Plan4Climate

SUPPORTING A JUST TRANSITION TO CLIMATE NEUTRALITY THROUGH THE NATIONAL AND REGIONAL PARTNERSHIP PLANS (NRPP)

Lessons from the practice and recommendations for the 2028–2034 MFF

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CONTENTS

LIST OF ABBREVIATIONS

CAP	Common Agricultural Policy
CCLD	Community-led Local Development Framework
CF	Cohesion Fund
CSO	Civil Society Organisation
DNSH	Do-No-Significant-Harm Principle
ERDF	European Regional Development Fund
ESF+	European Social Fund+
ESR	Effort-Sharing Regulation
ETS 2	EU Emissions Trading System covering emissions from the road transport and buildings sectors
JTF	Just Transition Fund
LAG	Local Action Group
LRAs	Local and regional authorities
MFF	Multiannual Financial Framework
NECP	National Energy and Climate Plan
NRPP	National and Regional Partnership Plan
NSCP	National Social Climate Plan
NUTS2	Nomenclature of Territorial Units for Statistics (basic regions for regional policies)
NUTS3	Nomenclature of Territorial Units for Statistics (small regions for specific diagnoses)
R&D	Research and Development
RRF	Recovery and Resilience Facility
SCF	Social Climate Fund
SMEs	Small and Medium-Sized Enterprises

EXECUTIVE SUMMARY

The 2028–2034 Multiannual Financial Framework (MFF) will introduce a significant change to the budget structure that prevailed until now. According to the proposal by the European Commission, the National and Regional Partnership Plans (NRPPs) would merge cohesion policy funds, agricultural and migration funds, and the Social Climate Fund (SCF) into a single, performance-based instrument. While this integration aims to streamline EU funding, it risks reducing resources for just transition and climate objectives and sidelining local and regional authorities (LRAs)—key actors in delivering equitable climate action.

The EU needs more, not less, resources directed towards climate action and the energy transition. Since updated National Energy and Climate Plans (NECPs) do not provide a clear overview of the resources mobilised to implement their climate and energy objectives (nor of their financing needs[1]), it remains highly uncertain that current national strategies will be sufficient to achieve a 55% emissions reduction target by 2030. Ultimately, the success of the European Green Deal – and achieving climate neutrality by 2050 – hinges on whether the EU can close its current annual investment gap of €742 billion. [2]

EU-wide funds currently cover roughly one third[3] of the public climate financing gap, making them indispensable for meeting the growing demand for climate and green funding. Cohesion Policy serves as the main source for these funding needs within the 2021–2027 MFF. With the Recovery and Resilience Facility (RRF) phasing out in 2026, establishing a robust successor to cohesion policy funding will be essential to support a just transition to climate neutrality.

This report draws on interviews with managing authorities, ministries, and cohesion policy experts across 12 Member States to identify critical lessons from the current programming period and provides actionable recommendations to ensure the NRPPs effectively support a just, inclusive, and climate-neutral transition.

1) European Commission, 2025, EU-Wide Assessment of the Final Updated National Energy and Climate Plans. Delivering the Union's 2030 Energy and Climate Objectives.
2) European Environment Agency, 2025, Annual Investment Gap until 2030 to Meet Green Deal Environmental Objectives.
3) Agora Energiewende, 2024, Investing in the Green Deal: How to Increase the Impact and Ensure Continuity of EU Climate Funding.

LESSONS LEARNT

Cohesion policy has been a cornerstone of the EU's efforts to deliver a just transition to climate neutrality, leveraging its unique territorial focus and multi-level governance. Its targeted funding instruments have given spotlight to vulnerable territories otherwise unable to access funding, provided immediate social support (e.g., retraining programmes, household energy efficiency grants) while at the same time supporting long-term economic transformation (e.g., green hydrogen hubs, research centres for zero-carbon technologies).

Despite tangible successes, persistent challenges have undermined its effectiveness. As of 2025, only 16.7% of funds available for the 2021–27 period had been spent, with delays exacerbated by the overlap with the RRF and limited local capacity. Many regions struggle with high staff turnover, insufficient technical expertise, and overreliance on external consultants, which often substitute for rather than strengthen institutional capacity. The territorial and sectoral coverage of cohesion policy funds has also contributed to absorption challenges and overlooked regional disparities. At the same time, the Just Transition Fund's focus on selected regions with high-emitting energy sources means other sectors in transition find themselves outside the Fund's perimeter. Additionally, wealthier areas tend to absorb resources more easily, deepening inequalities between regions. The partnership principle, though intended to foster collaboration, is frequently reduced to procedural consultations, with local and regional stakeholders and civil society actors exerting little influence over strategic decisions.

Preserving a clear territorial logic within the NRPP framework is essential to ensure that vulnerable regions most affected by the transition receive tailored support. The NRPPs should therefore build on the strengths of cohesion policy while addressing its shortcomings.

RECOMMENDATIONS SUMMARY

1. **Strengthen climate and environmental earmarking:** A fixed minimum earmarking (at least 43%) for climate and environmental spending must be ensured in the NRPP Regulation to support investment predictability. To accelerate decarbonisation in lagging sectors like transport and heating, the flexibility suggested by the European Commission to tie the maximum earmarking to progress under the Effort-Sharing Regulation (ESR) should be maintained and potentially extended to other EU climate and energy targets or KPIs as reported in the NECP Progress Reports.

2. **Correct overestimated climate and environmental coefficients and eliminate security exemptions:** The proposed Performance Regulation overestimates the climate and environmental benefits of activities like CAP income support, which lacks measurable emission reductions. Science-based coefficients for climate and environment tagging are needed. Security spendings should not be exempted from the climate and green earmarking target.

3. **Set a decommitment rule that supports long-term climate investments:** The proposed n+10 months decommitment rule undermines the ability of the NRPP to support long-term projects such as infrastructure. The n+3 rule from the current MFF should be maintained.

4. **Deliver on the pledge to significantly increase funding for a just transition in the next MFF:** Introduce a "just transition region" category (NUTS3 level) with dedicated funding and expand eligibility criteria to include new vulnerable areas.

5. **Strengthen social earmarking, spending, and impact measurement:** Raise minimum social spending target to 20% (from 14%) and improve tracking to focus on real outcomes rather than broad coverage. Social Climate Fund revenues should be excluded from this calculation.

6. **Preserve the Social Climate Plan's specific objectives:** The Social Climate Fund regulation must continue to apply to the Social Climate Plan chapter in the NRPP and the original allocation under the SCF should be maintained in the NSCP. This is critical to maintaining strong incentives for Member States to submit well targeted NSCPs as soon as possible.

7. **Strengthen the partnership principle:** Include the principle as a horizontal principle in the Regulation. Building on the recommendations of the European Community of Practice on Partnership, guarantee, among others, early and documented involvement of regional and local authorities, and other key stakeholders, in the preparation, implementation, monitoring and evaluation processes of the NRPPs.

8. **Mandate regional and territorial chapters in NRPPs:** Such chapters should not be optional but mandatory. LRAs should be able to interact directly with the European Commission and apply for standalone approval of their chapter.

9. **Provide technical assistance for LRAs:** Insufficient capacity at local and regional levels risks causing delays and inequitable funding distribution. Allocate 3–6% of NRPP funds for technical assistance, ensuring direct LRAs access. Include a ring-fenced percentage to support non-administrative staff participation in Monitoring Committees.

10. **Align NECPs and NRPPs for the implementation of the EU's climate and energy objectives:** Ensure NECPs (or NECP Progress Reports) identify minimum sectoral investment gaps and NRRPs provide targeted funding to fill them.

METHODOLOGY

This report draws on experience from the implementation of cohesion policy funds in 12 Member States in the current programming period. Insights were collected by the Plan4Climate consortium in interviews conducted in early 2026. Respondents include national agencies responsible for the regional management of cohesion policy funds, managing authorities, Ministries of Finance, and cohesion policy experts across 12 EU Member States. Most of the respondents are listed in the 'Acknowledgements' section of the report. The discussions purposely focused on key considerations for shaping the future of funding to support a just transition to climate neutrality within the NRPPs.

The report identifies effective practices to retain, areas needing improvement, and principles for fair national and subnational distribution in the upcoming NRPP fund of the next MFF. It also includes recommendations for a meaningful role for local and regional authorities in the future MFF since this was identified as a cross-cutting enabler by most respondents.

DEFINING JUST TRANSITION

While this report looks closely at the Just Transition Fund, it considers just transition beyond the scope of this specific funding instrument. Just transition refers here not only to active support for job creation, labour market transitions and reskilling and upskilling in sectors impacted by the green transition, but also to dedicated investments in energy efficiency, decarbonisation of heating, cooling and transport, access to essential services (including alternative sustainable mobility solutions) to ensure equitable access to climate-friendly alternatives and business models (as per the Commission's guidelines on ensuring a fair transition towards climate neutrality[4]).

For the sake of simplification, this report focuses only on cohesion policy funding instruments supporting a just transition to climate neutrality: the Just Transition Fund (JTF), including its RRF portion, the Cohesion Fund (CF), and European Regional Development Fund (ERDF).

COUNTRIES INCLUDED IN THE ANALYSIS

This report includes insights from Belgium, Croatia, Czechia, Estonia, France, Germany, Hungary, Italy, Poland, Portugal, Slovenia, and Spain, which collectively manage 75.13% of cohesion policy funds and 85.85% of the JTF in the 2021-2027 period. The variety of the just transition challenges faced by the 12 countries included in the analysis, as the following country sheets demonstrate, is seen as an asset in delivering nuanced recommendations for the upcoming programming period.

4) European Commission, 2021, Proposal for a Council Recommendation on Ensuring a Fair Transition Towards Climate Neutrality.

BELGIUM

More developed regions in the North, less developed regions in the South

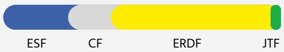
Cohesion instruments breakdown:
ESF+ 52.2%, ERDF 40.8%, JTF 8.1%

Vulnerable industries:
Chemicals, non-metallic minerals

CROATIA

Less developed regions

Cohesion instruments breakdown:
ERDF 62%, ESF+ 22.2%, CF 13.6%, JTF 2.1%

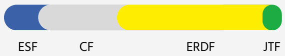


Vulnerable industries:
Basic metals

CZECHIA

Less developed regions

Cohesion instruments breakdown:
ERDF 51.6%, CF 29.3%, ESF+ 11.8%, JTF 7.2%



Vulnerable industries:
Machinery, basic metals

ESTONIA

Transition regions

Cohesion instruments breakdown:
ERDF 54.4%, CF 19.8%, ESF+ 14.7%, JTF 11.1%

Vulnerable industries:
Fabricated metals, construction

FRANCE

Transition regions

Cohesion instruments breakdown:
ERDF 55.4%, ESF+ 38.6%, JTF 6%

Vulnerable industries:
Automotive, basic metals, chemicals

GERMANY

More developed regions, transition regions in the East

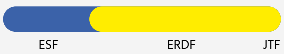
Cohesion instruments breakdown:
ERDF 54.6%, ESF+ 35.5%, JTF 9.8%

Vulnerable industries:
Machinery, automotive, fabricated metals, basic metals, chemicals, non-metallic minerals

HUNGARY

Less developed regions

Cohesion instruments breakdown:
ERDF 62.1%, ESF+ 24.8%, JTF 1%

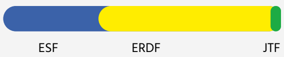


Vulnerable industries:
Automotive, fabricated materials, construction, chemicals, non-metallic minerals

ITALY

More developed regions, less developed regions in the South

Cohesion instruments breakdown:
ERDF 59.7%, ESF+ 38.7%, JTF 1.7%

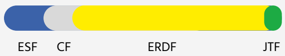


Vulnerable industries:
Automotive, basic metals, fabricated metals, construction, chemicals, non-metallic minerals

POLAND

Less developed regions

Cohesion instruments breakdown:
ERDF 63.4%, ESF+ 16.9%, CF 14.5%, JTF 5.2%

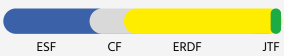


Vulnerable industries:
Basic metals, fabricated metals, non-metallic minerals

PORTUGAL

Less developed regions

Cohesion instruments breakdown:
ERDF 57.3%, ESF+ 30.2% CF 11.6%, JTF 0.9%



Vulnerable industries:
Basic metals, non-metallic minerals

SLOVENIA

More developed region in the West, less developed regions in the East

Cohesion instruments breakdown:
ERDF 52.4%, ESF+ 21.86%, JTF 6.8%

Vulnerable industries:
Basic metals, fabricated metals, machinery

SPAIN

Transition regions

Cohesion instruments breakdown:
ERDF 65.4%, ESF+ 32.2%, JTF 2.4%

Vulnerable industries:
Basic metals, chemicals

CONTEXT

From 1 January 2028, the European Union will manage a new budget. The future MFF for the period 2028-2034 is set to merge the four cohesion policy funds (as well as other agricultural and migration funds and the SCF) into a single, integrated National and Regional Partnership Plan (NRPP) for each Member State. Under the current proposal for the NRPP Regulation, NRPPs would be negotiated with the Commission and require Council approval before implementation. The fund would operate as a performance-based model under shared management. Like in the Recovery and Resilience Facility (RRF), countries would need to pair investment plans with reform pledges that address European Semester recommendations and other reform guidelines from the Commission.

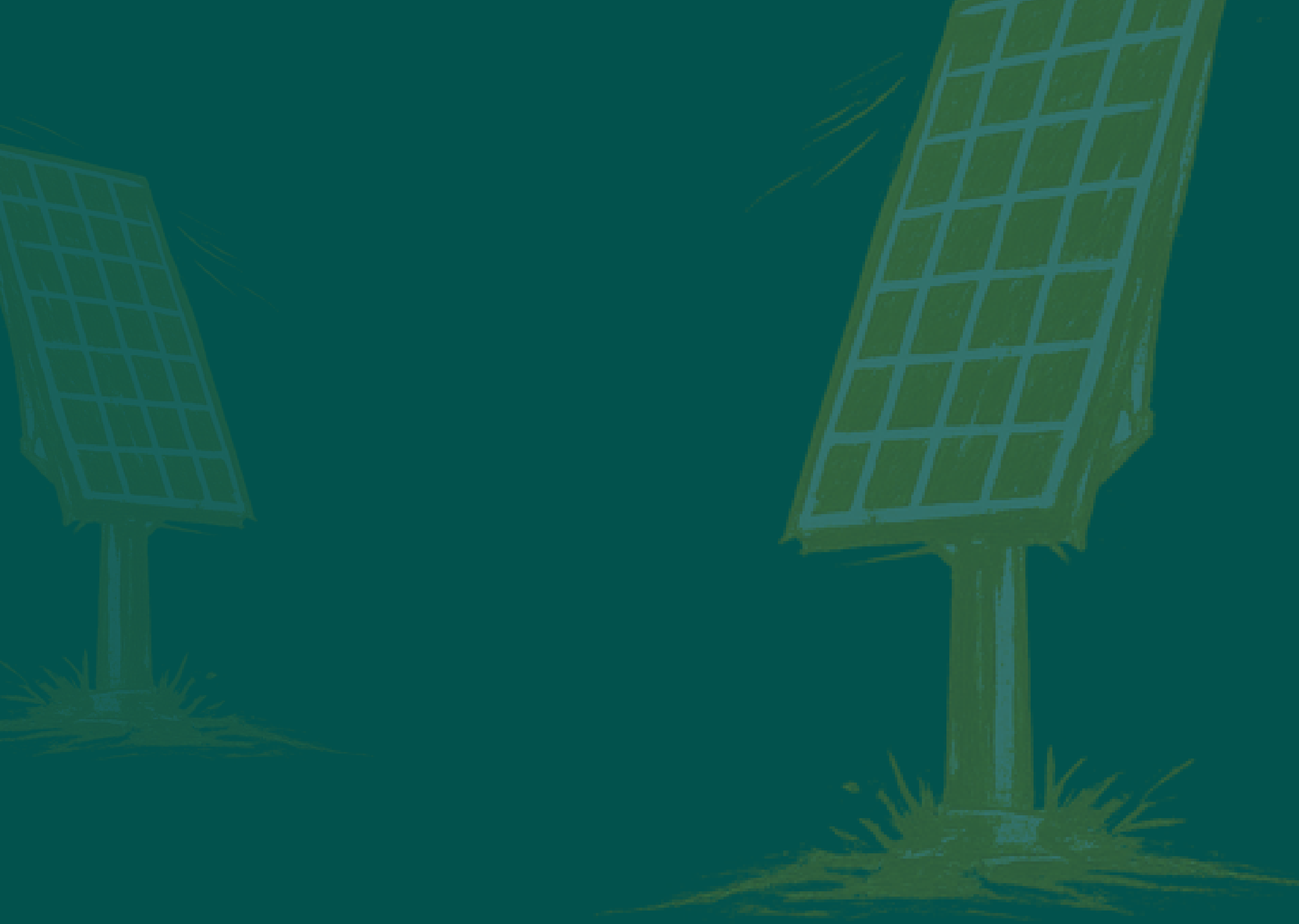
This merge risks significantly reducing the weight of cohesion in the overall budget and in individual national plans.[5] Even though there are safeguards to ensure less developed regions will overall receive at least as much funding as under the current cohesion envelope, the proposal for the new MFF constitutes a decrease in real terms in European funds available for cohesion, just transition, and climate objectives.[6]

Cohesion policy funds have played a significant role in financing climate action in Member States in a socially equitable manner (see examples in Chapter 3.1). Implemented through a system of shared management, cohesion policy funds also granted a key role to regional and local authorities. The EU's subnational governments mobilise around 58% of climate-significant public expenditures[7] and have sole or shared (with national governments) responsibility for 68.3% of all dimensions covered in Member States' NECPs.[8] As the level of government closer to EU residents, they play a key role in ensuring EU funds are allocated where they are needed most, in support of the EU's climate targets and just transition objectives.

5) Jacques Delors Centre, 2025, Ripe for Reform – What's in the EU Budget Proposal and What Should Come Next, p. 4.
6) The Commission is proposing a €2 trillion EU budget in current prices, out of which €700 billion would be earmarked for green investments. Adjusted for inflation, this represents a reduction compared to the current EU budget period. The 2021-2027 budget, with the post-COVID-19 recovery fund Next Generation EU, has earmarked a total of €577.5 billion for green objectives, which in 2025 prices translates into €750.2 billion. Furthermore, the Performance Regulation exempts defense and security spending from the calculation basis for climate and environmental earmarking, making the actual nominal funding available for the transition opaque.
7) OECD, 2022, Compendium of Financial Instruments that Support Subnational Climate Action in OECD and EU Countries.
8) Council of European Municipalities and Regions, 2023, Powering the Future: Driving Europe's Climate and Energy Policies through Regions and Municipalities Multilevel Governance, Exemplary Policies, and Financial Dynamics.

Although NRPPs could include territorial chapters, local and regional authorities and civil society organisations (CSOs) fear the optional nature of these chapters will considerably reduce the influence of subnational authorities and civil society actors in decision-making and thereby risk that European funding is less able to address local needs related to the transition.[9]

Since the updated NECPs do not provide a clear overview of the financing requirements or sources for their With Additional Measures (WAM) scenario, it remains uncertain whether the 55% target for 2030 can be achieved.[10] Meanwhile, several key European Green Deal initiatives will enter implementation during the next MFF period, such as the EU Emissions Trading System covering emissions from the road transport and buildings sectors, as well as small industries (ETS 2). Ensuring adequate funding at the EU level is therefore essential to support the attainment of climate targets in a socially equitable manner, including through the active participation of local and regional authorities in fund allocation.



9) CAN Europe, 2026, Ensuring Transparency in the Drafting of the National and Regional Partnership Plans.
10) CAN Europe, 2025, EU Climate Goals at Risk: NECPs' Ambitious Implementation Must Close the Gaps.

CHAPTER 1
HOW COHESION POLICY FUNDS HAVE SUPPORTED A JUST TRANSITION TO CLIMATE NEUTRALITY

Under Article 174 of the Treaty on the Functioning of the European Union, cohesion policy was originally created with the objective of reducing regional disparities. Its focus has evolved and widened over time to encompass an increased number of EU priorities. including delivering on the green transition in a socially just manner.

1.1. OVERVIEW OF COHESION POLICY FUNDS

Management of cohesion policy is shared between the Commission and over 400 national and regional authorities in the Member States. Design and implementation involve partnership between stakeholders from national, regional, and local levels, following the partnership principle rooted in the European Code of Conduct on Partnership[11]. Cohesion policy is implemented through the following funds, which co-finance numerous programmes and projects in Member States and include green earmarkings:

Fund	Purpose	Focus	Green Earmarking	Main beneficiaries
Cohesion Fund (CF)	Supports environmental and trans-European transport infrastructure projects in EU Member States with a GNI per inhabitant below 90% of the EU average.	Transport infrastructure, environment (including renewable energy, energy efficiency, and sustainable transport).	37%	Poland, Romania, Hungary, Czechia, Greece
European Regional Development Fund (ERDF)	Strengthens economic and social cohesion by correcting imbalances between regions.	Innovation, research, digital agenda, support for small and medium-sized enterprises (SMEs), and low-carbon economy.	30%	Poland, Italy, Spain, Germany, France
European Social Fund Plus (ESF+)	Invests in people, focusing on employment, education, and social inclusion.	Job creation, vocational training, social inclusion, and poverty reduction.	N/A	Poland, Italy, Spain, Germany, France

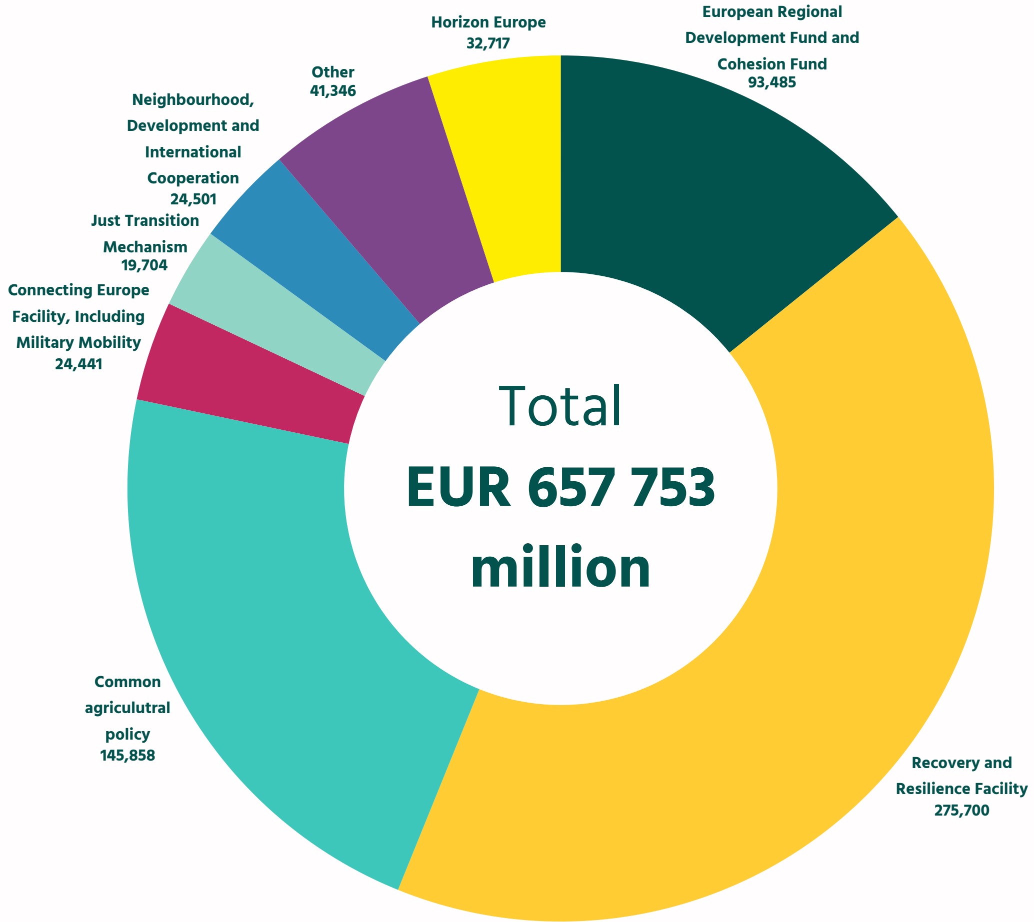
11) Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European Code of Conduct on Partnership in the Framework of the European Structural and Investment Funds. OJ L 74/1.

Fund	Purpose	Focus	Green Earmarking	Main beneficiaries
Just Transition Fund (JTF)	Supports regions most affected by the transition to a climate-neutral energy system.	Economic diversification, reskilling workers, and supporting businesses in green transition.	Territorial Just Transition Plans should include a commitment to climate neutrality and fossil fuel phase out	Germany, Poland, Romania, Czechia, Bulgaria

1.2. ROLE WITHIN THE CURRENT MFF

Cohesion policy funds, together with the RRF[12], currently serve as the main financial instruments for the green transition within the 2021–2027 MFF. **With the RRF phasing out in 2026, establishing a robust successor to cohesion policy funding will be essential to sustain progress toward a fair transition to climate neutrality.**

AVAILABLE FINANCE FOR THE GREEN TRANSITION BY INSTRUMENT FOR THE 2021-27 PERIOD



Source: European Commission

12) A temporary, large-scale financial support programme designed to help member states to address the economic and social impact of the COVID-19 pandemic.

Cohesion policy funds direct support to the green transition through two mechanisms:

- Climate mainstreaming, i.e., funds are required to be used in ways that align with climate goals, promoting sustainability, reducing greenhouse gas emissions, and adapting to the impacts of climate change;
- Direct investment into sustainable projects. This implies that structural funds directly support projects related to, e.g., renewable energy, energy efficiency, public transportation, and the overall transition to a carbon-neutral economy.[13]

However, there are also substantial trade-offs between cohesion policy funds and climate action:

- Less performing regions within the EU may be left behind in the pursuit to transition to climate neutrality, such that climate policy leads to a conflict regarding the catch-up process of cohesion policy;
- Cohesion policy tend to emphasise short-term economic growth without sufficient consideration of long-term sustainability and climate resilience, potentially leading to investments that are not in line with the EU's Green Deal;[14]
- The climate mainstreaming target of the 2014-2020 MFF was 20%, but the European Court of Auditors found that the climate-relevant share of the budget reached only 13%, as some activities were assigned a 100% tagging despite lacking a direct connection to climate goals.[15] Additionally, the European Court of Auditors noted discrepancies in how similar projects were assessed across different programmes.

13) L. P. Feld & J. Hassib, 2024, On the Role of EU Cohesion Policy for Climate Policy, Leibniz-Zentrum für Europäische Wirtschaftsforschung.
14) Feld & Hassib, On the Role of EU Cohesion Policy for Climate Policy.
15) European Court of Auditors, 2022, Climate Spending in the 2014-2020 EU Budget – Not as High as Reported.

1.3. LINK BETWEEN NECPS AND COHESION POLICY FUNDS

In their NECP, each EU country is required to outline policies and measures to achieve the 2030 climate and energy targets and fulfil the broader objectives of the Energy Union. NECPs should also identify the amount of investments needed to implement their policies and measures as well as the funding sources—including EU funds, i.e. including cohesion policy funds—and how they will contribute to achieving national targets (e.g., renovating buildings, deploying renewables, modernizing energy infrastructure). As per the Governance Regulation, from which NECPs derive,[16] Member States should ensure consistency between the NECP's priorities and the operational programs funded by cohesion policy. To maximise impact and avoid overlaps, NECPs must show how funding from different sources like the JTF, RRF, and Cohesion Funds is integrated, rather than managed in isolation. The European Semester process also encourages Member States to align their NECPs with their cohesion policy strategies and funding allocations. NECPs should consider regional disparities and how cohesion funds can help less developed regions meet energy and climate goals.

Finally, in their NECPs Member States are required to assess the socio-economic impacts of the planned measures, and to ensure consistency with other EU requirements addressing the social impacts of the transition, such as the JTF and the SCF regulations. This means that, by law, just transition processes and measures should be reflected in the NECPs to mitigate expected socio-economic consequences in most affected territories. However, most of the plans fail to take an integrated approach, lacking a systemic strategy to meet the just transition requirements outlined in EU regulation. Only a third of NECPs evaluate the effects of additional policies against existing measures. Vulnerability factors are often viewed primarily from a geographic perspective, focusing mainly on just transition regions. Furthermore, less than half of the NECPs outline policies to maximise social and environmental benefits or mitigate negative impacts, and most adopt a fragmented approach that lacks coherence with Territorial Just Transition Plans.[17]

16) Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (Text with EEA relevance.). OJ L 328/1.
17) CAN Europe, 2025, Do Final NECPs Sufficiently Address EU-Level Just Transition Requirements?

CHAPTER 2

ANALYSIS OF THE NRPPS IMPLICATIONS FOR A JUST TRANSITION TO CLIMATE NEUTRALITY

2.1. BACKGROUND ON THE NRPP FUND

The 'European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034' (hereafter: the 'NRPP Fund') will serve as the cornerstone of the next MFF. As per the Commission's proposal, which still needs to be approved by the European Parliament and the Council of the EU, the NRPP Fund is to be equipped with €865 billion and be delivered under shared management. It is set to bring together Cohesion Policy, Common Agricultural Policy, and other programmes into one Heading, to be accessed by Member States through a single plan, the National and Regional Partnership Plan.

The stated goal of the Regulation[18] is to support a 'just transition towards the Union's 2030, 2040 and 2050 targets for energy and climate, in particular by prioritising support for clean energy generation and infrastructure, promoting energy efficiency and decarbonisation, storage and technology, developing smart energy systems and domestic transmission and distribution grids also taking into account the Trans-European Network (TEN-E) and technology and promoting a circular economy, ensuring that all territories and everyone can contribute and benefit from the clean transition'.

As per the regulation, the NRPPs should address shortcomings identified by the Commission in the context of the European Semester and the NECPs, among others. Each Member State should submit to the Commission an NRPP by 31 January 2028, with the draft to be submitted from June 2027.

Regarding financial allocations, only 14% of the Fund is earmarked for social investments, while 43% is assigned to climate and environmental investments. These allocations reflect a reduction in funding for both social and green objectives compared to the current programming period, as the overall budget is lower and defense and security expenditures have been excluded from the calculation base.

18) European Commission, 2025, Proposal for a Regulation of the European Parliament and of the Council Establishing the European Fund for Economic, Social and Territorial Cohesion, Agriculture and Rural, Fisheries and Maritime, Prosperity and Security for the Period 2028-2034 and Amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509.

This decline stands in sharp contrast to the pledge of the European Commission's President Ursula von der Leyen's to 'significantly increase funding for a just transition' in the next long-term budget and to 'scale up and prioritize investment in clean energy infrastructure and technologies'.[19] Moreover, the success of the European Green Deal hinges critically on whether the EU can close its current annual investment gap of €742 billion.[20] To achieve this, the EU must mobilise both public and private funds. EU-wide funds currently cover roughly one-third[21] of the public climate financing gap, making them indispensable for meeting the growing demand for funding. This is especially true given tighter national budgetary rules and competing spending priorities, such as defence and military security.

2.2. DIFFERENCES BETWEEN THE NRPP FUND AND COHESION POLICY FUNDS AND ASSOCIATED GREEN AND SOCIAL IMPLICATIONS

The NRPP Fund differs in significant ways to how cohesion policy funds were managed in the current programming period, with potential far reaching impacts for a just transition to climate neutrality.

Aspects	Differences	Green & social implications
Centralisation	Cohesion policy funds are currently managed by managing authorities, which negotiate directly with the Commission. With the NRPPs however, the Fund is under the sole control of national governments. While the national government may delegate regional chapters to subnational authorities, this is left as an option at the discretion of the national government.	Centralisation risks reducing regional ownership and tailored solutions for just climate transition, potentially sidelining local green and social priorities in favour of national political agendas. Especially if the national coordinating committee/ function is not designed to be a multilevel governance mechanism, it might further hinder access to funds for local and regional governments.
Bureaucracy	The NRPPs move away from the two-step programming in cohesion policy to single programming based on a single set of rules. Its centralised management is described by the Commission as an attempt to decrease bureaucracy and administrative burden around the management of EU funds.	Single programming may simplify administration from the national government's side but may reduce flexibility to adapt to diverse regional needs, especially in climate and social policy, where local context is crucial. Potentially, it may actually lead to more bureaucracy in the end if different levels of governments and sectors need to be involved in a single plan, thereby reducing the green and social effectiveness of the funds.

19) U. von der Leyen, 2024, Europe's Choice: Political Guidelines for the Next European Commission 2024–2029.
20) European Environment Agency, 2025, Annual Investment Gap until 2030 to Meet Green Deal Environmental Objectives.
21) Agora Energiewende, 2024, Investing in the Green Deal: How to Increase the Impact and Ensure Continuity of EU Climate Funding.

Aspects	Differences	Green & social implications
Performance-based model	In the NRPP fund, disbursements will be linked to pre-set milestones and targets, with payments conditional on achieving outputs, to be monitored through a budget expenditure tracking and performance framework,[22] whereas reimbursements are mostly costs-based in cohesion policy funds.	The performance-based model encourages results-oriented spending but may prioritise easily measurable outputs over long-term green and social outcomes. It also risks neglecting harder-to-measure but critical aspects of just transition (e.g., social inclusion, biodiversity).
Multiple objectives	The NRPP Fund will pursue not only sustainable prosperity and cohesion objectives but also the delivery of CAP and enhancing Europe's defence capabilities and security.	This risks diluting green and social objectives due to competing priorities (e.g., defence/security) and may overall reduce the focus on climate transition and just transition.
Green and social Earmarking	14% of the NRPP Fund is earmarked for social investments, while 43% is assigned to climate and environment-related investments (excluding defence and security).	Exclusion of defence and security from green earmarking may reduce resources available for climate action.
Decommitment rule[23] of n+10 months	The NRPP Fund foresees a decommitment of the allocated budget in October the next year if the amount is not used, whereas cohesion policy funds have an n+2 years or n+3 years decommitment rule.	While such a short decommitment rule may be the right approach for the agriculture sector due to the temporality of harvest, it raises questions of whether this can support long term, structural investment, which are necessary for a just transition to climate neutrality. In addition, the current decommitment rules do not include a safeguarding mechanism to ensure that regional and local authorities retain access to EU resources when national governments fail to comply with horizontal or rule-of-law conditionalities.

22) European Commission, 2025, Proposal for a Regulation of the European Parliament and of the Council Establishing a Budget Expenditure Tracking and Performance Framework and Other Horizontal Rules for the Union Programmes and Activities.

2.3. OPEN QUESTIONS AROUND THE NRPP'S CLIMATE AND SOCIAL IMPACTS

The climate and social impacts of the NRPPs also rest on the finalisation of related legislation and their implementation by Member States. Key open questions include:

- **Application of DNSH:** While all Fund-financed measures are theoretically required to comply with the 'do no significant harm' (DNSH) principle, several exemptions exist in practice. Defence and security activities are excluded entirely. For certain Common Agricultural Policy (CAP) income support interventions, compliance with DNSH is automatically assumed if farmers meet the mandatory 'farm stewardship' requirements. The EU coefficients in Annex I of the Performance Regulation overall reveal significant limitations in guaranteeing meaningful climate and social impacts[24] and ignore findings from the European Court of Auditors,[25] which found that those markers routinely overestimate the actual contribution of activities to climate and environmental goals.

- **Conditionality with the achievement of climate targets:** Article 22 of the NRPP Regulation establishes the possibility for the Commission to request Member States to meet higher or lower green earmarking in their NRPPs based on their progress and projected trajectory in achieving the targets included in the Effort-Sharing Regulation, as detailed in the NECPs, and the Nature Restoration Regulations. Since about half of EU countries are expected to miss their 2030 national targets under the Effort-Sharing Regulation[26]—some, as leading EU emitter Germany, by a significant margin—this could mean an increase in green earmarking in selected NRPPs, should the provision be accepted by the Council of the EU.

23) The decommitment rule is a financial mechanism designed to ensure the efficient use of EU funds and to prevent unnecessary stockpiling of unspent money. It requires Member States to use allocated funds within a specific timeframe. If funds are not committed to projects or spent by the deadline (usually n+2 or n+3 years after the budget year), the European Commission withdraws the unspent amounts and reallocates them to other Member States or EU priorities.

24) WWF, 2025, A More Impactful EU Budget: Performance Regulation in the Next MFF. Comments on Annex I of the Performance Regulation.

25) European Court of Auditors, 2024, Green Transition: Unclear Contribution from the Recovery and Resilience Facility.

26) Transport & Environment, 2024, National Climate Targets Off Track: Six Years Left to Course Correct and Avoid Penalties.

27) Germanwatch & European Environmental Bureau, 2025, Safeguarding Social Justice in EU Climate Finance: Unpacking the MFF–SCF Link.

- **Support for current just transition regions**: Support for NUTS3 regions which are currently receiving support under the Just Transition Mechanism is seen as optional in the Commission proposal for the next MFF. Article 4 of the NRPP Fund requires Member States to 'pay special attention' to the challenges of disadvantaged regions, including just transition areas. Article 10 of the Regulation earmarks €218 billion for the least developed regions. However, not all of the 'just transition regions' are in the least developed regions category and the NRPP Fund legislation does not include the definition of just transition regions as a specific category (as in the JTF Regulation), so there is no assurance that Member States will allocate resources to just transition regions beyond the least developed areas.

- **Implications for the Social Climate Plans:** The NRPPs may include measures and investments contained in the Social Climate Plans in a separate Social Climate Plan chapter from 2028 onwards. As per Article 80 of the proposed NRPP Regulation, the rules laid down in the regulation shall apply to the Social Climate Plan chapter. This provision carries the risk of weakening the specific targeting criteria set out in the SCF for National Social Climate Plans (NSCPs) measures. Article 3 (1), point (c) (vi) of the NRPP Regulation merely requires the Social Climate Plan Chapter to 'the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport' in the ETS 2 – with no explicit reference to vulnerable groups.[27]

26) Transport & Environment, 2024, National Climate Targets Off Track: Six Years Left to Course Correct and Avoid Penalties.
27) Germanwatch & European Environmental Bureau, 2025, Safeguarding Social Justice in EU Climate Finance: Unpacking the MFF–SCF Link.

CHAPTER 3
LESSONS LEARNT FROM THE CURRENT PROGRAMMING PERIOD

This chapter draws on insights from interviews with national agencies responsible for the regional management of cohesion policy funds, managing authorities, Ministries of Finance, and cohesion policy experts across 12 EU Member States. The discussions focused on key considerations for shaping the future of just transition funding within the NRPPs.

The interviews underscore the significant role of cohesion policy funds in providing effective support to regions navigating economic and environmental transitions. While there are clear examples of success, persistent challenges continue to limit cohesion policy funds' ability to fully achieve their climate and social objectives. This chapter outlines these challenges, while the following chapter explores potential solutions to address them through the NRPPs.

3.1. REGIONAL SUCCESSES IN DELIVERING ON JUST TRANSITION AND CLIMATE GOALS THROUGH COHESION POLICY FUNDS

Across Europe, cohesion policy funds, in particular the ERDF and the JTF, have played a pivotal role in supporting regions as they navigate the dual challenges of economic restructuring and climate goals.

Socially targeted programs supported through the ERDF have proven effective in increasing household-level access to sustainable alternatives. In Hauts-de-France (France), a co-financed loan fund helps the region support the energy-efficient renovation of social housing units for low-income households.[28] Slovenia's ZER programme offers non-repayable grants through ERDF of up to €18,000 for energy-poor households, combining financial aid with hands-on assistance to overcome bureaucratic hurdles. While demand outstrips available funding, such initiatives highlight the potential of Cohesion Policy to address redistributive impacts of climate policies.

28) Union Régionale pour l'Habitat Hauts-de-France, 2025, [FEDER] À mi-parcours de la période de programmation, la réhabilitation de logements sociaux gagne du terrain sur la précarité énergétique ! "[ERDF] At the midway point of the programming period, social housing renovation is gaining ground over combating energy poverty!".

In coal-dependent regions, the JTF has enabled both immediate social support and long-term structural change. Lower Silesia and Silesia (Poland) exemplify this dual approach: while Lower Silesia directs over 40% of its allocations to clean mobility and green building materials, Silesia is retraining 100,000 workers and establishing a Regional Observatory of the Transition Process to monitor progress and attract private investment in clean technologies. Eastern Greater Poland has accelerated its coal phase-out to 2040, leveraging the JTF to position itself as a future hub for green hydrogen and circular economy projects. Similarly, Estonia's Ida-Virumaa, heavily reliant on oil shale, is using the JTF to create around 1,000 new jobs, though this only partially offsets the 6,000 jobs at risk. In Sardinia and Puglia (Italy), the JTF has supported reskilling and initial steps toward economic diversification. The experience in these regions underscore the need for longer-term funding to address deep-rooted economic and demographic challenges.

The closure of energy plants has served as a catalyst for innovation in several regions. In Médio Tejo (Portugal), the shutdown of the Pego thermoelectric plant led to a €80–90 million decline in local economic activity and the loss of hundreds of jobs. In response, the JTF has supported business expansion, attracted new investments, and established a Higher Technological School in Abrantes to train young people in energy transition fields. Meanwhile, Alentejo Litoral has diversified its economy through tourism, agri-food, and renewable energy, while prioritizing reskilling programs to mitigate job losses. The region's investment in higher education and research infrastructure—previously absent—is strengthening its long-term development potential, illustrating how cohesion policy funding instruments can address both immediate social impacts and structural gaps.

Croatia's Istria County has been building the METRIS Research Centre, a hub for green and digital innovation, providing SMEs with the tools to develop sustainable products. The project, co-funded by the JTF, includes reconstructing research infrastructure, fostering research and development (R&D) collaborations, and delivering educational workshops—an approach that balances economic diversification with capacity-building. In Fos-Sur-Mer (France), home to polluting industries, work is underway to develop a GPEC - a tool to predict and organise jobs and skills in those sectors. It is a critical first step to initiate and organise the just transition for workers. In Belgium, the JTF was allocated to the industrial (and deindustrialised) region around Mons and Charleroi to fund investments in industrial decarbonisation, renewable energy, and emerging technologies. A significant portion of the fund was also used to remediate heavily polluted sites, making them suitable for new investment. Finally, part of the funding supported worker retraining and the reinforcement of local R&D. Despite these successes, challenges remain. The discontinuation of the JTF risks undermining momentum, particularly in regions where transitions are still in early stages. Political delays, limited funding, capacity limitations at the local and regional level and the scale of transformation required often constrain the funds' effectiveness. Moreover, while investments in training, research, and infrastructure create lasting structural benefits, their full impact will only become apparent over time.

What emerges clearly, however, is that the most successful transitions combine people-centred policies—such as reskilling and social support—with strategic economic diversification, all underpinned by strong multi-level governance. The examples from Poland, Portugal, Spain, and beyond demonstrate that when cohesion policy funds are deployed with flexibility, local ownership, and a long-term perspective, they can turn the challenges of decarbonisation into opportunities for inclusive economic development. These best practices are further detailed in the sections below.

3.2. ABSORPTION ISSUES AND REGIONAL DISPARITIES

As of the end of 2025, 63.3% of cohesion policy funds have been committed for spending and only around 16.7% had been effectively spent.[29] The slow spending of these funds is partly a result of the overlap with the RRF (which needs to be spent by the end of 2026 - as opposed to three years after they have been committed for cohesion funds-, and need less co-financing), partly a result of administrative, financial, and structural challenges.

Administrative capacity is a recurring obstacle, quoted by close to all respondents, as many regions and ministries lack sufficient staff to manage the volume of funds and complex procedures. High turnover and limited technical and legal expertise—especially in technical areas like renewable energy, hydrogen, or state aid rules—further slow down implementation due to a shortage of specialised personnel. Some countries, such as France, lacked pre-existing policies or agencies for a just transition and needed to establish the institutional framework first. The simultaneous rollout of multiple funding instruments, such as the RRF alongside cohesion funds, has overstretched already thin administrative resources. This overload is particularly acute in smaller municipalities and less developed regions.

Co-financing requirements pose another significant hurdle. Local budgets are often too constrained to cover the required matching funds or to seek other co-financing sources, forcing projects to stall or be abandoned. The need for regions to contribute financially creates disparities, as wealthier areas can more easily absorb funds while poorer ones fall behind.

Getting projects to investment readiness under cohesion policy funds faces persistent structural and procedural barriers. Many projects, especially large-scale ones like infrastructure or R&D, struggle with the mismatch between long planning timelines and the EU's n+3 rule, which requires funds to be spent by the end of the third year after allocation. Without pre-financing or bridge mechanisms, meeting these deadlines becomes nearly impossible, leaving promising initiatives—such as electrolyser or school investments—unfunded.

29) European Commission, Cohesion Open Data Platform.

Meanwhile, project promoters frequently submit applications without adequate technical preparation, business plans, or understanding of EU requirements like the DNSH principle. This knowledge gap disproportionately affects smaller municipalities, rural entrepreneurs, and third-sector organizations, which lack the resources to navigate complex tender processes or secure co-financing. Banks, too, are reluctant to finance projects in less developed areas, reinforcing regional disparities where well-resourced actors consistently outcompete smaller, less experienced applicants.

Meanwhile, the business case for certain projects has weakened due to changing market conditions. For instance, in Saxony-Anhalt (Germany), shifting energy prices following Russia's invasion of Ukraine weakened the business case for hydrogen projects, leading many applicants to withdraw their applications.

The JTF is linked to a different timeline for spending than other cohesion policy funding instruments, as €10 billion out of the €17.5 billion are resourced under the RRF, the majority of which must be spent by the end of 2026. Respondents from France and Portugal, among others, point to the fact the JTF's initial focus was too restrictive and negotiations with the EU expanded eligible activities only recently, creating substantial challenges in achieving 2026 spending targets in a meaningful manner. Respondents from Spain emphasised that the decision not to extend RRF funding beyond 2026 will create significant bureaucratic challenges for transferring shortlisted projects to alternative funding sources. In Italy, the centralised administration of the JTF has led to additional delays - since the central Committee cannot process multiple projects at once, interventions in one region have been put on hold until administrative procedures for others are completed. In Czechia, the tight schedule around the JTF meant funds were awarded to large flagship projects which could ensure timely spending but with unclear transformational potential. Finally, several respondents highlight that the intersectional nature of the challenges addressed by the JTF was not sufficiently accounted for due to a lack of institutional collaboration across Ministries. As a result, shortlisted projects did not necessarily reflect the different dimensions covered by the JTF.

Several respondents noted that merging cohesion policy funding instruments into the NRPPs would not make absorption less difficult because the ministries would still have to divide up the bureaucratic burden. The real question is how to ensure smooth cooperation between the competent ministries, managing authorities and subnational actors, and guarantee that just transition and climate objectives are streamlined across funds. In this regard, the design and governance of the 'national coordination committee/function' as proposed by the legislation gains additional importance.

3.3. TECHNICAL ASSISTANCE

Technical assistance and capacity-building initiatives play a critical role in supporting the effective use of cohesion policy funds. According to an EU-wide study, only 16% of subnational public beneficiaries report having sufficient thematic expertise to apply to and implement cohesion policy funding instruments. Facing various institutional capacity constraints, many beneficiaries (72%) report turning to external consultants for support.[30] When resorting to consultants instead of building internal capacity, a primary concern is the risk of substituting for beneficiaries' own capacity, rather than effectively helping them build it.

In practice, Member States can choose between real-cost financing and flat-rate financing for technical assistance. In the latter case, there is no information on how the funding is used, which raises questions on how technical assistance effectively supports the identification and support of climate and just transition projects.

The respondents surveyed for this report confirm that technical assistance for European funds is mostly used in the form of allocating consultant services to the planned investment programme (for example for feasibility studies, energy audits, and evaluating the economic viability of investments, legal support) and focus on administrative support, compliance with procedural requirements, and project management, with limited emphasis on long-term capacity building. Outsourcing the design of the Territorial Just Transition Plans to consultants has proved counterproductive in some countries included in this report, as it neither reflected national and regional challenges nor facilitated negotiations with the European Commission.

A recurring challenge is however the lack of recognition of capacity gaps among authorities themselves, which can result in underutilisation of available technical assistance, as respondents from Croatia emphasise. Even when support is provided, it often focuses on procedural compliance rather than long-term capacity building.

Several respondents point out that civil society organisations (CSOs) generally receive no financial compensation for their involvement in Monitoring Committees. This means they must dedicate their own time and resources—without remuneration—rather than being supported through Technical Assistance.

In practice, technical assistance as it is currently implemented is described by respondents as showing mixed results. While it helps manage immediate administrative and procedural needs, it often fails to address deeper institutional weaknesses and reinforce reliance on external consultants.

30) OECD, 2025, Building Beneficiary Capacity under EU Cohesion Policy: A Framework for Action for Managing Authorities.

Regarding support for prospective beneficiaries, several respondents pointed out the absence of a single helpdesk or dedicated institution to guide applicants through complex horizontal requirements, such as the DNSH principle in their country or region. Just as capacity building is essential for public authorities managing EU funds, some respondents also emphasised that technical assistance for organisations applying for funding remains an underutilised opportunity. This gap often results in larger organisations being disproportionately awarded tenders, as smaller applicants struggle to navigate the process.

The NRPP Regulation foresees a flat rate for technical assistance to the NRPP of up to 3%. The majority of respondents argued that this rate is insufficient, especially for disadvantaged regions or complex projects, where administrative demands are higher. Several respondents highlighted the need to view technical assistance as an investment rather than an expense.

Ultimately, respondents agree that the success of technical assistance depends not just on funding levels but on how it is deployed—whether it builds sustainable capacity or merely fills temporary gaps. Clearer objectives, stronger monitoring, and a focus on capacity transfer rather than substitution could improve its effectiveness. This is critical to contribute to closing the human capacity gaps in local governments across Europe.[31]

GOOD PRACTICE: LOCAL ACTION GROUPS IN CZECHIA

Czechia is the EU Member State which has made the most use of the Community-led Local Development (CCLD) Framework. There are currently over 170 Local Action Groups (LAGs, the operating arm of CCLD) operating across the country under the LEADER/Community-Led Local Development framework, bringing together municipalities, local businesses, civil society, and citizens within predominantly rural territories. These territories are typically composed of multiple municipalities and, as a rule of thumb in Czech implementation, usually exclude larger towns (often above 25,000 inhabitants, depending on programme rules), which helps keep the approach focused on smaller communities. While the performance of individual LAGs varies, the model has generally worked well in practice. Compared to Regional Permanent Conferences—where meaningful participation and dialogue have often been limited—LAGs have provided a more effective and locally grounded way to channel and redistribute funding in line with local needs.

31) Looking at the building stock alone: 214 000 additional FTE local civil servants are needed per year for the period 2022-2030 to succeed at the building decarbonisation of our cities. Energy Cities, 2022, Human Capacity in Local Governments: The Bottleneck of the Building Stock Transition.

3.4. RELEVANCE OF REGIONAL TARGETING

The inclusion of territorial chapters in the NRPPs raises the question of which geographies they should be based on. The regional distribution of cohesion policy funds—which is based on a NUTS2 region's GDP measured against an EU benchmark—has shown shortcomings.

For one, it overlooks intraregional disparities that disappear under the NUTS2 categorisation. Several respondents highlight that this categorisation overlooks some regions facing high risks due to decarbonisation (for instance, because of their reliance on energy jobs and fossil-fuel production sectors) or regions facing demographic challenges (such as a shrinking working-age population and/or low tertiary education attainment). As a result, some European regions at risk of structural change are not targeted through cohesion policy funds in general, or the JTF in particular. For example, in Hungary, with the exception of Budapest and the surrounding Pest County, all other regions fall into the highest subsidy category – as their GDP per capita is below 75% of the EU average – which means that Nógrád County (one of the EU's poorest region, with a GDP representing only 47% of the EU GDP average) competes for cohesion funding in the same category as Győr-Moson-Sopron County (GDP is 66% of the EU GDP average). As a result, wealthier regions have paradoxically been more able to access cohesion policy funds than more vulnerable ones, a situation that is seen in several other Member States, particularly from Central and Eastern Europe.

32) Jacques Delors Centre, 2024, Fixing Cohesion – How to Refocus Regional Policies in the EU.

An additional challenge is the evolving nature of industrial decline. A Brief by the Directorate-General for Internal Market, Industry, Entrepreneurship, and SMEs, which maps the impact of industrial decline on European regions, illustrates the need to account for various territorial and industrial vulnerabilities.[33] The study focuses on six major manufacturing sectors that are key to the Green Transition, as well as construction, and subjects them to a rigorous 'health check' to identify where the continued geographic decline of these sectors would have the strongest repercussions in terms of employment. The results, as illustrated here, do not overlap with cohesion policy regions or JTF territories and highlight the need for a more differentiated, adaptable approach.

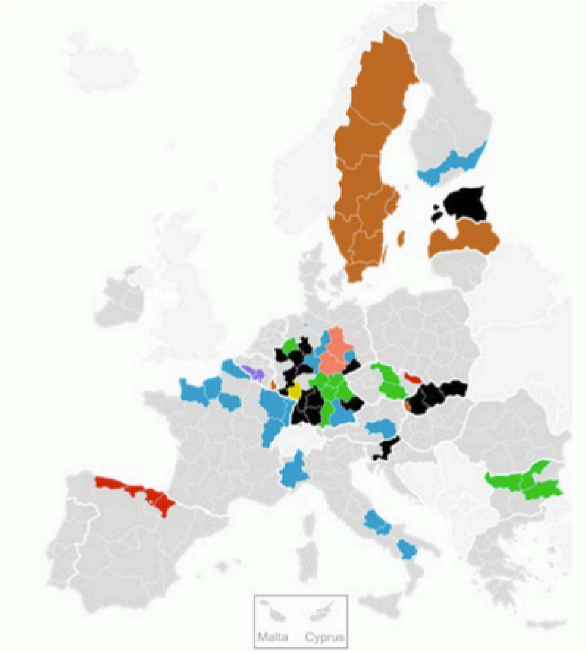


Figure 1: Regions most affected by industrial decline

- Machinery
- Automotive
- Construction
- Fabricated metals
- Basic metals
- Non-metallic mineral products
- Chemicals
- Several

Respondents from France and Germany (Saxony-Anhalt) noted that the JTF's narrow territorial scope has hindered effective fund absorption. They pointed to tensions between the European Commission's preference for small-scale, targeted interventions and regional demands for broader, more flexible approaches, resulting in fragmented outcomes. For some countries, this mismatch risks creating a 'confetti effect'—where funds are spread too thinly across isolated areas, leading to absorption challenges.

This being said, most respondents underline that the JTF helped redirect attention to territories historically overlooked by Cohesion Policy. In Czechia, for instance, the JTF provided critical support to the Karlovarský and Ústecký regions, which had previously struggled to secure cohesion policy funding.

33) European Commission, 2025, Mapping the Impact of Industrial Decline on European Regions.

Most respondents are concerned with the discontinuation of the JTF and fear vulnerable areas will once again compete with wealthier regions for resources. In Slovenia, targeted regions, particularly coal- and heavy-industry areas such as SAŠA and Zasavje, are shifting planning toward ERDF, ESF+, and national resources, but gaps remain for projects designed under JTF logic, including workforce reskilling and clean energy investments. In Łódzkie (Poland), since the Bełchatów power plant (the EU's largest thermal power plant and largest single entity emitter) won't fully close until 2036, regional actors are asking for the JTF to be extended, as their 'deepest' transition period won't even begin until the next MFF starts. Similarly, in Ida-Viru County (Estonia)—a region previously less active in pursuing EU funding—the JTF introduced new collaborative platforms and elevated national focus on its challenges. The Estonian Ministry of Finance even expressed its intention to sustain support for the region beyond the JTF's end. This highlights the JTF's ability to mobilise political attention and resources for vulnerable transition territories.

Overall, respondents emphasised that successful transition requires long-term stability in resources, as it involves rebuilding economic and social systems from the ground up. They expressed concern that the institutional frameworks and capacities built through the JTF could be lost with its discontinuation. Adding to this uncertainty, the lack of clarity on future funding makes long-term planning nearly impossible. Respondents from Spain therefore argued for ring-fencing a percentage of NRPPs specifically for just transition to ensure continuity.
Overall, respondents agree that the issue is not so much the regional allocation of funds but the lack of internal capacity among local and regional authorities, especially in less developed regions, as described in Chapter 3.2.

3.5. RELEVANCE OF SECTORAL TARGETING

The JTF primarily targets sectors directly linked to fossil fuel extraction and carbon-intensive industries such as coal mining or lignite and peat extraction. Carbon-intensive industries such as steel, cement, and chemicals production, are eligible but only if located in designated JTF regions. These sectoral restrictions are showing substantial limitations that should be overcome in the territorial chapters of the NRPPs. In Poland, for example, steel, chemicals, and cement are the backbone of the Polish manufacturing economy but are largely ineligible for JTF support.

Beyond traditional heavy industries, other sectors—such as automotive, housing, freight, gas heating, waste storage, tourism —are also affected by the transition but receive no support from the JTF and insufficient support from other cohesion policy funding instruments. The oil and gas dependent regions are also excluded from JTF support, despite the need for land remediation and economic diversification.

The uneven coverage of the JTF is further evident in sectors that are indirectly but profoundly impacted by the transition. The French Climate and Energy Strategy identifies a list of 11 priority sectors that need to transition in order to achieve carbon neutrality, but only six of them are eligible to JTF funding.[34] In Italy, the automotive sector, historically a cornerstone of regional economies like Piedmont, Basilicata, Abruzzo, Campania, and others, is now confronting job losses due to inadequate industrial policies, yet it lacks JTF support. Similarly, regions such as Liguria, Sicily, and parts of Sardinia beyond Sulcis Iglesiente host ETS-intensive sectors, notably oil refineries and petrochemical industries, that are highly exposed to decarbonisation pressures but do not benefit from access to the JTF

While other instruments exist to support sectors such as transport and housing, not least the ERDF, a cohesive just transition approach is lacking to effectively support transitioning sectors through EU funding.

GOOD PRACTICE: SLOVENIA'S CENTRE FOR DEMONSTRATION AND TRAINING IN ZERO CARBON TECHNOLOGIES[35]

In the Zasavje region, the Centre for Demonstration and Training in Zero Carbon Technologies is financed with over €27 million from the JTF. It focuses on developing research and training infrastructure for low-carbon technologies, employing regional technical staff, and fostering collaboration between research and local businesses. This example demonstrates the ability of the JTF to support projects helping to steer the local economy away from coal and into various new sustainable sectors.

34) Réseaux Action Climat France, 2025, Strengthening the European Just Transition Fund: Lessons Learned from Implementation in France.
35) Kemijski Inštitut, Center za Razvoj, Demonstracije in Usposabljanje za Brezogljične Tehnologije.

3.6. OPERATIONALISATION OF THE PARTNERSHIP PRINCIPLE

The partnership principle in EU cohesion policy and the JTF is designed to foster collaboration among public authorities, civil society, businesses, and local communities.

In Czechia, the partnership principle is largely met procedurally (Monitoring Committees are established and operate regularly), but representation is highly imbalanced—public administration dominates membership, while civil society is typically represented only by a very small number of seats. Discussions tend to focus on absorption, implementation, and financial progress, with less routine attention to impact assessment such as environmental indicators.

While formal structures like Monitoring Committees are common practice, their effectiveness depends on whether stakeholders are informed timely, empowered and integrated in the decision making genuinely. Respondents from Poland underscore the need to include CSOs in Monitoring Committees, as these have been instrumental in refining the DNSH-criteria. In Hungary, the Partnership Agreement Managing Authority established an Energy Subcommittee, responsible for consulting on domestic energy (energy efficiency, renewable) draft calls, tenders, and developments.

Most respondents regret that engagement often leans toward procedural inclusion rather than meaningful co-creation, with involved stakeholders frequently receiving documents too late for substantive input. In Poland, civil society and local government associations often describe the engagement in Monitoring Committees as 'formally inclusive but strategically centralised'. While CSOs are present, they often report that documents are provided very late (sometimes only days before a vote), making substantive analysis difficult. Engagement here is often criticised as 'consultation by announcement'—where the government presents a near-final plan for comment rather than co-creating it with partners. In Silesia (Poland), a coalition of local NGOs, trade unions, and youth movements successfully pushed for a more inclusive consultation process. They demanded that JTF funds be used not just for mine reclamation, but for social incubation centres and retraining programs specifically designed for younger generations in mining towns.

In Médio Tejo (Portugal), a 'partnership forum' brings together key territorial entities, such as the Intermunicipal Community, municipalities, business associations, trade unions, the Institute for Employment and Vocational Training, and Tagus Valley. The forum has a dual purpose: to monitor the implementation of the plan and to obtain direct feedback from the territory, including the needs, challenges, and critical issues of affected workers. This dialogue space has allowed the managing authority to adjust the territorial plan more rationally and in line with local realities, incorporating ideas and suggestions from the partner entities themselves.

GOOD PRACTICE: PARTICIPATORY OBSERVATORY IN ALENTEJO LITTORAL (PORTUGAL)

To support the operationalisation of the JTF in Alentejo Litoral, the Managing Authority established a participatory observatory in collaboration with local partners. This observatory enables the involvement of territorial stakeholders, the monitoring of fund implementation, oversight of how resources are allocated, participation in calls for proposals, and the formulation of recommendations. In addition, the creation of a quality-of-life barometer has been proposed, with indicators designed to assess the long-term impact of the JTF in the territory.

Although this monitoring and evaluation work is still at an early stage—due to the time required to align local actions with fund programming— it has shown results in strengthening participation and hands-on collaboration with partners on the ground.

GOOD PRACTICE: SPAIN'S JUST TRANSITION AGREEMENTS

Spain implemented part of the Just Transition Programme through Just Transition Agreements (JTAs), co-designed by the Just Transition Institute (JTI), national, regional, and local authorities, trade unions, businesses, and civil society representatives. Each of the 15 JTAs corresponds to a Just Transition Zone (JTZ - covering 197 municipalities, 2 for nuclear and 13 for coal phase-out). JTAs prioritise local ownership by tailoring projects—such as business support, training, environmental restoration—to local needs. Another flagship initiative in JTAs is the just transition energy tenders, which award grid access to renewables and storage projects in JTZs, prioritising projects with local environmental and social co-benefits.

A key strength is municipal-level engagement: JTI assigns a 'territorial agent' to work on-the-ground in each JTZ, ensuring focused attention on the areas (by the dismantling of coal mines, thermal plants or nuclear plants). This approach prevented exclusion errors and resistance, as 50% of funded municipalities have fewer than 5,000 residents (25% under 500). Workshops and direct consultations enabled granular, inclusive planning—critical since JTZs often span multiple provinces.

36) Instituto Para La Transición Justa, Zonas de Transición Justa.
37) Instituto Para La Transición Justa, Nudos de Transición Justa.

CHAPTER 4

RECOMMENDATIONS FOR THE DELIVERY OF THE NRPPS TO SUPPORT A JUST TRANSITION TO CLIMATE NEUTRALITY

The following recommendations draw on the insights from earlier chapters to propose practical steps for enhancing the capacity of NRPPs to deliver a just transition to climate neutrality. As this report focuses on lessons learned from the implementation of cohesion policy funds, these recommendations are not intended to be exhaustive. Instead, they suggest ways to build on the strengths of cohesion policy while addressing the challenges identified in the previous chapters.

4.1. RECOMMENDATIONS ON INCREASING THE CLIMATE PERFORMANCE OF THE NRPP

While the NRPPs' current design links climate and green spending to national progress on EU climate and energy targets—potentially raising national ambition—the current approach to tracking this spending is flawed. Exemptions in the system also risk diverting funds away from genuine climate investments. Additionally, the proposed decommitment timelines undermine support for long-term, high-impact projects. This raises serious doubts about whether the NRPPs can effectively contribute to bridging climate investment gaps and maintain the contributions delivered by cohesion policy funds.

Recommendation 1: Set a fixed minimum and flexible maximum for climate and environmental earmarking

Article 22 of the NRPP Regulation, as outlined in Chapter 2.3, mandates that a minimum percentage of each NRPP allocation must support climate and environmental objectives. The Commission proposes setting this percentage individually for each Member State, based on their progress and projected trajectory towards meeting the Effort-Sharing Regulation (ESR) and Nature Restoration Regulation targets. However, a flexible minimum percentage would undermine the predictability of climate and environmental spending. A flexible maximum threshold on the other hand is beneficial to support compliance with these regulations and to accelerate decarbonisation where national strategies fall short.

To reconcile predictability and spending with incentives for decarbonisation, a fixed minimum threshold should align with the proposed climate and green earmarking target (at least aligned with the Commission's proposed earmarking of 43%), while a flexible maximum limit would be linked to progress toward the aforementioned EU-wide objectives, thereby substantially raising the average climate and green earmarking in the NRPPs. Tying the percentage to ESR 2030 projections, and, going forward, to any post 2030 EU climate framework covering ESR sectors, is essential for ensuring progress towards climate neutrality, as current ESR performance risks undermining the achievement of the EU's climate targets—particularly due to delays in the transport and heating sectors.[38] Since accelerating progress on decarbonising the building and transport sectors within any single Member State helps stabilise the ETS 2 carbon price across all EU Member States, linking climate and green earmarking upwards to national progress on ESR sectors is a matter of European fairness. A flexible maximum threshold for climate and environmental objectives would also support compliance with the ESR targets, whose enforcement rules remain flawed,[39] thereby providing greater investment certainty for investors involved in the transition of ESR sectors.

That said, to capture the different dimensions that contribute to the EU's climate and energy targets, Article 22 could tie the flexible maximum threshold to progress on achieving the EU's common targets, as reported by Member States in the biannual NECPs Progress Reports (see Recommendation 10 for additional options on linking the NRPPs with the NECP process).

Recommendation 2: Correct overestimated climate and environment coefficients and eliminate security exemptions

The EU's new Performance Regulation establishes a framework for tracking budget spending and performance across the MFF, including how NRPP funds are disbursed. It defines key principles and priorities for consistent application across the EU budget and introduces a single monitoring system with roughly 500 eligible activities. Each activity is tagged according to its contribution to climate, environmental, or social objectives. Consequently, the quality of the climate and environmental earmarking in the NRPPs will depend on the corresponding coefficients allocated to eligible activities under the Performance Regulation.

In the current version of Annex 1 of the Performance Regulation, a significant share of these coefficients overestimate the climate and environmental impacts of eligible activities.[40] Most notably, income support activities provided by the CAP are counted as contributing positively to the climate and environmental earmarking targets. Due to the large budget allocated to these activities, they are set to deliver just under a quarter of the climate and green earmarking in the NRPPs.

38) CAN Europe, 2025, EU Climate Goals at Risk: NECPs' Ambitious Implementation Must Close the Gaps.
39) Transport & Environment, 2022, Make them Abide – Strengthening the ESR Compliance Rules.
40) WWF, 2025, A More Impactful EU Budget: Performance Regulation in the Next MFF. Comments on Annex I of the Performance Regulation.

However, farmers income support activities are not usually linked to measurable emission reductions or systematic improvements in biodiversity, and may “even be considered to have a stabilising effect on emission- and land-intensive production systems, with potentially negative effects on the environment and climate”, as a recent study by the German Environment Agency concludes.[41]

A more rigorous, science-based methodology for setting coefficients, at least in the correct order of magnitude, is essential to guarantee that EU funding aligns with—and does not undermine—climate and environmental objectives.

Another aspect that undermines the achievement of these objectives in the Performance Regulation is Art 4(2), which excludes defence and security spending from the basis for the calculation of the climate and environment spending target. This provision may mean that the nominal amount spent on climate and environment in the NRPPs could be significantly lower than the levels achieved in the current programming period. The minimum climate and green earmarking in the NRPPs should therefore be increased - while being linked to the more stringent coefficients, as described above - to reflect well-documented investment needs in this transition.[42] Finally, security spending should not be exempted from climate and green earmarking requirements. A broad range of expenses could be labeled as supporting "security," from border surveillance systems to motorways, thereby creating loopholes that would undermine the purpose of earmarking. Exempting such spending would also divert critical funding away from investments in renewable energy, climate adaptation, or sustainable infrastructure, ultimately compromising the EU’s long-term resilience to climate change and associated security threats.

41) German Environment Agency, (2026), Climate and environmental targeting of the new EU budget for 2028–2034 overestimated – Revision of climate and environmental coefficients in the Performance Regulation necessary

42) European Environment Agency, 2025, Annual Investment Gap until 2030 to Meet Green Deal Environmental Objectives.

Recommendation 3: Set a decommitment rule that supports long-term climate investments

The NRPP Budget rules must align with all of its objectives, including its long-term, investment-driven purpose and ensuring cohesion across Europe. As highlighted in Chapter 3.2, the current n+3 decommitment rule already creates challenges for supporting longer-term just transition and climate projects, such as infrastructure. The proposed n+10 months rule (Article 15.1) risks significantly undermining the predictability and stability that climate and green investment programs—especially those focused on infrastructure, innovation ecosystems, and territorial cooperation—need to succeed. To guarantee effective project selection, implementation, and impact—while upholding financial discipline and adaptability—the existing n+3 decommitment rule should be maintained.

The decommitment rule should include a mechanism to guarantee that, in cases where national authorities are unable or unwilling to act, resources can be reallocated directly to regional and local governments in line with their legal competences and responsibilities (see Recommendation 8).

4.2. RECOMMENDATIONS ON INCREASING JUST TRANSITION PERFORMANCE OF FUNDS IN THE NRPPS

The transition to the NRPP architecture risks diluting the territorial and social focus that characterised existing cohesion and just transition instruments. As outlined in Chapter 2, cohesion policy funds — particularly the JTF and ERDF — have provided targeted support to regions most affected by decarbonisation, including economic diversification, reskilling, energy efficiency investments and support for vulnerable groups. The merging of instruments under a single NRPP, combined with weaker earmarking and broader objectives, might bring synergies but risks at the same time reducing the visibility and weight of just transition objectives within national programming - especially if Member States lack a clear commitment to these goals. To prevent this, just transition objectives (in the sense of the Commission's guidelines on ensuring a fair transition towards climate neutrality[43]) should be explicitly prioritised and be backed by clear, binding earmarking.

43) European Commission, 2021, Proposal for a Council Recommendation on Ensuring a Fair Transition Towards Climate Neutrality.

Recommendation 4: Deliver on the pledge to significantly increase funding for a just transition in the next MFF

Respondents stress the need to maintain explicit targeting of just transition territories within the NRPP framework, ensuring that the institutional structures that were set up in the current programming period can fully realise their potential and vulnerable territories receive continued support. While less developed regions are to receive equal support in the NRPP as they did in cohesion policy (Article 10 of the Regulation), the territories targeted by the JTF (which do not overlap with less developed regions) are left behind.

To address these concerns, the NRPPs should secure continued support for Just Transition regions as a horizontal principle (Article 7). To secure stable, long-term financing for transitioning territories after the JTF ends, NRPPs should introduce just transition regions in the nomenclature included in Article 4 of the Regulation. The category 'just transition region' should be introduced to cover NUTS3 regions currently supported by the JTF or the Just Transition Mechanism, as well as newly recognised vulnerable areas confronting socio-economic and environmental (e.g. soil remediation) challenges in relation to the transition. This extended definition of just transition regions could cover NUTS3 areas most negatively affected by fossil fuel dependence, based on a more comprehensive set of criteria, as GDP per capita, greenhouse gas emissions intensity, fossil fuel dependence, and the exposure of employment and economic activity to transition-related risks, including potential job losses and reskilling needs.[44][45] This approach ensures that both current JTF beneficiaries and newly identified vulnerable territories receive tailored support and political attention, while also addressing absorption challenges that some respondents have attributed to the JTF's limited scope (see Chapter 3.5). To guarantee long-term and predictable funding for regions in transition, Member States should be required to allocate dedicated NRPP funds to NUTS3 just transition regions —with amounts exceeding current cohesion policy allocations when adjusted for inflation to account for the broader scope. This would contribute to realising President von der Leyen's pledge to significantly increase funding for a just transition in the next MFF.[46]

Recommendation 5: Strengthen social earmarking, spending, and impact measurement in the NRPP

The merger of funds proposed in the NRPP could result in just transition support being overshadowed by competing priorities.

44) See suggestions for targeting vulnerable regions in Jacques Delors Centre, 2025, Breaking the Traps: Smarter Regional Allocation of EU Cohesion Spending 2028-203

45) As an example, in France, this would mean extending from 6 to 15 the number of employment zones to be targeted through the JTF, according to an analysis from Réseau Action Climat France, 2025, Fonds de transition juste : un outil clé pour accompagner la transition des emplois. [Just Transition Fund: A key tool for accompanying the transition of employment].

46) von der Leyen, U., 2024, Europe's Choice: Political Guidelines for the Next European Commission 2024–2029.

To uphold the Commission's commitment to significantly increase just transition funding and to better manage social vulnerabilities that can emerge due to accelerated decarbonisation efforts, at least 20% (instead of the foreseen 14% in Article 22 of the Regulation) of the total Union contribution to the NRPP and loans should be dedicated to meeting social objectives. Revenue from the SCF shall be excluded from the basis for the calculation of this minimum allocation.

The Regulation should also define vulnerability (Article 3a) more granularly to ensure funds support low-income households and vulnerable groups in priority, addressing the social impacts of decarbonisation, in accordance with Articles 8 and 24 of the Energy Efficiency Directive and Article 17 of the Energy Performance of Buildings Directive regarding energy savings and renovation measures.

In parallel, the methodology for tracking social spending should be improved to ensure effective implementation. Without robust social indicators, social targets may appear to be met without delivering actual social outcomes. To improve fairness and effectiveness, Annex I of the Performance Regulation should introduce stronger indicators that track how EU investments actually reach vulnerable groups and disadvantaged regions. Currently, the indicators—such as those for energy-related measures—focus on broad coverage (e.g., households reached) rather than real impact (e.g., proportion of energy savings achieved in vulnerable households). Similarly, the output indicators for social reforms (intervention areas 464–475) prioritise quantity over quality, risking continuing the regressive impacts of the current Cohesion Policy, which have increased income for affluent households but barely affected low-income households.[47] Improving the tracking of social spending is needed to ensure limited public resources are not used to subsidise actors that do not require direct support.

Recommendation 6: Ensure the Social Climate Plan chapter preserves its specific objectives and eligibility rules

While Member States should be able to program part of their resources under the broader NRPP envelope to top up the investments proposed in their respective NSCPs, the original allocation under the SCF should be maintained in the NSCP. This is critical to maintaining strong incentives for Member States to submit well targeted NSCPs as soon as possible. Under the current formulation of the Regulation, countries that delay submitting their NSCPs until after 2028—opting instead to access the SCF funding through NRRPs—may no longer be subject to the stricter social criteria established by the SCF Regulation. As a result, the 23 Member States that haven't yet submitted their NSCP, may be incentivised to strategically delay their plans further. This approach risks allowing Member States to bypass the challenging task of designing socially targeted measures for vulnerable groups, ultimately weakening the NSCPs' ability to support a just transition under ETS 2.[48]

47) V. Lang, N. Redeker & D. Bischof, 2023, Place-Based Policies and Inequality within Regions.
48) Germanwatch & European Environmental Bureau, 2025, Safeguarding Social Justice in EU Climate Finance: Unpacking the MFF–SCF Link.

For this reason, both the general and the specific objectives of the SCF set out in Article 3 of Regulation 2023/955 shall continue to apply to the Social Climate Plan chapter in the NRPP.

4.3. RECOMMENDATIONS ON SECURING MEANINGFUL AND EFFECTIVE ROLE OF LOCAL AND REGIONAL AUTHORITIES

Local and regional authorities (LRAs) are critical to achieving the EU's climate, energy, and just transition goals—mobilising over 50% of climate-relevant public investment[49] and holding key competences in sectors like buildings, transport, and resilience. To ensure effective delivery under the next MFF, the NRPPs must integrate LRAs meaningfully into governance, planning, and implementation, avoiding centralisation and embedding genuine multilevel governance. This shift is also crucial for effectiveness: EU climate and transition goals rely on place-based investment and local actors' ability to deliver projects end-to-end. Sidelining LRAs weakens ownership, creates strategic misalignment, and risks investments that fail to meet territorial needs.[50] This is also highlighted by the absorption challenges observed in the implementation of the JTF, which is partially financed through the RRF and thus managed centrally.

Recommendation 7: Strengthen the partnership principle

Experience from Cohesion Policy demonstrates that the partnership principle alone is not sufficient to guarantee meaningful involvement of LRAs.[51] While the European Code of Conduct on Partnership establishes minimum standards for stakeholder participation, its implementation is inconsistent, and participation often remains procedural rather than substantive, as described by respondents in Chapter 3.6. The specific value and democratic role of social dialogue should be more strongly recognised in the application of the Partnership Principle. Several respondents highlight the benefits of including CSOs in Monitoring Committees, for instance for the effective application of the DNSH principle. Without a stronger, enforceable partnership principle, the NRPP risks becoming an overly centralised instrument, weakening territorial ownership and undermining absorption and effectiveness.

49) OECD, 2022, Measuring and Enhancing Subnational Government Finance for Environment and Climate Action in OECD and EU Countries.

50) Local Alliance, 2025, Local Governments still left out of National Social Climate Plans; European Committee of the Regions, 2024, EU Budget and Place-Based Policies: Proposals for New Design and Delivery Mechanisms in the MFF Post-2027; Council of European Municipalities and Regions, 2023, Powering the Future: Driving Europe's Climate and Energy Policies through Regions and Municipalities Multilevel Governance, Exemplary Policies, and Financial Dynamics.

51) OECD, 2022, Measuring and Enhancing Subnational Government Finance for Environment and Climate Action in OECD and EU Countries.;
Eurocities, 2024, Outlook on the Urban Dimension of Cohesion Policy: Mapping the Impact of Cohesion Policy in Urban Areas through the Lenses of EU Cities.

The NRPP Regulation should embed a reinforced partnership principle as a horizontal principle (Article 7) —based on the European Community of Practice on Partnership[52]—guaranteeing:

- Early, documented involvement of regional/local authorities, CSOs, and communities in NRPP preparation before priorities/allocations are set;
- Structured participation in design, implementation, monitoring, and evaluation;
- Clear reflection of subnational input in final decisions to boost transparency and accountability."

The recommendations from the long-term work of the European Community of Practice on Partnership could serve as a starting point for further improvements.[53]

Recommendation 8: Include mandatory regional and territorial chapters and embed operational multilevel governance in the NRPP process

Experience from the RRF has shown that when cooperation with regional and local governments is left to voluntary arrangements, many Member States fail to engage their cities and regions meaningfully.[54] In this context, keeping 'regional and territorial chapters' optional in the NRPPs, as foreseen in the Regulation, would create uncertainty as to whether territorial diversity and local needs will be adequately reflected. Making these 'regional and territorial chapters' mandatory would ensure that planning and implementation are grounded in a genuine multilevel governance approach, guaranteeing balanced territorial coverage, stronger ownership across all regions, and alignment with the Union's cohesion objectives enshrined in the Treaties. In addition, these chapters should include a dedicated urban component, as cities concentrate many challenges and opportunities linked to a just transition to climate neutrality (e.g. affordable housing, building renovation, sustainable mobility). By requiring Member States to articulate how investments respond to territorial strengths and disparities for all territories, these chapters, in combination with other recommendations included in this report, would help reduce the fragmentation of innovation ecosystems and avoid the concentration of resources in a limited number of already well-performing regions. In practice, LRAs should be included in the design, implementation and monitoring of these chapters, through a genuine multilevel governance process (see Recommendation 7).

52) European Commission, European Community of Practice on Partnership (ECoPP).
53) European Commission, European Community of Practice on Partnership (ECoPP).
54) Council of European Municipalities and Regions, 2022, Implementation of the Recovery and Resilience Facility: The Perspective of Local and Regional Authorities Results of the CoR-CEMR Targeted Consultation.

In addition, they should be able to interact directly with the European Commission and apply for preliminary approval of the regional chapter, without prejudice to the approval of the NRPP as a whole. As the Hungarian experience demonstrates[55], it is important that the Fund's governance framework guarantees that regional and local authorities retain direct access to EU resources even if their national governments violate horizontal principles or rule-of-law conditions (Article 9).

Recommendations 9: Ensure LRAs receive the necessary technical assistance for the design and implementation of EU's climate, energy and just transition objectives

Given the performance-based logic of NRPPs and strict disbursement timelines (see Recommendation 3), insufficient project maturity or administrative capacity may lead to less stakeholder engagement, delayed implementation or concentration of funding in already well-resourced areas. Ensuring that technical assistance reaches local and regional authorities and other relevant actors is therefore not only a matter of fairness, but also a precondition for effective and timely delivery of EU climate and just transition objectives. Chapter 3.2 demonstrates that technical assistance is a critical enabling factor for effective absorption and delivery of cohesion policy funds. Administrative capacity constraints are consistently identified as one of the main barriers to absorption. The NRPP Regulation foresees a flat rate for technical assistance of up to 3%. However, respondents argue that this level may be insufficient, especially in disadvantaged regions and for complex projects. More importantly, the effectiveness of technical assistance depends less on the percentage allocated and more on how it is deployed, as highlighted in Chapter 3.2.

To ensure that technical assistance (Article 13) effectively supports LRAs under the NRPP framework, Member States should:

- Ensure a dedicated allocation for technical assistance under the next MFF period:
    - Allocate a significant share of technical assistance, no less than the level foreseen under the current Cohesion Policy (3–6%), to strengthen the capacity of regional and local authorities to design and implement reforms and investments under the Plan;
    - Include a ring-fenced percentage to support non-administrative staff participation in Monitoring Committees (such as trade unions or environmental CSOs);
    - Improve transparency regarding the use and outcomes of technical assistance, particularly under flat-rate financing arrangements.

55) Baranya County, which faces transition challenges due to its cement industry, is treated in pack with the other two Hungarian JT regions and so far did not receive JTF support although Baranya is not associated with the Matra power plant, which lignite-fired units failed to close according to the original timeline submitted by the Hungarian government.

- Remove barriers to accessing technical assistance:
  - Ensure that LRAs can access technical assistance directly or through representative structures, rather than relying exclusively on centralised allocation mechanisms;
  - Provide structured support for project preparation and development for LRAs and other public beneficiaries, covering feasibility studies, permitting procedures, compliance with horizontal requirements such as DNSH, and financial structuring under Article 13.

- Strengthen administrative capacity at local and regional level
  - Prioritise building local and regional staff capacity, and institutional learning, including support for hiring new staff[56], training, peer learning, and institutional strengthening, rather than relying predominantly on external consultancy services that substitute administrative functions without transferring knowledge. In this regard, it would be key to ensure that technical assistance, including flat-rate allocations where applicable, is strategically programmed to support durable capacity transfer and institutional learning at the local and regional level.

OVERARCHING RECOMMENDATION: ALIGN NECPS AND NRPPS FOR THE IMPLEMENTATION OF THE EU'S CLIMATE AND ENERGY OBJECTIVES

Under Article 22. III. a of the NRPP Regulation, the NRPPs are required to be consistent with national strategies and plans mandated by other EU regulations, including NECPs under the Governance Regulation (2018/1999). However, the current NRPP template included in the NRPP Regulation (Annex V) only requires Member States to provide a qualitative assessment—in 1,000 words— of its links with the NECP. The revision of the Governance Regulation in 2026, happening in parallel to the negotiations of the MFF, offers an opportunity to meaningfully link both processes, in support of an effective delivery of EU funds.

The planning timelines for the NRPPs and the NECPs further reinforce the need for coordination. The draft NECPs for 2030–2040 and the final NRRPs are both due in January 2028, with the NRRP drafts to be submitted by June 2027. To avoid duplicating planning processes and ensure coherence between strategic objectives and financing instruments, the NECPs should be used to map climate and energy financing gaps to be addressed in the NRPPs.

56) According to the Energy Cities study of the Local Staff 4 Climate, to implement the EU's 2030 energy legislation, around 2.5 additional full-time positions per municipality per year over the next 9 years (including 2022), or 214,000 new local employment positions across the European Union. In terms of costs for municipalities, this will be around €16 billion per year at the EU level, which, in 2019, represented only 3% of local governments' public expenditures, https://www.localstaff4climate.eu/the-study/

Under Article 7 of the Governance Regulation, Member States must already include in their NECPs an overview of investments needed at national level to meet the European Union's climate and energy targets, as well as a general assessment on the sources of those investments. As per Annex 1 of the Governance Regulation, this assessment should include an analysis of additional public finance support or resources to fill sectoral investment gaps. However, the current NECPs largely fail to provide the information needed to properly assess the financing gap in each Member State – thereby preventing an effective intervention to fill it.[57] Even when countries do provide projections of the investments needed to achieve their national climate and energy objectives by 2030, they rarely identify financing sources. In most cases, a clear picture of the breakdown between public and private sources is missing.[58] This lack of transparency and planning jeopardises the achievement of the EU's climate and energy targets, as it remains uncertain whether the measures outlined in the NECPs—and used to track the Union's progress—will receive the required funding at the national level. To address this in the next iteration of the NECPs, Member States should clearly identify financing gaps and the sources required to bridge them in order to achieve the EU's climate and energy targets and support the dimensions of the Energy Union. Doing so would enable targeted and effective allocation of NRRP funding to the sectors, territories and entities most in need—those unable to transition without such support—while aligning with the performance-based approach of the NRRPs, as funded actions would directly contribute to closing the gaps in meeting climate and energy objectives.

In praxis, Annex V of the NRRP Regulation should therefore be modified to incorporate a granular (at least sectoral) overview of the investment needs identified during the upcoming NECP drafting process and list priority areas that require EU funding for the transition in line with climate and energy targets. This would ensure that funding decisions in an NRPP directly support actions that contribute to meeting climate and energy targets. Such a shift would help ensure the NECPs serve their intended purpose as a robust multi-year planning tool for climate and energy policies, rather than being seen as a reporting exercise. This would also simplify the assessment of both NRPPs and NECPs, eliminating duplicate efforts for the European Commission and Member States.

Since the next NECP drafting process may still be in its early stages when the NRPPs are being developed, the European Commission should require Member States to assess the financing gap for achieving 2030 targets in their upcoming NECP Progress Report. This assessment should explicitly identify the share of the gap that NRPPs are expected to cover. To ensure consistency and accountability, the Commission Implementing Regulation 2022/2299 to the Governance Regulation should be amended to include an annex with clear KPIs—linking investment needs to measurable outcomes and facilitating alignment between NECPs and NRPP funding priorities.

57) CAN Europe, 2025, EU Climate Goals at Risk: NECPs' Ambitious Implementation Must Close the Gaps.
58) CAN Europe, 2025, EU Climate Goals at Risk: NECPs' Ambitious Implementation Must Close the Gaps.

CONCLUSION

The NRPPs will represent the main source of funding for a just transition to climate neutrality in the next MFF. Yet the Regulation proposed raises significant concerns on the ability of these plans to effectively contribute to the EU's climate neutrality and just transition objectives. Pooling multiple priorities under central management could lead to climate action and just transition being overshadowed by other competing priorities, especially given the flaws in the performance indicators used to measure their impact. Additionally, the current NRPP proposal risks sidelining local and regional authorities— who are essential partners for inclusive climate action and for fostering an SME-friendly environment that maximises the impact of funding. The NRPP proposal comes at a critical moment when the EU needs to increase, not reduce, investment to meet its climate goals and support a sustainable, competitive economy.

To ensure the NRPPs effectively support a just transition to climate neutrality, this report proposes the following:

- **Align NRPPs with climate and just transition objectives** by tying green earmarking to progress on EU climate and energy targets, increasing social earmarking, improving climate, environmental and social spending tracking, and adopting decommitment rules that support long-term investments.

- **Build on the Just Transition Fund** by maintaining explicit targeting of just transition regions, expanding support to sectors and areas currently overlooked, and ensuring long-term, predictable funding for vulnerable territories.

- **Empower local and regional authorities** through mandatory subnational chapters, reinforced partnership principles, and direct access to technical assistance, ensuring their meaningful involvement in planning, implementation, and monitoring. This should be complemented by robust oversight at the EU level — for instance through the European Fair Transition Observatory, or similar frameworks—to guarantee accountability and transparency.

- **Build coherence with the NECPs**, by ensuring NECPs identify minimum sectoral investment gaps and NRRPs provide targeted funding to fill them.

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