



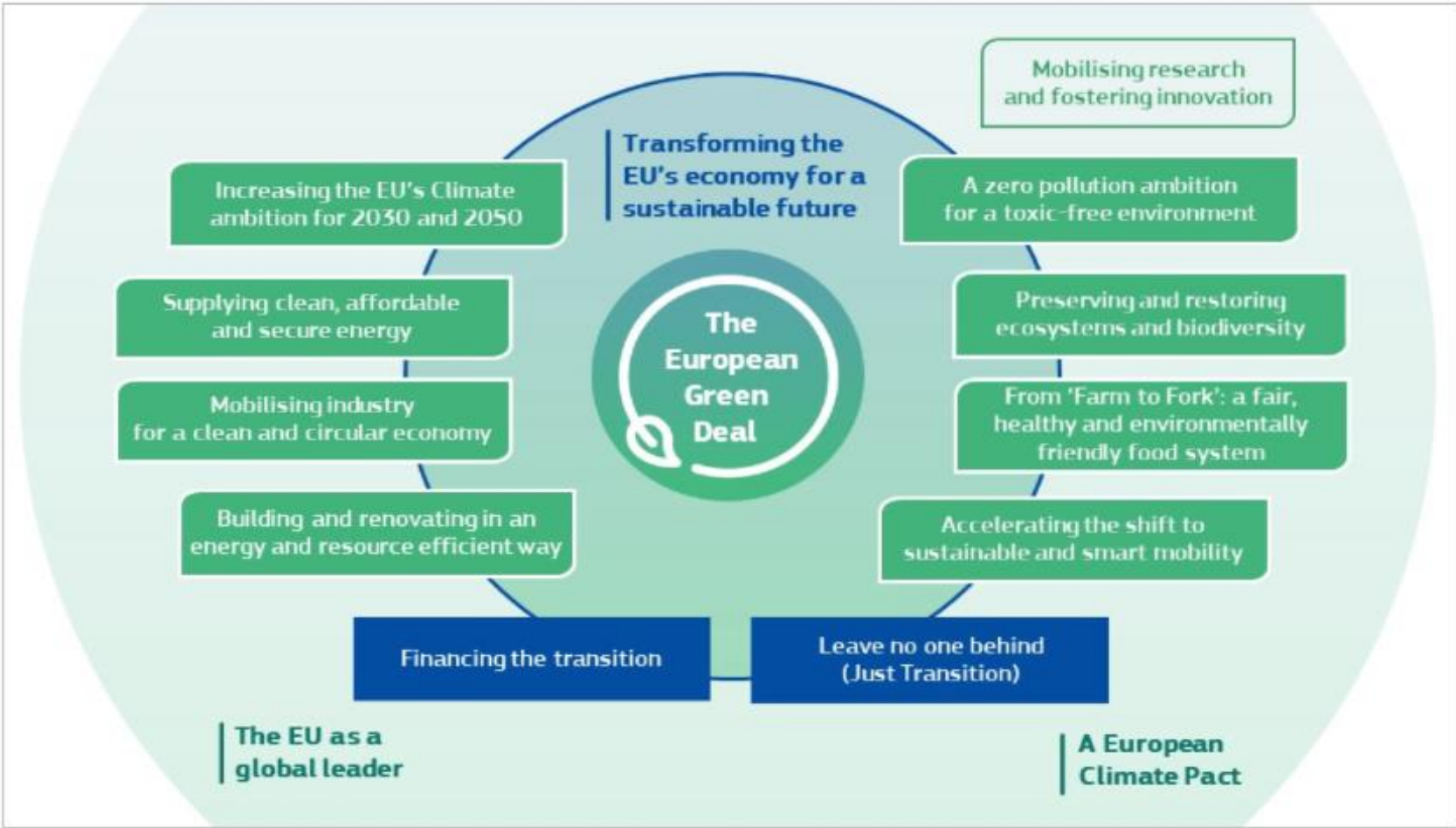
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# Taxonomy and the Just Transition Fund



# EU Green Deal



# EU Green Deal

## What the Green Deal is about?

It is a response to climate change challenges. Through a new growth strategy aiming to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050.

## Green finance and investment:

To achieve the ambition set by the European Green Deal, there are significant investment needs. The Commission has estimated that achieving the current 2030 climate and energy targets will require €260 billion of additional annual investment, about 1.5% of 2018 GDP. This flow of investment will need to be sustained over time. The magnitude of the investment challenge requires mobilising both the public and private sector.

- The EU budget will play a key role. The Commission has proposed a 25% target for climate mainstreaming across all EU programmes.
- The EIB set itself the target of doubling its climate target from 25% to 50% by 2025, thus becoming Europe's climate bank.
- Just Transition Mechanism, including a Just Transition Fund, to leave no one behind.
- Private sector key to financing the green transition.
- Taxonomy for classifying environmentally sustainable activities.

# Just Transition Fund

## **Subject matter and scope:**

- provide support to the people, economies and environment of territories which face serious socio-economic challenges deriving from the transition process towards the Union's 2030 targets and a climate-neutral economy of the Union by 2050.
- support the Investment for jobs and growth goal

**Geographical scope:** all Member States.

**Budget:** EUR 7 500 000 000 in 2018 prices

- may be increased, as the case may be, by additional resources allocated in the Union budget, and by other resources in accordance with the applicable basic act
- EUR 10 000 000 000 from EU Recovery Instrument – „other resource” for jobs and growth, to be spent in 2021-2023
- Additional EUR 15 600 000 for administrative support
- Annex I – shares in JTF budget per MS

**Conditional access:** 2050 commitment, otherwise 50% annual allocation available

## **Green rewarding mechanism:**

- In case, the amount will be increase after 2024, the surplus will be dsitributed according to annex 1, priority to countries who will show the biggest reduction of GHG

# Just Transition Fund

## **Scope of support:** *exclusively supported activities*

- **productive investments in SMEs**, including microenterprises and start-ups, leading to economic diversification, modernisation and reconversion – **under some conditions other than SME**
- investments in the creation of new firms, including through business incubators and consulting services, leading to job creation
- investments in research and innovation activities, including by universities and public research organisations, and fostering the transfer of advanced technologies
- **investments in the deployment of technology as well as in systems and infrastructures for affordable clean energy, including energy storage technologies, and in greenhouse gas emission reduction**
- **investments in renewable energy** in accordance with Directive (EU) 2018/2001 of the European Parliament and of the Council [\(17\)](#), including the sustainability criteria set out therein, **and in energy efficiency**, including for the purposes of reducing energy poverty
- investments in smart and sustainable local mobility, including decarbonisation of the local transport sector and its infrastructure
- rehabilitation and upgrade of district heating networks with a view to improving energy efficiency of district heating systems and investments in heat production provided that the heat production installations are supplied exclusively by renewable energy sources
- investments in digitalisation, digital innovation and digital connectivity
- investments in regeneration and decontamination of brownfield sites, land restoration and including, where necessary, green infrastructure and repurposing projects, taking into account the ‘polluter pays’ principle
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling
- upskilling and reskilling of workers and jobseekers; job-search assistance to jobseekers, active inclusion of jobseekers, technical assistance

# Just Transition Fund

## **Productive investments in entities other than SMEs:**

- such investments have been approved as part of the territorial just transition plan
- are necessary for the implementation of the territorial just transition plan, where they contribute to the transition to a climate-neutral economy of the Union by 2050 and to achieving related environmental targets, where their support is necessary for job creation in the identified territory, and where they do not lead to relocation

## **Out of scope:**

- the decommissioning or the construction of nuclear power stations
- the manufacturing, processing and marketing of tobacco and tobacco products
- an undertaking in difficulty
- investment related to the production, processing, transport, distribution, storage or combustion of fossil fuels

# Just Transition Fund

## Territorial just transition plans:

- Preparation: MS, relevant local and regional authorities,

## Elements:

- description of the transition process at national level towards a climate-neutral economy, justification for identifying the territories as most negatively affected by the transition, assessment of the transition challenges, identifying the potential number of affected jobs and job losses, the depopulation risks, and the development needs and objectives, to be reached by 2030 and linked to the transformation or closure of greenhouse gas-intensive activities in those territories,
- **productive investments in enterprises other than SMEs, an indicative list of operations and enterprises to be supported and a justification of the necessity of such support through a gap analysis demonstrating that the expected job losses would exceed the expected number of jobs created in the absence of the investment**
- investments to achieve the reduction of greenhouse gas emissions from EU ETS activities, list of operations to be supported and a justification that they contribute to a transition to a climate-neutral economy and lead to a substantial reduction in greenhouse gas emissions and provided that these operations are necessary for the protection of a significant number of jobs

# Taxonomy

- Framework to facilitate sustainable investment
- Dictionary: which activities are sustainable and should be promoted by private sector
- establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable

## **Applicable to:**

- Measures adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable,
- Financial market participants that make available financial products
- Undertakings which are subject to the obligation to publish a non-financial statement or a consolidated non-financial statement

## **Criteria for environmentally sustainable economic activities:**

- contributes substantially to one or more of the environmental objectives
- does not significantly harm any of the environmental objectives
- carried out in compliance with the minimum safeguards
- complies with technical screening criteria



# Taxonomy

Criteria help to determine whether an economic activity qualifies as environmentally sustainable for the purposes of any measure setting out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable

## **Environmental objectives:**

- climate change mitigation
- climate change adaptation
- the sustainable use and protection of water and marine resources
- the transition to a circular economy
- pollution prevention and control
- the protection and restoration of biodiversity and ecosystems

## **Safeguards:**

Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

**Screening criteria:** The technical screening criteria referred to in paragraph 1 shall ensure that power generation activities that use solid fossil fuels do not qualify as environmentally sustainable economic activities

# Thank you!



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