

Local authority planning for a just transition



Why Western Balkan coal regions
should create their own
redevelopment plans and how
it can be done

Introduction

From December 2020 to December 2023, the European Union (EU) implemented its first Initiative for coal regions in transition in the Western Balkans and Ukraine¹ – an initiative due to be followed up in 2024. During this first period, the differences in the Western Balkans countries' just transition processes increased.

North Macedonia moved forward with developing strategic documents at a much swifter pace than the other countries, but these processes highlighted the very low degree of preparedness of the municipal authorities to deal with the transition resulting from decarbonisation.

While North Macedonia's Just Transition Roadmap² did a fairly good job of mapping the activities needed to ensure a just transition, the municipal authorities are still not properly prepared, for various reasons. Bitola and Kicevo are the first municipalities in the Western Balkans to face an imminent transition, but they will certainly not be the only ones.

This publication aims to help prepare municipal authorities for the transition by enabling them to do the preparation work themselves, thus ensuring that the process will be participatory and just for their citizens. Local authorities need to identify their own needs and can use some of the tools that were used by European Union Member States, including Territorial Just Transition Plans (TJTps).

TJTP-equivalents can be used to map and calculate what local authorities and communities will do in order to ensure that their economies thrive in spite of their current dependence on coal. Creating such documents can help local people to articulate their needs and ideas openly and inform both municipalities and governments about what is required on the ground.

In many cases, the activities which can help coal regions towards a cleaner future are not directly related to energy. Whether improving mobility, social services or the business climate, communities' inputs must be gathered in a document to assess what and who will be affected on the local level by the transition and to find a way to mitigate those effects and ensure the emergence of new economic activities or revival of existing ones.

¹ European Commission, [Initiative for coal regions in transition in the Western Balkans and Ukraine](#), *European Commission*, accessed 15 April 2024.

² Ministry of Economy of the Republic of North Macedonia, [Just Transition Roadmap](#), *Ministry of Economy*, 2023.

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The just transition processes in the last couple of years in the Western Balkans have shown that municipalities must take their future into their own hands and plan for themselves – no one is going to do it for them.

While a TJTP or TJTP-equivalent is not legally mandated in any of the countries, nor is it currently required for accessing EU or other donor funding, it will definitely help local authorities to secure resources. A municipality that has a TJTP will be able to demonstrate that it has a solid, well thought-out plan of action.

The objective of this briefing is to inform municipal authorities about the goals and benefits of a TJTP or TJTP-equivalent, as well as what such a document should contain. In addition, we aim to improve authorities' understanding of how to use TJTP-equivalents to map projects and activities that can be considered 'just transition projects' and potentially get dedicated funding. Our idea is to simplify the process so that it does not require as much effort as TJTPs did in the EU, while still enabling adequate planning.

What a TJTP is and what it is for

TJTPs were established as a condition for carbon-intensive regions in EU Member States to access funding from the Just Transition Fund. The purpose of these plans is to provide an outline of the transition process until 2030, consistent with the National Energy and Climate Plans and the transition to a climate-neutral economy of the Union until 2050 and identify subsequently the most impacted territories that should be supported.³ Member States were encouraged to prepare TJTPs even before the Just Transition Fund was established.

In the EU, the TJTPs were designed by relevant state authorities (ministries), with the support of consultants which did not do the writing of the plans, but provided reports meant to enable their design. TJTPs' priorities were frequently established through consultation involving a wide variety of stakeholders (municipalities, civil servants, NGOs, small and medium-sized enterprises, trade union representatives, etc.)

CEE Bankwatch Network followed the development of TJTPs in eight countries: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania and Slovakia. The main lesson learnt was that greater transparency and more inclusive public participation in the TJTP design ensured higher quality final documents. The process was a new experience for all involved stakeholders, but as it progressed relevant ministries created working groups, had consultations and included regions very actively in the planning, and dedicated monitoring committees were set up to ensure the process is implemented as foreseen.

The TJTPs were approved by the end of 2022 (except for Bulgaria's, approved in December 2023), but it was evident that those countries whose regions had a vision for their transition had a head start in approval of funding, as well as implementation. Greece is a good example of this⁴. While the TJTPs do not set coal phase

³ CEE Bankwatch Network, [Territorial Just Transition Plan Checklist](#), CEE Bankwatch Network, 2020.

⁴ European Commission, [Press release: EU Cohesion Policy: €1.63 billion for a just climate and energy transition in Greece](#), European Commission, 2022.

out dates on the country level, they set out a vision and concrete plans for coal dependent regions, which enable this to happen.

The EU regulation establishing the just transition fund⁵ stipulates the content of TJTPs and contains a template under Annex II. In the EU, these plans include the following:

Contents of territorial just transition plans according to the EU Just Transition Fund Regulation

- (a) a description of the transition process at national level towards a climate-neutral economy, including a timeline of the key transition steps towards the Union's 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050 which are consistent with the latest version of the integrated national energy and climate plan;
- (b) a justification for identifying the territories as most negatively affected by the transition process referred to in point (a) of this paragraph and to be supported by the JTF, in accordance with paragraph 1;
- (c) an assessment of the transition challenges faced by the identified most negatively affected territories, including the social, economic, and environmental impact of the transition to a climate-neutral economy of the Union by 2050, 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;
- (d) a description of the expected contribution of the JTF support to addressing the social, demographic, economic, health and environmental impacts of the transition to a climate-neutral economy of the Union by 2050, including the expected contribution in terms of job creation and preservation;
- (e) an assessment of its consistency with other relevant national, regional or territorial strategies and plans;
- (f) a description of the governance mechanisms consisting of the partnership arrangements, the monitoring and evaluation measures planned and the responsible bodies;
- (g) a description of the type of operations envisaged and their expected contribution to alleviating the impact of the transition;
- (h) where support is to be provided to 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;
- (i) where support is to be provided to investments to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC, a 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 going substantially below the relevant benchmarks established for free allocation under Directive 2003/87/EC and provided that these operations are necessary for the protection of a significant number of jobs;
- (j) synergies and complementarities with other relevant Union programmes to address identified development needs; and
- (k) synergies and complementarities with planned support from the other pillars of the Just Transition Mechanism.

⁵ European Parliament and Council of the European Union, [Regulation \(EU\) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund](#). *Official Journal of the European Union*, 2021.

During the reviewing period, the European Commission also issued a staff working document⁶ on TJTPs to provide additional explanations and outline key criteria required for approval of the Plans.

Proposed scope of the TJTP-equivalents for Western Balkan countries

One of the main functions of a TJTP for EU regions was to calculate the emission reductions per region in accordance with the National Energy and Climate Plans (NECPs) of the country in question, as well as to plan redevelopment pathways for the regions.

For Western Balkan countries, TJTPs or their equivalent can have a different function. By TJTP-equivalent, we mean a document based on the EU TJTP template, but only focusing on the parts relevant for the Western Balkans, such as planning how the carbon-intensive region's economy will thrive while transitioning away from coal. For more details, see the section on Guidelines for developing TJTP-equivalents below.

TJTPs need to fill the gaps left by other existing policy documents. For example, Albania and North Macedonia have adopted NECPs, but they need updating. As of March 2024, Bosnia and Herzegovina, Kosovo and Serbia have draft NECPs, while Montenegro still does not have even have this. None of the available NECPs provide substantial information about plans for redevelopment of carbon-intensive regions, nor about the funding needed.⁷

The just transition diagnostic documents are also relevant, but do not constitute plans. These were provided as support to the just transition process for four of Western Balkan countries: the European Bank for Reconstruction and Development (EBRD) drafted the documents for North Macedonia and Serbia, the World Bank for Bosnia and Herzegovina and United Nations Development Program for Montenegro.⁸ Only the Montenegrin one has been published online, but they were shared with relevant working groups, including some civil society organisations. They offer relevant information on the impacts of the coal phase-out, but, as their name suggests, do not offer details on the best pathways for the affected regions – and rightly so, as this must be decided by the regions themselves.

This is where the TJTP-equivalents come into play – they enable the planning of possible pathways for regions where coal-related industries will close. To be meaningful, these must be led by the local authorities, but coordinated with the national or entity ones, in order to be accepted at all levels. Such plans need to take into account existing relevant strategic documents and the forthcoming National Energy and Climate Plans. However, given how outdated, unclear or unambitious some of the existing strategies are, TJTP-equivalents should not be limited by these. They can – and should – show higher ambition.

North Macedonia has already adopted a national just transition roadmap⁹ and Montenegro has a draft, although not easily accessible online for the public. Nevertheless, all the affected regions should also produce plans for their own development in parallel to the energy transition process. Irrespective of when

⁶ European Commission, [Commission staff working document on the territorial just transition plans](#), *European Commission*, 2021.

⁷ Energy Community Secretariat, [Governance and National Energy and Climate Plans](#), *Energy Community Secretariat*, accessed 20 March 2024.

⁸ UNDP Montenegro, [Diagnostics of socio-economic situation of coal region Pljevlja](#), *UNDP Montenegro*, 2023.

⁹ Ministry of Economy of Republic of North Macedonia, [Just transition roadmap](#), *Ministry of Economy*, 2023.

the coal phase-out will happen, the regions need to prepare for it well in advance in order to reduce their economies' dependence on fossil fuels.

Geographical scope

An important consideration for the TJTP-equivalents is geographical scope. While it may seem easier to map development pathways on the municipal level, in the EU the TJTPs were drafted by national governments for regions that were dependent on coal or other carbon-intensive industries.

Considering the low ambition for just transition processes shown by national governments during the Initiative for coal regions in transition for Western Balkans and Ukraine¹⁰ and the much higher interest shown by municipalities, we propose a local authority-led process of drafting the TJTP-equivalents.

Getting the coal-dependent municipalities to do this planning jointly for regions affected by the same coal-related facility (mine or plant) solves the discrepancies between municipality boundaries and those of the mines, which exist for example in the Kolubara region in Serbia. The region spans several municipalities, but does not cover their entire area in some cases, making it rather difficult to decide how to approach planning.

Because of this, the approach should be to include the whole affected area in the plan, irrespective of how many municipalities it belongs to. Similarly, for the Pelagonija region in North Macedonia, where not only the Bitola municipality, but also Novaci and Mogila which are directly affected, and Prilep which is indirectly affected, can and should be included in the TJTP-equivalent. This approach would ensure that neighbouring dependent and affected municipalities plan their development together and in line with each other, ensuring any conflicts are avoided, but also creating synergies and joint plans.

While drafting a TJTP or a TJTP-equivalent is a time-consuming exercise, an important part of the work has already been done through the just transition diagnostic documents. In the EU, this was also among the costliest parts of the planning, so the fact that it has already been done for most Western Balkan countries puts the region at a significant advantage and makes TJTP drafting much easier.

Timeline

The timeline for Western Balkans TJTPs must be different than for the EU ones, which only cover activities until 2030. This is now just around the corner and does not allow for effective planning.

The TJTPs can and should have a higher level of ambition in comparison to the NECP and other strategic documents. There will be no time for a second energy transition later so they must go straight and build strong fossil-free economies over the next decade.

Furthermore, the level of ambition should be rewarded. CEE Bankwatch and the Green Tank have already proposed a methodology for distributing any funding dedicated to just transition between the Western

¹⁰ European Commission, [Initiative for coal regions in transition in the Western Balkans and Ukraine](#).

Balkan countries and the level of ambition should be one of the key factors in deciding on allocations.¹¹ The same principle can and should be applied to regions – the more ambitious the TJTP-equivalent in terms of decarbonisation efforts for a certain region, the larger the percentage of funding this region should get.

Timewise, in the context of EU funding cycles, the planning should be done for the next Multiannual Financial Framework (MFF), from 2028 to 2034, but with a view at least to 2041 (until the end of the next MFF programming period after that).

Guidelines for developing TJTP-equivalents for the Western Balkan coal-affected regions

In this section, we make recommendations for the relevant sections in the TJTP in order to help regions produce meaningful plans with sustainable and fair solutions.¹²

The need for meaningful public participation

Before moving onto the content of the TJTP, it is crucial to underline that the drafting of a document such as a TJTP-equivalent must be created with public participation as wide as possible in order for the result to be accepted by all stakeholders, including the general public.

This process needs to be described in section 3 of the TJTP template on ‘partnership’ (3.1). The requirement is to have arrangements for involvement of partners and the wider public in the preparation, implementation, monitoring and evaluation of the TJTP-equivalent and to describe the outcome of the public consultations.

Among other things, this means that the whole community must be consulted – not just informed – and the process must be led by the elected leaders, not the carbon-intensive companies themselves. This entails consultations throughout the process: First at the stage of gathering ideas, then during the prioritisation stage, and finally when a draft document has been prepared. Concrete participation provisions and a timeline for the participation procedure are needed. The definition of partnership is wide and gives space for different forms of cooperation. It is up to the regions to determine the extent to which they create a formal partnership and what the necessary processes to involve stakeholders are. The TJTPs need to include the following elements in order to have convincing partnership provisions:

- A commitment to transparency by the institution responsible for the TJTP, including regular publication of information on the progress of the process, the results of surveys and consultations, the minutes and outcomes from working groups etc.
- clear rules and responsibility for decisions and tasks of the participants
- sufficient time and financial allocations for each stage in order to ensure participation

¹¹ The Green Tank and CEE Bankwatch Network, [A Just Transition Fund for the Western Balkan Countries](#), *The Green Tank*, 2021.

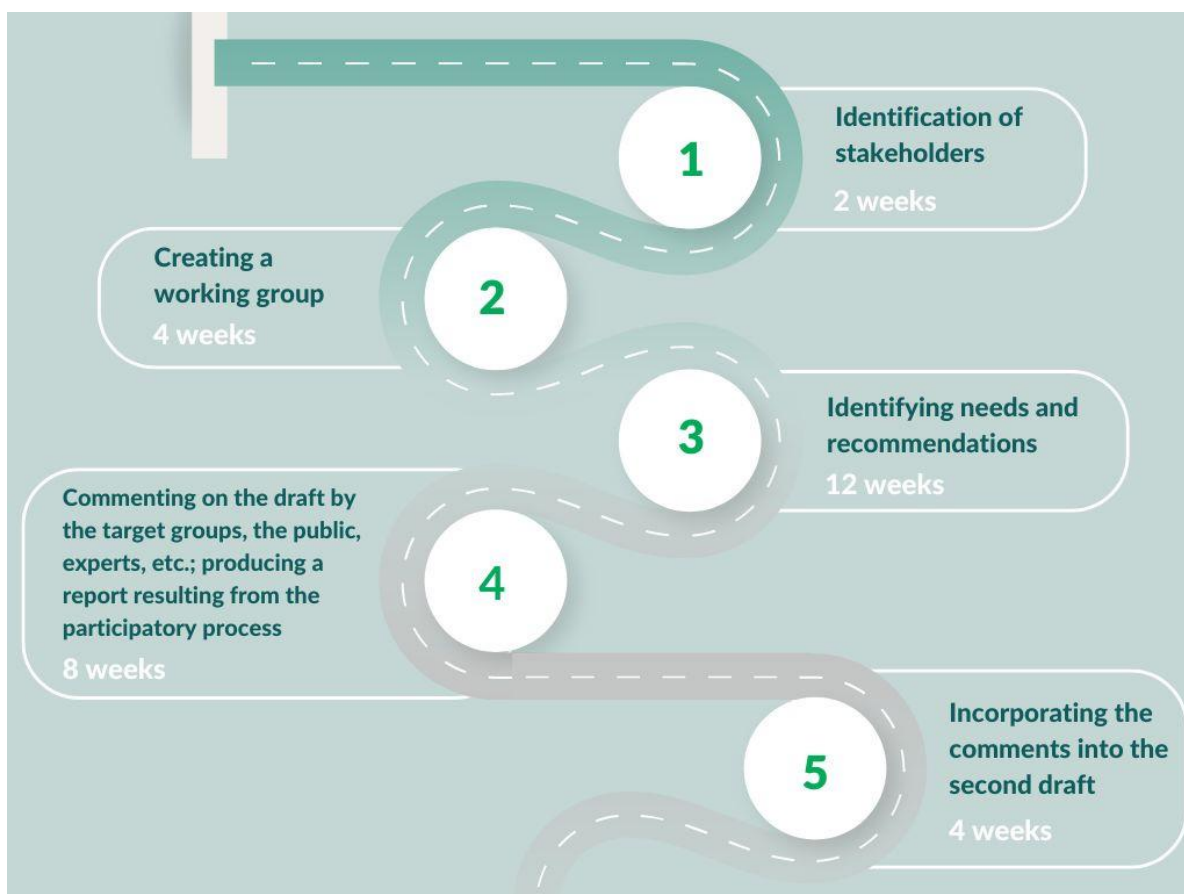
¹² CEE Bankwatch Network, [Territorial Just Transition Plan Checklist](#), *CEE Bankwatch Network*, 2020.

- concrete provisions to ensure participation: location of meetings; number of facilitators, research teams and experts; types and numbers of consultations – surveys, focus groups, questionnaires, semi-structured interviews etc.
- online tools – website, archive of all documents and information, a frequently asked questions page, single contact point etc.

Public meetings and formal commenting periods play an important role in this process, but it is important to use other formats as well, such as door-to-door surveys, open-door days, online surveys and input collection etc. This will help to ensure that not only the most confident and outspoken members of the community can contribute, but also those who may be more shy or hesitant to contribute. Particular efforts should be made to gather input from under-represented groups such as women, youth, people with disabilities and minorities.

It is also crucial to show clearly how public inputs have been taken into account. Not all suggestions have to be adopted, but it has to be made clear in a report from the public consultations why they were not deemed suitable and what can be done instead. An example from our experience with the TJTP process in Slovakia can be found below.¹³

Based on our experience in Slovakia, we believe that the following time allocations are necessary in order to ensure participation:



¹³ CEE Bankwatch Network, [Territorial Just Transition Plan Checklist](#), CEE Bankwatch Network, 2020.

The authority leading the process must prevent ‘pseudo-participation’, where it (often unintentionally) tries to give the impression of a participatory process, but is not willing to share decision-making power. If participation has no influence on decision-making, it is not real but just an illusion. This can happen if:

- The authority does not provide the necessary information for the public to play a meaningful role in the process
- It does not provide a real opportunity to discuss/propose topics (due to lack of time, little information, poorly run or too large groups).
- It leads the process and meetings so that participants support a decision that has practically already been made (creates restrictions, ignores alternative proposals, does not record participants’ ideas in the minutes, does not justify their rejection or selectively captures in the minutes only some comments and suggestions).
- It structures meetings so that they favour the voice of high-ranking or outspoken participants, and does not consciously work to include the more shy or marginalised, or does not engage participants with dissenting views.
- The decision-making process involves actors who are not part of the participation process, or are not publicly named as decision-makers, or the result of the participatory process is not explained publicly and does not feed into the final decision.

Content of the TJTP-equivalents

We propose that the Western Balkan regions focus on the following sections of the TJTPs:

Proposed sections for Western Balkan TJTP-equivalents, based on the EU Just Transition Fund regulation

- a) a description of the transition process at national level towards a climate-neutral economy, including a timeline of the key transition steps towards the Union’s 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050 which are consistent with the latest version of the integrated national energy and climate plan;
- (b) a justification for identifying the territories as most negatively affected by the transition process referred to in point (a) of this paragraph and to be supported by the JTF, in accordance with paragraph 1;
- (c) an assessment of the transition challenges faced by the identified most negatively affected territories, including the social, economic, and environmental impact of the transition to a climate-neutral economy by 2050, identifying the potential number of affected jobs and job losses, the depopulation risks, and the development needs and objectives, to be reached **between 2028 and 2034, with a view to 2041**,¹⁴ and linked to the transformation or closure of greenhouse gas-intensive activities in those territories;

¹⁴ This timeline is equivalent to two consecutive budgeting periods of the EU.

- (e) an assessment of its *[the TJTP's]* consistency with other relevant national, regional or territorial strategies and plans;
- (f) a description of the governance mechanisms consisting of the partnership arrangements, the monitoring and evaluation measures planned and the responsible bodies;
- (g) a description of the type of operations envisaged and their expected contribution to alleviating the impact of the transition;
- (h) where support is to be provided to 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;
- (i) where support is to be provided to investments to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC, a 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 going substantially below the relevant benchmarks established for free allocation under Directive 2003/87/EC and provided that these operations are necessary for the protection of a significant number of jobs;

These correspond to sections 2 and 3 of the TJTP template, which are detailed below along with our recommendations. Considering that, until full TJTPs (containing the parts relevant to reduction of emissions) become mandatory for the Western Balkans countries, we propose to use these TJTP-equivalents primarily for planning the transition on the local level.

Therefore, part 1 of the TJTP template, which covers an outline of the transition process and identifies the most negatively affected territories within the country, is given less attention in this publication, although the recommendations for EU Member States in our previous publications are still relevant for the Western Balkans.¹⁵ Part 1 consists of the following three sections:

1.1. Outline of the expected transition process towards the Union's 2030 targets for energy and climate and a climate neutral economy of the Union by 2050, in line with the objectives of the integrated national energy and climate plans and other existing transition plans with a timeline for ceasing or scaling down activities such as coal and lignite mining or coal-fired electricity production (reference point a of Article 11 (2) of the JTF regulation)

1.2. Identifying the territories expected to be the most negatively affected and justifying this choice with the corresponding estimation of the economic and employment impacts based on the outline of Section 1.1 (reference point b of Article 11 (2) of the JTF regulation)

1.3. Identifying the outermost regions and islands with specific challenges within territories listed under Section 1.1 and the specific amounts allocated for those territories with corresponding justification (reference Article 6 of JTF regulation)

¹⁵ CEE Bankwatch Network, [Territorial Just Transition Plan Checklist](#), CEE Bankwatch Network, 2020.

2. Assessment of transition challenges, for each of the identified territories

2.1. Assessment of the economic, social and territorial impact of the transition to a climate-neutral economy.

Identification of economic activities and industrial sectors impacted, distinguishing:

- *declining sectors, expected to cease or significantly scale down their activities related to the transition, including a corresponding timeline;*
- *transforming sectors, expected to undergo a transformation of their activities, processes and outputs.*

For each of the two types of sectors:

- *expected job losses and requalification needs, taking into account skills forecasts;*
- *economic diversification potential and development opportunities*

We recommend evaluating the potential of all sectors of the economy, not just the energy-related ones. Annex II of the EU Just Transition Fund regulation currently focuses on ‘declining’ and ‘transforming’ sectors, which most likely correlate with direct and indirect employment in high-carbon sectors. This approach risks leaving out other important parts of the economy that will be affected.

When preparing TJTPs, regions must also take into account that their training and education systems will need to focus on new skills, that companies managing and building local infrastructure will need to implement new technologies, that passenger and goods transport to and from the region will change in the future etc. Part of the data required to draft this part is already available in the just transition diagnostic documents, such as identifying declining and transforming sectors, along with numbers of employees at least for the declining sectors, but in some cases also for the transforming ones. Possible job losses and requalification needs are also identified, which makes the drafting of this part of the TJTP-equivalents possible for municipalities.

However, the diagnostic documents are not the only ones that should be consulted on this. It is of utmost importance to review and cross-examine all relevant strategic and planning documents concerning the region in question to assess the possibilities for economic diversification and development. These must include at least the relevant energy strategy of the country, the draft NECP, the Climate action strategy (if available), the local development plans, the Spatial plan, any industrial development strategies, tourism strategy, agriculture strategy, education strategy, as well as any plans for development of projects of strategic importance in the region in question. Still, as mentioned above, given how outdated, unclear or unambitious some of the existing strategies are, TJTP-equivalents should not be limited by these and can show higher ambition.

In addition, it is important to identify, in consultation with the wider community, any opportunities for sustainable businesses, circular economy¹⁶ or traditional practices that could contribute to maintaining or reviving the identity of the region.

¹⁶ European Commission, [Circular Economy](#), *European Commission*, accessed 20 March 2024.

Authorities must take into account the social perspective of the transition, including the impact on vulnerable groups and women, as well as on migration.

The gender component is important from a social and sociological perspective, considering the workers affected with the transition are generally male and their job loss or change will significantly impact their households. This may lead to poverty, social exclusion and changes in the power balance, which in turn can lead to domestic violence, substance abuse, but also cultural changes in the communities that are caused by the effects on the identity of the miners and other workers that will lose their jobs.

Special attention needs to be given to the risk of outmigration and depopulation of the regions, especially in these countries which have already faced significant immigration in the last 30 years. Even the regions that are considered success stories in terms of the just transition process have experienced significant population declines. For example, the Kozani region in Western Macedonia in Greece experienced a decline in population of approximately 10 per cent¹⁷ during the process. This effect of the transition process needs to be taken into account during planning and measures put in place to reduce its effects.

2.2. Development needs and objectives by 2030 in view of reaching a climate-neutral economy by 2050

- *Development needs to address the transition challenges;*
- *Objectives and results expected through implementing the JTF priority, including the expected contribution in terms of job creation and preservation.*

An overall goal for the TJTP-equivalent needs to be set. The goals of the EU countries' TJTPs vary from very short ones – 'just transition' for the Bulgarian TJTP or 'economic diversification' for the Estonian one – to more detailed ones. Poland aimed at 'Decoupling the regional economy from hard coal and lignite mining, improving people's quality of life and preventing the development of undesirable social effects', while Slovakia specified that 'Each region has specific pillars which are then further subdivided into priorities'. These more detailed and concrete goals correlate with greater success of the TJTPs for Eastern Wielkopolska in Poland and Upper Nitra in Slovakia.

In terms of the timeline in the regulation, as mentioned above, the needs and objectives by 2030 should be changed to 2028 to 2034, with a view to at least 2041. In North Macedonia, the coal phase out should already be finished by 2030, but regional redevelopment plans will certainly be needed beyond this date.

In terms of content, the just transition cannot focus exclusively on the newly unemployed or it will not be a just transition for the region, only for the industry in question. Furthermore, it is an opportunity to test new concepts, including implementing the five pillars of the Green Agenda for the Western Balkans.¹⁸ No-cost and administrative measures, such as targeted policy and legislative changes which would support the development of certain economic activities that are identified as beneficial for the growth of the region, can enable the development of new sectors. For example, approximately 80 per cent of the measures in the Just

¹⁷ Mentioned as part of presentation given by representative of the Municipality of Kozani during the 9th Just Transition Platform conference, 17 April 2024 in Brussels.

¹⁸ European Commission, [Commission Staff Working Document. Guidelines for the Implementation of the Green Agenda for the Western Balkans](#), European Commission, 2020.

Transition Roadmap of North Macedonia were no-cost measures.¹⁹ This section of the TJTP is where the needs for development over the next period and the development objectives need to be detailed.

2.3. Consistency with other relevant national, regional or territorial strategies and plans

- *Smart specialisation strategies;*
- *Territorial strategies referred to in Article 29 of Regulation (EU) 2021/1060;*
- *Other regional or national development plans.*

Regions must make sure that they do not produce contradictory documents, and must evaluate their TJTP-equivalents against other strategies and climate-related documents. A non-exhaustive list of these is given under the recommendations related to point 2.1 of the TJTP template, above, with a note that the TJTP-equivalent can and should show higher ambition where the other strategies are not ambitious or detailed enough.

2.4. Types of operations envisaged

- *type of operations envisaged and their expected contribution to alleviating the impact of the transition*

In the EU TJTPs, this section refers to operations planned by the regions that can be financed under the Just Transition Fund, which are described in the corresponding Regulation.

Although the Western Balkan countries are not bound by these because they cannot currently access the Fund, they represent a good overview of the types of activities that could be considered relevant for a just transition of coal regions. They also give an indication of the type of activities that might be financed by other existing EU funds that the countries can already access, such as the Instrument for Pre-Accession.

Activities from the EU Just Transition Fund regulation relevant for Western Balkan coal regions

‘(a) productive investments in SMEs, including microenterprises and start-ups, leading to economic diversification, modernisation and reconversion;

(b) investments in the creation of new firms, including through business incubators and consulting services, leading to job creation;

(c) investments in research and innovation activities, including by universities and public research organisations, and fostering the transfer of advanced technologies;

(d) 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;

(e) investments in renewable energy in accordance with Directive (EU) 2018/2001 of the European Parliament and of the Council, including the sustainability criteria set out therein, and in energy efficiency, including for the purposes of reducing energy poverty;

¹⁹ Ministry of Economy of the Republic of North Macedonia, [Just Transition Roadmap](#), Ministry of Economy, 2023.

- (f) investments in smart and sustainable local mobility, including decarbonisation of the local transport sector and its infrastructure;
- (g) 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;
- (h) investments in digitalisation, digital innovation and digital connectivity;
- (i) 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;
- (j) investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- (k) upskilling and reskilling of workers and jobseekers;
- (l) job-search assistance to jobseekers;
- (m) active inclusion of jobseekers;
- (n) technical assistance;
- (o) other activities in the areas of education and social inclusion including, where duly justified, investments in infrastructure for the purposes of training centres, child- and elderly-care facilities as indicated in territorial just transition plans in accordance with Article 11.’

Under certain circumstances in the EU it is also possible to receive just transition funding for non-SME businesses, but only in specific regions, only where they are necessary for the implementation of the TJTP, they contribute to a climate-neutral economy by 2050 and related environmental targets, their support is necessary for job creation, and they do not lead to relocation as defined in point (27) of Article 2 of Regulation (EU) 2021/1060.

Importantly, the Just Transition Fund regulation also sets out what the Fund will not finance:

- ‘(a) the decommissioning or the construction of nuclear power stations;
- (b) the manufacturing, processing and marketing of tobacco and tobacco products;
- (c) an undertaking in difficulty, as defined in point (18) of Article 2 of Commission Regulation (EU) No 651/2014, unless authorised under temporary State aid rules established to address exceptional circumstances or under de minimis aid to support investments reducing energy costs in the context of the energy transition process;
- (d) investment related to the production, processing, transport, distribution, storage or combustion of fossil fuels.’

In addition to these criteria, Bankwatch, as part of an EU Working Group under the Just Transition Platform, has produced a set of *Guidelines for selecting just transition projects*²⁰ which provides further information and ideas on what kind of investments can be considered.

What is legally allowed is not the same as what is environmentally and socially sustainable, so the Guidelines also provides more details on how to ensure that planned projects and operations are truly sustainable and in line with the long-term strategies of the EU, such as achieving a circular economy, protecting and restoring nature, and reaching carbon neutrality.²¹

In order to pave a sustainable pathway for the transition, local authorities should not be afraid to reject certain kinds of activities in their TJTPs. Among the exclusions should be investments in extremely large projects which narrow the space for other ideas, sectors which have been supported in the past and did not work in the region, businesses which cannot guarantee quality employment, or investments in unsustainable sectors.²² Given the 2050 decarbonisation goal, any high carbon investment, including fossil gas, primary forest biomass whose replacement will take decades if it ever happens, or waste incineration which depends mainly on oil-based plastic, should be considered unsustainable, and will need to be phased out in the coming 1-2 decades.²³

3. Governance mechanisms

3.1. Partnership

Arrangements for involvement of partners in the preparation, implementation, monitoring and evaluation of the territorial just transition plan;

Outcome of public consultation

See above. Although this is required in the template only after describing the needs and plans, in reality it is the first thing that should be planned in the TJTP process. The term ‘partners’ should be considered widely, including the local community and small businesses, and it needs to be ensured that the incumbent carbon-intensive industry cannot dominate the decision-making.

3.2. Monitoring and evaluation

Monitoring and evaluation measures planned, including indicators to measure the ability of the plan to achieve its objectives

Qualitative indicators should be defined, not only quantitative ones. The monitoring measures should be designed in a way that makes it clear for all actors whether the TJTP is implemented based on the desired objectives. Qualitative criteria may include:

- Environmentally, socially and economically sustainable development
- Potential to reach climate neutrality and GHG emissions reduction

²⁰ CEE Bankwatch Network, [Guidelines for selecting just transition projects](#), CEE Bankwatch Network, 2023.

²¹ European Commission, [Guidelines for selecting just transition projects](#), EU Just Transition Platform Working Groups, Action 2, November 2023.

²² CEE Bankwatch Network, [Territorial Just Transition Plan Checklist](#), CEE Bankwatch Network, 2020.

²³ CEE Bankwatch Network, [Guidelines for selecting just transition projects](#), EU Just Transition Platform Working Groups, Action 2, November 2023.

- The creation of quality jobs – stable, unionised, decently paid, safe and with guarantees of gender equality
- Economic diversification and support of small and medium enterprises (SMEs)
- Increased inclusion of socially excluded communities
- Improvement of quality of life – health, air pollution, the region’s attractiveness etc.

Finally, yet importantly, the success and credibility of monitoring and evaluation teams depends on the involvement of various actors at all levels, including the broader community.

3.3. Coordination and monitoring body/bodies

Body or bodies responsible for coordinating and monitoring the implementation of the plan and their role

A system of checks and balances is needed to ensure fair decision making. Given the scope and breadth of the TJTPs, it is essential to have an effective coordination body in place. The TJTP must set its priorities for each quarter of the year and then ensure that it, together with the other actors involved:

- determine the number and scope of supported projects
- set up adequate and transparent calls for projects
- estimate which results the supported projects should bring
- define how the results will be measured
- define what the follow-up activities are, if the expected results of funded projects do not materialise.

A participatory process of preparing calls can have similar features as the participatory process for creating the TJTP, and again, pseudo-participation must be avoided by ensuring that all members of the coordinating body have access to timely information and are actively included in the discussions.

Conclusions

Given that neither the NECPs nor the just transition diagnostic documents have been able to provide a participatory enough process nor granular enough information about the needs and plans of the carbon-intensive regions in the Western Balkans, we highly recommend that municipal authorities start preparing TJTP-equivalents. This will enable greater public buy-in for the transition as well as putting the regions in a better position to access existing and future funding for the process.

Since much of the work on problem identification has been carried out during the development of the just transition diagnostics, the development of TJTPs is now much easier. Local authorities can and must concentrate on developing a participatory decision-making process, a robust coordination and monitoring system, and clear ideas for the future redevelopment of the carbon-intensive regions.

Further recommended reading

- CEE Bankwatch Network, [Guidelines for selecting just transition projects](#), *CEE Bankwatch Network*, November 2023.
- CEE Bankwatch Network, [Territorial Just Transition Plan Checklist. How to make TJTPs climate and people driven](#), *CEE Bankwatch Network*, July 2020.
- European Commission, [Commission staff working document on the territorial just transition plans](#), *European Commission*, 2021.
- European Parliament and the Council, [Regulation \(EU\) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund](#), *EUR-lex*, 24 June 2021.
- The Green Tank and CEE Bankwatch Network, [A Just Transition Fund for the Western Balkan Countries](#), *The Green Tank*, 2021.