



EUROPEAN SEMESTER 2020

Overview of Investment Guidance
on the Just Transition Fund
2021-2027 per Member State
(Annex D)










European Commission

2020 Country Reports

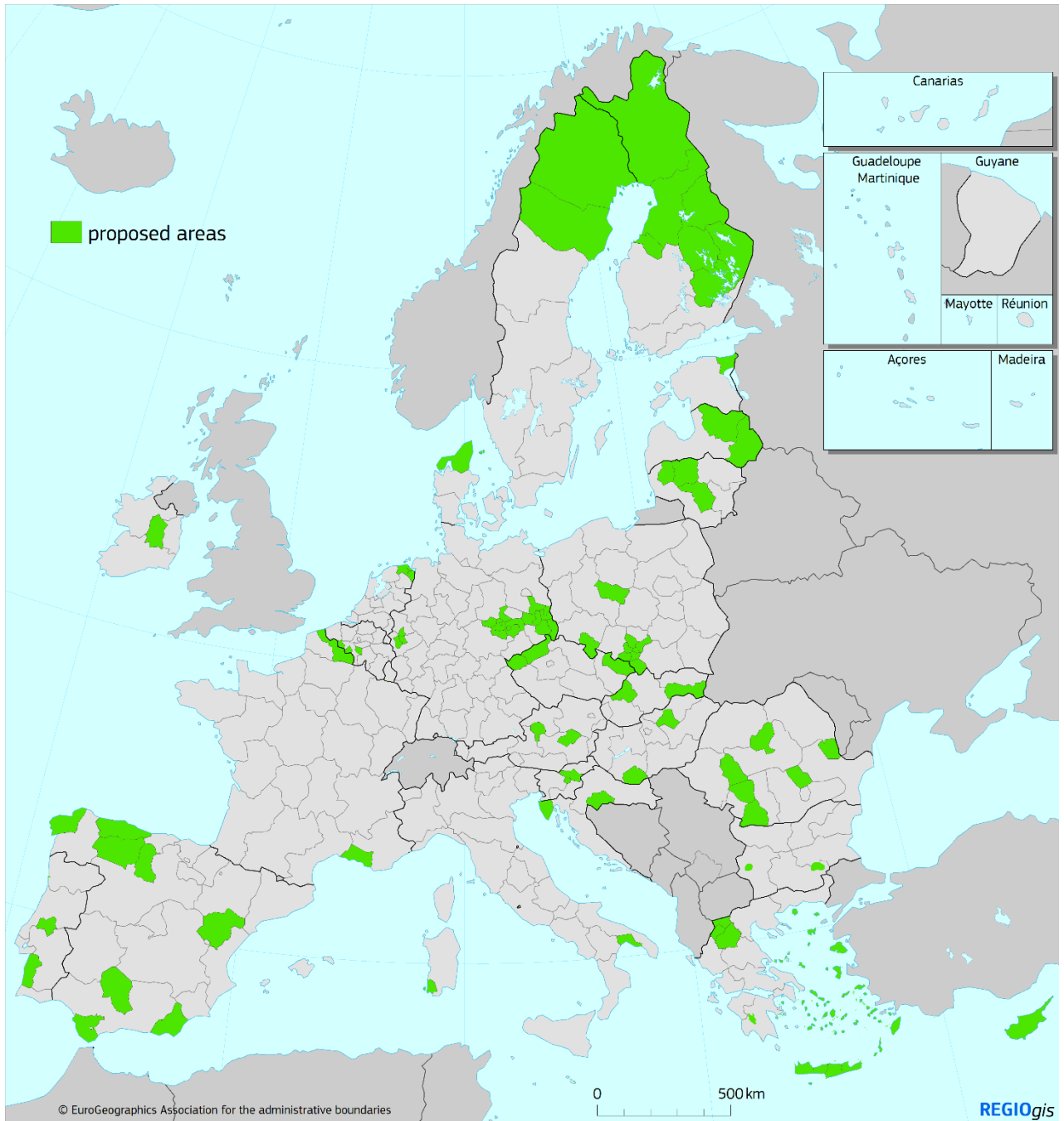
ANNEXES D

**Just Transition Fund territorial eligibility –
Preliminary Commission analysis
Summary table of JTF Annex Ds**

		Name of regions/areas covered
	AT	Östliche Obersteiermark, Traunviertel
	BE	Tournai, Mons, Charleroi
	BG	Maritsa, Bobov Dol
	CY	Vassilikos, Dhekelia
	CZ	Moravskoklesky, Ustecky, Karlovarsky
	DE	Elbe-Elster, Oberspreewald-Lausitz, Dahme-Spreewald, Spree-Neiße, Cottbus, Bautzen, Görlitz, Leipzig, the City of Leipzig, Nordsachsen, Burgenlandkreis, Saalekreis, the City of Halle, Mansfeld-Südharz, Anhalt-Bitterfeld, Düren, Rhein-Kreis Neuss, Rhein-Erft-Kreis
	DK	Northern Jutland
	EE	Northeastern
	ES	Asturias, León, Palencia, Cádiz, A Coruña, Córdoba, Almería, and Teruel
	EL	Kozani, Kastoria, Florina (<u>Western Macedonia</u>), Megalopolis, Heraklion, Lasithi, Rethimno, Chania (<u>Crete</u>) and <u>Aegean Islands</u> (Lesvos, Samos, Chios, Rhodes, Mykonos)
	FI	Etelä-Savo, Pohjois-Savo, Pohjois-Karjala, Kainuu, Keski-Pohjanmaa, Pohjois-Pohjanmaa, Lappi
	FR	Nord, Bouches-du-Rhône
	HR	Sisak-Moslavina, Istria
	HU	Heves, Baranya
	IE	Midland
	IT	Taranto, Sulcis-Iglesiente
	LT	Kaunas, Telsai, Siauliai
	LU	Esch sur Azette, Rumelange

	LV	Vidzeme, Latgale
	MT	Grand Harbour Port, FreePort
	NL	East Groningen, Delfzijl, surroundings and rest of Groningen
	PL	Katowice, Bielsko-Biala, Tychy, Rybnik, Gliwice, Bytom, Sosnowiec, Konin, Walbrzych
	PT	Alentejo Litoral, Medio Tejo, “Concelho” of Matosinhos
	RO	Hunedoara, Gorj, Dolj, Galați, Prahova and Mureș
	SE	Norrbottn, Västerbotten
	SI	Zavaska, Savinjska
	SK	Trencin, Kosice

Just Transition Fund territorial eligibility – Preliminary Commission analysis



ANNEX D – BELGIUM

Building on the Commission proposal, this Annex ⁽¹⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Belgium. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Belgium, assessed in the report. This Annex provides the basis for a dialogue between Belgium and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Belgium ⁽²⁾.

In Belgium, the “arrondissements de Tournai, Mons, Charleroi” in the province of Hainaut have the highest industrial greenhouse gas emission intensity, caused mainly by the production of cement, chemicals and electricity. In addition, Hainaut is a province formerly dependent on steel, textile and coal; it is still undergoing industrial transition, with specific challenges in terms of economic development and a relatively high unemployment. Finally, the high intensity carbon sectors in the province employs over 13,000 employees. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on that region.

The carbon intensity of the industry in the province of Hainaut highlights the scale of the decarbonisation challenge, suggesting that the sectors concerned would be likely to undergo by 2030 significant restructuring in their industrial processes. The smart specialisation strategies ⁽³⁾ provide an important framework to set priorities for innovation in support of economic transformation. Key actions of the Just Transition Fund could promote economic diversification and reskilling and increase the attractiveness of the province for investments in line with the smart specialisation strategy, which identifies the sectors and activities with most potential, i.e. industrial processes and materials; health and food; sustainable development; mobility; and ICTs.

In order to tackle the transition challenges, investment needs have been identified for alleviating the socio-economic costs of the transition, through actions targeting in particular:

- investments in research and innovation activities and fostering the transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- investments in regeneration and decontamination of sites, land restoration and repurposing projects;
- upskilling and reskilling of workers.

Some industrial sites in these areas, performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

¹ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23).

² SWD(2019) 1000 final

³ As defined in Article 2(3) of Regulation (EU) No 1303/2013 (CPR)

ANNEX D – BULGARIA

Building on the Commission proposal, this Annex ⁽⁴⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Bulgaria. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Bulgaria, assessed in the report. This Annex provides the basis for a dialogue between Bulgaria and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Bulgaria ⁽⁵⁾.

The “Maritsa” area in the Stara Zagora province hosts the largest coal mining and coal-fired power plant area in Bulgaria. Around 85% of jobs (over 12 500 people) in Bulgaria's coal sector are concentrated there, with over 10 700 jobs in the mines and over 1 800 in the power plants. Moving away from fossil fuel production is likely not only to lead to the closure of extraction sites, but will also affect the energy-generating plants. The process of effective and just transition requires anticipation of social challenges such as job losses and lowering of life quality standards. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on that province.

In order to tackle these transition challenges, high priority investment needs have been identified for diversifying and making the regional economy more modern and competitive, as well as alleviating the socio-economic costs of transition. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investment in research and innovation activities and fostering transfer of advanced technologies;
- investment in digitalisation;
- upskilling- and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusion of jobseekers.

In order to tackle the transition challenges related to environmental sustainability and resource efficiency, related investment needs have also been identified. Key actions of the Just Transition Fund could target in particular investment in:

- the deployment of technology for affordable clean energy;
- regeneration and decontamination of sites, land restoration and repurposing projects;

⁽⁴⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM (2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM (2020) 23).

⁽⁵⁾ SWD(2019) 1001 final

- enhancing the circular economy.

The Stara Zagora province faces the challenge of substantial job losses, which realistically might not be entirely offset by the creation and development of SMEs, exceptionally, and where necessary for the implementation of the territorial just transition plan, support to productive investments in large enterprises could therefore be considered.

The Bobov Dol municipality in the Kyustendil province is the second most important area in Bulgaria when it comes to coal mining and coal-fired energy production. All together the Southwest region is currently estimated to host some 1 500 jobs in coal related activities and most of those are in Bobov Dol. The latter already experienced in recent years the negative socio-economic effects of closure of extraction sites. As a result, there has been increased unemployment but also loss of working population because of lack of alternative employment. Based on this preliminary assessment, it appears warranted that the Just Transition Fund also intervenes in that province.

In order to tackle these transition challenges, high priority investment needs have been identified for diversifying and making the regional economy more modern and competitive, as well as alleviating the socio-economic costs of transition. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investment in research and innovation activities and fostering transfer of advanced technologies;
- investment in digitalisation;
- upskilling- and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusion of jobseekers.

In order to tackle the transition challenges related to environmental sustainability and resource efficiency, related investment needs have also been identified. Key actions of the Just Transition Fund could target in particular investment in:

- the deployment of technology for affordable clean energy;
- regeneration and decontamination of sites, land restoration and repurposing projects;
- enhancing the circular economy.

ANNEX D – CZECHIA

Building on the Commission proposal, this Annex ⁽⁶⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Czechia. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Czechia, assessed in the report. This Annex provides the basis for a dialogue between Czechia and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Czechia ⁽⁷⁾.

The coal mining regions of Czechia include Moravskoslezský and Severozápad (the latter includes Karlovarský and Ústecký). Around 18,000 people work directly in coal mining activities. The transition process is expected to affect local communities dependent on the coal mining and coal-fired energy sector, which employ over 21,000 people and account for over 19,000 indirect jobs in the country (there are over 10,000 indirect jobs in coal-related activities in Severozápad, around 4,000 in Moravskoslezský and over 5,000 in other Czech regions). The impact of the transition could be deepened by the fact that these are already among the country's poorest regions.

The Moravskoslezský region is the biggest hard coal mining region in Czechia (28% of total land area is part of the Ostrava-Karviná coal basin). It has three active mines and is responsible for over 10,000 direct jobs in the coal sector.

In the Ústecký region where 80% of Czechia's lignite is extracted (Northern Bohemia coal basin), there are over 5,000 coal-related jobs, four coal mines, the largest Czech coal fired power plants (Pruněřov, Tušimice, Ledvice and Počeradý) and a high concentration of chemical industry firms.

In the Karlovarský region (with two lignite mines and the lowest GDP per inhabitant in Czechia), the mining company located in the district of Sokolov (which records the highest number of socially excluded areas in Czechia) is the largest employer with around 3,000 jobs. A further over 1,000 jobs are related to power generation activities and related industry.

Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these regions. The Moravskoslezský, Ústecký and Karlovarský regions are expected to experience substantial job losses, which realistically might not be entirely offset by the creation and development of SMEs. Exceptionally, and where necessary for the implementation of the territorial just transition plan, support to productive investments in large enterprises could therefore be considered.

The social challenges posed by an effective and just transition will require a diversification of the regional economies, creating new business opportunities and upskilling and reskilling of workers, as well as strengthened support for renewable energy, energy efficiency and the rehabilitation of contaminated sites.

To tackle these transition challenges, high priority investment needs have therefore been identified. The smart specialisation strategies provide an important framework to set priorities for innovation in support of economic transformation. Key actions of the Just Transition Fund could target in particular:

- Investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;

⁽⁶⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23)

⁽⁷⁾ SWD(2019) 1002 final

- Investments in the creation of new firms, including through business incubators and consulting services;
- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- Upskilling and reskilling of workers;
- Investments in regeneration and decontamination of sites, land restoration and repurposing projects.

To further support smart regional and local development, priority investment needs have therefore also been identified. Related actions of the Just Transition Fund could target in particular:

- Investments in research and innovation activities and fostering the transfer of advanced technologies;
- Investments in digitalisation and digital connectivity;
- Technical assistance.

Investment needs have further been identified for alleviating the environmental and socio-economic costs of the transition. Related actions of the Just Transition Fund could target in particular:

- Investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- Job-search assistance to jobseekers;
- Active inclusion of jobseekers.

ANNEX D – DENMARK

Building on the Commission proposal, this Annex ⁽⁸⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Denmark. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Denmark, assessed in the report. This Annex provides the basis for a dialogue between Denmark and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Denmark ⁽⁹⁾.

In Denmark, the cement industry is located in the region of Northern Jutland. In this industry, process related greenhouse gas emissions intensity significantly exceed the EU average.

The carbon intensity of the industry in the region highlights the scale of the decarbonisation challenge, suggesting that the sector would be likely to undergo, by 2030, significant restructuring in its industrial processes. There is a risk of a negative impact on the around 350 people directly employed in the production, as well as further impact on the subcontractors and the regional economy. A restructuring, which takes into account social aspects, requires new innovative solutions for the whole value chain. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on that region.

The smart specialisation strategies ⁽¹⁰⁾ provide an important framework to set priorities for innovation in support of economic transformation. In order to tackle these transition challenges, investment needs have therefore been identified for making the regional economy more modern and competitive. Key actions of the Just Transition Fund could target in particular:

- investments in research and innovation activities and fostering transfer of advanced technologies;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investments in the creation of new firms, including through business incubators and consulting services;
- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- upskilling and reskilling of workers.

⁽⁸⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020) 23)

⁽⁹⁾ SWD(2019) 1003 final

⁽¹⁰⁾ As defined in Article 2(3) of Regulation EU 1303/2013 (CPR)

Cement production sites in Northern Jutland, performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emission. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

ANNEX D – GERMANY

Building on the Commission proposal, this Annex ⁽¹¹⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Germany. These priority investment areas are derived from a broader analysis of the territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Germany, assessed in the report. This Annex provides the basis for a dialogue between Germany and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Germany ⁽¹²⁾.

The area that will be most severely affected by the phasing-out of coal mining for electricity generation and the structural transition to a climate neutral and circular economy is the Lausitzer Revier, which is located in Eastern Germany. It is comprised of seven regions (Elbe-Elster, Oberspreewald-Lausitz, Dahme-Spreewald, Spree-Neiße, and Cottbus situated in the Land Brandenburg, as well as Bautzen and Görlitz situated in the Land Saxony). In these regions, around 8,300 people are directly employed in lignite mining. 1.24% of the region's employed population (4,900 people in 2016) could be indirectly affected by the structural change.

A second affected area will be the Mitteldeutsches Revier, which is comprised of eight regions (Leipzig, the City of Leipzig, and Nordsachsen situated in the Land Saxony, and Burgenlandkreis, Saalekreis, the City of Halle, Mansfeld-Südharz, and Anhalt-Bitterfeld situated in the Land Saxony-Anhalt). Even though the share of directly employed (0.32% or 2,400 workers in 2016) and indirectly employed (0.2% or 1,400 workers) in the lignite sector is smaller, the Mitteldeutsches Revier will face challenges due to very low innovation and research potential and a rapidly aging population.

Finally, another affected area will be the Rheinisches Revier in the Land North-Rhine-Westphalia. There, 8,960 people are directly employed in lignite mining (1.13% of the working population in 2016) and 5,380 people could be at risk indirectly. The three most impacted regions in the Revier are Düren, Rhein-Erft-Kreis, and Rhein-Kreis Neuss.

Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these areas, areas, while taking into account that the Rheinisches Revier has a stronger intrinsic capacity to adjust to the transition challenges.

The phasing-out of coal will lead to increased unemployment challenges in the geographical areas concerned. In order to tackle these transition challenges, investment needs have been identified to use the growth potential of companies existing in the areas in order to provide a significant number of alternative industrial jobs. Nevertheless, the economic structure of the three areas would need to be transformed considerably.

In order to tackle these challenges, priority investment needs have been identified for diversifying and making the regional economy more knowledge and service-based. Furthermore, investment needs for alleviating the socio-economic costs of the transition have been identified. The smart specialisation strategy¹³ of the Länder provides an important framework to set priorities for innovation in support of economic transformation in the

⁽¹¹⁾ This Annex is to be considered in conjunction with the European Commission's proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and its proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23).

⁽¹²⁾ SWD(2019) 1004 final

three Reviere. The Just Transition Fund could complement these efforts by targeting its actions in particular on:

- Productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- Investments in the creation of new firms, including through business incubators and consulting services;
- Investments in research and innovation activities and fostering the transfer of advanced technologies;
- Investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- Investments in digitalisation and digital connectivity;
- Investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- Upskilling and reskilling of workers;
- Active inclusion of jobseekers;
- Investment in regeneration and decontamination of sites, land restoration and repurposing projects and;
- Technical assistance.

ANNEX D – ESTONIA

Building on the Commission proposal, this Annex ⁽¹⁴⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Estonia. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Estonia, assessed in the report. This Annex provides the basis for a dialogue between Estonia and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Estonia ⁽¹⁵⁾.

The North-eastern region (Ida-Viru County) of Estonia relies heavily on the oil shale sector, which provides 75% of the Estonia's energy production. The oil shale related sectors amounted to about 4% of Estonian and about 45% of county's GDP and generates 69% of the Estonian greenhouse gas (GHG) emissions.

The energy and oil shale industries have started decarbonisation-related restructuring that will continue for the coming ten years and will have a significant impact in direct and indirect jobs at risk. The number of jobs in the oil shale sector is decreasing and a further drop is expected. The number of people who are indirectly impacted by the process is around 20,000. The demand for labour in the region is limited, and together with skills mismatches many people will be at risk of unemployment. The smart specialisation strategy ⁽¹⁶⁾ provides an important framework to set priorities for innovation in support of economic transformation. Diversifying regional economic activities and creating new business opportunities and upskilling and reskilling would therefore be essential. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on that region.

To tackle these transition challenges, priority investment needs have been identified for the diversification of the local economy and ensuring necessary skills for those affected by the transition. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in the creation of new firms, including through business incubators and consulting services;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- upskilling and reskilling of workers.

To increase the resilience of the affected region and to alleviate potential negative social and economic impacts posed by the transition, investment needs therefore have also been identified. Key actions of the Just Transition Fund could target in particular:

⁽¹⁴⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23)

⁽¹⁵⁾ SWD(2019) 1005 final

⁽¹⁶⁾ As defined in Article 2(3) of Regulation EU 1303/2013 (CPR)

- investments in research and innovation activities and fostering the transfer of advanced technologies;
- investments in digitalisation and digital connectivity;
- investments in regeneration and decontamination of sites, land restoration and repurposing projects;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- job-search assistance to jobseekers;
- active inclusion of jobseekers;
- technical assistance.

ANNEX D – IRELAND

Building on the Commission proposal, this Annex⁽¹⁷⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Ireland. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Ireland, assessed in this report. This Annex provides the basis for a dialogue between Ireland and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Ireland ⁽¹⁸⁾.

Ireland's transition away from carbon-intensive sources of energy towards more sustainable, renewable energy sources will have a significant impact in the Midlands region and the workers in its electricity-generating industry. Its peat burning power stations will cease to operate by the end of 2020, potentially affecting around 4,000 jobs, out of a total of 110,000 persons employed in the region. Workers affected by this transition would need to be equipped with new and in-demand skills to increase their employability prospects and receive tailored support by employment services to find new employment. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on that region.

The smart specialisation strategies ⁽¹⁹⁾ provide an important framework to set priorities for innovation in support of economic transformation. In order to tackle these challenges, investments needs have been identified to diversify the regional economy making it more modern and competitive and to alleviate the socio-economic costs of the transition. Key actions of the Just Transition Fund could target in particular:

- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- the creation of new firms, including through business incubators and consulting services;
- investments in research and innovation activities and fostering transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling.

⁽¹⁷⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020) 23)

⁽¹⁸⁾ SWD(2019) 1006 final

⁽¹⁹⁾ As defined in Article 2(3) of Regulation EU 1303/2013 (CPR)

ANNEX D – GREECE

Building on the Commission proposal, this Annex ⁽²⁰⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Greece. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Greece, assessed in the report. This Annex provides the basis for a dialogue between Greece and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Greece ⁽²¹⁾.

Greece produces high greenhouse gas emissions- 9.2 tons per capita every year, compared to 8.8 tons per capita at EU level. This is mainly due to fossil fuel dependency, with more than 30% of electricity generated from lignite in the two lignite mining areas (the Western Macedonia region and the Megalopolis area in the Peloponnese region), and close to 10% generated by heavy oil or diesel on the islands.

In the region of Western Macedonia (286,000 inhabitants), notably in the Kozani prefecture (150,000 inhabitants) where the largest mines and most power plants are located, lignite-based electricity production is the most important economic sector, accounting for over one third of regional GDP. Therefore, while closing down the lignite sector will have positive environmental and health impacts, it poses significant economic and social challenges. T An estimated 5,500 jobs in the lignite mines and power plants are directly at risk. An additional 20,000 jobs are indirectly at risk. At 31% (2016), the region already has one of the highest unemployment rates of all EU coal/lignite regions, and its GDP/capita collapsed from 86% to 59% of the EU average between 2009 and 2017. Furthermore, over 100,000 inhabitants are connected to district heating systems, which function with the residual heat of the lignite-fuelled power plants. The environmental rehabilitation and repurposing of the mining areas is another important challenge to address, taking into account the “polluter pays” principle.

Megalopolis in the central-south part of the Peloponnese region is a small area, with a population of less than 6,000 inhabitants. The lignite mines and related power plants are by far the most important activity in the area. An estimated 1,600 jobs are at risk due to the closing of the lignite sector, equally divided between direct and indirect employment. Two of the four lignite-fired power plants were closed down recently, and one natural gas fired unit has been built.

In its revised National Energy and Climate Plan, the Greek government has committed itself to the full closure of the lignite sector by 2028. To this aim, an Intergovernmental Committee was set up in 2019 to promote the fair transition in the regions in reference. This presents a huge challenge in terms of transforming the Western Macedonia economy from its near to complete lignite dependency to other, diversified economic activities. Key to the latter should be the sectors identified in the region's regional innovation strategy ⁽²²⁾, namely: (i) agro-food; (ii) environment and energy; (iii) the luxury clothing industry; and (iv) tourism, in particular agro-tourism. The energy component of such a new regional model would concern the development of hydroelectricity, other local renewables and energy storage solutions in relation to renewables. As concerns Megalopolis, the reduced size of the area and the presence of diversified economic activities in its immediate

⁽²⁰⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23)

⁽²¹⁾ SWD(2020) 1007 final

⁽²²⁾ As defined in Article 2(3) of Regulation EU 1303/2013 (CPR).

surroundings will render the transition to a new development model much less challenging than in Western Macedonia.

The Greek government is also committed to phasing out the inefficient and very polluting heavy oil and diesel fired power plants on the islands. In line with the Clean Energy for EU islands initiative they are planned to be substituted by onshore and offshore renewables, for which Crete and the Aegean islands have very high potential. Interconnectors with the mainland and between the islands will be extended to optimise the use of renewable energy.

To tackle these transition-related challenges in the mentioned areas, priority investment needs to be targeted at diversifying the regional economy and making it more modern and competitive. Notable actions to alleviate the socio-economic costs of the transition include:

1. Western Macedonia:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- regeneration and decontamination of sites, land restoration and repurposing projects;
- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusion of jobseekers.

Western Macedonia is expected to experience job losses, which realistically might not be entirely offset by creating and developing SMEs. Support to productive investments in large firms could therefore be considered.

2. Megalopolis:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion; and
- regeneration and decontamination of sites, land restoration and repurposing projects;
- upskilling and reskilling of workers.

3. Crete and the Aegean islands:

- the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- upskilling and reskilling of workers.

ANNEX D – SPAIN

Building on the Commission proposal, this Annex ⁽²³⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Spain. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Spain, assessed in the report. This Annex provides the basis for a dialogue between Spain and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Spain ²⁴.

With the closure of the coalmines and the ongoing decommissioning of the coal-fired power plants, Spain has engaged in an ambitious decarbonisation strategy of its energy production. This transition comes with significant social and economic consequences in the concerned areas, and a temporary increase of the energy dependency of the country.

The coal-mining sector has lost more than 8 000 jobs since 2008, mostly in Asturias, Teruel (Aragon), and León and Palencia (Castilla y León) ⁽²⁵⁾. At the end of 2018, 14 coal-fired power plants were operating in Spain, four in Asturias, four in León and Palencia (Castilla y León), three in Cádiz, Almería and Córdoba (Andalucía), two in A Coruña (Galicia), and one in Teruel (Aragon), with an installed capacity of around 10 000 MW ⁽²⁶⁾. Around 3 300 people were working in the operation and maintenance of these power plants, while 10 000 indirect jobs would be concerned by the closure of the coalmines and of the coal-fired power plants ⁽²⁷⁾.

The Spanish Government has prepared a Just Transition Strategy ⁽²⁸⁾ and adopted urgent mitigation measures, but further action is necessary to face the social consequences in the areas concerned. Most of these areas are confronted with depopulation and limited economic activities, which amplify the negative consequences of the decarbonisation process.

In order to tackle these challenges, high priority investment needs have been identified for diversifying and making the regional economy more modern and competitive in Asturias, León, Palencia, Cádiz, A Coruña, Córdoba, Almería, and Teruel. The smart specialisation strategies ⁽²⁹⁾ of these regions provide an important framework to set priorities for innovation in support of economic transformation. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these areas, complementing the efforts of the national just transition strategy. Key actions of the Just Transition Fund could target in particular:

- investment in the creation of new firms, including through business incubators and consulting services;

⁽²³⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM (2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM (2020) 23).

⁽²⁴⁾ SWD(2019) 1008 final

⁽²⁵⁾ Ministerio para la transición ecológica, Consulta de estadísticas mineras 2008-2017

⁽²⁶⁾ Ministerio para la transición ecológica, Informes de aplicación de la Ley 1/2005 por instalaciones, 2018

⁽²⁷⁾ European Commission's Joint Research Centre, EU coal regions: opportunities and challenges ahead

⁽²⁸⁾ Plan Nacional Integrado de Energía y Clima (PNIEC) 2021-2030 (draft, February 2019)

⁽²⁹⁾ As defined in Article 2(3) of Regulation EU 1303/2013 (CPR)

- investment in deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investment in the circular economy;
- investment in research and innovation activities and fostering the transfer of advanced technologies;
- productive investments in SMEs, including start-ups; and,
- investment in the regeneration and decontamination of sites, land restoration and repurposing projects.

Moreover, priority investment needs have been identified for alleviating the social costs of the transition in the above-mentioned areas. Key actions of the Just Transition Fund could target in particular:

- upskilling- and reskilling of workers;
- job-search assistance to jobseekers; and,
- active inclusion of jobseekers.

ANNEX D – FRANCE

Building on the Commission proposal, this Annex ⁽³⁰⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in France. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in France, assessed in the report. This Annex provides the basis for a dialogue between France and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for France ⁽³¹⁾.

In France, the regions (*départements*) with the highest GHG emission intensities are Bouches-du-Rhône, which is part of the region Provence-Alpes-Côte d'Azur, and Nord, which is part of the region Hauts-de-France. The high intensities are caused mostly by energy, chemical and steel industries in Bouches-du-Rhône; the steel industry is also present in Nord. These industrial sectors are an important source of employment in the two regions as they provide for almost 153,000 jobs.

Following France's commitment to reach carbon neutrality by 2050, the carbon intensity of the industry in the two regions highlights the scale of the decarbonisation challenge, suggesting that several sectors would be likely to undergo substantial restructuring in their industrial processes, with a likely significant socio-economic impact. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these regions.

In order to tackle these transition challenges, investments needs have been identified to diversify the regional economy and alleviate the socio-economic costs of the transition. The smart specialisation strategies ⁽³²⁾ of these regions provide an important framework to set priorities for innovation in support of economic transformation.. In addition, Hauts-de-France is funding the digitalisation of local SMEs in the framework of the European Commission pilot action "Regions in Industrial Transition". The Just Transition Fund could complement these efforts by targeting its actions in particular on:

- investments in the creation of new firms, including through business incubators and consulting services;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investments in research and innovation activities and fostering the transfer of advanced technologies;
- upskilling and reskilling of workers.

Industrial sites in the *départements* of Bouches-du-Rhône and Nord, performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

⁽³⁰⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23)

⁽³¹⁾ SWD(2020) 1009 final

⁽³²⁾ As defined in Article 2(3) of Regulation (EU) No 1303/2013 (CPR)

ANNEX D – CROATIA

Building on the Commission proposal, this Annex presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Croatia.⁽³³⁾

These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Croatia, assessed in the report. This Annex provides the basis for a dialogue between Croatia and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Croatia³⁴.

In Croatia, two regions were identified on the basis of greenhouse gas (GHG) emissions intensity: Sisak–Moslavina and Istria county. GHG emissions in Sisak-Moslavina county are generated mostly due to chemical industries and refined petroleum products, as a result. These energy intensive industrial value chains employ a significant number of people. The carbon intensity of local industry highlights scale of decarbonisation challenge, which requires reorientation of long-term investments towards innovative, climate-neutral technologies, while tapping into potential of local workforce. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these regions.

In Istria county environmental challenges are closely linked with electricity production and cement industry. Being one of the most prosperous region in the country it has a coal power plant, which produces 6% of energy output for the whole country. On the other hand, Sisak-Moslavina county is among one of the most deprived regions. It hosts, among others, a chemical company and refinery, which is currently undergoing shift from a loss-making crude oil towards more sustainable alternative industrial activities. It is estimated that this transition will affect around 7% of total population employed in Sisak-Moslavina county.

Significant skills mismatches observed at the labour market in Croatia could become one of the most acute transition obstacles. This may become particularly challenging for Sisak-Moslavina county with the highest unemployment rate (24.3%) registered in Croatia (2018 data).

Challenges towards accomplishing climate neutral transition of local economy would require creation of new businesses and job opportunities, while addressing the demand for higher skills and qualifications needed for just transition of highly emitting industrial sectors.

Investment needs have been identified to tackle these challenges, while alleviating the socio-economic costs of transition and improving environmental sustainability and resource efficiency. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;

⁽³³⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020) 23)

³⁴ SWD(2019) 1001 final

- investments in research and innovation activities and fostering transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy and in greenhouse gas emission reduction;
- investments in digitalisation;
- investments in enhancing the circular economy;
- upskilling and reskilling of workers.

Sisak–Moslavina and Istria county industrial sites, performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

ANNEX D – ITALY

Building on the Commission proposal, this Annex presents the preliminary Commission's views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Italy⁽³⁵⁾. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges stemming from the transition process towards a climate-neutral economy of the Union by 2050 in Italy, assessed in the report. This Annex provides the basis for a dialogue between Italy and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Italy⁽³⁶⁾.

Italy is the EU's fourth largest producer of greenhouse gas (GHG) emissions, and its energy sector is the largest contributor to the total GHG emissions with a share of 56% in 2017. Italy's main sources of GHG emissions are coal power plants and iron/steel production⁽³⁷⁾. Two areas deserve specific attention, Taranto and Sulcis Iglesiente (Carbonia-Iglesias, in the South-West of Sardinia).

In the functional urban area of Taranto (province of Taranto), which hosts one of Europe's largest steel mills and one of the three biggest coal-fired power plants in Italy, large industrial pollution stems from GHG, but also from other pollutants and particle matters. This area is economically heavily dependent on the steel mill, which employs ca. 10 000 employees, with a further ca. 10 000 estimated to work in ancillary companies. These jobs are at risk. The area's heavy dependence on fossil fuels poses a massive decarbonisation challenge and calls for major efforts in supporting an integrated transition strategy to accompany Taranto's long-term shift towards economic alternatives and further development of the steel cluster. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on that area.

In order to tackle these challenges, priority investment needs have been identified to make the economies of this area more modern and competitive. Key actions of the Just Transition Fund could target in particular:

- investment in the deployment of technology and infrastructures for affordable clean energy, energy efficiency and renewable energy, including in industrial sites that emit high GHG with the aim to reduce emissions;⁽³⁸⁾
- investment in regeneration and decontamination of sites, land restoration and repurposing projects;
- investment in the creation of new firms, including through business incubators and consulting services, considering Smart Specialisation Strategies⁽³⁹⁾;

⁽³⁵⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23)

⁽³⁶⁾ SWD(2019) 1011 final

⁽³⁷⁾ DG REGIO, 2016

⁽³⁸⁾ In the area, the industrial sites, performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions; support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC). The Taranto area is expected to suffer from substantial job losses, which might not be entirely offset by the creation and development of SMEs; support to productive investments in large enterprises could therefore be considered and on the condition that the investments are compatible with the European Green Deal.

- productive investments in SMEs;
- upskilling and reskilling of workers;
- job-search assistance to jobseekers,
- active inclusions of jobseekers.

In Sulcis Iglesiente (province of Carbonia-Iglesias), Italy's last coal mine of Monte Sinni should gradually phase out coal production by 2025. It employs 350 staff and its production has been steadily declining. The area is already characterised by a high percentage of older inhabitants, few young graduates, high youth unemployment rate (35.7%), low per capita income and an overall low quality of life⁴⁰. This poses transition challenges and triggers related investment needs. Based on this preliminary assessment, it appears warranted that the Just Transition Fund also intervenes in this area.

Key actions of the Just Transition Fund could target in particular :

- investment in regeneration and decontamination of sites, land restoration and repurposing projects;
- investment in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse repair and recycling;
- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusions of jobseekers.

⁽³⁹⁾ The smart specialisation strategies [as defined in Article 2(3) of Regulation EU 1303/2013 (CPR)] provide an important framework to set priorities for innovation in support of economic transformation.

⁽⁴⁰⁾ "Area di crisi industriale complessa - Polo Industriale Portovesme a relativo indotto", Sardinia region, 2016.

ANNEX D – CYPRUS

Building on the Commission proposal, this Annex ⁽⁴¹⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Cyprus. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Cyprus, assessed in the report. This Annex provides the basis for a dialogue between Cyprus and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Cyprus ⁽⁴²⁾.

Cyprus is among the Member States with higher greenhouse gas (GHG) emissions: 11.6 tons of CO₂ equivalent per capita in 2017, compared to 8.8 at EU level. Cyprus was also the Member State with the highest increase (+56%) of GHG emissions in 2017 in relation to 1990 levels. Currently, around 39% of CO₂ equivalent emissions come from the electricity production in the two power plants located in the areas of Vassilikos and Dhekelia. Furthermore, in the area of Vassilikos there is a cement plant which produces some 16% of the total GHG emissions.

Against this background, it is particularly challenging for Cyprus to meet the carbon neutrality goals and adapt to climate change. Its challenges are twofold:

- First, the potential need for a considerable shift in energy production and consumption, increasing significantly electricity production and consumption from Renewable Energy Sources (RES). These represent currently around 13% of energy production in Cyprus, the remaining 87% coming from heavy oil or diesel power plants. This would allow a phasing out/smooth transformation of the highly pollutant oil power plants in Vassilikos and Dhekelia.
- Second, the potential need to invest in cleaner technologies to make manufacturing productions more efficient and less pollutant, particularly for the Vassilikos cement factory.

Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these two areas. To make such transition effective, investment needs have therefore been identified for diversifying, greening and making the economy more modern and competitive and for alleviating the socio-economic costs of the transition. Key actions of the Just Transition Fund could target in particular investment in:

- the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy production;
- research and innovation activities fostering the transfer of advanced technologies;
- upskilling and reskilling of workers;
- job-search assistance to jobseekers.

⁽⁴¹⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020) 22) and the EC proposal for a Regulation of the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM (2020) 23).

⁽⁴²⁾ SWD(2019) 1012 final.

The Vasilikos industrial site, performing activity listed in Annex I to Directive 2003/87/EC, employs a substantial number of workers and its activity their activity is at risk due to its high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

ANNEX D – LATVIA

Building on the Commission proposal, this Annex ⁽⁴³⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Latvia. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Latvia, assessed in the report. This Annex provides the basis for a dialogue between Latvia and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Latvia ⁽⁴⁴⁾.

In Latvia, greenhouse gas (GHG) emissions from wetlands and peat extraction constitute around 14.5% of total GHG emissions ⁽⁴⁵⁾. Peat extraction leads to the degradation of wetlands, which are efficient carbon storage systems. Ensuring sustainable production of peat and restoring peatlands and wetlands can significantly reduce emissions. On average 1,800 workers are employed in peat extraction ⁽⁴⁶⁾, increasing to 2,500 during the season. Vidzeme and Latgale are two regions where the transition to a climate neutral economy would have a significant socio-economic impact. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these regions.

In line with ambitious climate goals and transition to a carbon neutral economy, the emissions from the GHG-intensive industries in the priority regions would need to be reduced as much as technologically feasible, and potential negative social and economic impacts resulting from this transition mitigated. For example, adapting the peat industry to become more environmentally sustainable, climate friendly and carbon neutral would lead to employment shifts in the affected regions. The smart specialisation strategies ⁽⁴⁷⁾ provide an important framework to set priorities for innovation in support of economic transformation. Diversifying regional economic activities and creating new business opportunities would therefore be essential for making the transition towards a more diversified, competitive and green economy. This also implies the need for new skills of those people currently employed in the peat sector and its value chain.

In order to tackle these transition challenges, priority investment needs have been identified for diversifying and making the regional economies more modern and competitive, and for alleviating the socio-economic costs of the transition. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in the creation of new firms, including through business incubators and consulting services;
- investments in research and innovation activities and fostering the transfer of advanced technologies;

⁽⁴³⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020) 23)

⁽⁴⁴⁾ SWD(2019) 1013 final

⁽⁴⁵⁾ GHG emissions inventory, Latvian Center for Environment, Geology & Meteorology, https://www.meteo.lv/fs/CKFinderJava/userfiles/files/Vide/Klimats/Majas_lapai_LVGMC_2019_seginvkopsavilkums.pdf

⁽⁴⁶⁾ Source: Latvian Peat Association

⁽⁴⁷⁾ As defined in Article 2(3) of Regulation EU1303/2013 (CPR)

- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy.
- upskilling and reskilling of workers.

In order to increase the resilience of the affected regions, investment needs have also been identified for improving the attractiveness of the local economy. Key actions of the Just Transition Fund could target in particular:

- investments in regeneration and decontamination of sites, land restoration and repurposing projects.

ANNEX D – LITHUANIA

Building on the Commission proposal, this Annex ⁽⁴⁸⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Lithuania. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Lithuania, assessed in the report. This Annex provides the basis for a dialogue between Lithuania and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Lithuania ⁽⁴⁹⁾.

Lithuania's greenhouse gas (GHG) intensity per value added produced is among the highest in the EU due to a generally large energy intensity of the Lithuanian economy (almost twice exceeding the EU average) and to a few highly GHG-intensive industrial installations. These installations are situated in Kaunas, Telsiai and Siauliai Counties and are very important source of employment with almost 4,500 people employed directly and large number working in the supporting businesses.

In line with ambitious climate goals and transition to a carbon neutral economy, the emissions from the GHG-intensive industries would need to be reduced as much as technologically feasible and potential negative social, and economic impacts resulting from this transition mitigated. In order to make the most affected regions more resilient to potential impacts of decarbonisation and industrial transformation, a diversification of economic activities and creation of new business opportunities deserve serious consideration. The smart specialisation strategy ⁽⁵⁰⁾ provides an important framework to set priorities for innovation in support of economic transformation. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these geographical areas.

In order to tackle these transition challenges, priority investment needs have been identified for development and deployment of innovative solutions for efficient and clean production and energy use and ensuring necessary skills for those affected by the transition. Key actions of the Just Transition Fund could target in particular:

- investments in research and innovation activities and fostering transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investments in enhancing the circular economy, notably through promoting new circular business models and smarter design for reparability, reuse and remanufacturing;
- upskilling and reskilling of workers.

Emission-intensive industrial sites in the Kaunas, Telsiai and Siauliai counties performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

⁽⁴⁸⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020) 23)

⁽⁴⁹⁾ SWD(2019) 1014 final

⁽⁵⁰⁾ As defined in Article 2(3) of Regulation EU 1303/2013 (CPR)

In addition, in order to increase the resilience of the affected regions, investment needs have also been identified for the diversification of the local economy. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in creation of new firms, including through business incubators and consulting services.

ANNEX D – LUXEMBOURG

Building on the Commission proposal, this Annex ⁽⁵¹⁾ preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Luxembourg. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Luxembourg, assessed in the report. This Annex provides the basis for a dialogue between Luxembourg and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Luxembourg ⁽⁵²⁾.

The two main industrial emitters in Luxembourg are the cement industry in Rumelange (42 % of the total industrial GHG emissions) and the steel industry in Esch-sur-Alzette (27 % of the total industrial GHG emissions). Overall, these two sectors employ some 4,000 people, mainly in the south of the country ⁽⁵³⁾.

Given their highest emission intensities and the likely socioeconomic impact of the transition, it appears warranted that the Just Transition Fund concentrates its intervention on these areas. The smart specialisation strategies ⁽⁵⁴⁾ provide an important framework to set priorities for innovation in support of economic transformation. The Just Transition Fund could contribute to promoting economic diversification, reskilling and multi-specialisation, building-up on the smart specialisation strategy of Luxembourg, which identifies the sectors with most potential: clean & eco-technologies, health technologies, ICT and digitalisation of industry ⁽⁵⁵⁾.

In order to tackle these transition challenges, investment needs for alleviating the socio-economic costs of the transition have been identified. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in research and innovation activities and fostering the transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- upskilling and reskilling of workers.

Some industrial sites in these areas, performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

⁽⁵¹⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23).

⁽⁵²⁾ SWD(2019) 1015 final.

⁽⁵³⁾ Statec 2019. <https://statistiques.public.lu/catalogue-publications/principales-employeurs/2019/PDF-princip-entreprises-taille.pdf>

⁽⁵⁴⁾ As defined in Article 2(3) of Regulation No 1303/2013 (CPR)

⁽⁵⁵⁾ <https://s3platform.jrc.ec.europa.eu/regions/lu/tags/lu>

ANNEX D – HUNGARY

Building on the Commission proposal ⁽⁵⁶⁾, this Annex presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Hungary. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Hungary, assessed in the report. This Annex provides the basis for a dialogue between Hungary and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Hungary ⁽⁵⁷⁾.

The Mátra power plant in Heves county with the associated two coal mines is the biggest CO₂ emitter. The Baranya county relies heavily on energy-intensive industries (treatment and disposal of non-hazardous waste and manufacture of cement) where process related greenhouse gas emissions intensity significantly exceed the EU average.

The Mátra power plant produces 15% of the total electric power but accounts for nearly 50% of the energy sector emissions ⁽⁵⁸⁾. 2,500 people work in the two coal mines and the coal power plant. Coal is used for heating, especially in the poorest households, and contributes significantly to the greenhouse gas emissions. Moving away from fossil fuel production is likely to lead to a substantial reconversion of extraction sites and energy-generating plants. As a result, a significant number of people directly or indirectly employed by the fossil fuel value chain could be affected by the shift to a greener economy. Workers affected by this transition would need to be equipped with new and in-demand skills to increase their employability prospects and receive tailored support by employment services to find new jobs. The smart specialisation strategies ⁽⁵⁹⁾ provide an important framework to set priorities for innovation in support of economic transformation. The Just Transition Fund has the potential to promote economic diversification and reskilling and increase the attractiveness of the county for investments,

In order to tackle these transition challenges, priority investment needs have been identified to cover the socio-economic costs of the transition. Key actions of the Just Transition Fund could target in particular:

- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- investments in regeneration and decontamination of sites, land restoration and repurposing projects;
- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusion of jobseekers;
- technical assistance.

⁽⁵⁶⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23)

⁽⁵⁷⁾ SWD(2019) 1016 final

⁽⁵⁸⁾ The second coal power plant of the country, in Oroszlány (Komárom-Esztergom county) is no longer in operation. It has been deactivated but not yet closed.

⁽⁵⁹⁾ As defined in Article 2(3) of Regulation No 1303/2013 (CPR)

The carbon intensity of the industry in Baranya county highlights the scale of the decarbonisation challenge, suggesting that many firms (including local SMEs that provide services for the industry) would be likely to undergo by 2030 significant restructuring in their industrial processes. As a result, a significant number of people directly or in-directly employed by the value chain related to energy-intensive industries could be at risk. Active Labour Market Policies aimed at equipping those affected with skills and competences in demand by employers could provide a valuable off-setting contribution. Providing targeted job search support to ensure a rapid transition into new employment would be equally important for reducing negative social impact. Based on this preliminary assessment, it appears warranted that the Just Transition Fund also intervenes in this region.

Industrial sites in this area, performing activities listed in Annex I to Directive 2003/87/EC employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

In order to tackle these transition challenges, investment needs have been identified for making the regional economy more modern and competitive. Key actions of the Just Transition Fund could target in particular:

- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reductions, energy efficiency and renewable energy;
- investments in research and innovation activities and fostering the transfer of advanced technologies;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusion of jobseekers;
- technical assistance.

ANNEX D – MALTA

Building on the Commission proposal, this Annex ⁽⁶⁰⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Malta. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Malta, assessed in the report. This Annex provides the basis for a dialogue between Malta and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Malta ⁽⁶¹⁾.

The draft National Energy and Climate plan indicates that particular challenges exist for Malta in meeting the 2030 decarbonisation targets in terms of non-ETS greenhouse gas (GHG) emissions, of primary and final consumption, and of renewable energy. The largest source of non-ETS GHG emissions are transport, and buildings, including the use of fluorinated gases.

In this context, the Just Transition Fund could in particular target the two main Maltese ports, which are an important part of the economy in terms of enabling growth and providing jobs. The Grand Harbour Port for cruising vessels welcomes more than 700 000 visitors/year ⁽⁶²⁾ and the Malta FreePort serves as a transshipment hub in the Mediterranean Sea, handling 3.3 million containers/year ⁽⁶³⁾. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these areas.

In view of reducing GHG emissions by the docking ships and keeping the competitiveness of Maltese ports, it is necessary to provide an alternative to the burning of heavy fuel/gasoil in these ports by providing the ships with power supply, in light of the experience gained in other EU ports ⁽⁶⁴⁾. Such investments would also address possible future regulatory constraints on CO₂ emissions in harbours and possible associated skill needs.

In order to tackle these challenges, related investment needs have been identified. Key actions of the Just Transition Fund could target in particular:

- investment in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investment in research and innovation activities and fostering the transfer of advanced technologies;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;

⁽⁶⁰⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM (2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM (2020) 23).

⁽⁶¹⁾ SWD(2019) 1017 final

⁽⁶²⁾ <https://www.globalportsholding.com/ports/10/valletta-cruise-port>

⁽⁶³⁾ <http://www.maltafreeport.com.mt/content.aspx?id=107934>

⁽⁶⁴⁾ <https://worldmaritimeneews.com/archives/135596/hamburg-port-pioneers-onshore-power-supply-for-cruise-ships/>

- upskilling and reskilling of workers.

ANNEX D – NETHERLANDS

Building on the Commission proposal, this Annex ⁽⁶⁵⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in the Netherlands. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in the Netherlands, assessed in the report. This Annex provides the basis for a dialogue between the Netherlands and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance was given in Annex D of the 2019 Country Report for the Netherlands. ⁽⁶⁶⁾

The main areas of emission-intensive industries in the Netherlands are Delfzijl/Eemshaven in the province of Groningen, the North-Sea channel area (Amsterdam/IJmond), Rotterdam and West-North-Brabant, Zeeuws-Vlaanderen and other zones in Zeeland, and South-Limburg. These areas face important challenges to reduce greenhouse gas emissions in view of the national 2030 and 2050 emission reduction targets, including the shift to energy from renewable sources. Synergies between sectors and companies in these clusters offer, however, good perspectives for innovation to reduce CO₂ emissions and for the development of alternative sustainable economic activities. Transition effects will affect the labour market, notably through employment shifts to upcoming sectors, inducing needs for re- and upskilling. The province of Groningen (comprising the regions East-Groningen, Delfzijl and surroundings and rest of Groningen) include a large carbon-intensive cluster and is likely to be most affected by the climate and energy transition due to the combined effects of the depletion of natural gas extraction and the emission reduction challenges in industry. The energy transition could lead to the loss of 20 000 jobs in the province. This comes on top of the overall social and economic transition challenges that already affect Groningen. For these reasons, the province could be considered as a target area for investments from the Just Transition Fund in the Netherlands. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these regions.

In Groningen, the smart specialisation strategy of the Northern Netherlands ⁽⁶⁷⁾ provides an important framework to set priorities for innovation in support of economic transformation.

In order to tackle the above transition challenges, investment needs have been identified to support innovation for reducing greenhouse gas emissions, the development of alternative economic sectors and related employment shifts. Key actions of the Just Transition Fund could target in particular:

- Investments in research and innovation activities and fostering the transfer of advanced technologies;
- Investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- Upskilling and reskilling of workers.

Emission-intensive industrial sites, performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to its their greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

⁽⁶⁵⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23)

⁽⁶⁶⁾ SWD(2019) 1018

⁽⁶⁷⁾ As defined in Article 2(3) of Regulation (EU) No 1303/2013 (CPR)

ANNEX D – AUSTRIA

Building on the Commission proposal, this Annex⁶⁸ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Austria. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Austria, assessed in the report. This Annex provides the basis for a dialogue between Austria and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Austria⁶⁹.

In Austria, most of the regions with the highest greenhouse gas (GHG) emissions of the main industrial facilities per gross value added generated, are situated in Styria and Upper Austria. Carbon-intensive industries play an important role in employment in these regions. For example, the manufacture of basic metals, paper and paper products as well as chemicals and chemical products employed together almost 40 000 persons in Styria and Upper Austria in 2017. The high carbon intensities of the industries in the Styrian region of Östliche Obersteiermark as well as the Upper Austrian region of Traunviertel⁷⁰ highlight the scale of the decarbonisation challenge. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these regions.

In order to tackle these transition challenges, investment needs have been identified for supporting innovation for reducing greenhouse gas emissions, developing alternative economic activities and cushioning related employment shifts. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in the creation of new firms, including through business incubators and consulting services;
- investments in research and innovation activities and fostering the transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- upskilling and reskilling of workers.

The smart specialisation strategies of Styria and Upper Austria⁷¹ provide an important framework to set priorities for innovation in support of economic transformation when implementing Just Transition Fund investments.

Carbon-intensive industrial sites in Styria and Upper Austria performing activities listed in Annex I to Directive 2003/87/EC employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

⁶⁸ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23)

⁶⁹ SWD(2019) 1019 final

⁷⁰ The identified regions are at NUTS 3 level.

⁷¹ As defined in Article 2(3) of Regulation (EU) No 1303/2013 (CPR)

ANNEX D – POLAND

Building on the Commission proposal, this Annex ⁽⁷²⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Poland. These priority investment areas stem from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Poland, assessed in the report. This Annex provides the basis for a dialogue between Poland and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans ⁽⁷³⁾, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Poland ⁽⁷⁴⁾.

The transition process will likely impact all coal mining regions in Poland, namely Silesia, Wielkopolska, Lower Silesia, Łódzkie, Lubelskie and Malopolska. For Silesia, Wielkopolska and Wałbrzych, there are ongoing transition planning efforts, triggered under the Coal Regions in Transition Initiative. Priority investment areas are identified in those regions in the present Annex. Against this background; smart specialization strategies provide an important framework to set priorities for innovation in support of economic transformation.

Silesia, the biggest mining region, extracts coal in 18 mines, located in the following NUTS level 3 regions: Katowice; Bielsko – Biała, Tychy, Rybnik, Gliwice, Bytom, Sosnowiec. Despite moving away from coal production since the 1990s, there is a strong dependence on the coal mining sector in the local economy, with almost half of the number of coal miners in the EU represented by 78,000 direct jobs. The significant number of coal mining entities is strongly visible in the high GVA share of the coal industry. Moving away from coal extraction would require additional efforts on towards economic diversification, reskilling and upskilling, counteracting depopulation and on revitalization. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these territories.

In order to tackle these transition challenges, priority investment needs have been identified for diversifying and making the regional economy more modern and competitive. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in the creation of new firms, including through business incubators and consulting services;
- investments in research and innovation activities and fostering the transfer of advanced technologies;
- investments in regeneration and decontamination of sites, land restoration and repurposing projects;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- upskilling and reskilling of workers;
- technical assistance.

The territories of Katowice, Bielsko – Biała, Tychy, Rybnik, Gliwice, Bytom, Sosnowiec could experience

⁽⁷²⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23).

⁽⁷³⁾ See Commission Communication on the Sustainable Europe Investment Plan (COM(2020) 21) and Arts 6 and 7 of the proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020) 22).

⁽⁷⁴⁾ SWD(2019) 1020 final.

job losses, which realistically might not be entirely offset by the creation and development of SMEs. Exceptionally, and where necessary for the implementation of the territorial just transition plan, support to productive investments in large enterprises could therefore be considered.

In the region of Wielkopolska (Konin 'NUTS 3 level region'), 6,000 people are employed in lignite extraction and power generation activities. Moving away from lignite extraction could require measures aimed to create new jobs in areas other than mining and lignite-based power generation. Furthermore, open-pit lignite mines create environmental challenges, such as lowering of groundwater and droughts. Based on this preliminary assessment, it appears warranted that the Just Transition Fund also intervenes in this territory.

In order to tackle these transition challenges, investment needs have also been identified for alleviating the socio-economic costs of the transition. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in the creation of new firms, including through business incubators and consulting services;
- investment in research and innovation activities and fostering the transfer of advanced technologies;
- investment in land restoration and repurposing projects;
- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- technical assistance.

The territory of Konin is expected to suffer from substantial job losses, which might not be entirely offset by the creation and development of SMEs. Exceptionally, and where necessary for the implementation of the territorial just transition plan, support to productive investments in large enterprises could therefore be considered.

In Lower Silesia, NUTS level 3 region Wałbrzych relied heavily in the past on the coal extraction industry, but due to an unfinished economic transition, suffers from low levels of economic development, the highest unemployment rate in Lower Silesia, social issues and degradation of infrastructure. Poverty and depopulation, low GDP/capita, geological and water problems related to underground mining structures, prevent the efficient development of the area.

In order to tackle these transition challenges, priority investment needs for alleviating the socio-economic costs of the transition have therefore been identified, through actions targeting in particular:

- investments in regeneration and decontamination of sites, land restoration and repurposing projects;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas reduction emission, energy efficiency and renewable energy;
- investments in the creation of new firms, including through business incubators and consulting services;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusion of jobseekers;
- technical assistance.

ANNEX D – PORTUGAL

Building on the Commission proposal, this Annex presents the preliminary views of Commission services on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Portugal ⁽⁷⁵⁾.

These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Portugal, assessed in the report. This Annex provides the basis for a dialogue between Portugal and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Portugal ⁽⁷⁶⁾.

In Portugal, there are two remaining coal-fired power plants: in the regions of Alentejo Litoral (municipality of Sines) and Médio Tejo (in Pego, municipality of Abrantes). These plants are the largest greenhouse gas emitters in Portugal, all sectors included. Highly polluting industries of manufacture of refined petroleum products and plastics are also located in Sines and Matosinhos. In line with the Portuguese Carbon Neutrality Roadmap 2050 targets reflected in Portugal's draft National Energy and Climate Plan, the Portuguese government has committed to decommissioning these two plants by September 2023.

Estimates suggest that the closure of the plants would affect around 650 jobs: 350 in Sines, 200 in Pego, and 100 in the port of Sines where coal is received. For the two municipalities (Sines and Abrantes), the jobs at stake correspond to almost 8% and 3% of the total number of people employed. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these regions.

In order to tackle these challenges, high priority investment needs have been identified to make the economies of these regions more modern and competitive based on sustainable investments and to help these regions to absorb the structural changes of the transition. Key actions of the Just Transition Fund could target in particular:

- investment in the deployment of technologies and infrastructures for affordable clean energy, energy efficiency and renewable energy;
- investment in the creation of new firms, including through business incubators and consulting services;
- investment in research and innovation activities and fostering the transfer of advanced technologies;
- investment in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse repair and recycling;
- productive investments in SMEs, including start-ups; and
- investment in the regeneration and decontamination of sites, land restoration and repurposing projects.

⁽⁷⁵⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM (2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM (2020) 23).

⁽⁷⁶⁾ SWD(2019) 1021 final

The smart specialisation strategies of Centro and Alentejo ⁽⁷⁷⁾ provide an important framework to set priorities for innovation in support of economic transformation. The economic diversification process that Centro and Alentejo could undergo to pave the way to their decarbonisation may take account of the sectors identified in their respective regional smart specialisation strategies referring, inter alia, to the development of the renewable energy sector (in particular, there is potential for wind, solar biomass and hydrogen) and energy efficiency as activities leading to new employment opportunities, from which the workers affected could benefit; they also refer to agribusiness, wood, biotechnology and sustainable tourism through the fostering of natural and cultural heritage, as sectors with high potential.

Given the dimension of the challenge, exceptionally, and where necessary for the implementation of the territorial just transition plan, it could be considered support to productive investments in large enterprises. Furthermore, large enterprises in these municipalities, performing activities listed in Annex I to Directive 2003/87/EC employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

Moreover, priority investment needs have been identified to alleviate the social costs of the transition, thereby ensuring the employability and adaptability of workers affected from the plant closures. Active Labour Market Policies aimed at equipping those affected with skills and competences in demand by employers could be developed, as well as intensified job search support to ensure a rapid transition into new employment. Key actions of the Just Transition Fund could target in particular:

- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusion of jobseekers.

⁽⁷⁷⁾ As defined in Article 2(3) of Regulation EU 1303/2013 (CPR)

ANNEX D – ROMANIA

Building on the Commission proposal, this Annex ⁽⁷⁸⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Romania. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Romania, assessed in the report. This Annex provides the basis for a dialogue between Romania and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Romania ⁽⁷⁹⁾.

Coal mining in Romania is concentrated within the two sub-regions of Jiu Valley and Rovinari/Turceni, which are situated in the counties of Hunedoara and Gorj.

The two counties employ 90% of the entire Romanian mining work force, and the total number of jobs depending directly on coal extraction or coal fired energy production represents 18 600, with another 10 000 indirectly depending on coal. Hunedoara and Gorj represent some 90% of greenhouse gas (GHG) emissions caused by Romania's coal fired power plants, or approximately 30% of all Romanian GHG emissions stemming from mining and manufacturing. Moving away from fossil fuel extraction and use is likely to put these jobs at risk.

Moreover, both counties have a number of carbon intensive industrial facilities, which adds to the decarbonisation challenge, as many of these companies are expected to undergo restructuring before 2030, which could also negatively influence employment. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these geographical areas.

In order to tackle the related transition challenges, high priority investment needs have been identified to alleviate the socio-economic costs of the transition. Key actions of the Just Transition Fund could target in particular:

- investment in regeneration and decontamination of sites, land restoration and repurposing projects;
- investment in the deployment of technology and infrastructures for affordable clean energy, greenhouse gas emission reduction, energy efficiency and renewable energy;
- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investment in the creation of new firms, including through business incubators and consulting services;
- investment in research and innovation activities and fostering transfer of advanced technologies

⁽⁷⁸⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM (2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM (2020) 23).

⁽⁷⁹⁾ SWD(2019) 1022 final

- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusion of jobseekers;
- technical assistance.

These counties are expected to suffer from substantial job losses, which might not be entirely offset by the creation and development of SMEs. Exceptionally, and where necessary for the implementation of the territorial just transition plan, support to productive investments in large enterprises could therefore be considered.

Furthermore, industrial sites in these counties, performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

Within the counties of Dolj, Galați, Prahova and Mureș a significant number of the work force is employed in fossil fuel power and heat generation or energy intensive manufacturing and heavy industry (chemicals, metal processing cement, fertilisers, etc.). These counties represent approximately 35% of Romanian's GHG emission stemming from mining and manufacturing.

As the sectors identified are expected to undergo significant changes related to the necessary energy transition, it appears warranted that the Just Transition Fund also intervenes in these geographical areas to accompany them in their reconversion.

In order to tackle these challenges, high priority investment needs have also been identified to alleviate the socio-economic costs of the transition. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investment in the creation of new firms, including through business incubators and consulting services;
- investment in research and innovation activities and fostering transfer of advanced technologies;
- investment in the deployment of technology and infrastructures for affordable clean energy, energy efficiency and renewable energy;
- investment in digitalization;
- investment in regeneration and decontamination of sites, land restoration and repurposing projects;
- investment in enhancing the circular economy, including through waste prevention, reduction, and resource efficiency, reuse repair and recycling;
- upskilling- and reskilling of workers;
- active inclusion of jobseekers;

- technical assistance.

These four counties are expected to experience substantial job losses, which might not be entirely offset by the creation and development of SMEs; support to productive investments in large enterprises could therefore be considered.

Furthermore, industrial sites in these counties, performing activities listed in Annex I to Directive 2003/87/EC, employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions; support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

ANNEX D – SLOVENIA

Building on the Commission proposal, this Annex⁽⁸⁰⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Slovenia. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Slovenia, assessed in the report. This Annex provides the basis for a dialogue between Slovenia and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Slovenia⁽⁸¹⁾.

In Slovenia, the Zasavska region is enduring a transition away from coal-related activities while the Savinjska region, in particular Savinjsko-Šaleška, continues to suffer from significant challenges linked to the on-going extraction and processing of fossil fuels, mostly coal.

Zasavska faces a significant challenge of unfinished transition. As a consequence of the almost finalised closure of the Zasavje coal mine and the closure of the region's coal-fuelled power plant, Zasavska has been facing social hardship (8.3% unemployment vs 7.4% nationally). Since 2013 approximately 5,000 jobs have been lost and GDP has been falling (53% of the Slovene average). Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on that region.

The smart specialisation strategy⁽⁸²⁾ provides an important framework to set priorities for innovation in support of economic transformation. In order to tackle these transition challenges, priority investment needs have been identified for diversifying and making the regional economy more modern and competitive, as well as alleviating the socio-economic costs of transition. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in research and innovation activities and fostering the transfer of advanced technologies in line with the Slovenian smart specialisation strategy;
- investments in the deployment of technology and infrastructures for affordable clean energy;
- investments in digitalisation;
- upskilling and reskilling of workers.

Environmental pollution and degradation as a direct result of mining activities are visible in the area. Almost a third of the urban area of Zasavje is degraded and thus in need of environmental rehabilitation. In order to tackle these transition challenges, investment needs have been identified for achieving environmental sustainability and resource efficiency. Key actions of the Just Transition Fund could target in particular:

⁽⁸⁰⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020) 23).

⁽⁸¹⁾ SWD(2019) 1023 final

⁽⁸²⁾ As defined in Article 2(3) of Regulation EU 1303/2013 (CPR)

- investments in regeneration and decontamination of sites, land restoration and repurposing projects;
- investments in enhancing the circular economy.

The Savinjska region has an operational coal mine and a coal power plant (Šoštanj) generating 35% of national electricity production. Environmental pollution and degradation as a direct result of mining activities are visible in the area. Due to the caving-in of the ground in Savinjsko-Šaleška, three lakes already formed on the territory of a few former settlements. The ground is still sinking, which puts additional settlements at risk. Based on this preliminary assessment, it appears warranted that the Just Transition Fund also intervenes in this region.

In order to tackle these transition challenges, priority investment needs have been identified for achieving a low carbon transition, environmental sustainability and resource efficiency. Key actions of the Just Transition Fund could target in particular:

- investments in the deployment of technology and infrastructures for affordable clean energy;
- investments in regeneration and decontamination of sites, land restoration and repurposing projects;
- investments in enhancing the circular economy;
- upskilling and reskilling of workers.

Coal-related activities in the Savinjska region (the mine, the plant and the related companies, subsidiaries and services) provide direct employment for around 2,200 people. Learning from the experience of the Zasavje region, such closures could have significant negative effects on the entire economy of the region. In order to tackle these transition challenges, investment needs have been identified for diversifying and making the regional economy more modern and competitive, as well as alleviating the socio-economic costs of transition. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in research and innovation activities and fostering the transfer of advanced technologies, in line with the Slovenian smart specialisation strategy;
- investments in digitalisation;
- upskilling and reskilling of workers;
- active inclusion of jobseekers.

ANNEX D – SLOVAKIA

Building on the Commission proposal, this Annex⁽⁸³⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Slovakia. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050, assessed in the report. This Annex provides the basis for a dialogue between Slovakia and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Slovakia⁽⁸⁴⁾.

The region of Trenčín faces a number of economic and social challenges in terms of transition to a climate neutral economy. Over 4,000 people are directly employed in coal mining activities in the area of Horná Nitra (Prievidza and Partizánske districts), which constitute a supply chain for the Nováky coal power plant due to be closed by 2023 on environmental efficiency grounds. Around 1 000 people are indirectly related to coal mining activities. In Trenčín, there is also an important high carbon intensive cement producer (Považská cementáreň in Ladce).

In the region of Košice, steel production is a source of significant CO₂ emissions, with the U.S. Steel Corporation being the single largest CO₂ emitter in Slovakia. The Vojany coal power plant and the cement production in Turňa and Bodvou represent other important employers in an otherwise relatively economically weak region.

Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on these regions, capitalising on the smart specialisation strategies that provide an important framework to set priorities for innovation in support of economic transformation.

In order to tackle the transition challenges and support the sustainable competitiveness of these regions, high priority investment needs have been identified. Key actions of the Just Transition Fund could target in particular:

- Investments in regeneration and decontamination of sites, land restoration and repurposing projects;
- Investments in research and innovation activities and fostering the transfer of advanced technologies;
- Upskilling and reskilling of workers;
- Investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- Technical assistance.

In order to increase the use of digital public services, priority investment needs have been identified. Key actions of the Just Transition Fund could target in particular:

- Digitalisation and digital connectivity.

In order to further support sustainable regional and local development, investment needs have been identified.

⁽⁸³⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020)22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020)23)

⁽⁸⁴⁾ SWD(2019)1024 final

Key actions of the Just Transition Fund could target in particular:

- Investments in the creation of new firms, including through business incubators and consulting services;
- Investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling.

Territories in both Trenčín and Košice regions are expected to suffer from substantial job losses, which might not be entirely offset by the creation and development of SMEs. Exceptionally, and where necessary for the implementation of the territorial just transition plan, support to productive investments in large enterprises could therefore be considered.

Furthermore, industrial sites in these regions, performing activities listed in Annex I to Directive 2003/87/EC employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

ANNEX D – FINLAND

Building on the Commission proposal, this Annex D presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Finland. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Finland, assessed in the report. This Annex provides the basis for a dialogue between Finland and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Finland⁸⁵.

Finland is one of the main producers and the main consumer of peat in Europe. Peat production, used mainly as an energy source, employs the equivalent to 2300 persons/year. Peat use in energy production is equivalent to coal in terms of CO₂ intensity. Phasing out peat could contribute notably to Finland's goal to achieve carbon neutrality by 2035. The sparsely populated East and North Finland (Etelä-Savo, Pohjois-Savo, Pohjois-Karjala, Kainuu, Keski-Pohjanmaa, Pohjois-Pohjanmaa, Lappi) appears to be the most affected region by transition from peat to carbon neutral energy production. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on this region.

Finland's government is committed to decrease the use of peat for energy by at least half by 2030. As a result, many workers would be at risk of unemployment in this sparsely populated region where labour demand is otherwise limited. The smart specialisation strategy⁸⁶ provides an important framework to set priorities for innovation in support of economic transformation and it could offer a framework for making the transition towards a more diversified, competitive and green economy.

In order to tackle these transition challenges, high priority investment needs have been identified for the development and deployment of innovative solutions for efficient and clean production and energy use. Key actions of the Just Transition Fund could target in particular:

- investments in research and innovation activities and fostering transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy, greenhouse gas emission reduction, energy efficiency and renewable energy.

In order to seize the opportunities stemming from ambitious decarbonisation policies, priority investment needs have been identified for the diversification of the local economy and ensuring the necessary skills for those affected by the transition. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in the creation of new firms, including through business incubators and consulting services;
- upskilling and reskilling of workers.

In order to minimise the greenhouse effect of the areas released from peat production, related investment needs have been identified. Key actions of the Just Transition Fund could target in particular:

- investments in regeneration of sites, land restoration and repurposing projects.

⁸⁵ SWD(2019) 1025 final

⁸⁶ As defined in Article 2(3) of Regulation EU 1303/2013 (CPR)

ANNEX D – SWEDEN

Building on the Commission proposal, this Annex ⁽⁸⁷⁾ presents the preliminary Commission services' views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Just Transition Fund investments in Sweden. These priority investment areas are derived from the broader analysis of territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050 in Sweden, assessed in the report. This Annex provides the basis for a dialogue between Sweden and the Commission services as well as the relevant guidance for the Member States in preparing their territorial just transition plans, which will form the basis for programming the Just Transition Fund. The Just Transition Fund investments complement those under Cohesion Policy funding for which guidance in the form of Annex D was given in the 2019 Country Report for Sweden ⁽⁸⁸⁾.

In Sweden, the sparsely populated regions of Norrbotten and Västerbotten within the region Upper Norrland rely on industries using fossil fuels where process related greenhouse gas emissions intensity significantly exceed the EU average.

The carbon intensity of the steel industry in Upper Norrland region highlights the scale of the decarbonisation challenge, suggesting that the sector would be likely to undergo by 2030 significant restructuring in its industrial processes. There is a risk of a negative impact on the around 4,000 people directly employed in the production, as well as further impact on the subcontractors and the regional economy. A restructuring that takes into account social aspects would need new innovative solutions for the whole value chain. Based on this preliminary assessment, it appears warranted that the Just Transition Fund concentrates its intervention on that region.

The smart specialisation strategy ⁽⁸⁹⁾ provides an important framework to set priorities for innovation in support of economic transformation. In order to tackle these transition challenges, investment needs have been identified for diversifying and making the regional economy more modern. Key actions of the Just Transition Fund could target in particular:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in the creation of new firms, including through business incubators and consulting services;
- investments in research and innovation activities and fostering the transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- upskilling and reskilling of workers.

⁽⁸⁷⁾ This Annex is to be considered in conjunction with the EC proposal for a Regulation of the European Parliament and of the Council on the Just Transition Fund 2021-2027 (COM(2020) 22) and the EC proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2020) 23)

⁽⁸⁸⁾ SWD(2019) 1026 final

⁽⁸⁹⁾ As defined in Article 2(3) of Regulation EU1303/2013 (CPR)

Steel production sites in this region, performing activities listed in Annex I to Directive 2003/87/EC employ a substantial number of workers and their activity is at risk due to their high greenhouse gas emissions. Support to investments to reduce the emissions could be considered, provided that they achieve a substantial reduction of emissions (going substantially below the relevant benchmarks used for free allocation under Directive 2003/87/EC) and on the condition that the investments are compatible with the European Green Deal.

