



# Assessment for Germany (Lusatia )

Status: Final Plan

Date of plan: 14.10.2022



## Overall Plan Rating

There are also some indicators rated as not consistent with the just transition. These are marked as red on the traffic light system and should be the foremost priorities to address and improve on. The indicators are organised under their corresponding principles in the Annex to this report.

## Performance of TJTP by principle



**Principle 1:** The TJTP should be sustainable and deliver on long-term, international and EU climate commitments such as the Paris Agreement and EU 2030 and 2050 climate objectives.



**Principle 2:** The TJTP should not lead to prolonged fossil fuel use or promote false solutions to the transition to climate neutrality. As a guide, coal should be phased out by 2030.



**Principle 3:** The TJTP should lead to sustainable economic diversification at the local, regional and national level.



**Principle 4:** The TJTP should address social inequalities, improve interregional solidarity, decrease inequalities and tackle injustices.



**Principle 5:** The TJTP should not harm EU environmental and climate objectives and values.



**Principle 6:** The TJTP should respect the polluter pays principle.



**Principle 7:** The TJTP should be supported by adequate, coordinated and long-term public and private funding sources.



**Principle 8:** The TJTP should be designed, monitored and evaluated through meaningful partnerships which engage all stakeholders in an open, inclusive and ongoing process, especially at local level. Social dialogue and collective bargaining should be central pillars of the transition when it comes to the labour market and enterprises.



**Principle 9:** The TJTP should take a place-based, local approach to strategy design and implementation.



**Principle 10:** The TJTP should be developed based on high quality, independent and objective analysis of the challenges and opportunities of the transition for regions.

## Breakdown by indicator

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### Principle 1

The TJTP should be sustainable and deliver on long-term, international and EU climate commitments such as the Paris Agreement and EU 2030 and 2050 climate objectives.



Indicates a commitment to at least a 65% reduction in GHG emissions at regional or national level by 2030

Comments: It states "The EU is aiming for a climate-neutral economy by 2050 and a 55% reduction in GHG by 2030 compared to 1990. DE has committed to gradual GHG neutrality by 2045 and plans to reduce GHG emissions by at least 65% by 2030."



Identifies the opportunities to increase renewable energy in the region or nationally, but no specific actions, projects or targets are proposed

Comments: It notes in the developmental needs section that, "Building on the know-how available in LR, future clusters with great economic potential in renewable energy and in the circular economy are to be promoted" It also mentions agri-PV projects and floating solar as potential projects, although it could offer more detail specifically when this is envisaged. Much renewable energy capacity envisaged however appears to be intended for direction towards 'decarbonising production processes' and possibly to hydrogen (without justification or explanation as to whether the balance with direct electrification is considered).



Identifies the opportunities to increase energy efficiency or reduce energy use in the region or nationally, but no specific actions, projects or targets are proposed

Comments: "Sustainable energy, energy efficiency and integration measures, including the renovation and conversion of buildings" is listed as a use of Pillars II and III.

Very little detail is given, beyond noting that, "...the following measures are also seen as part of the JTF funding: increasing energy and resource efficiency (e.g. Power-to-X technologies, cascade use)..."



### Principle 2

The TJTP should not lead to prolonged fossil fuel use or promote false solutions to the transition to climate neutrality. As a guide, coal should be phased out by 2030.



A phase-out of coal is planned or implied (the fossil fuel is recognised as in terminal decline), but the end date is after 2030 or undefined

Comments: 2038 is recognised as the date set by the German coal phase out law, but it acknowledges the coalition agreement to potentially bring it forward to 2030, "If there is an early phase-out of coal by 2030, this will have a direct impact on the originally planned shutdown dates of the Schwarze Pumpe and Boxberg power plants and the opencast mines in [Saxony]. This leads to a much tougher transition towards a climate-neutral economy and exacerbates the socio-economic challenges associated with the transition anyway."



No phase-out of fossil gas is planned or implied



Not enough information available or fossil fuel subsidies not discussed



### Principle 3

The TJTP should lead to sustainable economic diversification at the local, regional and national level.

- Promotes economic diversification, and explicitly recognises (e.g. in the assessment of the transition challenges) that all sectors of the economy must become sustainable

Comments: There is a need for support in order to maintain the competitiveness of SMEs that are economically and personally associated with the lignite industry through a future-oriented reorientation. A large part of the added value and employment lost in the lignite industry and in the supplier industries will not be secured through operational transformation processes or replaced in the industry itself. They must therefore also be compensated for in other, sustainable sectors..."

"Due to the lignite phase-out, LR is faced with the challenge of switching to an efficient, competitive energy supply based on renewable energy. Green hydrogen is an important building block here. LEAG, as one of the largest energy companies in eastern Germany and one of the most important employers in the LR, is a mainstay of the transition to climate neutrality in the region." Building on the know-how available in LR, future clusters with great economic potential in renewable energy and in the circular economy are to be promoted..... In the energy sector, companies must develop and implement new business areas and climate-friendly technologies..."

- Recognises the value of SMEs and start-ups, setting out a clear plan for their support and incentivisation e.g. through dedicated incubators

- ✓ Includes programme specific indicators (section 2.5) to measure support to, or success in supporting, SMEs and start-ups.

- ✗ TJTP plans to provide excessive or unjustified support to large enterprises, particularly from the Just Transition Fund

Comments: 75 million EUR for supporting around 956 jobs in 375 SMEs is planned. Business angel support will be provided for start-ups and vocational schools will support skilling, among other actions.

- Indicates a link to and a need for consistency with the NECP, but does not clearly link investments for sustainable economic diversification and decent job creation to it

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## ● Principle 4

The TJTP should address social inequalities, improve interregional solidarity, decrease inequalities and tackle injustices.

- Justifies why certain regions should receive support with reference to the underlying economic and employment impacts of the transition, and justifies the choice objective criteria or comparative data

- Does not foresee or prioritise any measures to address, or indicators to measure, equality of opportunity effects

Comments: Support for employees is principally envisaged through supporting companies and avoiding job losses in existing companies as far as possible.

- Identifies the existing and future skills, training and education gaps for all workers and sectors, including future generations, at regional level on the basis of objective and quality skills forecasts or clearly sets out a process to identify them

Comments: "...Coherence is established with the Skilled Labor Strategy 2030 for the Free State of SN, which defines the improvement of the framework conditions for vocational training as an important field of action. The JTF is intended to take account of the goal of adapting vocational training to the new needs of the labor market as a result of the transition and in this respect strengthening the LR as a training and employment location."

And, "The securing of skilled workers, especially from the local SMEs, will take place as required through in-house training. This requires a modernization, adjustment and reorientation of vocational training, primarily in the future fields mentioned in Section 2.2. In accordance with this approach, training courses in the fields of electrical engineering, energy and building technology and hydraulic engineering, for example, are to be strengthened or newly established at [vocational schools]..."

- Foresees targeted investments sufficient to remedy these gaps and create decent, sustainable and resilient jobs for all current (and future) workers in the region

- ✓ Includes programme specific indicators (section 2.5) to measure the uptake of skills courses or training

- Does not consider the quality of new jobs or include measures to address the issue

Comments: It notes that the coal sector pays well.

- Does not consider social protection and inclusion measures, even if inequalities are recognised

- Identifies the potential changes to quality of life arising from the transition and includes some targeted measures to address residual negative factors, such as air and water quality issues

Comments: It focuses a lot on water management and water quality.

- makes reference to the importance of supporting gender equality but does not propose any dedicated activities or priorities to achieve this

Comments: It only mentions women once in relation to the need to pay, "Particular attention... to the retention or immigration of young, qualified women."

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## ● Principle 5

The TJTP should not harm EU environmental and climate objectives and values.

- Does not include activities which would negatively impact environmental and biodiversity indicators relating to:

- Biodiversity
- Air pollution
- Accessible greenspace (land take)
- Water quality

AND neither does it include significantly harmful activities as defined by the EU Taxonomy or which would lead to unsustainable use of natural resources or which would lead to ecosystem harm

- Foresees no investments in infrastructure which could directly or indirectly lead to greater greenhouse gas emissions

- Identifies actions or activities to improve a wide range of environment and biodiversity indicators in the regions concerned. It includes, as a minimum, actions or activities relating to at least 3 of the following categories:

- Biodiversity
- Air pollution
- Accessible greenspace (land take)
- Water quality

- ✓ Includes programme specific indicators (section 2.5) to measure biodiversity or environmental quality

Comments: OIt foresees measures to renature sites that will "result in the proactive conservation of areas by stabilizing the affected water bodies and the biosphere reserves that are particularly worthy of protection in the [Lausitz Region]."

"Restoration of soils and ecosystems and decontamination, taking into account the polluter pays principle," and "biological diversity" are areas of activity listed that can be financed by Pillars II and III.

Indictaors:

It notes that,"the planned JTF funding focuses on proactive measures to preserve areas in the sphere of influence of the water bodies affected by the coal phase-out, and thus not on the significant expansion of areas. In this respect, a programme-specific output indicator is required."

A further indicator complements RCR50 and 52, "With regard to the joint indicators RCR 50 and 52, it should be noted that the planned JTF funding not only focuses on improving air quality, but above all on improving ecosystem services with a broader field of action, including for the protected assets of water, soil, nature and people. Furthermore, RCR 52 focuses on rehabilitated areas, while the planned JTF funding is about restoring affected areas of the blue-green infrastructure. With reference to the output indicator selected for the project, a program-specific result indicator was therefore developed, which makes the results (area of water-dependent ecosystems and sensitive natural areas that benefit from the restoration of the green infrastructure) of the project measurable.

- Foresees no new investment in waste incineration or landfill capacity.

AND

Includes or prioritises new activities which would favour a circular, rather than a linear economy and which will not increase greenhouse gas emissions.

Comments: Included in section 2.4.

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## ● Principle 6

The TJTP should respect the polluter pays principle.

- The TJTP identifies - or commits to identify - the entities responsible for existing environmental damage, but does not establish how the Polluter Pays Principle will be respected when making investment decisions

Comments: While some investments in large companies may relate to retraining employees, it is not clear why limited JTF resources need to be used for the purpose, or whether support with e.g. Pillar II might have been more appropriate. E.g. "At the Boxberg site, LEAG is planning a modular project consisting of a gas and steam turbine power plant, a plant for the production and storage of green hydrogen, the infrastructure for a hydrogen network, an electrical storage system and virtual power plant, as well as a recycling plant for the production of high-quality recycle. The JTF is intended to support the eligible modules."

Moreover, there is no clarity on how investments in land rehabilitation etc. do not contravene the Polluter Pays Principle, or by what procedure it will be ensured the investments will not overlap with perpetual obligations, even if the TJTP notes that some investments go further and cover larger areas.

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## ● Principle 7

The TJTP should be supported by adequate, coordinated and long-term public and private funding sources.

- EU funds and national public funds are identified to support the just transition: other sources of public funding than the Just Transition Fund and the Pillar III of the Just Transition Mechanism are identified, including national sources. Funding sources are targeted to the most appropriate activities or to address funding gaps
- Private funding sources are identified alongside public funding sources, with an indication of how private funds may be leveraged, mainly or exclusively relying on Pillar II of the Just Transition Mechanism

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## ● Principle 8

The TJTP should be designed, monitored and evaluated through meaningful partnerships which engage all stakeholders in an open, inclusive and ongoing process, especially at local level. Social dialogue and collective bargaining should be central pillars of the transition when it comes to the labour market and enterprises.

- A coordination body is established but membership of the coordination body requirements and composition may be unclear.

AND / OR

Details on procedures are vague without transparency on timing and schedules for such meetings, or on how, when or where information on process and relevant documents will be published in an accessible place. Alternatively the majority of information must be directly requested from the institution responsible rather than openly available.

Comments: A JTF sub-committee is established and details are given about when meetings took place and how members of the committee had time to respond. It does not provide information on where information will be published, but does provide information about which organisations will provide the information. However, the website contains link to useful information about partner selection etc. <https://www.xn--europa-frdert-sachsen-oec.de/de/info-portal>.

This nearly achieves a green rating.

- Clearly and comprehensively identifies stakeholders, including key groups as identified in the European Code of Conduct on Partnership, but includes no indication of or justification for their roles and status in the process
- Concrete detail on stakeholder engagement plans (e.g. meeting and consultation schedules and arrangements), as well as provisions to address stakeholder capacity-building needs

AND the TJTP includes sufficient details on how stakeholders have or will be involved in the preparation, implementation, monitoring and evaluation of the TJTP and how their views and inputs were integrated into the final plan

- Public consultation and engagement of all stakeholders while all options are open is provided for, but the period of consultation and engagement is launched with less than 4 weeks prior notice

AND/OR

The period for consultation and engagement lasts for less than 12 weeks

AND/OR

There is less than 4 weeks to comment on the final draft

AND/OR

Not all relevant stakeholders have been given the opportunity to participate in a public consultation.

- Social dialogue is not a part of the planning process, or is mentioned only passively. Labour unions and social partners have not been engaged in social dialogue during the development of the TJTP.

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## ● **Principle 9**

The TJTP should take a place-based, local approach to strategy design and implementation.

- Identifies NUTS 3 regions which will require targeted action and prioritises measures for the specific NUTS 3 regions concerned
- Does not mention or take into account the need to engage and inform the local community about the TJTPs

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## ● **Principle 10**

The TJTP should be developed based on high quality, independent and objective analysis of the challenges and opportunities of the transition for regions.

- The indicators and/or data included in the TJTP are high quality, focused at the regional level and are appropriate to the goals of the fund to address the socioeconomic challenges arising from the transition to climate neutrality, but do not cover all aspects of the just transition, focusing for example on the energy transition only

Comments: Significant new indicators are included. They do not include indicators on important social and environmental aspects of the transition, however, such as quality of new employment, or improved access to green space/ air quality.

- The TJTP does not foresee a revision process even to remedy poor performances or ensure consistency with a revised NECP

Comments: An evaluation is foreseen, but it is not clear if this could lead to revision.

**For further information on the TJTP assessment tool**

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