulnerable regions of Romania. The phasing-out of coal will have significant negative effects on the local economy; the largest loss is related to the category of skilled and assimilated workers (3,400) and unskilled workers (2,600). Services are practically the only sector that adds a small number of jobs (650) to the market, but this is entirely insufficient to compensate for job losses in activities that require medium or basic levels of training. Reskilling and reintegration into the job market for laid off or retired workers (45 is the retirement age) will also see significant obstacles if not incentivised through dedicated measures, as industry wages are significantly higher than the regional average.

At the county level, water pollution is a problem, due to the current negative effects of mining activities on the groundwater. Almost 20 per cent of the contaminated sites registered at the national level are located in Hunedoara county.

**Prahova:** Prahova has 771 companies that are active in the extractive and processing industry of petroleum products, as well as in the industry producing petroleum equipment and related services. The activity of these enterprises represents 22 per cent of the economic activity of the county and 32 per cent of the turnover of the industrial sector. In terms of expected changes in employment, this shows a significant imbalance between job loss (8,700 jobs) and generation (5,400 jobs) in the occupational groups of workers with elementary training, operators and assemblers.

Prahova has a large number of abandoned industrial sites, many of them contaminated. The county has hundreds of hectares of contaminated sites in Ploiesti, and due to the complexities related to property regulations, there have been great difficulties in implementing the polluter pays principle and in the subsequent reconversion of these areas.

**Galați:** The transition to climate neutrality will affect the steel industry and pose serious challenges for other economic sectors, such as metal construction, the manufacture of non-metallic mineral products, the manufacture of components for automotive production, and the food industry. Employees from the steel industry will be directly impacted, but the transition will also have an indirect impact on the supplier companies active at the county level, which are highly dependent on the Liberty Galați steel plant. According to macro-econometric modelling, job losses are expected to outweigh job creation. The transition of the steel industry to green processes represents one of the Romanian strategic projects, with Galați and Mureș also being the only counties benefiting from just transition funding for large enterprises.

Although the environmental impact of the industrial activities is not always reflected in European Trade System (ETS) emissions, they contribute to the degradation of air quality throughout the county, especially in the Municipality of Galați.

**Dolj:** The transition to a climate-neutral economy is a major challenge for the inhabitants and the economy of Dolj County, especially through the impact of the restructuring process of Oltenia Energy Complex, which refers to the lignite-based electricity and thermal agent production units in the county. In addition to this factor, in the regional economic landscape, there is the significant presence of energy-intensive industrial activities – such as the production of cars, primary plastic material, and machinery for the metallurgy and mining industries – which will require far-reaching transformations in order to integrate into a low-emissions economy. The jobs affected by the transformation processes are characterised by a medium level of training, but by a level of pay that is clearly higher than similar jobs (in terms of training) in the county's small and medium-sized enterprise sector.

In addition to the contaminated and partially contaminated sites that are already catalogued, there are other unused or abandoned sites that were exploited in the past for economic activities and were closed years ago.

**Mureș:** The county's economy is centred around the chemical industry, where wages are significantly higher than average. Job losses in this industry (and connected ones) will be only partially compensated for by new jobs, and these will have lower wages than the ones lost. The jobs affected by the transformation processes are characterised by a medium level of training, but by a level of pay that is clearly higher than similar jobs (in terms of training) in the county's small and medium-sized enterprise sector.

Although the environmental impact of these activities is not always reflected in ETS emissions, they contribute to county-wide air quality degradation.

## Where will the money go?

**Table 2:** Planned allocation of money for Romania<sup>8</sup>

|                          |                                   |                     | Amount (EUR) | Percentage (approximates) |       |
|--------------------------|-----------------------------------|---------------------|--------------|---------------------------|-------|
| <b>Economic policies</b> | <i>Employment</i>                 |                     | 0            | 0%                        |       |
|                          | <i>Retraining / upskilling</i>    |                     | 243 302 618  | 11.9%                     |       |
|                          | <i>SMEs (≈55.1%)</i>              | Investments in SMEs |              | 962 290 873               | 46.9% |
|                          |                                   | Incubators          |              | 167 451 176               | 8.2%  |
|                          |                                   | R&D&I SMEs          |              | 0                         | 0%    |
|                          | Investments in large corporations |                     | 108 630 000  | 5.3%                      |       |

<sup>8</sup> Developed by CEE Bankwatch Network using methodology prepared by Michiel Stapper and data on JTF allocation for the 2021-2027 budgeting period, available at the Cohesion Data open data platform: <https://cohesiondata.ec.europa.eu/funds/jtf/21-27>. See also Annex 1.

|                               |   |  |                      |               |
|-------------------------------|---|--|----------------------|---------------|
|                               | <i>Large corporations</i><br>(≈5.3%)                                | R&D&I large corporations                                 | 0                    | 0.00          |
| <b>TOTAL</b>                  |   |  | <b>1 481 674 667</b> | <b>≈72.1%</b> |
| <b>Environmental policies</b> | <i>Energy</i><br>(≈20%)   | Investments in renewable energy sources                  | 410 106 437          | 20%           |
|                               |   | Infrastructure of renewable energy sources               | 0                    | 0%            |
|                               |   | Energy communities                                       | 0                    | 0%            |
|                               |   | Energy efficiency and retrofitting                       | 0                    | 0%            |
|                               | <i>Land development and other environmental projects</i><br>(≈7.8%) | Decontamination of land                                  | 91 852 417           | 4.5%          |
|                               |   | Waste  | 0                    | 0%            |
|                               |   | Mobility   | 67 072 140           | 3.3%          |
|                               |   | Climate adaptation (including water management projects) | 0                    | 0%            |
| <b>TOTAL</b>                  |   |  | <b>569 030 994</b>   | <b>≈27.8%</b> |
| <b>Social policies</b>        | <i>Social issues</i>  |  | 0                    | 0%            |
|                               | <i>Child and elder care</i>   |  | 0                    | 0%            |
|                               | <i>R&amp;D&amp;I public sectors</i>                                 |  | 0                    | 0%            |
|                               | <i>Education (not retraining or upskilling)</i>                     |  | 0                    | 0%            |
|                               | <i>Small-scale community initiatives</i>                            |  | 0                    | 0%            |
| <b>TOTAL</b>                  |   |  | <b>0</b>             | <b>0%</b>     |
| <b>FULL SUM FOR ROMANIA</b>   |   |  | <b>2 050 705 661</b> |               |

The total planned sum of money that has been allocated from the Just Transition Fund to Romania currently amounts to roughly EUR 2.05 billion, the 3<sup>rd</sup> highest allocation in the European Union. In addition, EUR 85.5 million is designated for the provision of technical assistance.

When looking at the Just Transition Fund allocation for Romania, in comparison to the other six countries studied, we see the biggest focus on economic policies (72 per cent), some allocation for environmental policies (27 per cent), and zero for social policies. Almost half of the Just Transition Fund will go towards economic diversification, as almost EUR 1 billion (47 per cent) will be used for investments and support for



small and medium-sized enterprises. On the other hand, no funds have been allocated to social policies, under the assumption that other European funds already focus on social aspects. Regarding energy policy, a significant amount will be used for renewable energy production (20 per cent), with part of this allocation (though it is unclear how much) being used for investments in energy communities. Energy efficiency, on the other hand, is completely ignored in Romania's allocation of the Just Transition Fund.

The strong focus of the Territorial Just Transition Plan for Romania on investments in small and medium-sized enterprises will materialise into support to create new units or expand the activity and diversification of existing ones. Competitiveness will increase through investments in research and development activities with the aim of integrating them into the productive activity. Investments may also include costs related to business infrastructure or the professional training of newly hired staff. They will prioritise domains of activity identified in the Territorial Just Transition Plan and Regional Strategies for Smart Specialisation, the usage of local resources, and renewable energy in production processes. In order to generate this skilled workforce, Romania will invest in the upskilling and/or retraining of jobseekers, as well as support services and active employment measures for them. Priority will be given to people in transition domains who have held a job with a basic or medium level of training, young people aged up to 29, people aged over 55, women, members of single-parent families, members of ethnic minorities, and those in other vulnerable categories. At the same time, there will be an allocation for modernising labour market institutions and employment offices in anticipation of future needs.

Large corporations will receive around 5 per cent of the allocation. The sum will go towards the seven identified areas of interest: electrical storage equipment, hydrogen production, energy efficiency materials and equipment, renewable energy technologies, biofuel production, energy production from non-fossil fuels, and material recycling.

With regard to energy policies, the biggest allocation goes to investments in renewable energy sources (20 per cent). The main focus will be investments in small-scale photovoltaic energy production for public buildings and SMEs, and in reducing energy poverty, with smaller allocations for wind turbines and for geothermal energy and energy communities as well. At the same time, Romania plans to invest in small-scale energy storage and energy distribution infrastructure. Energy efficiency investments (no allocation) will be supported only through the small and medium-sized enterprise allocation, which seems to make the topic a low priority for Romania with regard to the Just Transition Fund. Still, resources are allocated through other sources like the Sustainable Development Operational Program and the National Recovery and Resilience programme.

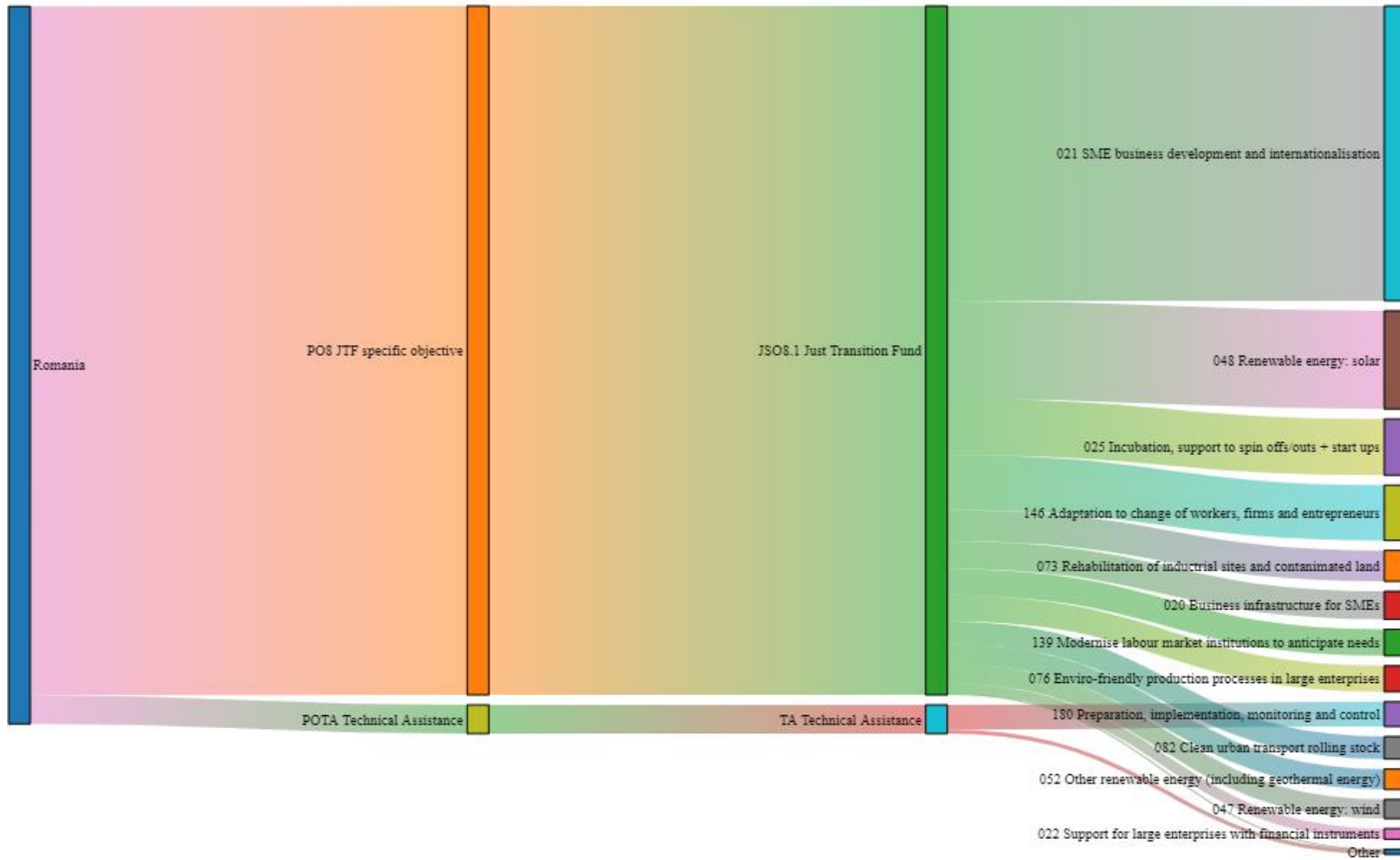
A small amount of the allocation will go towards investment measures in the remediation or decontamination and conversion of contaminated sites (4 per cent) or unused industrial buildings. There is still a lack of clarity regarding the land ownership of these sites, making it one of the more difficult topics to tackle at the national and regional levels. Lastly, another small amount will be used towards the development of green public transport (3 per cent) by purchasing clean vehicles and charging stations needed for inter-urban public transport services.

Romania's appropriation of the Just Transition Fund has a huge allocation for small and medium-sized enterprises, while at the same time, other topics have been left out, such as energy efficiency. Not splitting the funds and keeping them under one umbrella can make the fund hard to comprehend and could have a

negative effect on its implementation, as there may be a lack of clarity regarding allocation. Additionally, the biggest elephant in the room is the total lack of allocation for social policies. In general, the Territorial Just Transition Plan for Romania has a large focus on social issues, especially in the two coal counties of Gorj and Hunedoara. However, this is not backed by a specific allocation aimed at relieving some of the social disparities in the local communities. Merely mentioning social issues and social exclusion with regard to reskilling programs will not be enough to combat the significant social inequalities that will become deeper as a result of the transition process.

# Annex 1

Open Cohesion Data platform table showing fund allocation for the Just Transition Fund in Romania



Source: <https://cohesiondata.ec.europa.eu/funds/jtf/21-27>, accessed 16 November 2023.