



Approaches for funding Just Transition Fund projects

A catalogue for just transition regions

December 2023

*Regional and
Urban Policy*

Approaches for funding Just Transition Fund projects

Contents

Acknowledgments	2
Aims and scope	3
Who is this toolkit for?	3
Background information	3
Case Study #1: Ida-Virumaa Region (Estonia)	4
Case Study #2: Groot-Rijnmond Region (Netherlands)	6
Case Study #3: Upper Nitra, Košice, Banská Bystrica regions (Slovakia)	7
Case Study #4: Zasavje Region (Slovenia)	9
Case Study #5: Asturias Region (Spain)	11
Case Study #6: Velenje Municipality (Slovenia)	12
Case Study #7: Ústí Region (Czech Republic)	13
Key Learnings and Recommendations	15
Endnotes	16

Acknowledgments

The case studies in this toolkit have been developed via interviews with representatives from the regions covered. We are very grateful for their time and assistance. Contributors include:

Name	Title	Place of Work	Country of Work
Karla Sitar	Head of economic development and transition department	Municipality of Velenje	Slovenia
María Belarmina Díaz Aguado	General Director of Energy, Mining and Reactivation	General Directorate of Energy and Mining; Government of the Principality of Asturias	Spain
Mauro Rodríguez Piedra	Head of the Energy Reactivation and Transition Section	General Directorate of Energy and Mining; Government of the Principality of Asturias	Spain
Rik van der Laan	Program manager JTF Groot-Rijnmond	Municipality of Rotterdam	Netherlands
Martin Šikovc	Head of Just Transition Department	Zasavje Regional Development Agency	Slovenia
Lukáš Turiak	Director of Department of Strategic Investments and International Programmes	Ministry of Investments, Regional Development and the Informatization of the Slovak Republic	Slovakia
Matej Hirják	Referent at Section of Regional Development	Ministry of Investments, Regional Development and the Informatization of the Slovak Republic	Slovakia
Jana Nedrdová	Head of Regional Transformation Department	Usti Region	Czech Republic
Iva Tomešová	Head of Business Support, Innovation and Transformation Department	Usti Region	Czech Republic
Ivan Sergejev	Just Transition Process Coordinator	Estonian Ministry of Finance	Estonia

1. Aims and scope

The aim of this toolkit is to provide ideas and guidance to Just Transition Fund (JTF)¹ implementers when determining which funding approach(es) would be most appropriate for a region to pursue to effectively utilise the JTF funding they have been allocated. The toolkit highlights case studies demonstrating various funding strategies, detailing why they were chosen, what worked and what did not. It synthesises experiences to provide overarching recommendations for regions to follow when designing their own methods for allocating JTF to eligible projects.

2. Who is this toolkit for?

The toolkit is aimed at JTF managing authorities and intermediate bodies.

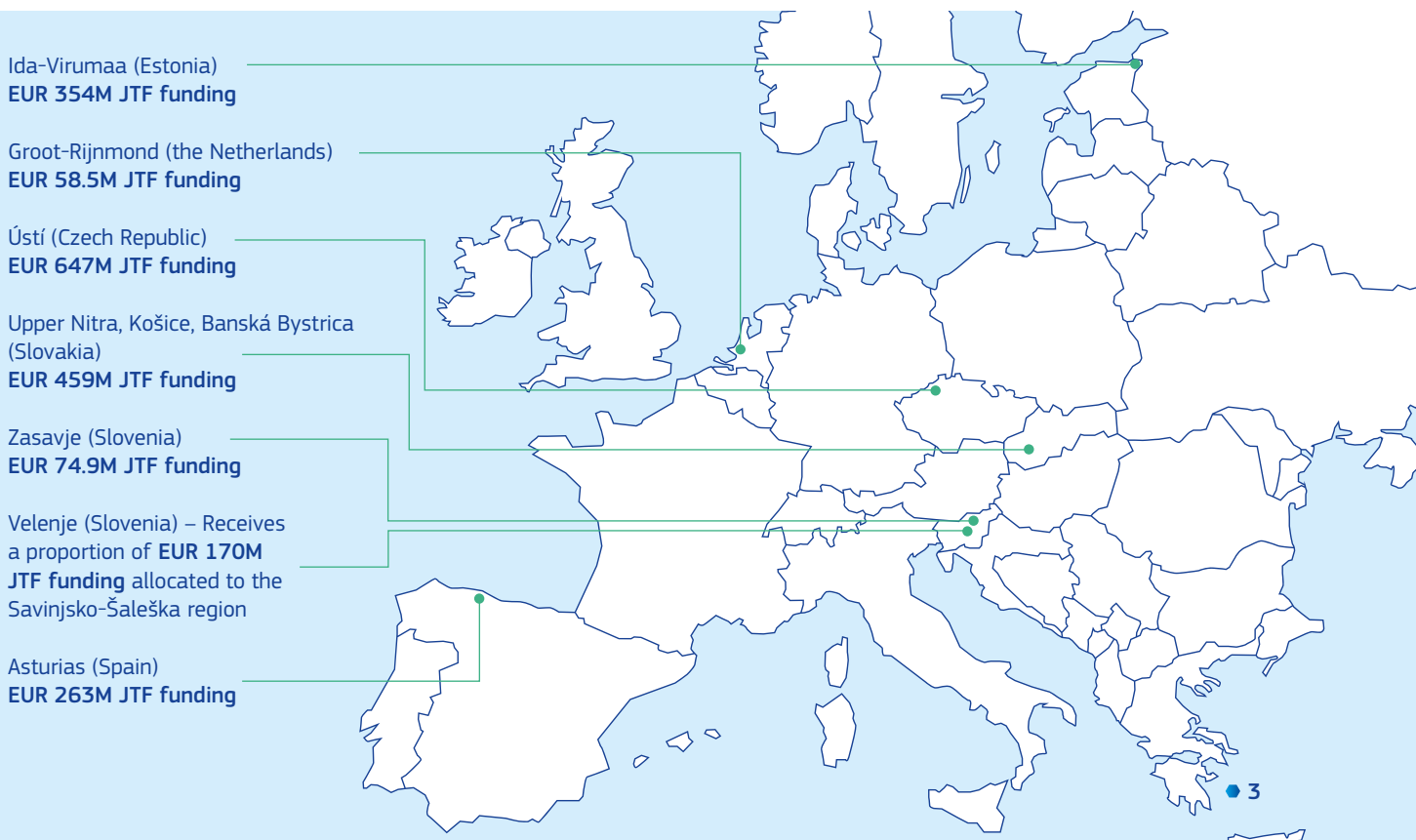
3. Background information

The JTF is one of three finance streams under the Just Transition Mechanism (JTM)², which focuses on ensuring the social, economic, and territorial cohesion of the European Union throughout the climate transition by supporting the territories and workers most affected by the phase out of solid fossil fuels or the transformation of carbon-intensive industries³. Projects supported by the JTF should directly contribute to alleviating the impact of the transition by mitigating the negative socio-economic repercussions by financing the diversification and modernisation of the local economy. This includes activities such as up- and reskilling workers, investing in Small and Medium-sized Enterprises (SMEs), research and innovation, and clean energy. JTF support is contingent on the effective implementation of Territorial Just Transition Plans (TJTPs), in which Member States define the regions in which the JTF should be used⁴.

JTF management follows European Union cohesion policy rules⁵, with managing authorities in each JTF region organising and implementing their approach towards distributing JTF funding allocated to them. These approaches will be informed by and adapted to local, regional, and national contexts. Nevertheless, there are commonalities across regions and lessons learned, which are applicable to regions at different stages of just transition implementation.

In development of this toolkit, representatives from several JTF regions were interviewed, exploring the motivations and logic of the funding approaches they implemented, how that approach evolved over time, any recommendations they have for other regions, and key lessons learned.

This toolkit covers seven case study regions. Those regions as well as their respective approaches for distributing funding for just transition projects are illustrated in the map below.



The table below outlines which potential topics of interest for readers are covered by the case study regions.

Topics of interest	Ida-Virumaa, Estonia	Groot-Rijnmond, Netherlands	Upper Nitra, Košice, Banská Bystrica Slovakia	Zasavje, Slovenia	Asturias, Spain	Velenje, Slovenia	Ústí, Czech Republic
Multiple Small Calls for funding applications	X	X			X		
Curating a region-appropriate funding approach	X						X
Navigating State Aid	X				X		
Multiple large calls for funding applications			X				X
Using banks as funding intermediaries			X				
Hydrogen-related projects					X		
R&D-related projects				X		X	
Multi-phase project						X	
District heating project						X	

The following sections are dedicated to each case study, summarising the region's approach to funding and key learnings. The final section presents a synthesis of key recommendations that emerged across the case studies.

4. Case Study #1: Ida-Virumaa Region (Estonia)



Funding allocated: EUR 354M⁶. All of Estonia's JTF allocation is for Ida-Virumaa, with investments in new renewables capacity, renewable hydrogen and heating solutions, and the restoration of contaminated brownfield sites.

Relevant for those looking to:

- ✓ Distribute funding via multiple small calls.
- ✓ Understand how to curate a region-appropriate funding approach.
- ✓ Navigate an effective approach to State Aid.

Background to Ida-Virumaa:

Ida-Virumaa is Estonia's most carbon-intensive oil shale mining region, producing over half of Estonia's total greenhouse gas emissions. Estonia aims to phase out oil shale from its electricity production by 2035, and from its energy production by 2040. Accordingly, Estonia's Territorial Just Transition Plan (TJTP) is focussed on diversifying Ida-Virumaa's economy away from fossil fuels, reskilling and upskilling around 11,000 local workers and creating over 1,000 new jobs. The EUR 354 million

allocation to Estonia is the highest per capita JTF allocation across the EU⁷.

Ida Virumaa's approach in a nutshell

Because Estonia has no regional governance bodies, its Ministry of Finance (MoF) is responsible for coordinating the JTF and all other cohesion policy funds in one single programme, but implementing regulations and organising calls lies with other ministries depending on their proximity to the call's content. For instance, the Ministry of Economics and Communications deals with interventions aimed at enterprises. The MoF ensures that relevant stakeholders communicate with the relevant ministries. A key stakeholder in Ida-Virumaa is the Union of Local Municipalities (IVOL) – they help design, troubleshoot, and locally communicate calls.

The majority of JTF funding is to be distributed via multiple tailored calls, intended for a mix of large and grassroots businesses, educational investments, and research and development (R&D). There are two main reasons for this:

- Whilst there is some public sector support for R&D, meeting the region's main goal of diversifying the regional economy means supporting a broad spectrum of economic participants.
- In looking to move away from its Soviet-era past, which has resulted in some mistrust of national initiatives, Estonia generally espouses a free-market approach, therefore calls are designed to encourage applicants to bring ideas forward and not be overly prescriptive.

Designing the Approach

The region employed a three-step process to design their approach to disburse funds, which consisted of:



Carrying out a study on how the region's economy could address the consequences of phasing out oil shale, what the future growth areas could and should be based on the region's assets, and what training and education would be needed to support these growth areas. This informed the MoF what the focus of their funding disbursement should be.



Assembling a steering committee with around 20 stakeholders including ministries, workers unions, union of large enterprises, representatives of local community/youth, local organisations, and environmental NGOs. These stakeholders provided input on the priority areas for funding. For instance, the EUR 354 million was proposed by the Ministry of Finance to be split 60% on economy and labour measures and 40% on environment and social inclusion measures. Local actors on the steering committee preferred a higher proportion focused on economy and labour measures, leading to an 80/20 split in the end.



Polling local residents on what they wished to see the money spent on. This told the MoF what the community wanted. For instance, this polling found that the region's youth had different views on the transition compared to older generations. To ensure that youth had a voice in the JTF funding discussions, a youth climate assembly was brought into the steering committee.

After coming up with each proposed call for applications, the MoF held focus groups with intended call applicants to ask them what projects they would be interested in applying for, and what would make it more likely for them to apply. Through this process, calls were tailored to regional priorities and to ensure a high level of interest.

This whole process, and the ability to issue lots of specific calls for different project types, was facilitated by Estonia's highly digital society and government services. Without this, managing multiple calls would be very challenging.

Examples of Calls

Ida-Virumaa's variety of calls include:

- An open, rolling application for large (EUR 5-10 million) investments in businesses, who must satisfy a mandatory pre-consultation to be eligible to apply. Successful projects must meet several conditions, including the creation of at least five new jobs within a year of the end of the project's eligibility period.
 - The call is ongoing until the allocated EUR 153 million runs out, so designed to minimise competition between ideas and thus encourage applications.
- Millions of Euros earmarked for small-scale grassroots local initiatives requiring one to five thousand Euros.
 - These can range from social to cultural interventions.
 - There is no multi-stage assessment process for these applicants – they are assessed once and given the money if successful, after which they have to execute their project and demonstrate a result.
 - This approach was developed with input from the grassroots stakeholders in the steering committee.
- EUR 25 million for educational investments
 - The Ministry of Education and Research is responsible for deciding how the money is allocated.
 - A separate committee has been set up to assess different options and decide focus areas for investment.
- Calls with set closing dates such as one focussed on R&D for SMEs.

Approach to State Aid

A question common to many JTF regions is what approach should be taken towards State Aid approval. Ida-Virumaa decided early on that projects above the threshold to require state aid approval or an exemption from it would not be eligible for JTF funding. The chief reason for this was the temporal constraint of having to spend part of their JTF funding by 2026. Funding large projects which would trigger lengthy procedures to ensure robust compliance with State Aid rules and still risk being rejected a State Aid exemption was deemed a sub-optimal strategy for spending their allocated funds efficiently and effectively.

The advantage of this approach is that Ida-Virumaa can implement projects quickly and focus on less complex and more varied projects that have more potential to diversify the region's economy. Whilst it meant larger projects could not be funded, Estonia's approach is technology-neutral and market-enabling, so this was not viewed as a negative. Several larger businesses did push back as they had planned to apply for JTF funding with very large project ideas, but most of these companies have since applied for funding with smaller projects,

demonstrating that they still see value in the funding approach pursued. As an example, the first project to be selected in the large investments call was Neo Performance Materials, receiving EUR 18.75 million from the JTF8 – the maximum amount allowed without having to undergo specific State Aid clearance.

It should be noted that such an approach may be less appropriate for regions with a much larger JTF allocation, where large funding requests triggering State Aid processes could make a sizeable contribution towards meeting that region's TJTP-stated goals.

Key learnings from Ida-Virumaa

- Shaping the funding distribution approach through stakeholder consultation and community engagement can enable an intervention design which meets the needs and priorities of the region and the funding beneficiaries.
- Temporal constraints on deploying JTF funding necessitate limits on maximum project funding to avoid State Aid approval and keep the distribution process agile.
- Early communication with stakeholders can maximise clarity down the line. Looking back, the Ida-Virumaa programme team would have communicated earlier with enterprises to articulate their approach to State Aid rules and start dates for interventions.

5. Case Study #2: Groot-Rijnmond Region (Netherlands)



Funding allocated: EUR 58.5M of EUR 623M allocated to six Dutch territories⁹.

Relevant for those looking to:

- ✓ Distribute funding via multiple small calls.
- ✓ Understand how to design individual funding calls.

Background to Groot-Rijnmond:

Groot-Rijnmond is responsible for 23% of Dutch CO₂ emissions, due in part to heavy industry which leads to industrial CO₂ intensity 4.7 times higher than the EU average¹⁰. As stated in the Netherlands' TJTP, Groot-Rijnmond aims to renew and strengthen the regional economy with new, sustainable and/or circular industrial chains, invest in technologies, systems, and infrastructure to decarbonise existing industry, and build an agile, resilient workforce. Groot-Rijnmond was one of six Dutch territories to be selected for the JTF programme, receiving EUR 58.5M of the total EUR 623M allocated to the Netherlands¹¹. Whilst the national Ministry for Social Affairs is the managing authority of the JTF, the Municipality of Rotterdam has been appointed as the intermediate body for JTF management in the territories IJmond and Groot-Rijnmond in the West-Netherlands, responsible for finalising calls and selecting projects to receive funds.

Groot-Rijnmond's approach in a nutshell

The Municipality of Rotterdam has decided to disburse this funding via several calls with different designs to meet the three key aims in its TJTP. During the call development process, Groot-Rijnmond's policymakers had to determine if they would co-finance calls and with what funding source. At a national level, the Dutch Ministry for Economic Affairs and Climate has made EUR 50M available for co-financing JTF. Regional funds are also available for certain calls. For example, one of Groot-Rijnmond's calls is 50% JTF-financed and 50% co-financed by the labour market region that consists of 16 municipalities.

Designing the Calls

Groot-Rijnmond's calls are separated out by type, with two calls for the labour market and one for industry. The calls are as follows:

1. Call for projects focussing on the energy transition in the Port Industrial Complex (HIC) in Rotterdam. EUR 31.1M available. Supported project types include technology pilots and feasibility studies. The JTF contribution limit is EUR 2M per application and 50% of eligible costs. Applications are assessed on a first-come, first-served basis¹². The first beneficiary selected in this call is start-up Concr3de, which receives EUR 750 thousand from JTF for its Mammoth project to scale up its low-carbon concrete printing solution. 85% of the funding is directed towards the development of the printer, while the remaining 15% is for education and training of people with difficulties integrating into the labour market¹³. The largest project is for recycling old ships, which was awarded the maximum EUR 2 million from the JTF out of a total project cost of EUR 38 million.
2. Call for projects focussed on the labour market consequences of the energy transition in the HIC. EUR 9.4M available. Activities focus on training, reskilling, and changing demand for labour. The contribution from the JTF must not exceed 50% of eligible costs¹⁴.
3. Call for disbursing training vouchers for employees within the HIC. Applicants should be accredited training institutes and educational institutions. Individual vouchers are capped at EUR 2,500, subsidised up to 50% by the JTF. The maximum application is EUR 0.2M from the EUR 0.5M pot. The scheme is co-financed by the Groot-Rijnmond Labour Market Perspective Fund¹⁵.

The split approach between the large industrial call and the two smaller labour calls enabled the calls to be designed more specifically for the types of projects that would apply to them, which worked more effectively than the fully integrated call in the IJmond region.

All project proposals are evaluated by a uniform four-step process:



1 Check by Municipality of Rotterdam whether application has been filled out correctly.



2 Evaluation by Groot-Rijnmond's JTF programme team to confirm fit to call against the region's TJTP and the national JTF programme.



3 Approval from an independent expert committee of eleven people appointed by a regional steering group. This committee includes academics with subject matter expertise in transitions, the labour market, specific technologies, and so on, as well as entrepreneurs and representatives from the Port of Rotterdam.



4 Check by Municipality of Rotterdam whether the funding can technically and legally be provided.

Some additional call design elements include:

- Companies can pitch ideas to a point of contact at the Municipality of Rotterdam who can advise them whether applying for a particular call would be worthwhile and appropriate. The contact differs by call depending on the expertise required.
- Third-party assistance for the application is allowed. For instance, Concr3de (see above) had a commercial advisor who helped them develop the application.
- The expert committee can provide guidance and feedback to projects.
- Selected projects receive funding in periodic installments, pending regular project submissions on the Municipality of Rotterdam's web portal.

Key learnings

- Regional expert committee input ensures that projects receiving funding are those aligned with Groot-Rijnmond's just transition goals.
- A multi-stage application process can be beneficial to ensure that projects align with the call criteria and are eligible for funding.
- Tailored calls for certain sectors or beneficiaries can enable more targeted disbursement of funding than more generalised calls for applicants.

6. Case Study #3: Upper Nitra, Košice, Banská Bystrica regions (Slovakia)



Funding allocated: EUR 459M across the three regions listed above¹⁶.

Relevant for those looking to:

- ✓ Design a funding approach consisting of several large calls using financial instruments.
- ✓ Use commercial banks as funding intermediaries.
- ✓ Understand how to design calls mixing private and public funding.

Background to Slovakia:

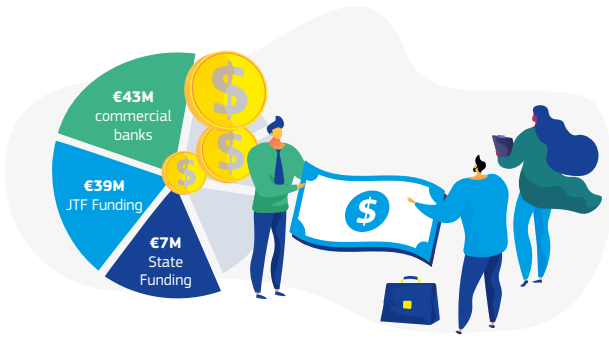
Slovakia's JTF money is spread across three regions, disbursed via calls that are common across all three. Within Upper Nitra, the region with Slovakia's last coal mine and power plant, the JTF will create new job opportunities for dismissed coal sector workers to transition to employment in sectors other than the coal, peat and oil shale industry. Košice is a heavy industrial region with the largest decarbonisation potential in Slovakia, where the JTF aims to re- and upskill 2,400 steel industry workers. Finally, Banská Bystrica is one of Slovakia's least

developed regions. The JTF will fund the use of geothermal energy resources and skills development for workers. All three regions will also focus on energy efficiency measures in public buildings.

Slovakia's Approach to Financial Instruments in a Nutshell

Slovakia is designing three major calls to disburse JTF funding using financial instruments, alongside wider JTF distribution calls already launched and under preparation. All three financial instrument calls combine public and private funding with a mix of loans and grants.

Calls include:



- SME loan scheme (EUR 39M from JTF; EUR 7M in Slovakian state funding; EUR 43M from commercial banks); up to 25% of loan can be converted to a grant.
- Energy efficiency programme for public buildings (EUR 25.5M from JTF; EUR 4.5M in Slovakian state funding; EUR 11M from commercial banks); up to 49% of loan can be converted to a grant.
- Social enterprise scheme (Still in development)

Public/Private Approach Deep Dive

The process for these public-private co-financed loans and grants is as follows:

1. The state-owned company Slovak Investment Holding (SIH) publishes the call for applications from banks wishing to receive and disburse public funding.
2. Banks apply to the call.
3. Successful banks receive an initial portion of public funds from SIH. Once SIH releases JTF funding to banks, it is considered spent by the European Commission (EC)¹⁷.



4. Banks top up public funds with their additional committed private funds.
5. Banks solicit loan applications from intended beneficiaries of the call.
6. Successful beneficiaries receive the entire requested amount as a loan. The loans last 10 years for the energy efficiency scheme, and 6 or 15 years for the SME scheme. SIH negotiates interest rates with the banks, and aim to secure more favourable rates than standard offerings.
7. SIH provides guarantees to the banks enabling them to provide loans with higher risk profiles.
8. The grant amount the beneficiary is entitled to is sent by SIH to the bank, who then write off that portion of the loan for the beneficiary.
9. Banks provide regular reporting to SIH on the total loans disbursed, enabling robust checks that the money is being lent to intended recipients of the call. The frequency is still to be confirmed, but will likely be at least quarterly.
10. Once the banks have loaned at least half of the initial portion of funding provided by SIH, SIH releases the next portion of funding to the banks. In this way, the funding is disbursed in a gradual way and banks are incentivized to loan the available funding consistently.
11. 70% of the funding needs to be spent by SIH by 2026; 100% by 2029.

Any licensed bank in Slovakia can apply to the calls. There have been extensive conversations and stakeholder consultations between SIH, the Slovakian Ministry of Economy, and the commercial banking sector to ensure understanding of the approach and its conditions.

For the SME support scheme, all major Slovakian banks have indicated that they intend to submit applications when the call is released at the end of 2023. The expectation is that there will be 170 loans provided from the total EUR 90M pool. The grant proportion varies by region from 0-15%. Beneficiaries in selected districts in certain regions can receive an additional 5% grant. Finally, any scheme with a digitisation or circular economy focus receives a further 5% grant. This results in a maximum possible 25% grant.

For the energy efficiency scheme in public buildings, up to 49% of the loan can be converted to a grant. Anything higher than that would change the loan scheme into grant support under EU rules. Of the EUR 30M in public funding, EUR 19M is earmarked for Upper Nitra, with the remaining EUR 11M evenly split between the other two regions, Košice and Banská Bystrica.

Advantages of this approach

For the SME support scheme, Slovakia's public-private co-financing approach offers three major benefits:

1. Accelerated application process for businesses: Businesses applying directly to the Slovakian state for support are often stuck in a one-to-two-year bureaucratic approval process. Instead of public procurement, businesses apply to the banks for their loan/grant. The process to distribute funding can take as little as one month, enabling faster and more streamlined TJTP implementation.
2. Streamlined JTF spend by the state: Once SIH disburses JTF funds to the banks, a payment claim can be made to the European Commission. Given the tight timescales to spend JTF funds, this approach is helpful in ensuring funds are spent within the JTF time window.
3. Unlocking private capital: The public funds are topped up by additional private capital provided by the participating banks. This means a bigger pool of funding for beneficiaries to realise their projects, helping regions to meet their TJTP goals. This also educates and engages local, regional, and national banks in new funding opportunities that support local economic development.

There is currently no comparable mechanism in Slovakia for SMEs to get grants for capital and operational expenditure, so huge interest is expected.

For the energy efficiency scheme, the situation is a little more complex as it overlaps with another support scheme run by the Innovation and Energy Agency, a public body, administering a mix of European Regional Development Fund (ERDF), JTF and public funding for 100% grants for energy efficiency measures achieving at least 30% primary energy savings. Whilst the JTF proportion (EUR 15.8M for Upper Nitra) is only for public buildings, the ERDF funds are also available for private buildings. The SIH is aware of this potential competition for applications from public building managers.

The trade-offs are as follows:

SIH Scheme	IEA Scheme
<p>+ Can get up to a 49% grant without administrative burden of public funding submission.</p>	<p>100% grant available for measures.</p>
<p>- Requires the loaned portion of 51%+ to be paid back.</p>	<p>Administrative burden of applying for public funds instead of via a bank.</p>

The public-private scheme will likely be more suitable for projects expecting energy savings large enough that the loan can be paid off within ten years, whereas projects requiring a longer payback period are likely to choose the 100% grant option.

Key learnings

- Using banks as funding intermediaries can greatly accelerate project realisation for intended beneficiaries by eliminating the lengthy and burdensome process of applying for public funding.
- It is important to be aware of other regional or national support schemes, and the extent to which they overlap or create competition with one's scheme. If competition exists, this should be considered when designing the scheme's potential spend and reach, as well as when evaluating its success.
- Curating novel commercial set-ups for disbursing funding is a time-intensive process which should be accounted for within the program design. The Slovakian team recommended communicating with private sector partners as early as possible to explain the proposed approach and get buy-in and input for the design.

7. Case Study #4: Zasavje Region (Slovenia)



Funding allocated: EUR 74.9M of EUR 258M allocated to Slovenia as a whole. The remaining funds were allocated to the Savinjsko-Saleška region¹⁸.

Relevant for those looking to:

- ✓ Use JTF funding to deliver projects with large state institutes.
- ✓ Focus JTF funds on the research and entrepreneurial sectors.

Background to Zasavje:

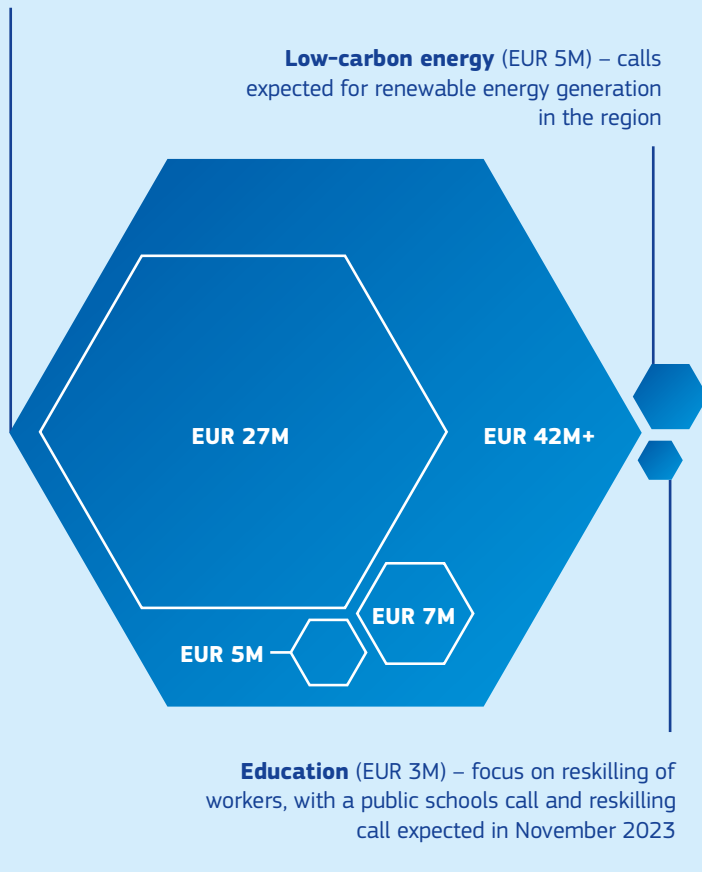
Zasavje is a former coal-mining region with a thermal coal plant that was decommissioned in 2016. The region is now seeking to develop new sectors that will support the restructuring of its economy, with the JTF supporting regional talent retention and SMEs.

Zasavje Approach in a Nutshell:

Zasavje's just transition process is co-managed by Zasavje's Regional Development Agency and national line ministries, including the Managing Authority as national coordinator, and the ministries for Cohesion and Regional Development, Environment, Climate and Energy; Education; Higher Education, Science and Innovation, Economy, Tourism and Sport; and Labour, Family, Social Affairs and Equal Opportunities. Calls are designed collaboratively, with ministries preparing the calls and involving stakeholders, and the Regional Development Agency being consulted before their publication.

The JTF budget has been structured into three key segments:

Entrepreneurial sector (EUR 42M+) – the main focus, including a directly approved carbon-free technologies training centre (EUR 27M from JTF) and various calls for SMEs and large businesses, such as for R&D (EUR 5M) and new business zones (EUR 7.7M)



By pursuing a mix of direct approvals and competitive calls, the region hopes that all relevant regional stakeholders can benefit from the JTF in a timely manner.

Operation of Strategic Importance (OSI)

Zasavje's largest JTF project is the Demonstration and Training Centre for Carbon-free Technologies, which is being developed by the National Institute of Chemistry (NIC) and will consist of two laboratories focussed on battery, hydrogen, and CCS technologies. This centre will primarily test innovations and develop high-tech research infrastructure, positioning Zasavje as a research and innovation hub for the green transition. The cost of establishing the centre is EUR 30M, of which 85% (EUR 27M) is funded by the JTF and 15% is funded through Slovenian state funds. Since the Institute is a state body, there are no challenges with State Aid, and the JTF can be used to back-finance funds already spent on the project since 2021. It is Zasavje's only project directly approved through the national ministries rather than a public tender.

The process for its inclusion within the TJTP was as follows:

1

Inspired by other coal regions which had invited public institutes into the region to stimulate R&D, Zasavje invited the NIC to join the regional JTF committee around 2020.

2

A renowned battery expert within the NIC developed plans for a development centre for batteries in Zasavje.

3

The project idea was submitted both to the Ministry of Higher Education, Science and Innovation and the European Commission in the framework of the technical support instrument for drafting the TJTPs.

4

The project was included in the TJTP as a strategic project and will be granted direct approval by the relevant ministry.

5

NIC made an official submission of the project in August 2023, with approval expected before the end of 2023.

6

Project implementation will begin in late 2023 and is to be completed by 2026.

Key Learnings:

- Collaborating with public bodies can be a way to deliver large, impactful projects without the need to navigate State Aid rules. This can be supplemented with competitive calls to award smaller funding amounts to the private sector and municipalities.



8. Case Study #5: Asturias Region (Spain)

Funding allocated: EUR 263M¹⁹ out of a total EUR 869M allocated across nine Spanish territories.

Relevant for those looking to:

- ✓ Design funding approaches for hydrogen-related projects.
- ✓ Use JTF funding to meet a wide range of priorities.

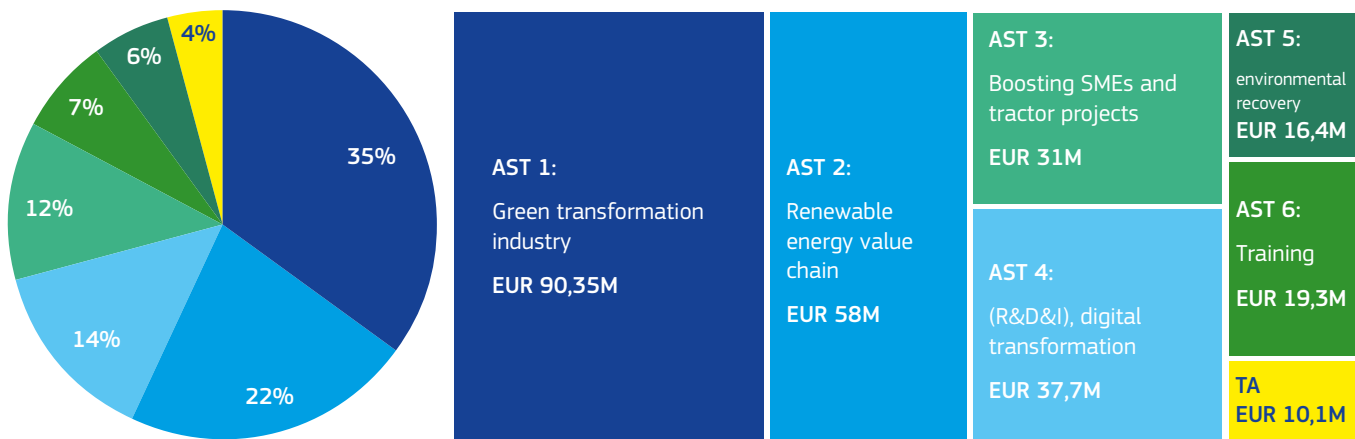
Background to Asturias:

Coal and industry have historically been the bases of the Asturian economy. 69% of energy consumption in the region is for industry – three times the EU average – and 17 facilities in the region are covered by the EU Emissions Trading System (ETS)²⁰. Multiple coal plants have closed down, with only one plant in Aboño remaining (the TJTP indicates 2025 as final closing date). This has resulted in Asturias receiving the largest share of Spain’s JTF funding.

Asturias’ Approach in a Nutshell:

Asturias has used a bottom-up approach to define six priorities for JTF funding, as shown below. Given its industrial heritage, decarbonising industry is unsurprisingly the top priority.

All funds will be disbursed through public tenders. This is governed by Spanish rules, which mandate public funding be awarded through competitive calls. There are a plethora of calls under development, covering energy storage, circular economy, SME diversification, decarbonisation of industry, and much more. Most of these already have ‘pre-calls’ to disburse information and gauge interest before they are publicly listed by the end of 2023 or start of 2024.



Source: Based on graphics provided by Government of Asturias

A key cross-cutting focus for Asturias’s transformation is harnessing the potential of hydrogen to enable an industrial renaissance in the region. However, leveraging JTF to assist with these efforts has proven challenging, as detailed below.

Asturias’s approach to hydrogen

The region has four roundtables covering e-mobility, gas mobility, reuse of residual heat in industry, and hydrogen, each with relevant regional stakeholders. Whilst the first three roundtables consist of roughly 25 organisations each, the hydrogen roundtable has double that number, with senior representatives often joining. This underlines hydrogen’s importance for the region, resulting in the creation of four working groups to foster common interests for developing hydrogen projects.

This led to project RECODE (Reactivation, Competitiveness, Decarbonisation), whereby the Asturias authorities collaborated with local companies to come up with a set of 25 promising hydrogen-related initiatives. Delivering all 25 would provide 1.4 GW of electrolyser capacity and cost EUR 2.4B in total, with

individual initiatives ranging from EUR 6M to much larger. Eight are mature enough to be ready for 2026. These initiatives are all private – no regional funds have been spent on them, though the administration has helped them to apply for non-regional funding calls and to set up meetings with the EC. Most have gone on to national calls.

The largest RECODE initiative is EDP’s Green Hydrogen Valley in Aboño, which has been selected as a Project of Common Interest (PCI) by the EU and focuses on developing an up-to-150 MW electrolyser on the site of the Aboño thermal power plant. It has already received EUR 29.9M in Spanish national funds as well as additional EU Innovation Fund money²¹.

The other large project is Arcelor Mittal’s EUR 8B HyDeal, which will deliver up to 330,000 tons per year of renewable hydrogen to an industrial complex in Asturias produced via up to 9.5 GW of solar power and 7.4 GW of electrolysers based in Northern Spain²². Arcelor Mittal has secured EUR 450M in State Aid from the Spanish government to kickstart the project²³, but no JTF funding has been put towards it.

JTF Challenges

The difficulty with financing hydrogen projects through the JTF is their large capital costs. Smaller RECODE initiatives are relying on the Green Hydrogen Valley to deliver cost-competitive hydrogen and therefore keep costs low. Furthermore, funding for large enterprises is currently not eligible in the Spanish JTF programme.

Asturias is considering the potential for the Temporary Crisis and Transition Framework²⁴ to overcome some of these barriers but there remains a lack of certainty, preventing Asturias from taking concrete JTF funding decisions related to hydrogen.

Key Learnings:

- There are significant challenges to disbursing JTF funds for high-expenditure projects that could trigger State Aid rules. These require careful navigation and close coordination with the European Commission.
- The JTF has a very ambitious delivery timeframe that necessitates regions navigating administrative technicalities as quickly as possible. Asturias authorities have found the consultancy services provided by the EC to be very helpful in this regard.
- Curating multiple calls to address multiple JTF funding priorities can create challenges in terms of management and delivery capacity. Pre-calls can be useful to gauge interest and ensure that calls are tailored appropriately.



9. Case Study #6: Velenje Municipality (Slovenia)

Funding allocated: EUR 170M²⁵ to whole Savinjsko-Šaleška region, in which Velenje is a major municipality. This funding is split between six regional ministries, including EUR 65.5M for the Ministry of the Environment, Climate and Energy, EUR 52.5M for the Ministry of the Economy, Tourism and Sport, and EUR 36.2M for the Ministry of Cohesion and Regional Development.

Relevant for those looking to:

- ✓ Use JTF funds for a multi-phase project.
- ✓ Undertake a major district heating project.
- ✓ Understand how a municipality approaches JTF funding.

Background to Velenje:

The Savinjsko-Šaleška region is a major coal-mining region in Slovenia, while the municipality of Velenje hosts the last active coal mine. As Slovenia aims to phase out coal by 2033, the region will need to undergo a transformation. Velenje is pursuing a range of projects to deliver an integrated green transition and has been selected as one of 100 climate-neutral cities under the EU Mission²⁶.

SAŠA / Velenje Approach in a Nutshell:

As a municipality, Velenje is required to compete against other municipalities in regional calls. Velenje also had the opportunity to propose and identify projects for the region's transition to regional and national authorities. To avoid having to compete where possible, Velenje has applied for strategic projects which receive direct approval rather than needing to go through a public tender process. In this way, EUR 30M was allocated to a biomass laboratory by partnering with the Slovenian National Institute for Chemistry – following a similar approach to the Zasavje region as detailed in [case study #4](#) – as well as EUR 18M for the first phase of the district heating transformation project described in more detail below.

Multi-phase District Heating Transformation

(Operation of Strategic Importance)

Velenje contains Slovenia's second-largest district heating system, serving 40,000 people. Whilst currently 100% powered by coal and producing 100kT CO₂ annually, the national coal phase-out by 2033 necessitates a complete overhaul of this system to decarbonise it. This will be implemented via a three-phase process:

Phase 1:
Renovate and digitise pipelines to reduce losses
Cost: EUR 25M

EUR 5M
co-financing by Velenje municipality.

EUR 2M from Slovenian national funds.

EUR 18M from JTF.

Phase 2:
Build new mixed-source heat generation to replace coal (biomass, heat pumps, etc.)

Cost: EUR 155M estimated.
– Not yet funded.
– Hoping for JTF contribution.
– Hoping to attract private capital.

Phase 3:
Improve the energy efficiency of all buildings served by the network to allow a lower temperature regime.

Cost not yet estimated.

JTF funding will be instrumental to get the first phase off the ground. However, the 2026 deadline for the spending, coupled with works on the network only being possible in the summer months when offtakers do not require heat, makes the implementation timeline challenging.

As the JTF does not permit investments related to fossil fuels, the municipality had to make strong arguments to justify the funding, with the understanding that the phase one works are a critical enabler of the two subsequent, more explicit decarbonisation phases. This was aided by the municipality making good use of technical assistance provided by the European Commission and the European Investment Bank (EIB), including JASPERS²⁷, to help with audit and cost-benefit analysis of the proposed approach as well as applications for JTF funds.

Key Learnings:

- Focusing on operations of strategic importance that can be directly approved is one way that municipalities can avoid having to compete for JTF funds through public tender processes.
- Technical assistance provided by the EC and EIB can be used to great effect to help optimise proposals and apply for JTF funding. Available schemes for technical assistance are listed in [Section 11](#).

10. Case Study #7: Ústí Region (Czech Republic)



Funding awarded: EUR 647M of EUR 1.64B for the Czech Republic²⁸. Regional proportions calculated using population, gross domestic product (GDP), unemployment, R&D employee numbers and mining activity indicators. Funding is operationalised in the Czech Republic via the Operational Program Just Transition (OPST), which is managed by the Ministry of the Environment²⁹.

Relevant for those looking to:

- ✓ Pursue a mixed approach of large strategic calls and smaller thematic calls.
- ✓ Understand how to curate a region-appropriate funding approach.

Background to Ústí:

Ústí has over 5,000 coal-related jobs and four coal mines which extract 80% of Czech Republic's lignite. The JTF will support efforts to transition the region's economy into a circular, renewables-based economy, and to recultivate the landscape. It is one of three coal-dependent regions in Czech Republic which were selected for the JTF.

Ústí Approach in a Nutshell:

Ústí intends to spend its JTF allocation through:

- A maximum of 50% on Operations of Strategic Importance
- Projects selected via a single call, open until end of 2023
- The maximum support per project is EUR 50M³⁰.
- At least 50% on thematic calls for smaller projects
- 8 calls open for applications. 2 more announced. 10 more being created.

The emphasis on strategic projects stems from the JTF being the only programme which provides EU funding to support large, complex projects which contribute significantly to the region's transition process. The above mix was decided by Ústí's Regional Standing Conference (RSK), a group of key stakeholders including the regional Chamber of Commerce, the Economic and Social Council of Ústí, NGOs, Union of Municipalities, local universities, the Agency for Social Inclusion, and so on. The RSK has working

groups dedicated to evaluating their region's approach towards education, development, tourism, and competitiveness. These working groups provide input to the national ministries on what the region believes it needs.

Operations of Strategic Importance

For the operations of strategic importance, criteria were defined to choose the most effective strategic projects out of the applications received, including transformation potential, innovation potential, and project timeline. Projects are selected initially by national level managing authorities, which assess compliance with cohesion policy regulations, and then by the RPC's expert working groups. JASPERS also supports with strategic project evaluation.

49 projects worth EUR 5.54B submitted initial proposals for projects which could be deemed strategic. Of these, the RSK approved 11, of which two have already applied for JTF funding:

- Synergys³¹: A test centre for piloting the integration of innovative low-carbon energy sources into the existing energy mix. This project is managed by the Czech Geological Survey. Partners include the Czech Technical University, Charles University, and the City of Litoměřice. Operations are timetabled to commence in 2028. Of the total EUR 50M cost, EUR 42M is anticipated to come from the JTF.
- Transformation Centre of the Ústí Region³²: Conversion of a brownfield site into a new specialised centre to provide support to regional actors implementing transformational projects in areas such as digitisation, innovation, energy, and landscape care. This project is managed by the Ústí Region itself. Of the total EUR 39M cost, EUR 33M is anticipated to come from the JTF.

Thematic Calls








The thematic calls are implemented by the Ústí regional government but announced on the central OPST grant offerings page³³. They receive funding from the Ministry of the Environment and hand out grants based on guidelines from that ministry.

Key Learnings:

- It is important to have requisite expertise available to assess funding requests. More generally, this can be provided by European expertise like JASPERS, but it should also include regional experts assembled for this purpose. The evaluation process should be set up in a transparent way.
- Larger strategic projects may need to be approved in conjunction with national authorities. This will depend on the country's regulations and the project specifics.

Calls currently open and announced include:

Each call has different rules and conditions on how and by when the funds can be spent.

(in million EUR)	20.5		Professional education and employee retraining
	4.9		Construction and modernisation of roads for cyclists
	2.5		Land restoration concept and preparation
	2.05		Vouchers for feature and documentary films
	12.3		Improving connectivity of schools
	32.85		Construction and modernisation of secondary school vocational classrooms
	61.6		Technical assistance for project administration

11. Key Learnings and Recommendations

Whilst each case study above provides learnings specific to the areas of relevance that they cover, there are several cross-cutting key learnings which emerge from the case studies as a whole. Below is a list of four key recommendations which arose either directly from the regional stakeholders who were interviewed, or by synthesising across multiple case studies:

- 1. Focus on meeting regional needs when designing the approach:** This toolkit's case studies have all pursued different funding approaches, though each approach has largely been driven by each region's needs. Often, the approach has been defined through working groups consisting of a holistic group of key regional stakeholders, such as public bodies, unions, business groups, companies, and universities. Engaging key stakeholders to jointly curate a funding approach can ensure the approach will effectively serve the region's needs, while maintaining alignment with the region's Territorial Just Transition Plan (TJTP).
- 2. Avoid the need for State Aid approval if possible:** Given the time pressure to spend JTF funds, it is best to avoid projects that may require a State Aid approval process. This process involves notifying the Commission of the proposed aid measures, which triggers a preliminary investigation into whether the measure is compatible with EU rules and could lead to an in-depth investigation if there are doubts about its legality. Aid measures can only be implemented after Commission approval is granted³⁴. Given that this approval process can take time, the State Aid process may inhibit a project from being implemented within the JTF funding window. There are several approaches to avoid the State Aid process, such as focussing on small project calls, limiting large projects to those delivered by public bodies, and capping available funding for private companies to the pre-State Aid limit.
- 3. Make use of external expertise for support:** The European Commission offers consultancy support through its Directorate-Generals and other schemes like JASPERS³⁵ which several case study regions cited as providing invaluable additional capacity and support in areas such as assessing the cost-benefit analysis of funding requests, evaluating submissions to calls, and applying for JTF funding. Available schemes for technical assistance include:

 - **JTP Groundwork** – funding exclusive for JTF regions to help implement their TJTPs³⁶.
 - **START** (Strategic Technical Assistance Response Team) – tailored, short-term support to coal+ regions across a wide range of transition topics³⁷.
 - **ELENA** (European Local ENergy Assistance) – assistance for energy efficiency and renewable energy investments for buildings and transport³⁸.
 - **JASPERS** (Joint Assistance to Support Projects in European Regions) – supports implementation of EU-funded investments promoting growth and a greener, more connected, more innovated Europe³⁹.
 - **TSI** (Technical Support Instrument) – provides technical expertise to design and implement reforms⁴⁰.
- 4. Communicate as early as possible with key stakeholders:** Several regional representatives expressed that they could have communicated earlier with key stakeholders such as banks or national authorities to build momentum earlier and reduce the need for questions and clarifications at a later stage.

There is a narrow window for spending allocated JTF funds. It is therefore critical that funding approaches be tailored to each region's context to ensure alignment with the TJTP, while identifying potential pitfalls like State Aid rules. To accelerate implementation, engagement with local and regional stakeholders is essential and further support is available from European Commission technical assistances.

We hope this toolkit serves as useful inspiration for JTF implementers as they consider different funding approaches and progress along their JTF journeys. The case studies described here demonstrate the range of possible approaches, and the plethora of areas that JTF funds can be spent on in helping regions achieve their decarbonisation and economic diversification goals, in turn helping to achieve the European Green Deal's targets.

This document was prepared by researchers at Guidehouse having conducted desk research, interviews and surveys. Any information and views contained in the present document do not reflect the official opinion of the European Commission. Reuse is authorised provided the source is acknowledged.

This document is part of a series presenting information and lessons learned on policy approaches at national, regional or local level supporting a just transition to a climate-neutral economy. The Just Transition Platform (JTP) assists EU Member States and regions to unlock the support in this transition. Visit the [JTP website](#).

Endnotes

- 1 [European Commission, 2023 Just Transition Fund](#)
- 2 [European Commission, 2019 The Just Transition Mechanism: making sure no one is left behind](#)
- 3 [European Commission, 2023 Just Transition Fund: Leaving no one behind in the climate transition](#)
- 4 [As 2](#)
- 5 [European Commission, 2023 Programming and implementation](#)
- 6 [European Commission, 2023 Cohesion Open Data Platform – Just Transition Fund \(JTF\)](#)
- 7 [ERR, 2022 Ida-Viru County to receive €354 million for green transition, EU confirms](#)
- 8 [European Commission, 2023 EU Cohesion Policy: Just Transition Fund finances a new facility to produce rare earths magnets in Estonia](#)
- 9 [JTF Rijnmond, 2023 About JTF Rijnmond](#)
- 10 [Rijnmond's Territorial Just Transition Plan, 2022](#)
- 11 [As 6; European Commission, 2022 EU Cohesion Policy: €623 million for a just transition to climate neutrality in the Netherlands](#)
- 12 [JTF Rijnmond, 2023 Opening track 1 / 2](#)
- 13 [European Commission, 2023 Cohesion Policy: First project in the Netherlands supported by the Just Transition Fund has been approved](#)
- 14 [JTF Rijnmond, 2023 Opening track 3](#)
- 15 [JTF Rijnmond, 2023 Opening track 3 – Training vouchers](#)
- 16 [As 6; European Commission, 2022 EU Cohesion Policy: €459 million for a just climate transition in Slovakia](#)
- 17 [From a regulatory perspective, any funding given to banks by 2026 counts as spent by 2026, even if the loan is not given out by the bank until 2027](#)
- 18 [As 6; European Commission, 2022 EU Cohesion Policy: More than €258 million for a just climate transition in Slovenia](#)
- 19 [As 6; European Commission, 2022 EU Cohesion policy: Almost € 869 million for a just climate transition in Spain](#)
- 20 [European Commission, 2022 The Spanish region at the heart of the twin green & digital transition](#)
- 21 [EDP, 2023 European Commission selects two EDP hydrogen projects for European Union Innovation Funds](#)
- 22 [Arcelor Mittal, 2022 HyDeal España, the world's largest integrated renewable and competitive hydrogen hub](#)
- 23 [European Commission, 2023 State aid: Commission approves €460 million Spanish measure to support ArcelorMittal decarbonise its steel production](#)
- 24 [European Commission, 2023 State aid: Commission adopts Temporary Crisis and Transition Framework to further support transition towards net-zero economy](#)
- 25 [As 6; European Commission, 2022 EU Cohesion Policy: More than €258 million for a just climate transition in Slovenia](#)
- 26 [Municipality of Velenje, 2023 Green transformation](#)
- 27 [JASPERS, 2023 Homepage](#)
- 28 [As 6; European Commission, 2022 EU Cohesion Policy: €459 million for a just climate transition in Slovakia](#)
- 29 [Operational Program Just Transition, 2023 About Program](#)
- 30 [Ustecky Kraj, 2023 OPST strategic projects](#)
- 31 [Ustecky Kraj, 2023 SYNERGYS - systems for energy synergy](#)
- 32 [Ustecky Kraj, 2023 Transformation Center of the Ústí Region](#)
- 33 [Operational Program Just Transition, 2023 Subsidy offer](#)
- 34 [European Commission, 2023 Competition Policy State Aid Overview](#)
- 35 [As 27](#)
- 36 [European Commission, 2023 Apply for Just Transition Platform GROUNDWORK](#)
- 37 [European Commission, 2023 START technical assistance](#)
- 38 [European Investment Bank, 2023 ELENA – European technical assistance mechanism for local energy efficiency projects](#)
- 39 [As 27](#)
- 40 [European Commission, 2023 Technical Support Instrument](#)