

## What is the current state of play of the just transition processes in Bulgaria?



*The Maritsa Iztok power plant in Galabovo, Bulgaria. Photo: CEE Bankwatch Network*

**A**s of January 2023, Bulgaria remains the only country that has not yet formally submitted its Territorial Just Transition Plans (TJTP) to the European Commission. The draft versions of the TJTPs were produced and sent for comments to the European Commission in autumn 2022. The draft plans focus on the three coal regions in the country – Stara Zagora, Pernik and Kyustendil. The TJTPs are based on a report developed by the consulting firm PricewaterhouseCoopers (PwC), who submitted their final report in 2021.

The draft TJTPs were published for public consultation in August 2022 with a very brief public consultation time of only three weeks before their unofficial submission to the European Commission. The European Commission's comments on the draft TJTPs were received in autumn 2022, but an updated version of the plans has not been shared with the public. Currently, as the updated plans have not been formally submitted to the Commission and the Bulgarian government has declared its

For more information

**Ventzeslava Kojouharova**  
Campaigner  
Za Zemiata  
[ventzeslava.kojouharova@bankwatch.org](mailto:ventzeslava.kojouharova@bankwatch.org)

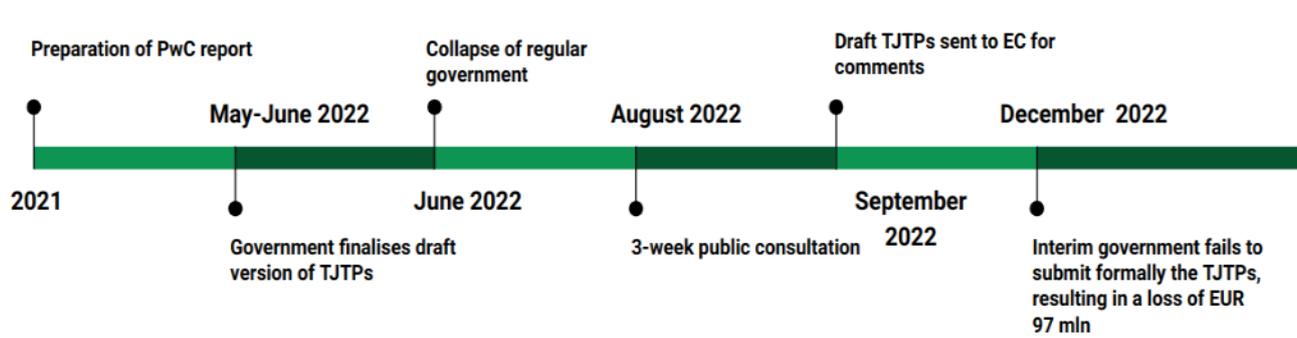
Learn more: [bankwatch.org](https://bankwatch.org)



intention to stall the submission of the plans until 2023, this has resulted in the loss of Bulgaria’s 2022 funding from the Just Transition Fund, which equals nearly EUR 100 million.

A total of four governments have been responsible for drafting the TJTPs – two regular governments and two caretaker governments. Currently, the plans are under deliberation within the Ministry of Energy, which is responsible for the drafting stage. The Ministry of Regional Development will be responsible for the implementation of the plans.

**Figure 1: Timeline of TJTP preparation in Bulgaria**



Source: Ventszslava Kojouharova

## Bulgaria’s loss of EU funds for just transition in 2022

On 16 November 2022, Bulgaria officially submitted its cohesion policy programme Development of Regions, which includes as one of its priorities the just transition of the coal regions, with funding from the JTF. However, and contrary to the commitments in the Partnership Agreement with Bulgaria adopted on 6 July 2022, Bulgaria did not officially submit its TJTPs to the Commission. Therefore, the JTF priority could not be adopted as part of Bulgaria’s relevant programme by the end of 2022. As a consequence of the programme being adopted without this priority, Bulgaria will lose the JTF funding allocated for 2022 (EUR 97 million) from the EU budget under the Multiannual Financial Framework (MFF). The MFF regulation clarifies that the allocated funding cannot be used to top up other funding sources beyond 2022.

This failure to submit the plans comes at a politically difficult moment for Bulgaria. The country only had a working regular government briefly in 2022 (after three rounds of elections in 2021). This government finalised negotiations with European Commission on Bulgaria’s recovery and resilience plan in April 2022. Since autumn 2022, businesses and trade unions have ramped up their anti-European Green Deal rhetoric, including calls to reconsider the 40 per cent CO<sub>2</sub> emissions reduction target established in the recovery and resilience plan, which is directly linked with the closure of the most polluting coal mine. This has resulted in the decision to renegotiate Bulgaria’s recovery and resilience plan specifically to discuss the closure of the coal mines and the 40 per cent CO<sub>2</sub> emissions reduction target. In the ongoing political crisis, combined with the geopolitical situation with the war in Ukraine, the populist rhetoric heavily favours the anti-European Green Deal narrative. Due to the constant elections, there is a reluctance from the Interim caretaker governments and key political figures to publicly back what are considered unpopular ideas, one of which is the transition of the coal regions. The lack of stability, the fear of public backlash and the lack of political will and ambition for decarbonisation commitments and just transition have led to the deliberate delay of the submission of the TJTPs and as a result – to the loss of funding from the JTF for 2022.

## The partnership principle

Overall, the application of the partnership principle in the preparation of the plans has left much to be desired. During our conversations with the affected municipalities, citizens and local non-governmental organisations, their comments have been largely negative. Chief concerns include the lack of stakeholder involvement throughout the process, and that decisions have been made at the national level without consideration of the specificities in the affected regions.

Our experience shows that there has been a lack of transparency in the consultation process led by PricewaterhouseCoopers (or even a published report). PwC has responded to this criticism by referring to the conditions set out in its contract with the Ministry of Energy. In the drafting stage, the consulted stakeholders reported that they did not receive feedback on whether their proposals were integrated. There has also been a lack of public consultations involving a large pool of stakeholders specifically in the three coal regions.

This process largely deviates from the ‘partnership principle’, which should put the affected municipalities at the core of the decision-making process during all stages and especially when devising the transition plan to ensure the support of all stakeholders.

## Compatibility with the staff working document

The European Commission staff working document on the TJTPs<sup>1</sup> was published in September 2021 with the purpose of providing clarifications to the Commission staff assessing draft TJTPs. As such, the document provides explanations of the types of activities that should be included in the plans and outlines key criteria required for their approval.

The staff working document specifies a number of requirements for the plans, set out primarily in the Just Transition Fund regulation (2021/1056). A selection of the most important of these requirements is listed in the table below, along with an assessment of the degree to which Bulgaria’s TJTPs align with them.

**Table 1: Alignment of Bulgaria’s TJTPs with Just Transition Fund regulation requirements**

	<b>Question</b>	<b>Answer</b>
1.	Do the Territorial Just Transition Plans detail the transition process that will be implemented in the territory in order to achieve a climate-neutral economy?	No
2.	Do the Plans contain a description and detailed plan of the transition process at the national level, including a timeline for key transition steps towards the 2030 climate and energy targets?	No

<sup>1</sup> European Commission, [Commission staff working document on the territorial just transition plans](#), *European Commission*, 23 September 2021.

3.	Does the Plan demonstrate clear evidence of a transition process and its impact at the level of the affected territory by 2030 or before?	Partial
4.	Does the Plan extend the geographical scope to territories where there is no clear transition process with an associated negative socio-economic impact by 2030 or before?	No
5.	Does the Plan cover coherent geographical areas and to the extent possible reflect functional territorial economic areas, which correspond to the communities, labour markets and economic activities affected by the installations and related firms involved in fossil fuel activities or greenhouse-gas intensive industrial processes?	Yes
6.	Does the Plan contain any uncertainty about the implementation of a transition process due to the continuation or opening of fossil fuel activities?	Yes
7.	Does the Plan enable regions and people to address the social, employment, economic and environmental impacts of the transition?	Partial
8.	Does the Plan provide a plan for economic diversification?	Yes
9.	Does the Plan outline plans for other projects that are eligible for support under the JTF?	Yes
10.	Does the Plan include any investments in projects that are excluded from the JT mechanism?	No
11.	Does the Plan include a strategy for dealing with gender-related issues?	No

The Bulgarian TJTPs remain relatively weak and are lacking in several important areas, mainly related to the lack of detail on how the activities will be carried out. Unfortunately, there is no description or detailed plan of the transition process at a national level; the plans are themselves consistent with the 2019 National Energy and Climate Plan, but this is an outdated document which was not particularly ambitious at the time it was written and does not take into consideration increased and more ambitious EU targets updated in 2022.

The plans need to focus on a clear and specific emissions reduction target commitment and a plan for how this will be achieved. This needs to be reflected at both the national level and in the regions in transition.

The Bulgarian plans align well with the JTF regulation on geographic regions – the regions are well-defined and there are no attempts to extend the JTF to regions without clear transition processes; issues linked to the labour market and economic activities are adequately presented.

A clear investment strategy for what investments are needed in the just transition regions, measures and activities that will be needed and will need to be funded, are lacking and there are no concrete measures for employment alternatives and requalification. In some cases, more careful consideration needs to be given regarding investments in large enterprises, as priority should be given to small and medium-sized. One example of this is the support scheme for installing photovoltaics, which should preferentially be open to households and small and medium-sized enterprises, taking into account that the creation of a new dependency on one industry could lead to potential vulnerability in the future. A diversified approach which prioritises households and small and medium-sized enterprises would support the decentralisation of the production of electricity and increase energy security.

The plans contain no mechanism to ensure that no investments in fossil fuels are made as a result of loopholes in the plans. This may allow fossil fuels to be funded through grey areas such as biogas and/or hydrogen. More specifically, stringent criteria should be required in all projects related to biogas and biomethane with regard to the quantity and the source of the biomass.

The plan makes no references to issues related to gender, equality or female representation.

## Conclusion and recommendations

Overall, the plans need further clarification, which was reflected in the European Commission's comments on the submitted draft TJTPs.

At the very least, the plans need to provide a more detailed roadmap on how the emissions reductions in the coal regions will be achieved and what activities will be incentivised. Alternative energy sources should be encouraged, but in a way that develops the country's green transition whilst taking social issues into consideration. Climate targets should be in line with the revised and updated European climate targets, rather than be based on the outdated targets in the NECP.

At the same time, a more concrete plan for employment alternatives and requalification should be made. There is insufficient clarity on how the workforce will be retrained and what new opportunities and jobs will be available, which is why an information/communication campaign is essential.

With regard to those employed in the coal sector, the plans need to focus on developing financial compensation schemes for employees that encourage them to invest and develop their own activities in the energy sector, rather than suggesting a lump sum compensation.

Efforts should be directed towards ensuring that the partnership principle has been thoroughly followed through:

- Organising information campaigns and public discussions on the final version of the plans.
- Focusing on establishing regional monitoring committees which include all relevant stakeholders. At the moment, the monitoring committee for the operational programme Regional Development,

for example, does not include representatives from environmental non-governmental organisations.

- The inclusion of civil society, including environmental, social, cultural and youth organisations.

Overall, to ensure that the TJTPs do their best to support the energy transition in the coal regions, it is particularly important to spend the JTF funds on activities that boost innovation and efficiency and support the overall decarbonisation of the economy whilst involving all key stakeholders in the process to ensure their buy-in.

**Funded by**



'The RegENERate project has received funding from the LIFE Programme of the European Union.'