

Territorial and Distributional Aspects of Just Transition in the updated National Energy and Climate Plans – Assessment Methodology

Reform Institute in cooperation with
BlueLink Foundation, Ecco and Ecologic Institute

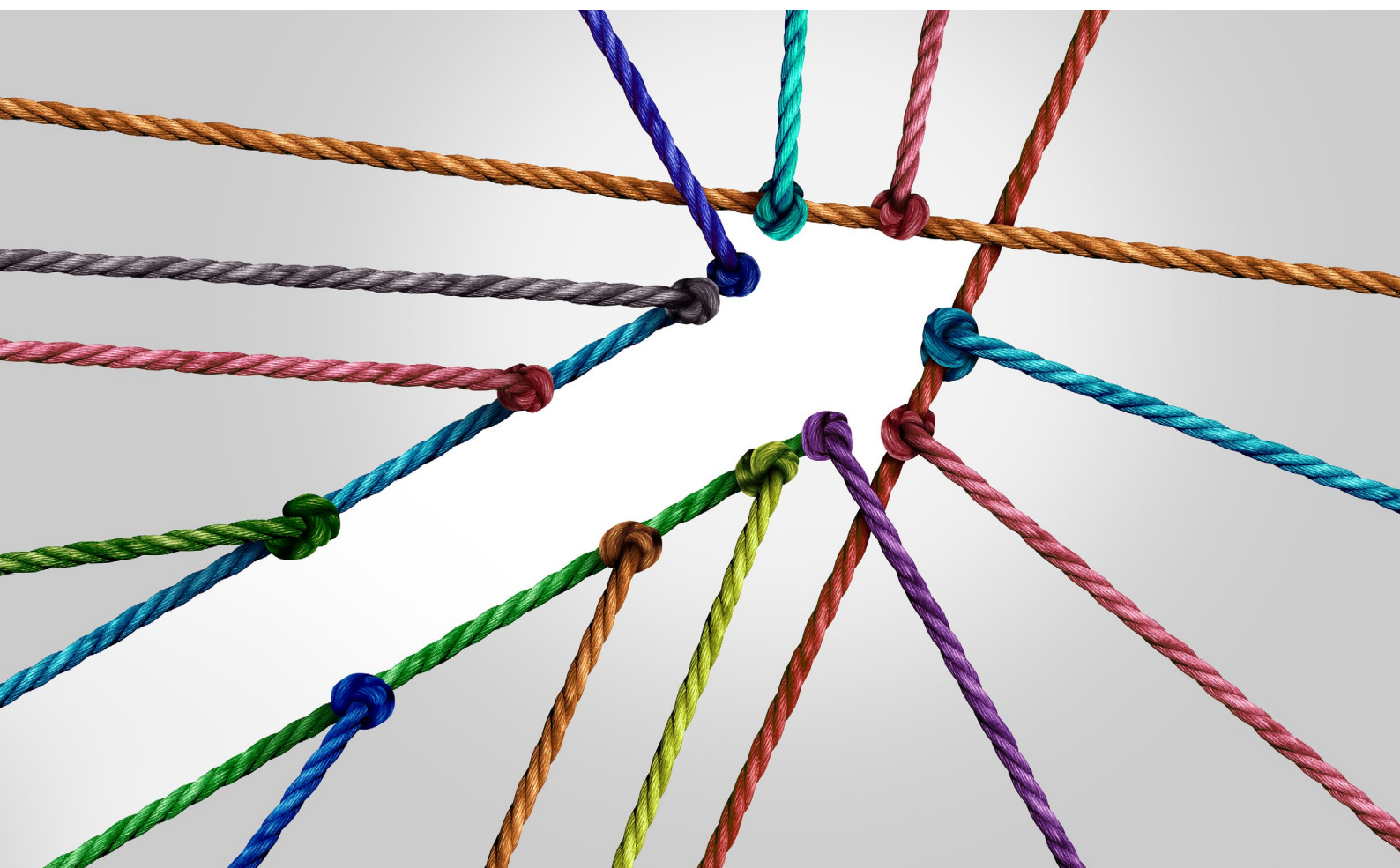
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Authors

Aneta Stefańczyk, Antoni Grzeźczyk, Maciej Lipiński, Aleksander Śniegocki (Reform Institute)

With contributions from

Maria Niewiata-Rej and Zofia Wetmańska (Reform Institute)

Plamen Peev (BlueLink Foundation)

Giulia Colafrancesco and Chiara Di Mambro (ECCO)

Nora Sophie Kögel and Eike Velten (Ecologic Institute)

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Zofia Lasocka

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Reform Institute

office@ireform.eu | ul. Puławska 12/3, 02-566 Warsaw | www.ireform.eu

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I. Introduction and purpose of the document

National Energy and Climate Plans (NECPs) are planning tools required under the European Union (EU) Governance Regulation. Member States (MS) are currently updating their NECPs to adjust them to a more ambitious climate agenda in line with the European Climate Law and Fit for 55 package. The draft updates were expected to be submitted to the European Commission (EC) by the end of June 2023. Less than a third of Member States have met the deadline and submitted their Plans on time. With some delay, the number of countries submitting their draft NECPs increased, and by mid-November 2023 only five Member States had not sent the draft updated Plans to the EC. The final updated versions of NECPs should be made available by the end of June 2024. By then, documents should include revisions made by the national governments based on the feedback and recommendations provided by the EC, as well as based on outcomes of extensive dialogue with stakeholders and the wider public.

The purpose of this document is to provide a methodological framework for the assessment of the updated NECPs. This framework can be used to evaluate both the contents of the documents and the procedures of their preparation from the just transition perspective.

We define just transition as a process that maximises positive opportunities and outcomes related to the transition to climate neutrality, while it mitigates the challenges and minimises the negative effects for impacted regional and local communities (territorial aspects of just transition) and vulnerable individuals (distributional aspects of just transition).

Just transition has a key role in ensuring a positive net result of the green transition for the EU citizens and communities, in line with the European Green Deal's principle of „leaving no one behind“. Proper integration of just transition policies and measures into NECPs is crucial for the implementation of this principle on the national level in each Member State.

II. Methodology and development of assessment criteria

This document provides a comprehensive checklist of criteria that should be fulfilled by the updated NECPs if they aim to be effective in addressing the just transition challenge. This checklist is based on the literature review that included relevant EU legislation, guidelines, and communications issued by the European Commission in support of the NECP update process and with the objective of strengthening the just transition dimension of climate governance. Beyond the relevant EU resources, the review also covered the academic literature and independent reports published by research institutes.

The key EU documents that enabled identification of the relevant criteria are listed below:

1. Commission Notice on the Guidance to Member States for the update of the 2021-2030 national energy and climate plans¹.
2. Regulation establishing the Just Transition Fund².
3. Regulation laying down common provisions on eight EU funds³.
4. Communication from the Commission *An EU-wide assessment of National Energy and Climate Plans Driving forward the green transition and promoting economic recovery through integrated energy and climate planning*⁴.
5. Regulation on the Governance of the Energy Union and Climate Action⁵.
6. Council Recommendation on ensuring a fair transition towards climate neutrality⁶.
7. Commission Recommendation 2023/2407 on Energy Poverty⁷.

The assessment methodology follows two essential dimensions of just transition: territorial and distributional, which are further divided into sets of criteria and research questions covering their most important aspects.

Territorial Aspects	1. Ambitions and targets
	2. Supporting local economies and communities
	3. Local clean energies and decarbonised industries
	4. Inclusivity of regional transition
	5. Regional just transition governance
Distributional Aspects	6. Overarching assessment of distributional impacts
	7. Energy poverty
	8. Transport poverty
	9. Financing needs and sources of funding
	10. Tax, insurance and social security policies
	11. Work conditions and re-training
	12. Stakeholder engagement and public consultation

¹ [HTTPS://ENERGY.EC.EUROPA.EU/PUBLICATIONS/GUIDANCE-MS-UPDATED-NECPs-2021-2030_EN](https://energy.ec.europa.eu/publications/guidance-ms-updated-NECPs-2021-2030_en)

² [HTTPS://EUR-LEX.EUROPA.EU/LEGAL-CONTENT/EN/TXT/?URI=CELEX%3A32021R1056](https://eur-lex.europa.eu/legal-content/en/txt/?uri=CELEX%3A32021R1056)

³ [HTTPS://EUR-LEX.EUROPA.EU/LEGAL-CONTENT/EN/TXT/?URI=CELEX%3A02021R1060-20230301](https://eur-lex.europa.eu/legal-content/en/txt/?uri=CELEX%3A02021R1060-20230301)

⁴ [HTTPS://EUR-LEX.EUROPA.EU/LEGAL-CONTENT/EN/TXT/?URI=COM%3A2020%3A564%3AFIN](https://eur-lex.europa.eu/legal-content/en/txt/?uri=COM%3A2020%3A564%3AFIN)

⁵ [HTTPS://EUR-LEX.EUROPA.EU/LEGAL-CONTENT/EN/TXT/?URI=CELEX%3A02018R1999-20230516](https://eur-lex.europa.eu/legal-content/en/txt/?uri=CELEX%3A02018R1999-20230516)

⁶ [HTTPS://DATA.CONSILIUM.EUROPA.EU/DOC/DOCUMENT/ST-9107-2022-INIT/EN/PDF](https://data.consilium.europa.eu/doc/document/st-9107-2022-init/en/pdf)

⁷ [HTTPS://EUR-LEX.EUROPA.EU/LEGAL-CONTENT/EN/TXT/?URI=OJ:L_202302407](https://eur-lex.europa.eu/legal-content/en/txt/?uri=OJ:L_202302407)

Each of these criteria can be assessed using the following scale:

0 no mention of a given issue	1 issue addressed to a limited extent	2 issue addressed to a significant extent	3 good practice
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Each of the aspects has its own, more specific description that outlines what is required from a given NECP to be awarded a given number of points. These are described in more detail in the following chapters.

III. Territorial aspects

Territorial aspects of just transition focus on the impact of the transition on regions, communities, and local economies, with special attention paid to those particularly vulnerable to changes brought by the new EU energy and climate policies. In this part, we focus primarily on the assessment of NECPs’ elements that support local communities in the process of green transition, provide incentives for decarbonisation at the local scale, ensure inclusive regional transition, and provide governance frameworks and tools conducive to just transition. The assessment also investigates to what extent draft NECPs are consistent with Territorial Just Transition Plans (TJTPs) and guide actions on the regional level. Territorial aspects are only considered with respect to territories that have been recognised by the national governments as most affected by the decarbonisation process.

Aspect 1. Ambitions and targets

The first category examines the overall level of ambition reflected in NECPs, including their coherence with TJTPs and an indication of clear timelines for the transition away from fossil fuels, including coal (separately in the power sector and the whole economy, since in practice these transitions are often designed separately by the governments), oil and gas. The timelines are also assessed with respect to their ambition level. To be considered “science-based”, the plans should go beyond the current EU pathway, and be consistent with the Paris Agreement. It should also be expected that the ambition levels in the 2023 NECPs draft updates will not backslide relative to what had been proposed in the previous version of NECPs and in TJTPs, reflecting the increasing climate targets for the EU as a whole.

1. Ambitions and targets	
1.1 Increasing ambition and avoiding backsliding on targets from Territorial Just Transition Plans	0 does not mention targets set in TJTP or sets them lower
	1 targets set in TJTPs are mentioned but not changed
	2 most of the targets set in TJTPs are planned to be updated
	3 declares a clear timeline for update of ambition levels of all TJTPs targets or sets the updated targets directly within the NECP

<p>1.2 Clear and science-based coal exit in power sector timeline</p>	<p>0 does not mention the exit timeline for coal in the power sector</p> <hr/> <p>1 coal exit in the power sector is declared, but no precise timeline is delivered</p> <hr/> <p>2 coal exit in the power sector timeline is clearly determined</p> <hr/> <p>3 coal exit in the power sector timeline is science-based and clearly determined</p>
<p>1.3 Clear and science-based timeline for transition away from coal in the whole economy</p>	<p>0 does not mention the economy-wide timeline for the transition away from coal</p> <hr/> <p>1 transition away from coal in the whole economy is declared, but no precise timeline is delivered</p> <hr/> <p>2 timeline for the transition away from coal in the whole economy is clearly determined</p> <hr/> <p>3 timeline for the transition away from coal in the whole economy is science-based and clearly determined</p>
<p>1.4 Clear and science-based timeline for transition away from fossil gas</p>	<p>0 does not mention the timeline for the transition away from fossil gas</p> <hr/> <p>1 transition away from fossil gas is declared, but no precise timeline is delivered</p> <hr/> <p>2 timeline for the transition away from fossil gas is clearly determined</p> <hr/> <p>3 timeline for the transition away from fossil gas is science-based and clearly determined</p>
<p>1.5 Clear and science-based timeline for transition away from oil</p>	<p>0 does not mention timeline for the transition away from oil</p> <hr/> <p>1 transition away from oil is declared, but no precise timeline is delivered</p> <hr/> <p>2 timeline for the transition away from oil is clearly determined</p> <hr/> <p>3 timeline for the transition away from oil is science-based and clearly determined</p>
<p>1.6 Clear and science-based industrial transition to net zero emissions timeline (conversion or closure of industrial plants which emit GHGs from fossil fuels use or industrial processes)</p>	<p>0 does not mention the timeline for industrial transition</p> <hr/> <p>1 industrial transition to net zero emissions declared, but no precise timeline is delivered</p> <hr/> <p>2 timeline for industrial transition to net zero emissions is clearly determined</p> <hr/> <p>3 timeline for industrial transition to net zero emissions is science-based and clearly determined</p>

Aspect 2. Supporting local economies and communities

The second aspect is concerned with assessing the support tools provided for local communities and economies facing the transition. The community dimension is reflected in two criteria. One of them is related to the preservation of the identities of traditional industrial communities, which were often built around mining or manufacturing sectors that still constitute an important building block of the local social structure. The other focuses on restoring the local natural environment so that it can provide local communities with improved quality of life and increase the attractiveness of the region for existing and potential new residents. The economic dimension is assessed through measures supporting endogenous growth (e.g. through innovation, increasing productivity or enhancing human capital) and local smart and sustainable transport.

2. Supporting local economies and communities	
2.1 Policies and measures supporting local economies through stimulating their endogenous growth potential, including promoting entrepreneurship, supporting SMEs and social economy	0 does not mention any policies or measures in this area
	1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective
	2 many policies or measures in this area are discussed, but some important details are missing
	3 policies or measures in this area form a comprehensive framework
2.2 Policies and measures for the preservation of the identity of mining/traditional industrial communities	0 does not mention any policies or measures in this area
	1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective
	2 many policies or measures in this area are discussed, but some important details are missing
	3 policies or measures in this area form a comprehensive framework
2.3 Policies and measures for the revitalization of the natural environment, both for restoring biodiversity and recreational purposes	0 does not mention any policies or measures in this area
	1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective
	2 many policies or measures in this area are discussed, but some important details are missing
	3 policies or measures in this area form a comprehensive framework
2.4 Dedicated, region-specific policies and measures promoting smart and sustainable mobility (both within territories most affected by the transition region and connecting it with other regions)	0 does not mention any policies or measures in this area
	1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective
	2 many policies or measures in this area are discussed, but some important details are missing
	3 policies or measures in this area form a comprehensive framework

Aspect 3. Local clean energies and decarbonised industries

This aspect focuses on whether the NECPs correctly identify needs and opportunities for implementing green solutions in carbon-intensive regions. If applicable, this includes the deployment of clean technologies not only in the power sector but also in district heating and industrial processes. The category includes the assessment of local needs in the area of energy and industrial transition and policies as well as measures to address these needs.

3. Local clean energies and decarbonised industries	
3.1 Assessment of needs in the area of deployment of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes	0 does not assess the level of needs in this area
	1 some overview is provided, but the assessment is of insufficient quality
	2 needs in this area are described thoroughly, and the assessment is based on good quality indicators, but some important details are missing
	3 presents a clear and highly detailed overview of needs in the discussed area, based on high-quality indicators
3.2 Policies and measures to fulfil the needs in the area of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes	0 does not mention any policies or measures in this area
	1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective
	2 many policies or measures in this area are discussed, but some important details are missing
	3 policies or measures in this area form a comprehensive framework

Aspect 4. Inclusivity of regional transition

This aspect addresses the NECPs' treatment of vulnerable groups, gender equality and demographic challenges on the regional and local level. Gender-related issues should be considered in the transition plan to ensure that all the groups of workers affected by the transition are supported, and gender equality is promoted in the emerging sectors of the regional economy. Special attention should be paid to vulnerable groups that suffer disproportionately from the adverse socio-economic effects of the transition in the given region. To provide a comprehensive answer to the socio-economic challenge of the transition, the plans should also include policies and measures that address demographic impacts of transition, e.g. attracting young people to the region or ensuring the needs of the elderly citizens are met.

4. Inclusivity of regional transition	
4.1 Promotion of gender equality to address the specific situation and role of women in the transition to the climate-neutral economy	0 does not mention any policies or measures in this area
	1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective
	2 many policies or measures in this area are discussed, but some important details are missing
	3 policies or measures in this area form a comprehensive framework

<p>4.2 Special attention paid to vulnerable groups (such as people with disabilities) that suffer disproportionately from the adverse effects of the transition</p>	<p>0 does not mention any policies or measures in this area</p> <hr/> <p>1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective</p> <hr/> <p>2 many policies or measures in this area are discussed, but some important details are missing</p> <hr/> <p>3 policies or measures in this area form a comprehensive framework</p>
<p>4.3 Policies and measures addressing demographic impacts of the ageing population of regions in transition</p>	<p>0 does not mention any policies or measures in this area</p> <hr/> <p>1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective</p> <hr/> <p>2 many policies or measures in this area are discussed, but some important details are missing</p> <hr/> <p>3 policies or measures in this area form a comprehensive framework</p>

Aspect 5. Regional just transition governance

This group of aspects examines the quality of the regional just transition governance framework. It is expected that a functional framework should be described by the NECPs along the three dimensions: planning (consistency of national and regional planning), implementation (coordination between regional and national authorities) and local action (through inclusion of stakeholders and citizens in the process of regional transition governance).

5. Regional just transition governance	
<p>5.1 Consistency of regional and national transition planning process</p>	<p>0 does not mention the consistency of regional and national transition planning process</p> <hr/> <p>1 consistency of regional and national transition planning process is rarely taken into account</p> <hr/> <p>2 consistency of regional and national transition planning process is taken into account in many, but not all of the relevant cases</p> <hr/> <p>3 consistency of regional and national transition planning process supports effective implementation of policies and measures to be effectively implemented</p>
<p>5.2 Institutional coordination on just transition implementation between regional and national authorities</p>	<p>0 does not mention institutional coordination on just transition implementation</p> <hr/> <p>1 institutional coordination on just transition is rarely taken into account</p> <hr/> <p>2 institutional coordination on just transition is taken into account in many, but not all of the relevant cases</p> <hr/> <p>3 institutional coordination on just transition supports the effective implementation of policies and measures</p>

5.3 Inclusion of stakeholders and citizens into regional transition governance	0 does not mention the involvement of stakeholders and citizens
	1 involvement of stakeholders and citizens is rarely taken into account
	2 involvement of stakeholders and citizens is taken into account in many, but not all of the relevant cases
	3 planned involvement of stakeholders and citizens supports the effective implementation of policies and measures at the local level

IV. Distributional Aspects

Distributional aspects of green transition are principally related to the differentiated impact of climate policies, which are related to the unequal distribution of income, opportunities and challenges among the population. This is reflected in the changes in the standard of living of the whole population and vulnerable groups, especially in their access to essential public services, amenities and rights, as well as the labour market. Therefore, the NECPs should explicitly recognise the distribution of costs and benefits of planned measures and focus especially on supporting the groups which are already in the most difficult position or are most likely to be negatively affected by the transition.

Thus, selected criteria chosen to assess the distributional dimension of just transition policies in NECP concern the following aspects: energy and transport poverty prevention (following the inclusion of buildings and road transport into the ETS framework), financing mechanisms and public policy instruments (especially fiscal and social security instruments) introduced to support vulnerable groups, policies affecting the workforce, and the overall quality of public participation in the NECP revision process. The assessment of the distributional aspects is conducted at the national level (in contrast to the territorial aspects).

Aspect 6. Overarching impact assessment of distributional impacts

This aspect focuses on whether the overall impact assessment of distributional impacts accompanies the strategic decisions and planned measures presented in the NECP. To be compliant with the principles of just transition, the impact of the implementation of the NECP should be assessed separately for different income groups. The assessment should be made also for other relevant groups, chosen according to the national distinctive characteristics (e.g. rural households, pensioners). The quality of the impact assessment is also taken into account – it should be based on quantitative indicators and to the extent possible devise precise indicators of the expected outcomes, and consistent terminology should be used across the document.

6. Overarching assessment of distributional impacts	
6.1 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by income groups	0 expected overall distributional impacts are not mentioned
	1 expected overall distributional impacts are mentioned, but the description is scarce and does not consider differentiation by income groups
	2 description of overall distributional impacts is sufficient and it does consider differentiation by income groups, but some important details are missing
	3 description of expected distributional impacts is exhaustive and differentiated with respect to income groups
6.2 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by other relevant groupings (e.g. rural households, pensioners)	0 expected overall distributional impacts are not mentioned
	1 expected overall distributional impacts are mentioned, but the description is scarce and does not consider differentiation by relevant social groups
	2 description of overall distributional impacts is sufficient and it does consider differentiation by relevant social groups, but some important details are missing
	3 description of expected distributional impacts is exhaustive and differentiated with respect to relevant social groups
6.3 Common understanding of terms and measuring progress toward targets	0 terms are used inconsistently across different documents, and data collection for measuring progress toward targets is not mentioned
	1 there is some basic alignment of terms across different documents, and measuring progress toward targets is mentioned, but no details are provided
	2 most of the time, terms are consistently used across different documents, and a sound framework for measuring progress toward targets is established (based on quality indicators and including policies for data collection), but some important details are still missing
	3 terms are consistently used across different documents, and a sound framework for measuring progress toward targets is established (based on quality indicators and including policies for data collection)

Aspect 7. Energy poverty

This aspect includes two criteria regarding the quality of planning related to addressing energy poverty: the identification of the scale of the problem and the inclusion of indicative objectives to reduce it. The remaining criteria focus on three types of policies and measures, which should be outlined in the NECPs to tackle the issue: 1) existing and planned instruments of direct support (including the timeline for their phase-out), 2) support for investments which aim to permanently reduce energy bills (e.g. investments in energy efficiency measures; investments aimed at deployment of zero-emission energy sources), and 3) solutions addressing energy market inefficiencies which negatively affect vulnerable customers.

7. Energy poverty	
7.1 Inclusion of indicative objectives aimed towards reduction of energy poverty	<p>0 objectives aimed at reducing energy poverty are not mentioned</p> <hr/> <p>1 objectives are there but they are not sufficiently detailed and/or do not use appropriate indicators</p> <hr/> <p>2 objectives are mostly well-defined and use appropriate measures, but some crucial information is missing</p> <hr/> <p>3 presented objectives are highly coherent and use well-defined indicators</p>
7.2 Assessment of the level of energy poverty and quality of used indicators	<p>0 does not assess the level of energy poverty</p> <hr/> <p>1 some overview of energy poverty is provided, but the measures used are of insufficient quality</p> <hr/> <p>2 energy poverty is described thoroughly, and the assessment is based on good quality indicators, but some important details are missing</p> <hr/> <p>3 presents a clear and highly detailed overview of energy poverty, based on high-quality indicators, and measures energy poverty's impact on the country's territory</p>
7.3 Direct support to alleviate energy poverty	<p>0 does not mention existing and planned policies or measures in this area</p> <hr/> <p>1 some existing and planned policies or measures in this area are mentioned, but they are insufficient to effectively alleviate the problem</p> <hr/> <p>2 existing and planned policies or measures in this area are described and expected to deliver a meaningful change but do not address the problem comprehensively</p> <hr/> <p>3 existing and planned policies or measures in this area comprehensively address energy poverty, and the timeline for direct support phase-out is described</p>
7.4 Measures that support investments which structurally decrease energy bills by investment in energy efficiency and zero-emission energy sources	<p>0 does not mention any policies or measures in this area</p> <hr/> <p>1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective</p> <hr/> <p>2 many policies or measures in this area are discussed, but some important details are missing</p> <hr/> <p>3 policies or measures in this area form a comprehensive framework</p>

7.5 Addressing energy market inefficiencies which negatively affect vulnerable customers	0 does not address the issue of the impact of energy market changes on vulnerable customers
	1 mentions the issue but too vaguely and/or does not propose policies to challenge it
	2 many policies or measures in this area are discussed, but some important details are missing
	3 policies and measures form a comprehensive and cohesive framework that preferably includes solutions such as smart grids, energy storage and limited demand-side response

Aspect 8. Transport poverty

This aspect is structurally similar to the one covering the assessment of energy poverty since these issues constitute a twin challenge – both stem from the transport and buildings sectors being incorporated in the emissions trading system. Thus, the category also includes aspects related to the quality of planning and the solutions needed to alleviate the problem – both the direct support and investments in structural changes in the transportation systems that support uptake of the climate-friendly and accessible solutions, both technical and organisational (e.g. development of public transport network or cycling infrastructure in urban spaces). Ideally, the latter would also address the spatial disparities in access to public transport.

8. Transport poverty	
8.1 Inclusion of indicative objectives aimed towards reduction of transport poverty	0 objectives aimed at reducing transport poverty are not mentioned
	1 objectives are there but they are not sufficiently detailed and/or do not use appropriate indicators
	2 objectives are mostly well-defined and use appropriate measures, but some crucial information is missing
	3 presented objectives are highly coherent and use well-defined indicators
8.2 Assessment of the level of transport poverty and quality of used indicator	0 does not assess the level of transport poverty
	1 some overview of transport poverty is provided, but the measures used are of insufficient quality
	2 transport poverty is described thoroughly, and the assessment is based on good quality indicators, but some important details are missing
	3 presents a clear and highly detailed overview of transport poverty, based on high-quality indicators, and measures transport poverty's impact on the country's territory

<p>8.3 Direct support to alleviate transport poverty</p>	<p>0 does not mention existing and planned policies or measures in this area</p> <hr/> <p>1 some existing and planned policies or measures in this area are mentioned, but they are insufficient to effectively alleviate the problem</p> <hr/> <p>2 existing and planned policies or measures in this area are described and expected to deliver a meaningful change but do not address the problem comprehensively</p> <hr/> <p>3 existing and planned policies or measures in this area comprehensively address transport poverty, and the timeline for direct support phase-out is described</p>
<p>8.4 Measures to structurally decrease transport poverty by investment in sustainable and zero-emission mobility options</p>	<p>0 does not mention any policies or measures in this area</p> <hr/> <p>1 some policies or measures in this area are mentioned, but they are largely insufficient to be effective</p> <hr/> <p>2 many policies or measures in this area are discussed, but some important details are missing</p> <hr/> <p>3 policies or measures in this area form a comprehensive framework</p>

Aspect 9. Financing needs and sources of funding

The assessment of the financial support aspect of the just transition policies and measures in the NECPs revolves around the precise description of necessary public and private funds needed to implement presented reforms and the identification of the sources of finance. The best practice for the NECPs to ease the processes of monitoring public spending would be a clear distinction between national and EU-wide funding channels.

<p>9. Financing needs and sources of funding</p>	
<p>9.1 Describing financing needs for each proposed policy and measure addressing the distributional impacts</p>	<p>0 does not mention financing needs of the proposed policies and measures</p> <hr/> <p>1 describes financing needs of some of the proposed policies and measures, but not much detail is provided</p> <hr/> <p>2 identifies financing needs for most of the proposed policies and measures, but some of the important information is missing</p> <hr/> <p>3 identifies precisely public and private financing needs of the planned policies and measures</p>
<p>9.2 Describing sources of funding for each proposed policy and measure addressing the distributional impacts</p>	<p>0 does not mention sources of funding for the proposed policies and measures</p> <hr/> <p>1 describes sources of funding for some of the proposed policies and measures, but not much detail is provided</p> <hr/> <p>2 identifies public and private funding sources for most of the proposed policies and measures, but some of the important information is missing</p> <hr/> <p>3 identifies precisely public and private funding sources used to back up planned policies and measures (including EU funding instruments) and proposes a timeline for accessing the funds</p>

Aspect 10. Tax, insurance and social security policies

This aspect explores the use of fiscal, insurance and social security tools to address the distributional challenges of the transition. Among these, the assessment tracks the use of income from climate-related tax, levies and fees, all of which should be designed in a way that is beneficial for the most vulnerable groups. Importantly, this section also assesses the process of preparation of the framework for utilisation of the Social Climate Fund (SCF). SCF can be a very powerful tool for addressing social inequalities if implemented with careful consideration. Another two criteria focus on the consistent operationalisation of the “polluter pays” principle and on built-in protection of the most vulnerable groups in tax instruments.

10. Tax, insurance and social security policies	
10.1 Use of income from climate-related tax, levies and fees (or similar instruments, e.g. EU ETS revenues) for the support of the most vulnerable groups	0 there is no mention of the use of climate-related income for the support of the most vulnerable groups
	1 the principle is reflected in some of the proposed policies and measures for which it would be reasonable to apply it but is neglected in most cases
	2 the principle is reflected in most of the proposed policies and measures for which it would be reasonable to apply it, but some inconsistencies remain
	3 the principle is consistently applied in all of the proposed policies and measures for which it would be reasonable to apply it
10.2 Accounting for and preparing the framework for the utilisation of the Social Climate Fund	0 utilisation of SCF is not mentioned
	1 SCF is mentioned but only the basic framework for its utilisation is presented
	2 presented framework for the utilisation of the SCF contains appropriate measures, but some important details are missing
	3 measures proposed in the framework for utilisation of the SCF are comprehensive and cohesive, enabling the delivery of expected results
10.3 Recognition and consistent application of the “polluter pays” principle across the economy	0 the principle is not applied in any of the proposed policies and measures for which it would be reasonable to apply it
	1 the principle is applied in some of the proposed policies and measures for which it would be reasonable to apply it but is neglected in most cases
	2 the principle is applied in most of the proposed policies and measures for which it would be reasonable to apply it, but some inconsistencies remain
	3 the principle is consistently applied in all of the proposed policies and measures for which it would be reasonable to apply it

10.4 Built-in protection of the most vulnerable groups in tax instruments and cross-sectional support programmes related to green transition	0 the protection is not available in any of the proposed policies and measures for which it would be reasonable to apply it
	1 the protection is available in some of the proposed policies and measures for which it would be reasonable to apply it but is neglected in most cases
	2 the protection is available in most of the proposed policies and measures for which it would be reasonable to apply it, but some inconsistencies remain
	3 the principle is consistently applied in all of the proposed policies and measures for which it would be reasonable to apply it

Aspect 11. Work conditions and re-training

This aspect concerns the impact of the net-zero transition on the labour market and explores policies and measures aimed at proper adjustment of the workforce to the needs and requirements of the post-transition economy. These should include primarily opportunities for training, upskilling and reskilling of the workers, especially in the traditional industrial and mining sectors. Particular attention should be paid to job creation/retention. The NECPs should also assess the impact of the green transition on occupational health and safety and include measures to alleviate the identified risks.

11. Work conditions and re-training	
11.1 Coverage of training, upskilling and reskilling of the workers affected by the transition	0 provides no concrete solutions for retraining, upskilling and reskilling
	1 provides a general framework or promotion for retraining, upskilling and reskilling that is somewhat relevant to the green transition
	2 provides an adequate set of measures to support transition-relevant retraining, upskilling and reskilling of the workforce
	3 provides a comprehensive timeline for retraining, upskilling and reskilling of the labour force, with possibilities for synergies with other plans regarding employment and restructuring of the affected regional economies
11.2 Tailored measures to support hiring, job creation and transition incentives, in particular for women or persons with disabilities, and in most affected territories	0 offers little to no support for transition-relevant job creation
	1 offers basic guidelines for hiring and job creation with minimal regard to inclusivity
	2 offers detailed plans to boost job creation in line with relevant inclusivity requirements
	3 offers a comprehensive framework or plan for new job creation that contains plans for SMEs and inclusivity

11.3 Analysis of the impact of the green transition on health and safety at work and preparation or continuation of measures to address the risks	0 pays no attention to the impact of green transition on work health and safety
	1 provides basic analysis of the transition's impact on work health and safety and offers some measures to address the identified risks
	2 provides a reasonably detailed overview of the transition's impact on work health and safety and offers corresponding measures to address at least some of the identified risks
	3 provides a robust analysis of the transition's impact on work health and safety and offers corresponding measures to address a majority of the identified risks and trends

Aspect 12. Stakeholder engagement and public consultation

The final aspect concerns stakeholder engagement in the NECP update process and transparency of the Plans. The entire public consultation process should be conducted in a way that is sufficient to discuss the necessary subjects by key stakeholder groups in an exhaustive manner, and the outcomes of the stakeholder involvement should be described in detail and made available to the public. Citizens should have equal opportunities to participate in policy formulation and should hold the decision-makers accountable for their actions. Criteria included in this aspect concern the questions of whether all key stakeholder groups have been involved, whether the dialogue between national and local authorities has been established, and whether an international dialogue on just transition has been launched. The assessment aims to verify if there is a plan for establishing a long-term stakeholder consultation process, which would facilitate the smooth implementation of the reforms.

12. Stakeholder engagement and public consultation	
12.1 Engagement of social partners, civil society actors and the general public in discussion of issues related to the just transition during public consultations of the Plan	0 public consultations were not organised or none of the issues related to the just transition were discussed in their course
	1 public consultations were organised but many important issues related to the just transition were not discussed in their course
	2 effective consultations were organised and most of the crucial issues related to the just transition were discussed, but not all of them
	3 early and inclusive public consultations were organised, and all of the important issues related to the just transition were discussed in a sufficient way
12.2 Establishment of a permanent body of consultation with stakeholders, covering issues related to the just transition	0 does not provide a permanent body of public consultation either the one proposed is one-time only
	1 provides some outline of a permanent consultation body but lacks fundamental details
	2 provides a mostly consistent project of permanent consultation body but lacks some important details
	3 provides a highly detailed and consistent plan for organising a permanent consultative body

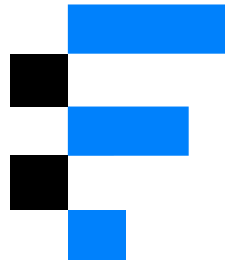
<p>12.3 Organisation of early and effective dialogue with local authorities, regarding issues related to the just transition</p>	<p>0 dialogue with local authorities on issues related to just transition was not mentioned</p> <hr/> <p>1 provides some possibilities of dialogue with local authorities on issues related to just transition, but these measures are largely insufficient</p> <hr/> <p>2 provides a satisfactory framework for dialogue with local authorities on issues related to the just transition, but some important details are missing</p> <hr/> <p>3 provides a comprehensive vision for involvement of the local authorities in cooperation regarding issues related to the just transition</p>
<p>12.4 Identification of opportunities for trans-border dialogue in addressing issues related to the just transition</p>	<p>0 trans-border dialogue on issues related to just transition was not mentioned</p> <hr/> <p>1 provides some possibilities of trans-border dialogue on issues related to just transition, but these measures are largely insufficient</p> <hr/> <p>2 provides a satisfactory framework for trans-border dialogue on issues related to the just transition, but some important details are missing</p> <hr/> <p>3 provides a comprehensive vision for the involvement of the trans-border partners in addressing issues related to the just transition</p>

V. Annex. Summary table for the aspects considered in the methodology

Aspects		Assessment criteria
TERRITORIAL ASPECTS	1. Ambitions and targets	1.1 Increasing ambition and avoiding backsliding on targets from Territorial Just Transition Plans
		1.2 Clear and science-based coal exit in power sector timeline
		1.3 Clear and science-based timeline for transition away from coal in the whole economy
		1.4 Clear and science-based timeline for transition away from fossil gas
		1.5 Clear and science-based timeline for transition away from oil
		1.6 Clear and science-based industrial transition to net zero emissions timeline (conversion or closure of industrial plants which emit GHGs from fossil fuels use or industrial processes)
	2. Supporting local economies and communities	2.1 Policies and measures supporting local economies through stimulating their endogenous growth potential, including promoting entrepreneurship, supporting SMEs and social economy
		2.2 Policies and measures for the preservation of the identity of mining/traditional industrial communities
		2.3 Policies and measures for the revitalization of the natural environment, both for restoring biodiversity and recreational purposes
		2.4 Dedicated, region-specific policies and measures promoting smart and sustainable mobility (both within territories most affected by the transition region and connecting it with other regions)
	3. Local clean energies and decarbonised industries	3.1 Assessment of needs in the area of deployment of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes
		3.2 Policies and measures to fulfil the needs in the area of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes
	4. Inclusivity of regional transition	4.1 Promotion of gender equality to address the specific situation and role of women in the transition to the climate-neutral economy
		4.2 Special attention paid to vulnerable groups (such as people with disabilities) that suffer disproportionately from the adverse effects of the transition
		4.3 Policies and measures addressing demographic impacts of the ageing population of regions in transition
	5. Regional just transition governance	5.1 Consistency of regional and national transition planning process
		5.2 Institutional coordination on just transition implementation between regional and national authorities
		5.3 Inclusion of stakeholders and citizens into regional transition governance

Aspects		Assessment criteria
DISTRIBUTIONAL ASPECTS	6. Overarching assessment of distributional impacts	6.1 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by income groups
		6.2 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by other relevant groupings (e.g. rural households, pensioners)
		6.3 Common understanding of terms and measuring progress toward targets
	7. Energy poverty	7.1 Inclusion of indicative objectives aimed towards reduction of energy poverty
		7.2 Assessment of the level of energy poverty and quality of used indicators
		7.3 Direct support to alleviate energy poverty
		7.4 Measures that support investments which structurally decrease energy bills by investment in energy efficiency and zero-emission energy sources
		7.5 Addressing energy market inefficiencies which negatively affect vulnerable customers
	8. Transport poverty	8.1 Inclusion of indicative objectives aimed towards reduction of transport poverty
		8.2 Assessment of the level of transport poverty and quality of used indicators
		8.3 Direct support to alleviate transport poverty
		8.4 Measures to structurally decrease transport poverty by investment in sustainable and zero-emission mobility options
	9. Financing needs and sources of funding	9.1 Describing financing needs for each proposed policy and measure addressing the distributional impacts
		9.2 Describing sources of funding for each proposed policy and measure addressing the distributional impacts
	10. Tax, insurance and social security policies	10.1 Use of income from climate-related tax, levies and fees (or similar instruments, e.g. EU ETS revenues) for the support of the most vulnerable groups
		10.2 Accounting for and preparing the framework for the utilisation of the Social Climate Fund
		10.3 Recognition and consistent application of the “polluter pays” principle across the economy
		10.4 Built-in protection of the most vulnerable groups in tax instruments and cross-sectional support programmes related to green transition
11. Work conditions and re-training	11.1 Coverage of training, upskilling and reskilling of the workers affected by the transition	
	11.2 Tailored measures to support hiring, job creation and transition incentives, in particular for women or persons with disabilities, and in most affected territories	
	11.3 Analysis of the impact of the green transition on health and safety at work and preparation or continuation of measures to address the risks	

Aspects		Assessment criteria
DISTRIBUTIONAL ASPECTS	12. Stakeholder engagement and public consultation	12.1 Engagement of social partners, civil society actors and the general public in discussion of issues related to the just transition during public consultations of the Plan
		12.2 Establishment of a permanent body of consultation with stakeholders, covering issues related to the just transition
		12.3 Organisation of early and effective dialogue with local authorities, regarding issues related to the just transition
		12.4 Identification of opportunities for trans-border dialogue in addressing issues related to the just transition



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