

Just Transition Governance or Just Ticking the Boxes?

Insights from the Assessment of Territorial and Distributional Aspects of Just Transition in the draft NECPs

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

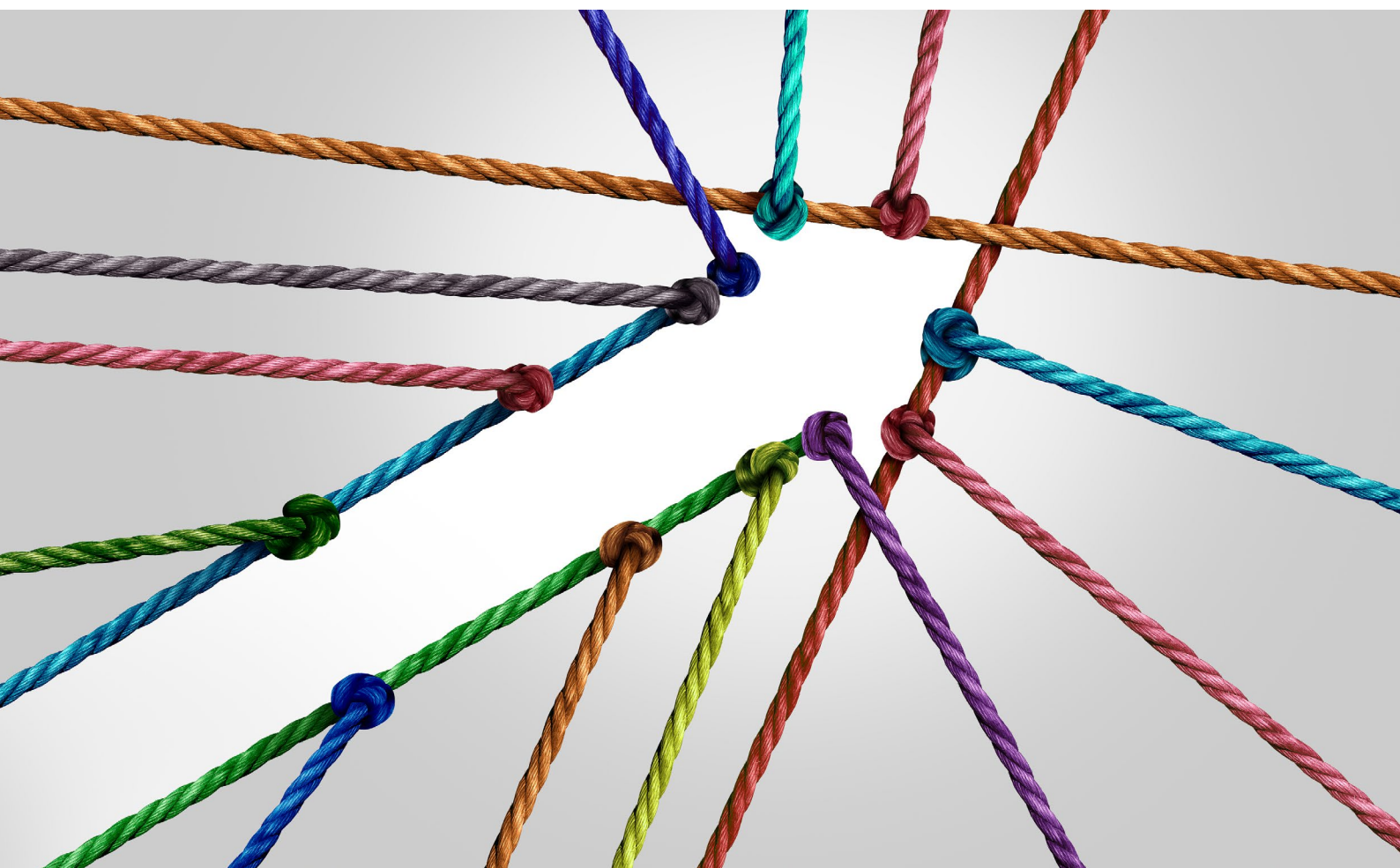
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I. Introduction and purpose of the document

National Energy and Climate Plans (NECPs) are planning tools required under the EU Governance Regulation¹. These documents serve as a crucial tool for integrating national efforts into the broader European context, fostering sustainability, and ensuring a coordinated approach to address the challenges posed by climate change and the transition to a climate-neutral economy. The plans also provide the opportunity to include measures that encourage innovation in clean energy technologies and practices, fostering socio-economic development and competitiveness. Every Member State (MS) has to update its NECP to adjust the plan to a more ambitious climate agenda in line with the European Climate Law and the Fit for 55 package. The purpose of this report is to summarise the assessment of the just transition aspects included in the draft updated NECPs developed by Italy, Germany, Poland and Bulgaria². We define just transition as a process that maximises positive opportunities and outcomes related to the transition to climate neutrality, while mitigating the challenges and minimising the negative effects for impacted regional and local communities (territorial aspects of just transition) and vulnerable individuals (distributional aspects of just transition). That is why the assessment focuses on both the territorial and distributional aspects of the just transition.

This document summarises the extent to which Italy, Germany, Poland and Bulgaria have implemented the principles of just transition in their draft updated National Energy and Climate Plans.

¹ Full text of the regulation is available [here](#).

² The NECP documents are collected on the [EC website](#) and our assessments are available on the [project webpage](#).

II. Methodology and development of assessment criteria

The assessments for the countries mentioned above followed a comprehensive methodology developed by the project team. It included a checklist of criteria that the updated NECPs should fulfil to effectively address the just transition challenge.

The assessments addressed two dimensions of just transition: territorial and distributional. Territorial aspects focused on the impact of the transition on regions, communities, and local economies, emphasizing support for vulnerable areas. This included evaluating NECP elements that aided local communities in the green transition, incentivized local decarbonization, ensured inclusive regional transition, and provided supportive governance. It also examined the alignment of draft NECPs with Territorial Just Transition Plans (TJTPs). Territorial aspects were only considered with respect to territories that have been recognised by the national governments as most affected by the decarbonisation process. Distributional aspects concerned the unequal impact of climate policies on income, opportunities, and challenges, affecting the standard of living and access to services and labour markets for the entire population and vulnerable groups.

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

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
--------------------------------------------	----------------------------------------------------	--------------------------------------------------------	---------------------------

Each of the aspects had its own, more specific description that outlined what was required from a given NECP to be awarded a given number of points.

In the following brief, we provide the summary of the assessment of the four draft updated National Energy and Climate Plans.

III. Brief description of the countries assessed

Italy is one of the key economic players in Europe, with a highly developed industrial and service sector. The country has limited coal resources, and coal's significance in the economy is relatively minor. Coal constitutes a small part of Italy's energy mix, with a focus on reducing CO₂ emissions and transitioning to renewable energy sources. However, the Province of Taranto and Sulcis Iglesiente are the regions that find it most challenging to move away from fossil fuels.

Germany is the largest economy in Europe and one of the most important in the world. The country is a leader in the production of cars, machinery, chemicals, and electronics. For many years, Germany was one of the largest consumers of coal in Europe, both lignite and hard coal, primarily for electricity production. However, in recent years, Germany has adopted an ambitious energy transition policy, known as *Energiewende*, which involves gradually phasing out coal and increasing the share of renewable energy sources. The territories most affected by the fossil fuel phase-out in Germany are located in North Rhine-Westphalia, Brandenburg, Saxony, and Saxony-Anhalt.

Poland is one of the fastest-growing economies in Central Europe and also one of the largest producers and consumers of coal in Europe. Both hard coal and lignite play a crucial role in the Polish energy mix, powering a significant portion of power plants and forming the backbone of the country's electricity production. The coal industry is also an important employer in some regions of the country. The territories most affected by the fossil fuel phase-out in Poland include five regions: Eastern Greater Poland, the Wałbrzych subregion, Upper Silesia, Western Lesser Poland, and the Bełchatów region.

Bulgaria has strategic importance in the Balkans. Its economy is diverse, with a strong agricultural sector and a developing industrial sector. The country largely relies on lignite as an energy source, particularly for coal power plants in regions such as Maritsa Iztok. Coal plays a significant role in the Bulgarian energy mix, but the country must also comply with EU requirements for reducing CO₂ emissions. The territories most affected by the fossil fuel phase-out in Bulgaria are Stara Zagora, Kyustendil, and Pernik.

IV. Summary of the assessment

Each of the selected countries is in a different economic situation and has a varying degree of dependence on fossil fuels. This affects the measures and actions that need to be taken on the path to transformation to ensure its fairness and guarantee a just transition for the regions. This section of the report compiles summaries from the national assessments.

The table presents the average scores for the assessed criteria in Italy, Germany, Poland, and Bulgaria. Annex I contains a table with detailed assessments for each of the evaluated aspects.

Average scores for the just transition aspects in the draft updated NECPs

		Italy	Germany	Poland	Bulgaria
Territorial Aspects	1. Ambitions and targets	0.33	0.67	0.33	0
	2. Supporting local economies and communities	1	1	1.5	1.25
	3. Local clean energies and decarbonised industries	1	0.5	1	1
	4. Inclusivity of regional transition	1	1	1	0
	5. Regional just transition governance	1.33	1	1	0.67
Distributional Aspects	6. Overarching assessment of distributional impacts	0.67	1	0.33	0.33
	7. Energy poverty	2	0.6	1.6	1.8
	8. Transport poverty	0.25	0.25	0.75	0.5
	9. Financing needs and sources of funding	0	1	0.5	2
	10. Tax, insurance and social security policies	0.5	0.75	0.5	1
	11. Work conditions and re-training	0.67	0.33	0.67	0.33
	12. Stakeholder engagement and public consultation	0	0.75	0.25	0.5

Note: 0 – no mention of a given issue, 1 – issue addressed to a limited extent, 2 – issue addressed to a significant extent, 3 – good practice

Italy

In many aspects, Italy is on the right track to develop a better National Energy and Climate Plan than the one published in 2019. However, there are several areas that require refinement before the final version of the plan is submitted to the European Commission in 2024. These include in particular the following aspects of just transition:

- Stakeholder engagement and public consultation,
- Financing needs and sources of funding,
- Transport poverty.

For these aspects, there were the most instances where the relevant issues were completely omitted in the draft of the updated Italian NECP. The most improvement is needed when it comes to describing the financing needs and the associated sources of funding, as well as stakeholder engagement and public consultation. Although the document includes some information on the required amounts and sources of funding that Italy will utilise to cover necessary expenses, it lacks specifics and, most importantly, transparency of information. In particular, any specifics on the intended use of the Social Climate Fund or guiding principles for the Social Climate Plan are missing from the text. Similarly, while consultations have been conducted in Italy, it is challenging to infer from the plan what resulted from them and whether they addressed issues related to the just transition.

On a more fundamental level, the just transition policies and measures should be based on a robust basis, i.e. clear, science-based targets for the transition away from fossil fuels and towards clean energy production and industrial processes. The current draft of the updated Plan fails to provide such a basis. It mentions only the coal exit timeline for the power sector, which in itself is delayed compared to the previous version of the Plan. The coverage of issues related to energy poverty received relatively high scores compared to the rest of the document. One specific issue (describing a structural framework to address energy poverty) was classified as a good practice. This is an exception compared to other NECPs, where none of the assessed aspects have been deemed “good practice”. Finally, while the issue of energy poverty was described in a relatively detailed manner, the associated issue of transport poverty has not received sufficient attention in the Plan.

Germany

Despite increased ambitions compared to the NECP published in 2019, the overly general approach and the lack of important details in many aspects are the main flaws of the draft updated German NECP presented in 2023. In most of the assessed aspects, some policy measures have been mentioned, but insufficiently to assess whether their implementation will enable the achievement of the intended goals. Therefore, the most common rating for the German NECP is “1”. Moreover, none of the assessed aspects received an average score higher than 1. There are several areas that require special refinement before the final version of the plan is submitted to the European Commission in 2024. These include in particular the following aspects of just transition:

- Transport poverty,
- Work conditions and re-training,
- Local clean energies and decarbonised industries.

For these aspects, there were the most instances where the relevant issues were completely omitted in the draft of the updated German NECP. The most improvement is needed when it comes to transport poverty. Although the document includes some measures that can help combat transport poverty (e.g., extension of cycle paths, tax relief for commuters without access to public transportation), they are not directly related to this aspect. Another aspect requiring improvement is work conditions and re-training, as no policy regarding affected workers is mentioned. Even if there are ongoing actions that could be listed in other documents, the NECP should also highlight them. In the context of local clean energy and decarbonised industries, despite Germany's focus on promoting clean energy, the document does not sufficiently mention the local level and virtually ignores it. In general, the draft updated NECP inadequately addresses territorial issues, focusing mainly on the national-level matters.

Poland

Poland is on track to develop a better NECP than the one published in 2019, especially taking into account that the published document is a preliminary version of the plan, and the announced publication of the full scenario will show a more ambitious policy scenario. There are several areas that require special refinement before the final version of the plan is submitted to the European Commission. These include the following aspects:

- Stakeholder involvement and public consultations,
- General assessment of distributional impacts,
- Financial needs and sources of funding,
- Ambitions and objectives.

With regard to these aspects, in most cases the relevant issues have been completely ignored. The description of financial needs and related sources of funding, as well as stakeholder involvement and public consultations, needs the greatest improvement. Although the document contains information on the measures that are planned to be taken in the context of the transition, among which are financial support programs, the issue of the amounts that will have to be allocated for these purposes has not been addressed. The issue of funds from which Poland will be able to benefit was also marginally treated. In particular, the text lacks any details about the intended Social Climate Fund or the guiding principles for the Social Climate Plan. Public consultations process also needs to be improved during the final steps of the NECP update, with a particular focus on issues related to the just transition.

The scenario presented in the updated NECP assumes a reduction in the use of coal in the power sector and the gradual decline of coal capacities. However, it is important for the final version of the updated NECP to include specific and science-based dates for a complete shift away from the use of coal in power generation, industry and the overall economy.

The highest rating was given to the aspect of energy poverty because of the substantial number of measures mentioned to combat it. However, the “energy poverty” aspect itself was not sufficiently well evaluated, given the weak evidence base and lack of systemic planning of policy mix in this area. A relatively high rating for “Supporting local economies and communities” is explained by the content of the Territorial Just Transition Plans cited by the draft updated NECP.

Bulgaria

Bulgaria remains one of the most energy-intensive economies and has a high share of greenhouse gas emissions in the European Union. Although Bulgaria has experienced stable economic growth in recent years, this growth is moderate compared to more developed EU economies. The challenge of achieving climate neutrality is therefore greater in Bulgaria than in many other EU countries.

There are several areas that require special refinement before the final version of the plan is released in 2024. These include in particular the following aspects of just transition:

- Ambitions and targets,
- Inclusivity of regional transition,
- Overarching assessment of distributional impacts,
- Work conditions and re-training.

The greatest need for improvement is in the area of ambitions and targets, as well as inclusivity of regional transition. Achieving climate neutrality by 2050 is mentioned but

the phase-out of fossil fuels and the path to carbon neutrality are not clear. Goals for the phase-out of gas and oil have not been established, and in the case of coal, it is unclear whether the phase-out pertains to coal as a whole or only to lignite. The NECP also does not refer to TJTPs. In general, the Bulgarian NECP inadequately addresses territorial issues, focusing mainly on national-level matters.

Bulgaria faces the problem of an ageing population and high emigration of young people. This is leading to a shortage of skilled labour and putting pressure on the social security system. Unfortunately the NECP does not address these issues sufficiently, particularly from a territorial perspective.

The overall assessment of distributional impacts is also inadequate. The document does not pay sufficient attention to these aspects, although the NECP mentions that it is very likely that there will be more poor people in Bulgaria by 2050. The aspect of working conditions and retraining also needs improvement. The NECP only provides a general framework for retraining, which is somewhat relevant to the green transition, but omits the issue of supporting the creation of jobs relevant to the transition.

Another aspect requiring particular improvement is transport poverty. Although the document includes some measures that can help combat transport poverty (e.g., improvement of the management of the transport system), they are not directly related to the aspect.

The aspect of financing needs and sources of funding received the highest rating given a thorough description of these needs and sources. The energy poverty aspect was also highly rated because of the numerous actions and remedies aimed at addressing it. However, in many cases, details are lacking in the text.

V. Summary and Recommendations

All assessed draft updated NECPs pay too little attention to the territorial aspects of just transition. Only the Italian NECP provides a relatively clear picture of the most affected regions. For all four countries, accessing the majority of information regarding territorial aspects requires consulting the TJTPs. The national-wide framework for the territorial just transition should be given a more prominent place in the NECPs. This will be particularly important for Germany, where the assessment of sufficiency of regional actions is complicated by the fragmentation of information given the division into federal states. In general, the targets set in the draft updated NECP are not ambitious and the information provided is vague. Moreover, the plans also include the increased use of gas as a replacement of coal.

Energy poverty is the aspect which receives the most attention, with numerous policies mentioned in the assessed plans. Only the German draft NECP does not pay sufficient attention to this aspect. Energy poverty is also the only aspect in which one of the specific indicators has been rated as “good practice”: in Italy, description of a structural framework to address energy poverty was considered a good practice.

All draft plans systemically overlook the aspect of transport poverty. Transport issues are mainly linked to its emissions. Tackling these emissions will help tackle transport poverty, but this isn't explicitly stated. Mentioned measures are related to the development of bike paths, low-emission public transport, and electric vehicle charging infrastructure.

There's also a lack of sufficient information on financing the policy measures. The funding sources that countries will use are usually not listed. What's more, there is a lack of information on the amounts that countries intend to allocate to the measures implemented. Bulgaria is the best performer in this respect.

The Social Climate Fund is a major new funding source to address energy and transport poverty issues in the EU Member States in the coming years, with a clear requirement for the governments to prepare evidence-based Social Climate Plans to guide the utilisation of the Fund. The NECP revision is a chance for the governments to integrate the SCF in the broader energy and climate policy planning and set up the guiding principles for reflecting distributional aspects of the just transition more detailed Social Climate Plans. Unfortunately, the draft NECPs barely mention the existence of this new funding source and do not provide any indication of its intended use nor guidelines for the SCPs.

In the context of distributional aspects, all plans should pay greater attention to vulnerable consumers, ageing populations, the role of women and the low-income households, particularly in terms of income stratification.

More attention needs to be paid to public consultations. Although they often took place, it is unclear whether they addressed the challenges of a just transition. In particular, Poland needs to ensure that consultations are thorough, as the draft updated NECP submitted to the European Commission was not subject to the consultations and its publication came as a surprise for the stakeholders.

Despite the socio-economic differences between the countries assessed, many of the problems are recurring. As a result, most of the recommendations for the development of the final versions of the NECP tend to overlap.

Below are our key shared recommendations:

- Expand and strengthen **the targets related to transitioning away from fossil fuels** and towards clean technologies, to provide a robust basis for planning just transition measures.
- Put a greater emphasis on **regional issues**, particularly for the most vulnerable territories. **Fragmented information available in the TJTPs is not enough** to ensure effective monitoring and enabling measures which may be required on the national level.
- **Increase the level of detail in the description of the measures and policies outlined** especially in the context of **investment needs and funding sources**.
- The policies and measures should consider in more detail the distributional issues, including in particular **transport poverty** and the **overall distributional impact** of the climate and energy policy on different socio-economic groups.
- More details should be provided on the implementation of the planned actions up to date, to **assess actual progress in the past and highlight areas for further improvements**.
- Significantly more efforts need to be allocated to the just transition aspects during **public consultations**.

Overall, the additional work on improving just transition aspects of the updated Plans should be implemented as a part of a broader effort to deliver an ambitious vision for decarbonisation pathway. As such, it provides an opportunity for the governments to develop robust plans for implementing energy and climate policies in a way which leaves no one behind, improving socio-economic outcomes and public acceptance of the broader policy agenda, and ultimately contributing to delivering a much-needed transition on time. ■

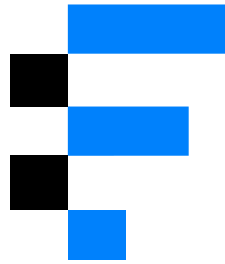
VI. Annex. Summary table for the aspects considered in the assessment

		Italy	Germany	Poland	Bulgaria
TERRITORIAL ASPECTS	1 Ambitions and targets				
	1.1 Increasing ambition and avoiding backsliding on targets from Territorial Just Transition Plans	0	1	0	0
	1.2 Clear and science-based coal exit in power sector timeline	1	1	1	0
	1.3 Clear and science-based timeline for transition away from coal in the whole economy	0	1	1	0
	1.4 Clear and science-based timeline for transition away from fossil gas	0	0	0	0
	1.5 Clear and science-based timeline for transition away from oil	0	0	0	0
	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)	1	1	0	0
	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	1	2	1
	2.2 Policies and measures for the preservation of the identity of mining/traditional industrial communities	1	1	2	1
	2.3 Policies and measures for the revitalization of the natural environment, both for restoring biodiversity and recreational purposes	1	1	1	1
	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	1	1	2
	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	0	0	1
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	2	1	2	1	

		Italy	Germany	Poland	Bulgaria
TERRITORIAL ASPECTS	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	1	1	1	0
	4.2 Special attention paid to vulnerable groups (such as people with disabilities) that suffer disproportionately from the adverse effects of the transition	1	1	1	0
	4.3 Policies and measures addressing demographic impacts of the ageing population of regions in transition	1	1	1	0
	5 Just transition governance				
	5.1 Consistency of regional and national transition planning process	2	1	2	0
	5.2 Institutional coordination on just transition implementation between regional and national authorities	1	1	0	1
5.3 Inclusion of stakeholders and citizens into regional transition governance	1	1	1	1	
DISTRIBUTIONAL ASPECTS	6 Overarching impact assessment				
	6.1 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by income groups	0	1	0	0
	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)	1	1	0	0
	6.3 Common understanding of terms and measuring progress toward targets	1	1	1	1
	7 Energy poverty				
	7.1 Inclusion of indicative objectives aimed towards reduction of energy poverty	2	0	1	1
	7.2 Assessment of the level of energy poverty and quality of used indicators	2	0	1	2
	7.3 Direct support to alleviate energy poverty	2	1	2	2
	7.4 Measures that support investments which structurally decrease energy bills by investment in energy efficiency and zero-emission energy sources	3	1	2	2
	7.5 Addressing energy market inefficiencies which negatively affect vulnerable customers	1	1	2	2

		Italy	Germany	Poland	Bulgaria
DISTRIBUTIONAL ASPECTS	8 Transport poverty				
	8.1 Inclusion of indicative objectives aimed towards reduction of transport poverty	1	0	0	0
	8.2 Assessment of the level of transport poverty and quality of used indicators	0	0	0	0
	8.3 Direct support to alleviate transport poverty	0	0	1	0
	8.4 Measures to structurally decrease transport poverty by investment in sustainable and zero-emission mobility options	0	1	2	2
	9 Financing needs and sources of funding				
	9.1 Describing financing needs for each proposed policy and measure addressing the distributional impacts	0	1	0	2
	9.2 Describing sources of funding for each proposed policy and measure addressing the distributional impacts	0	1	1	2
	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	1	1	1
	10.2 Accounting for and preparing the framework for the utilisation of the Social Climate Fund	0	0	0	1
	10.3 Recognition and consistent application of the "polluter pays" principle across the economy	1	1	0	1
	10.4 Built-in protection of the most vulnerable groups in tax instruments and cross-sectional support programmes related to green transition	1	1	1	1
	11 Work conditions and re-training				
	11.1 Coverage of training, upskilling and reskilling of the workers affected by the transition	1	1	2	1
	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	1	0	0	0
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	0	0	0	

12 Stakeholder engagement and public consultation		Italy	Germany	Poland	Bulgaria
DISTRIBUTIONAL ASPECTS	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	1	1	1
	12.2 Establishment of a permanent body of consultation with stakeholders, covering issues related to the just transition	0	0	0	0
	12.3 Organisation of early and effective dialogue with local authorities, regarding issues related to the just transition	0	1	0	0
	12.4 Identification of opportunities for trans-border dialogue in addressing issues related to the just transition	0	1	0	1



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