



Press Release

Luxembourg, 22 July 2020

EU's green ambitions require a more performance-based Just Transition Fund, advise auditors

The recently amended proposal relating to the Just Transition Fund (JTF) needs to establish a clearer link to the EU's climate and environmental goals, according to an Opinion published today by the European Court of Auditors. While significant additional resources are put forward to help achieve the transition to a climate-neutral economy by 2050, the funding should be more need-based and performance-oriented. Otherwise, there is a risk that the necessary structural change will not take place and the transition towards a green economy will need to be financed again, the auditors warn.

The legislative proposals establishing the Just Transition Fund (JTF) aim to support the EU's transition to a climate-neutral economy by 2050, addressing the social, economic and environmental impacts on the sectors and regions affected. Budget appropriations of €7.5 billion (2018 prices) were allocated initially. Following the COVID-19 outbreak, the European Commission amended its proposal by significantly increasing funding by €32.5 billion, mainly from the European recovery instrument. However, yesterday, the new budget plan agreed cut the JTF by €20 billion.

The auditors point out that the Commission has not carried out a prior impact assessment to support the amended amount. A sound needs analysis is essential to both ensure better allocation of the EU's financial resources, and target and quantify the objectives to be achieved. This is all the more important because the proposal provides further funding for regions that have already received money for energy modernisation out of other dedicated funds.

"The Just Transition Fund is a key tool of the EU Green Deal to ensure that the transition towards a climate-neutral economy happens in a fair way, leaving no one behind", said Nikolaos Milionis, the Member of the European Court of Auditors responsible for the Opinion. "However, the Commission should make sure that the new legislative proposal, together with the territorial just transition plans it will approve, have a solid performance framework to achieve the ambitious EU objectives".

The purpose of this press release is to convey the main messages of the European Court of Auditors' opinion. The full opinion is available at eca.europa.eu.

ECA Press

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The auditors also note that the linkage between performance and funding is relatively weak. The proposed allocation method provides weak incentives for the deep, significant, structural change required to achieve the EU's climate objectives. Moreover, while common output and result indicators are proposed, they do not clearly capture the objective of transitioning out of carbon-intensive sectors. There is therefore a significant risk that the JTF will not help end the heavy reliance of some regions on carbon-intensive activities, the auditors say.

Notes to Editors

In December 2019, the European Commission published the 'EU Green Deal', of which the JTF is an integral part. The January 2020 proposal planned that the JTF would receive some €7.5 billion of fresh EU money. In May 2020, following the COVID-19 outbreak, the Commission amended its proposal, topping up the support to €40 billion. The conclusions of the European Council meeting of 17-21 July saw this budget reduced by €20 billion.

This opinion is limited to the JTF proposals, and complements in particular our recently published [Opinion No 2/2020](#) on the Commission's amended proposal of 14 January 2020 on the Common Provisions Regulation, as well as [Opinion No 4/2020](#) on the Commission's amended proposal of May 2020 on the Common Provisions Regulation for the 2021-2027 programme period. In addition, an opinion on the public sector loan facility under the Just Transition Mechanism is due to be published later this year.

The ECA contributes to improving EU financial governance by publishing opinions on proposals for new or revised legislation with a financial impact. These opinions provide an independent assessment of the legislative proposals by the EU's external auditor. In 2019, the auditors issued "[Remarks in Brief](#)" on the Commission's 2018 proposals for the next MFF.

The legal basis of the Commission's proposal means that consultation with the ECA is mandatory, and the European Parliament and the Council therefore wrote separately to the ECA to obtain its views.

The ECA's Opinion No 5/2020 on the Commission's proposals of 14 January 2020 and of 28 May 2020 for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund is currently available on the ECA website eca.europa.eu in English; other languages are to follow shortly.

Information on the measures the ECA has taken in response to the COVID-19 pandemic may be found [here](#).

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