

Protecting the just transition in the EU's proposed national and regional partnership plans



Photo: Martin Guniš

Overview of the European Commission's 2028–2034 budget proposal

On 16 July 2025, the European Commission officially launched its proposal for the 2028–2034 Multiannual Financial Framework, with a budget of EUR 1.8 trillion.¹ This figure represents a modest increase in EU gross national income from 1.1 to 1.26% based on 2025 prices. Of this total amount, EUR 149.3 billion is earmarked to repay the Recovery and Resilience Facility, the core financing instrument under NextGenerationEU, the EU's COVID-19 recovery plan.²

The proposal comes amid persistent investment gaps that continue to hinder the EU's ability to decarbonise, digitalise and respond to mounting geopolitical

¹ European Commission, [The 2028-2034 EU budget for a stronger Europe](#), 16 July 2025.

² European Commission, [The Recovery and Resilience Facility](#), accessed 6 March 2026.

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pressures, including Russia's full-scale war against Ukraine. Set against overlapping crises – from energy interconnectivity challenges to the continued pursuit of European Green Deal objectives – the proposal attempts to align the EU budget with the Commission's emerging priorities, including its competitiveness agenda. Merging multiple existing funds, the proposal consists of three main headings:³

- 1. Economic, social and territorial cohesion, agriculture, rural and maritime prosperity and security (EUR 1.062 trillion):** This heading brings together the core cohesion and agricultural policies, forming the backbone of regional development and solidarity within the EU. Its aim is to strengthen territorial cohesion, rural prosperity and regional resilience across all EU Member States. Under the proposal, these policy areas will be merged into the new national and regional partnership plans. However, the continuation of support for just transition regions is not sufficiently guaranteed in the current proposal. There is no dedicated funding stream to sustain ongoing efforts, nor an obligation for Member States to include just transition chapters in their national and regional partnership plans.
- 2. Competitiveness, prosperity and security (EUR 590 billion):** Focused on boosting the EU's industrial strength, innovation and resilience, this heading covers funding instruments and programmes such as the newly proposed European Competitiveness Fund,⁴ Horizon Europe, Erasmus+, the Connecting Europe Facility, and initiatives in health, security and civil protection. While the European Competitiveness Fund documents mention the just transition, they are mostly in relation to the skills and jobs required across transitioning industries. However, the European Competitiveness Fund lacks territorial scope and fails to provide for any regional or social safeguards, leaving less wealthy regions and cities at risk of being overlooked. This could also concentrate investment in capitals and cities with greater financial resources, further deepening inequalities within and between Member States.⁵
- 3. Global Europe (EUR 215 billion):** This heading supports the EU's external action, providing funding for partnerships, neighbourhood policies and global development cooperation. It aims to enhance the EU's role as a global influence, promoting stability and security beyond its borders. The instrument is not thematic, but various specific objectives are set out in Annex II of the Global Europe Regulation proposal.⁶ Though the Europe section does not explicitly mention the just

³ European Commission, [Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions | A dynamic EU Budget for the priorities of the future - The Multiannual Financial Framework 2028-2034](#), 30, 16 July 2025.

⁴ European Commission, [Proposal for a Regulation of the European Parliament and of the Council on establishing the European Competitiveness Fund \('ECF'\), including the specific programme for defence research and innovation activities, repealing Regulations \(EU\) 2021/522, \(EU\) 2021/694, \(EU\) 2021/697, \(EU\) 2021/783, repealing provisions of Regulations \(EU\) 2021/696, \(EU\) 2023/588, and amending Regulation \(EU\) \[EDIP\]](#), 16 July 2025.

⁵ For more information on the just transition in the context of the European Competitiveness Fund, see: Michiel Stapper, [From just transition to competitive decarbonisation: What the EU's new policy architecture means for regional cohesion](#), CEE Bankwatch Network, 5 March 2026.

⁶ European Commission, [Annexes to the Proposal for a Regulation of the European Parliament and of the Council](#), 9–26, 16 July 2025.

transition, references to reskilling and other aspects of the just transition are included. Now, however, these just transition elements must compete with many other priorities for the same funding, making it very likely that the just transition will be crowded out unless dedicated earmarking ensures support for the process.⁷

Despite the modest increase in the size of the proposed budget, several governments have already opposed higher contributions, raising doubts about the ambition of the final agreement after two years of negotiations. Together with the absence of sufficient social and environmental safeguards and indicators, the budget proposal risks weakening the EU's previous commitment to deliver a just transition for the EU's carbon-intensive mining regions.

Just transition gaps in the budget proposal

From a just transition perspective, the new budget proposal represents a worrying step backwards. Most notably, it lacks a dedicated funding stream to support the just transition in carbon-intensive mining and energy-producing regions. Without a dedicated place-based financial instrument, the EU risks losing one of its most effective tools for ensuring that carbon-intensive regions and their workers affected by the energy transition are supported. Throughout the proposed legislation, references to the 'just transition' and a 'place-based approach' are notably scarce and appear tokenistic. This undermines the regional and social dimensions of the transition, and makes it unclear how the EU intends to support communities facing such decline.

In its recent resolution on a just transition directive in the world of work, the European Parliament explicitly states the need to continue support for the just transition, calling for 'an extended and enlarged Just Transition Fund for the post-2027 programming period, ensuring that it operates under shared management and partnership principles within the framework of cohesion policy and with an increased budget'.⁸ Additionally, in its resolution on the role of cohesion policy in supporting the just transition, the Parliament highlights the necessity for funds to 'reach the regions particularly affected by the transition to a climate-neutral economy due to the sectoral character of their economy, or the closure of carbon-intensive installations'.⁹

To take the justice component of the energy transition seriously, the EU must also expand support to other emission-heavy and energy-intensive regions, as highlighted in the EU's 2025 report on the state of its regions and cities.¹⁰ Improving funding access for carbon-intensive mining regions – and expanding support

⁷ For more information on the just transition in the context of Global Europe, see: CEE Bankwatch Network, [Bankwatch's position on the Global Europe instrument](#), 21 November 2025.

⁸ European Parliament, [Just transition directive in the world of work: ensuring the creation of jobs and revitalising local economies](#), 9, 20 January 2026.

⁹ European Parliament, [Role of cohesion policy in supporting the just transition](#), 15, 10 September 2025.

¹⁰ European Committee of the Regions, [The state of regions and cities: EU annual report 2025](#), 13 October 2025.

to other regions in transition – is key to delivering on the EU’s promise of a socially responsible energy transformation, as initiated by the Just Transition Fund under the current financial cycle.

However, current proposals under the national and regional partnership plans signal a shift towards centralised planning. This would grant greater control to national governments but risks sidelining the voices of regional and local stakeholders. Such an approach runs counter to the EU’s earlier commitments to regional ownership and the place-based approach that underpinned the transformative power of the Just Transition Fund.

Notably, regional chapters under the national and regional partnership plans will be voluntary, not mandatory, leaving regional input dependent on the goodwill of managing authorities at the national level. This imbalance risks deepening power struggles and further concentrating resources in major urban centres, further marginalising peripheral and carbon-intensive regions. As the EU’s 2025 report warns, adopting a strategy based on deepening centralisation and ‘promoting ‘one-size-fits-all’ solutions’ risks weakening the connection between the EU and its regions.¹¹ Strong mutual connection is key to avoiding an erosion of trust in these politically challenging times.

The social dimension also requires more attention. While the national and regional partnership plans include a requirement for 14% social earmarking,¹² it remains questionable what counts as a social investment and whether this is sufficient considering the magnitude of regional inequalities. Furthermore, the proposed European Competitiveness Fund Regulation includes no social mainstreaming earmarking at all, despite expressing a commitment to ‘ensuring a just transition’ as one of its core objectives.¹³

Beyond these structural flaws, the proposal fails to include safeguards against backtracking on climate goals and fossil fuel phase-out commitments. This regression is already visible across several Member States – both in ‘frontrunner countries’ like Estonia, and in countries where progress on the just transition is slower, such as in Hungary. The rollback of commitments made under the Just Transition Fund illustrates the fragility of this progress. If commitments made under the territorial just transition plans are not made binding under other national frameworks like the national energy and climate plans, ongoing just transition efforts will be left without the necessary long-term funding.

¹¹ Ibid., 8.

¹² European Commission, [Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions | A dynamic EU Budget for the priorities of the future - The Multiannual Financial Framework 2028-2034](#), 5.

¹³ European Commission, [Proposal for a Regulation of the European Parliament and of the Council on establishing the European Competitiveness Fund \(‘ECF’\), including the specific programme for defence research and innovation activities, repealing Regulations \(EU\) 2021/522, \(EU\) 2021/694, \(EU\) 2021/697, \(EU\) 2021/783, repealing provisions of Regulations \(EU\) 2021/696, \(EU\) 2023/588, and amending Regulation \(EU\) \[EDIP\]](#), 36, 16 July 2025.

Policy recommendations: Moving towards a more ambitious and just EU budget

EU	Member States
<p>1. Protect and strengthen the just transition as a core EU principle</p>	
<p>Mandate regional just transition chapters in the national and regional partnership plans to safeguard regional ownership and ensure continuity of the just transition process, including appropriate indicators, similar to those provided in the Just Transition Fund Regulation, as well as detailed guidance.</p>	<p>Institutionalise earmarked regional just transition chapters in the national and regional partnership plans to operationalise regional ownership, support the just transition, and prevent the centralisation of funds within capitals and economic hubs.</p>
<p>Introduce minimum allocation requirements for peripheral, carbon-intensive, and energy-producing regions with unique socio-economic challenges to prevent the excessive centralisation of funds in capitals and economic hubs.</p>	<p>Adopt national allocation criteria that ring-fence a minimum share of funding from the national and regional partnership plans for peripheral, carbon-intensive, and energy-producing regions facing unique socio-economic challenges to prevent the excessive centralisation of funds in capitals and economic hubs.</p>
<p>Require detailed territorial just transition plans from transitioning regions that do not currently qualify for Just Transition Fund support but require dedicated funding and assistance in the future budget – a prerequisite for ensuring a holistic overview of transition progress and avoiding reliance on isolated sector-specific interventions.</p>	<p>Develop detailed territorial just transition plans for regions undergoing or anticipating significant socio-economic transition challenges, including those currently ineligible for Just Transition Fund support, ensuring they are based on rigorous territorial analyses, reflect local needs and opportunities, and guide investment priorities to ensure coordinated, inclusive, and place-based transition pathways.</p>
<p>2. Ensure better alignment between strategic documents</p>	
<p>Mandate a binding just transition section in the national energy and climate plans if territorial just transition plans are discontinued, ensuring they include concrete regional measures, social safeguards, and financing streams, similar to those outlined in the territorial just transition plans.</p>	<p>Align all national strategic documents with territorial just transition plan commitments to ensure policy coherence and prevent any backtracking on climate objectives.</p>

<p>Require cross-references in EU guidance and regulations so that strategic documents such as the national and regional partnership plans, the national social climate plans, and the national energy and climate plans explicitly build on just transition priorities, thus avoiding the dilution of regional perspectives.</p>	<p>Submit the territorial just transition plan intervention list as an annex to the national and regional partnership plan and publish a ‘funding map’ showing which financial instruments support specific measures.</p>
<p>Standardise common place-based indicators (such as jobs retained, jobs created, reskilling, households lifted from energy poverty, regional greenhouse gas emissions reductions, hectares restored) to ensure progress is comparable across Member States.</p>	<p>Adopt a national framework of standardised place-based just transition indicators to measure and report on social, economic and environmental progress at the regional level.</p>
<p>Make coherence a condition of approval by refusing to approve national and regional partnership plans (as well as updated national energy and climate plans and national social climate plans) that lack cross-document consistency or omit fossil fuel phase-out priorities identified in the territorial just transition plans.</p>	
<p>3. Strengthen the partnership principle and multi-level governance</p>	
<p>Apply the partnership principle across the entire Multiannual Financial Framework (currently limited to funds under shared management) to ensure strong multi-level governance and public oversight of fund design and spending.</p>	<p>Apply the partnership principle across the entire Multiannual Financial Framework (currently limited to funds under shared management) to ensure strong multi-level governance and public oversight of fund design and spending.</p>
<p>Create a small-grants facility within the national and regional partnership plans for local non-governmental organisations and municipalities, allowing local partners to propose pilot projects and prepare larger proposals</p>	<p>Create pooled calls for small grants, specifically for community energy, housing retrofits and social enterprises, using simplified procurement and reporting.</p>

4. Establish stronger performance and accountability mechanisms	
<p>Introduce performance indicators tied to fossil phase-out dates set in the territorial just transition plans; failure to meet milestones should trigger the temporary suspension or redirection of certain EU funds.</p>	<p>Set binding, transparent fossil phase-out dates across national legislation and the national and regional partnership plans, using the territorial just transition plans as the primary reference and linking domestic co-financing to timetables to ensure national policy and funding are aligned.</p>
<p>Reward countries with high absorption rates by introducing a ‘roll-on’ funding mechanism, where new tranches are only released once the previous cycle has been contracted, encouraging more efficient fund implementation.</p>	<p>Reward regions with outstanding performance indicators, ambitious socio-economic and environmental targets, significant commitments to decarbonisation efforts, and holistic participatory approaches to incentivise regional and local decarbonisation ambition in a socially equitable manner.</p>
<p>Require Member States to set regional, social and environmental impact indicators to measure progress accurately, such as jobs created, households lifted from energy poverty, greenhouse gas emissions reduced, and nature restoration targets reached.</p>	<p>Improve and implement adequate tracking methods to appropriately measure the achievement of social and environmental impact indicators.</p>



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