



# Assessment for Sweden (Norrbotten)

Status: Final Plan

Date of plan: 05.09.2022



## 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

- ✔ Greenhouse gas emissions reduction is part of the project selection criteria or specific project/programme results indicators

Comments: Climate neutrality by 2045 goal has been adopted by the Swedish parliament. However, it suggests that "the separation and storage of carbon dioxide of fossil origin must also be counted as a measure where reasonable alternatives are lacking" - The necessity for capturing CO<sub>2</sub> from fossil fuel can be disputed, as models show that a system with no fossil fuel energy is possible.

Sweden aims for a 63% reduction in GH emissions from the ESR sector and 70% from domestic transport by 2030 compared to 1990 and 2010 respectively, although some emissions reductions in ESR sectors might be achieved with 'supplementary measures' - likely to mean offsets.

"Steel industry's changeover to carbon dioxide neutrality is estimated to be able to reduce Sweden's CO<sub>2</sub> emissions by about 10%. The emissions in Norrbotten correspond to just over half of this reduction."

A result indicator on GHG emissions reductions is included, "Estimated greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC in companies receiving support. (from 5,384 322,00 ton CO<sub>2</sub>e/year to 2,790,000 ton CO<sub>2</sub>e/year).



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

Comments: Aims to reach 100% RES in electricity supply by 2040. It recognises that although Norrbotten is the region with the 3rd highest number of wind turbines, the current surplus in electricity production is expected to decrease significantly (section 2.1).

"The measures in the transition plans can be complemented by pillars II and III of the just transition mechanism. In particular, infrastructure needs related to electricity supply or investments in renewable energy and energy efficiency, CCS, green hydrogen, electrofuels and ammonia may be made for investments within Pillars II and III."



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



### 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 complete phase-out of coal is planned or implied in the territory by 2030



A phase out of fossil gas infrastructure phase-out is planned or implied, but the date is after 2035 or is undefined

Comments: The date indicated is 2040 for a 100% renewable electricity supply and a climate neutral system by 2045.

The TJTP is guided by the 'Fossil Free Sweden' strategy.



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, but there is no consideration of the need for new industries to be sustainable

Comments: There is no explicit recognition and there may be concerns raised about the use of biomass.

Economic diversification is largely limited to businesses (including SMEs) operating in the steel/metallurgy/mining/mineral sectors.

- Recognises the value of SMEs and start-ups for economic diversification, but does not set out clearly how it will provide support to develop and incentivise them
  - ✔ 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: "[JTF] Favors economic diversification through competence-enhancing [skills] efforts for SMEs in the metal industry's value chain and through research efforts that benefit the industry in a broad way." Most economic diversification support appears to be planned under the ERDF programme for the Upper Norrland region.

Includes an outcome indicator: SMEs that invest in skills for smart specialization, industrial transformation and entrepreneurship

Includes result indicators: SMEs introducing product or process innovations; Staff in SMEs completing skills development for smart specialisation, industrial transformation and entrepreneurship (by skill: technology, management, entrepreneurship, green skills, other)

- Indicates a link to and a need for consistency with the NECP's objectives. Provides a clear prioritisation of funding and investment needs into different sectors, labour market adjustments and for relevant reskilling and upskilling in line with - or going further than - the most up to date NECP for sustainable economic diversification and to create decent, sustainable and resilient jobs

## ● 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

Comments: This is only completed in the TJTP for Gotland. The main justification is based on the Commission's assessment (Annex D country reports, 2020).

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

Comments: Most effort appears to focus on reskilling and retraining. Gender disparity in the workforce is noted, but no specific actions seem to be addressed beyond an assumed natural increase in the representation of women.

Only one reference is made to other groups, [JTF] can provide support for defining strategies and implementing action plans for skills provision, for example by getting students to stay in the region after graduation to a greater extent.

- Identifies some of the existing and future skills, training and education gaps at regional level on the basis of objective and quality skills forecasts, or sets out a process to identify them - but focuses on a limited range of sectors or only on workers directly affected by the transition or who have already lost their jobs

Comments: The TJTP explicitly notes that the JTF, "is seen to complement ESF+ and ERDF with a focus on the steel industry's climate transition. FRO complements the ERDF's efforts within political objective 2, which is aimed to a greater extent at small and medium-sized enterprises. [JTF] will support large companies with facilities included in the EU ETS." SMEs aided are directly linked to steel production.

- 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: The plan does not foresee a change in industry and so appears to assume that new jobs in the steel industry and its associated value chains will be of the same quality (and that this is sufficient).

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

- Does not consider the impact of the transition on quality of life or makes only passive mention to some issues, such as air quality improvements

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

Comments: Passive reference is made to gender disparities in the workforce.

Although no specific interventions are apparent in the plan, it intends to report all spending on skill for smart specialisation as gender mainstreaming spending, "The program's skills-enhancing interventions, 023. Development of skills for smart specialisation, industrial transformation, entrepreneurship and business adaptability, will fully include interventions to counter a gender-segregated labor market. Therefore the programme's budget for these interventions is classified as code 2, gender mainstreaming, in table 8."

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## ● Principle 5

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

- Includes activities which would negatively impact environmental and biodiversity indicators relating to:

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

AND/OR it includes 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

Comments: There is no exclusion list and risks from unsustainable biomass are not addressed:

- According to estimations made by the Swedish Forest Agency (SFA) only about 3% of the productive forests are managed with other forest managed methods than clear felling.
- 62% of Swedish managed forests today are 60 years or younger and in certain counties up to 77%. Since 1950s, the area of forest that is less than 20 years old has increased by 80%; this age structure imbalance has negative implications on biodiversity and eco-system services and the imbalance will be exaggerated If current high harvesting levels are maintained this expected imbalance - and its negative biodiversity impacts - will grow (backed up by scenario calculations from the Swedish Forest Agency)
- Recent calculations show that carbon sequestration in Swedish forests has decreased by 5 million tons of CO2 per annum and Swedish Forest Agency (SKA 22) models indicate that under "business as usual" forest management (let alone with an increase in harvesting for bioenergy), carbon sequestration is expected to decrease.
- The Swedish Environmental Protection Agency (EPA) reported to the EU commission that 14 of 15 forest nature types in Sweden do not have a favorable conservation status. Furthermore, of assessed forest species in Sweden, i.e. species for which forests are important habitat, 2041 are red-listed and around 1000 in Sweden are threatened (IUCN categories). Of these, more than 700 are negatively impacted by current forest practices and about 400 of these are directly negatively impacted by clear cutting.

Therefore, if business as usual is allowed to continue in Swedish forests, more species will be threatened, and some are likely to become extinct. Impacts will be even worse with an increase in harvesting.

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

- Identifies actions or possible activities to improve some biodiversity and environmental indicators. These activities and actions cover at least one of the following categories:

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

Comments: Presumably air pollution will be addressed by the shift to renewable-based steel production. However, potential water quality issues, soil pollution or other negative effects from e.g. iron ore mining are not even mentioned (far from tackled).



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: The plan includes interventions which would support, "efforts aimed at manufacturing processes for the promotion of circularity which can, for example, contribute to the emergence of integrated value chains for material flows within the steel industry," and makes reference to industry actor circularity/recycling targets. It also notes that, "in 2020, the government decided on a national strategy for a circular economy with a focus on circular production, consumption and business models, as well as non-toxic and circular material cycles."



## Principle 6

The TJTP should respect the polluter pays principle.



The TJTP does not identify the entities responsible for existing environmental damage.

AND/OR the TJTP recommends to use JTF resources to pay for land restoration without an analysis - or commitment to an analysis - of the possibility and applicability of the Polluter Pays Principle

- ✘ The TJTP contravenes the Polluter Pays Principle by prioritising energy transition investments in companies with grants from the just transition fund, without a clear justification of why the companies cannot cover these costs by alternate means

Comments: It is not clear whether the investments support in large enterprises could not be covered by other funds, or through preferential loans (such as those supported through Pillar II of the JTM), although it mentions that complementarity with the Innovation Fund will be sought.



## 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



## 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.



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

Comments: There is little justification for the different levels of involvement for the different groups - for example, it is not clear why, "Civil organisations and interest organisations within the environment and climate work, or in relevant technical and substantive matters," have only been, invited to participate in the written consultations."



Limited detail on how stakeholder views and consultation inputs were integrated into the final plan, or how they will be (beyond a commitment to a consultation, for example). Detail on stakeholder engagement plans for the preparation, implementation, monitoring and evaluation of the TJTP is also limited.

- 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.

Comments: The consultation ran from 26th November 2021 to 16th December 2021 (less than 3 weeks). It is not clear there were other opportunities to contribute before the draft was consulted on.

- Tripartite social dialogue is part of the planning process. At least some labour unions and social partners have been engaged in social dialogue during the development of the TJTP. Social dialogue is conducted to address the impacts of the transition on sectors which are phasing out and transforming, but not necessarily for emerging sectors.

Comments: It states that, "The social partners have been involved in the development of the programme. In addition to Arbetsförmedlingen and affected industrial companies, a dialogue has begun with representatives of trade unions, mainly through the cooperative organisation Trade unions in industry."

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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

- Notes the need for community engagement and acknowledges existing or planned community initiatives, but does not indicate how these will be integrated into the TJTP or how the community will be engaged and informed

Comments: The plans states that, "municipalities are important in Sweden's climate work. Due to their proximity to the citizens, their roles in physical planning and as large employers, they are important climate actors in the work towards set climate goals. The municipalities drive local development in collaboration with companies, organisations, residents and other actors and thereby contribute to reaching set national and local goals."

Contacts with the Sami Parliament "have been initiated". It notes that, "The Sami people in Norrbotten are an indigenous people, which means that the Sami have a special right to preserve and develop their language and culture, including their industries. The Sami are the only recognized indigenous people in Europe, an ethnic and cultural minority that lives mainly in the traditional Sami region – Sápmi."

It also states that, "The county board in Norrbotten county has participated in meetings at regional level and provided opinions."

There is a detailed section in the overarching operational programme for the TJTPs setting out the communication strategy, which includes communicating the benefit of investments at local, regional and national level, with a target audience including the general public.

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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

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

## Comments

Plan available here: <https://tillvaxtverket.se/eu-program/vara-eu-program/fonden-for-en-rattvis-omstallning.html>

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

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