



Toolkit

Transition financing

Financing projects in coal
regions in transition

SUPPORT MATERIALS

Providing support materials to coal regions in transition

The Initiative for coal regions in transition developed the following support materials to assist practitioners in coal regions (including peat and oil shale regions) across Europe. Click below to download the toolkits.

- ➔ **Transition strategies**
- ➔ **Governance of transitions**
- ➔ **Sustainable employment and welfare support**
- ➔ **Environmental rehabilitation and repurposing**
- ➔ **Technology options**



TABLE OF CONTENTS

Aims and Scope	4
Who is this toolkit for?	4
Chapter	4
Key messages	5
Approach	6
Mobilising EU finance	7
The EU funding landscape	15
Accompanying notes	17
Further resources	37
Bibliography	38

How to use this toolkit

Slides / Pages 5-16

This section features key ideas and concepts behind transition financing for EU coal regions.

It can also be used as a stand-alone presentation. For each slide, more detailed information can be found in the accompanying notes.

Accompanying notes / Pages 17-35

The accompanying notes follow the same structure as the slides and offer a more in-depth look at each section, including further resources, links, examples, and case studies.

AIMS AND SCOPE

This toolkit provides guidance on the effective mobilisation of different sources of funding for transition-related projects in coal regions. It specifically focuses on mobilisation of EU funds, but addresses other relevant sources of funding.

WHO IS THIS TOOLKIT FOR?

- regional and local authorities
- SMEs and business associations
- civil society organisations
- stakeholders engaged in mobilising financing for projects at the local and regional levels.

WHY DO WE NEED THIS GUIDANCE?

Turning transition strategies and plans into projects, and mobilising resources to support projects can be a major challenge for coal regions in transition, in particular for organisations working at the local level. Comprehensive planning, coordinating fund mobilisation efforts and capacity building at the regional and local level will accelerate the pace of transition and efforts to mitigate the consequences of said transition. Additionally, a good regional financing strategy can address imbalances by supporting actors with limited capacity to access finance.

While funding for transition projects will depend greatly on project size, the regulatory framework and the specific national context, this toolkit collects some guiding principles and inspiring examples that can support practitioners as they design their funding strategies.



KEY MESSAGES

- developing an **effective funding strategy** - as part of a general transition strategy - is a key element for regions in the process of transition;
- coal regions need to build **institutional capacities and expert knowledge** for finance mobilisation and should use the EU and national support schemes for technical assistance;
- a strategic **combination of EU, national and private funding** maximises the mobilisation of financial resources;
- within the current Multiannual Financial Framework, the EU offers a wide variety of new **funding programmes and financing instruments for coal regions in transition**.



LINK BETWEEN FINANCE AND TRANSITION STRATEGY

There is a strong overlap between financing aspects and overall transition strategy development and implementation. Guidance on the development and implementation of transition strategies can be found in the Transition strategies toolkit.

➔ [Read more](#)

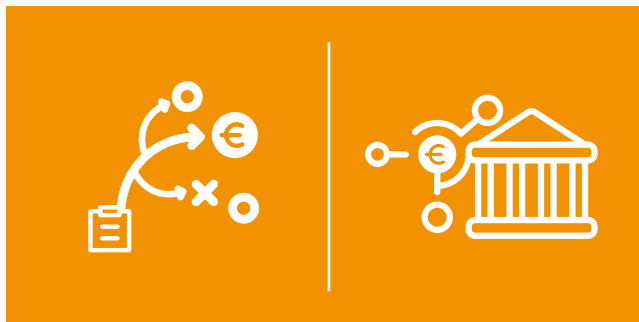
APPROACH

Financing projects in coal regions in transition

This toolkit covers two main themes

MOBILISING EU FINANCE

- Project identification and preparation
 - Financing strategies
- Capacity building for finance mobilisation
 - Financing mix
 - Innovative financing



THE EU FUNDING LANDSCAPE

- How EU funding works
- Funding programmes
- Other EU financing mechanisms



Mobilising EU finance

Common barriers in finance mobilisation

Problem

Limited capacity to transform regional transition strategies into project concepts



Approach

Involve local public, private and civil society actors in project identification and preparation

(see example of Irish Midlands)

Lack of resources to access (financial and legal) expertise



Make use of technical assistance and other support programmes
([see slide 8](#))

Difficulty in aggregating smaller projects into sizeable packages



Facilitate collaboration across actors with similar project ideas, rather than competition

The **first step** to finance mobilisation is to ensure that there is a sufficient number of high quality projects to finance.



EXAMPLE: SUPPORT FOR THE IRISH MIDLANDS FROM THE START PROGRAMME

The Irish Midlands received support from the START programme of the EU Initiative for Coal Regions in Transition for a bottom-up identification of transition projects, including creating awareness about the process, learning about examples of projects from other regions, and defining assessment criteria.

➔ [Read more](#)



Mobilising EU finance

Preparing projects for funding

Once a project is identified and prioritised, there is a **need to prepare different documentation**, such as:

- technical feasibility studies;
- risk assessments;
- financial planning;
- grant applications.

The higher the quality of a project preparation, the better the chances of it being accepted for funding, in particular when it comes to EU funding instruments.

Initiatives like [JASPERS](#), [ELENA](#), [URBIS](#), [TARGET](#), the [European Investment Advisory Hub](#) or the [EEEE's technical assistance facility](#) offer support for project preparation.



EXAMPLE: SUPPORT FROM JASPERS FOR A DISTRICT HEATING PROJECT IN UPPER NITRA, SLOVAKIA

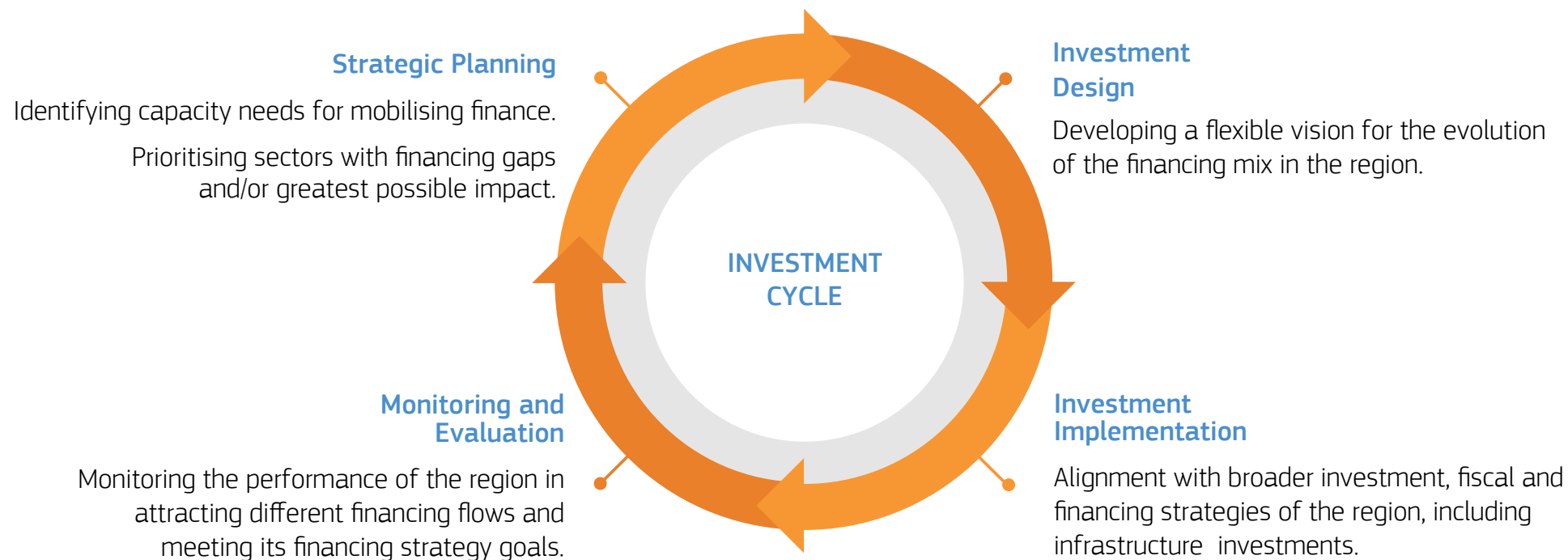
Energy efficient buildings and sustainable district heating are key priorities in many EU coal regions in transition. The Slovak government has received support from JASPERS to assess a project aimed at enhancing insulation of the district heating network in Upper Nitra.

🔗 [Read more](#)



Mobilising EU finance

Designing a transition financing strategy





Mobilising EU finance

Capacity building for successful finance mobilisation

Capacity building for finance mobilisation leads to **more funds being mobilised**, but also **expands access to actors** that are usually not able to take part in financing programmes.

Several EU schemes aim to strengthen administrative capacity among national and regional Managing Authorities of EU Cohesion Policy funding:

- **LIFE programme** offers training for setting up 'Integrated Programmes';
- **Horizon Europe** programme provides guidance and training via the network of National Contact Points.

➔ [Read more](#)



EXAMPLE: LIFE-IP NORTH-HU-TRANS PROJECT (HUNGARY)

The goal of the LIFE-IP NORTH-HU-Trans project is to support a just transition for northern Hungary and the area surrounding the lignite-powered Matra Power Plant (MPP). For this, the project assigns resources to the capacity building of regional and local administration.

➔ [Read more](#)



Mobilising EU finance

Coordination at national level

Most of the relevant EU funds are channelled by the Member States via national programmes. Therefore, some EU countries introduced coordinating governance bodies to support project development measures.



Empowering local players

Supporting small, local ventures driven by civil society organisations, social enterprises or start-ups enable innovation that cannot occur through investments in infrastructure, research, or business development alone.

EXAMPLE: COORDINATION OF FUNDING THROUGH THE RE:START PROGRAMME

The RE:START programme designed dedicated funding calls to support universities in the Czech regions affected by structural transition (Ústí, Karlovy Vary and Moravian-Silesian Region).

[➔ Read more](#)

EXAMPLE: A FUND FOR CIVIL SOCIETY PROJECTS IN LUSATIA, GERMANY

In the region of Lusatia, the governments of Brandenburg and Saxony reallocated a part of the national structural change funding to support civil society initiatives based on the proposed 'Lusatia Structural Change Fund' for civil society projects.

[➔ Read more](#)



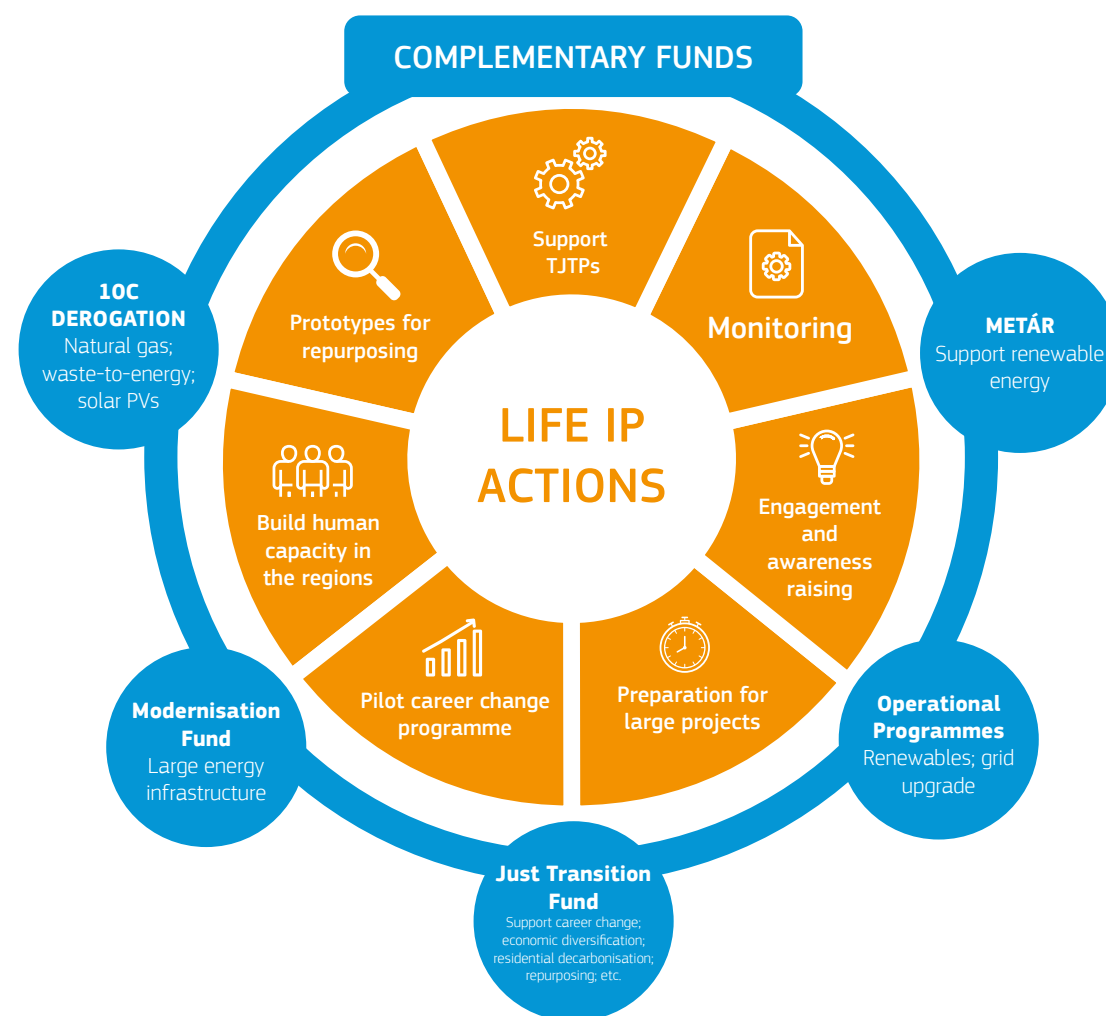
Mobilising EU finance

The financing mix

Synergies among EU funds: the combination of different funds requires managing authorities to align projects to the priorities and timings of different programmes.

Combining EU, national, and municipal funds; as done by the URBACT programme in Łódź, Poland, the transition in Genk, Belgium or the LIFE -IP NORTH-HU-TRANS project in Hungary (see graph on the right-hand side of the slide).

Mobilising private finance: leveraging private investments for transition projects is essential and a priority when using EU Cohesion and other funds.





Mobilising EU finance

Innovative financing approaches

Financing approaches relevant to local actors in coal regions include:

- strategic procurement;
- community energy ownership;
- Energy Performance Contracting;
- crowdfunding;
- municipal green bonds;
- revolving funds.

➔ [Read more](#)



EXAMPLE: SOLAR ENERGY FINANCING VIA PUBLIC-PRIVATE PARTNERSHIPS IN LOOS-EN-GOHELLE, FRANCE

The former coal mining town of Loos-en-Gohelle in France created a PPP to finance its solar projects. Additional financial support was provided by national subsidies for solar energy installations and grants from the ERDF.

➔ [Read more](#)



Mobilising EU finance



SPECIFIC TECHNICAL SUPPORT FOR COAL REGIONS

Technical Assistance for Regions undergoing a Green Energy Transition (TARGET)

About: New technical assistance programme co-developed by the EC and EIB for EU coal, peat and oil shale regions to support the pipeline development and implementation of projects

Focus areas: Clean energy and energy efficiency, in particular clean heating and energy-efficient renovations of buildings.

Who can apply: Public authorities developing local plans and pipelines of projects; specific project promoters (public or private)

[➔ Read more](#)

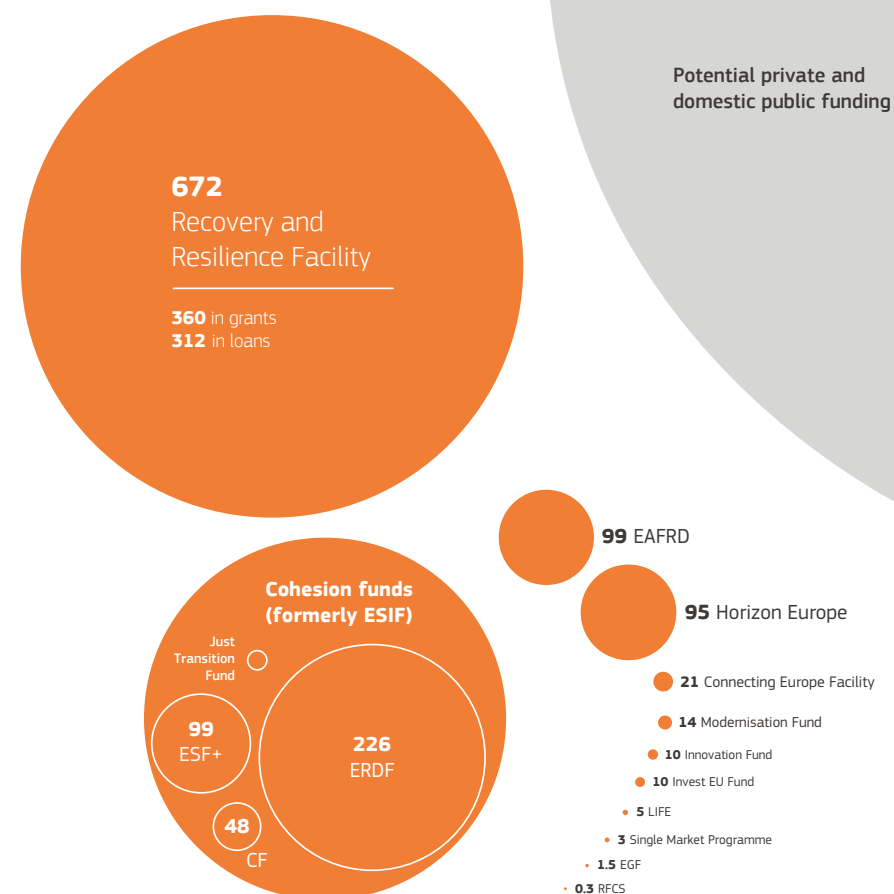


The EU funding landscape

How EU funding works

EU financing opportunities are numerous and diverse. Generally speaking, one can differentiate between three different types of financing instruments:

- **grants:** non-repayable funding to support a project and stimulate a specific development;
- **loans:** lending of money at favourable conditions;
- **guarantees:** whereby funding partners take over (a part of) the obligation if the debt cannot be paid back.



EU FUNDING PROGRAMMES 2021-27

All amounts in billion (2018 prices). Own figure, based on combined data from the EU's 2021-27 long-term Budget and NextGenerationEU. Important to note: the size of the funds is not indicative of their relevance for coal regions.



The EU funding landscape

Funding programmes

EUROPEAN REGIONAL
DEVELOPMENT FUND (ERDF)

EUROPEAN SOCIAL
FUND PLUS (ESF+)

COHESION FUND

EUROPEAN AGRICULTURAL FUND
FOR RURAL DEVELOPMENT (EAFRD)

SINGLE MARKET PROGRAMME

HORIZON EUROPE

JUST TRANSITION FUND

LIFE PROGRAMME

CONNECTING EUROPE FACILITY

RESEARCH FUND FOR
COAL AND STEEL

MODERNISATION FUND

RECOVERY AND
RESILIENCE FACILITY

INNOVATION FUND

EUROPEAN GLOBALISATION
ADJUSTMENT FUND FOR
DISPLACED WORKERS (EGF)

JUST TRANSITION MECHANISM:
PUBLIC SECTOR LOAN FACILITY

INVEST EU PROGRAMME

Other EU financing instruments

Accompanying notes

Table of contents

Introduction PAGE 18

Aims and scope / Why do we need this guidance?

Mobilising EU finance PAGE 18

Identification of projects / Preparing projects for funding / Designing financial strategies / Building skills for successful mobilisation / Empowering local and regional actors / The financing mix / Innovative financing

The EU funding landscape PAGE 25

How EU funding works / Funding programmes / Other EU financing instruments

Further resources PAGE 37

Introduction

Aims and scope

The purpose of this toolkit is to provide guidance on the effective mobilisation of different sources of funding for transition-related projects in coal regions (including peat and oil shale regions). It specifically focuses on the mobilisation of EU funds, but addresses other sources of funds where relevant. The toolkit has two sections:

1. guidance and good practice examples on mobilising of EU and other funds in coal regions in transition, including project portfolio development, the role of financing in regional transition strategies, building capacity for fund mobilisation, and finding co-financing;
2. an orientation across the various sources of EU funding relevant to coal regions in transition, with examples of how they are being used.

This toolkit is intended for regional and local authorities, SMEs and civil society organisations engaged in mobilising financing for projects at the local and regional level.

Why do we need this guidance?

Turning transition strategies and plans into projects as well as mobilising resources to support projects, can be a major challenge for coal regions in transition, in particular for organisations working at the local level. Planning in advance, coordinating fund

mobilisation efforts and building capacity at regional and local level can ultimately accelerate the pace of the transition and allow for a proper mitigation of its impacts. Additionally, it can address imbalances – supporting actors with limited capacity to access finance can contribute to a fair allocation of the resources available.

There is a multitude of funds and financial instruments at the EU level that aim to support coal regions in transition, and a number of initiatives that aim at simplifying the access to these sources. Local actors can make use of technical assistance to help with the preparation and structuring of project portfolios, the building of capacity at local level, and the leveraging of other public and private funding sources. Moreover, there are options for leveraging local funding sources as well as innovative funding approaches.

While the funding for transition projects will depend greatly on the project size and regulatory framework, this toolkit collects some guiding principles and inspiring examples that can support practitioners as they set out to design their funding strategies.

It is important to note that this toolkit focuses on EU funding and project-specific financing and does not directly cover other relevant public sources of funding available at the national and regional levels. Moreover, it does not provide in-depth guidance on the leveraging of private finance or into business financing, though it touches upon these topics where relevant.

Mobilising EU finance

Transformative projects in coal regions in transition can span many sectors, from skills development to digitalisation, district heating, renewable energy or tourism. The EU provides grants, loans and guarantees for a broad range of projects relevant to coal regions in transition. EU funds may finance only a part of a project, but can create an important leverage effect for other partners and funding sources to get onboard. This section provides some guiding principles and examples on how to enhance access to EU funds by regional and local actors in coal regions in transition.

Identifying projects

One of the first steps of a financing strategy, after the development of the regional strategies and governance arrangements, is to ensure that there is a sufficient number of high quality projects to finance. This step also helps to prioritise projects that are at an advanced stage or have potential for high impact and therefore should be the focus of the finance mobilisation efforts. Project identification should be guided by different stakeholders, such as public, private and civil society actors in coal regions in transition bring different perspectives on what are the priorities for the region.

Example

The [Irish Midlands](#) received support from the [START](#) programme of the EU Coal Regions in Transition for a bottom-up identification of transition projects, including creating awareness about the process, providing



A BOTTOM-UP PROCESS OF PROJECT IDENTIFICATION TOOK PLACE IN THE IRISH MIDLANDS AS PART OF THE START PROGRAMME

Dennis Turner / Peat bog Co.Offaly / CC BY-SA 2.0

inspiring examples of projects from other regions, and defining assessment criteria.

Civil society, public sector and private sector actors were asked to submit their project ideas using a standardised template, supported by related detailed guidance, that captured salient data on each project concept. By developing common materials, which were publicly available on a website, the project identification process was inclusive and transparent. The time-bound process allowed for a wide range of project concepts to be submitted over a four week period and consolidated into a project inventory. By gathering information in a structured and standardised fashion, comparison across projects could be undertaken and potential groupings of projects and potential gaps in the project pipeline identified. In addition, by developing a project inventory, it was possible to assess across partners what funding streams (EU, national, regional/local) or mixes of funding streams would be most appropriate for submitted projects and the potential phasing of funding and implementation.

Read more on project portfolio development: [LEADER toolkit "The strategy Implementation: How to define the project selection criteria"](#).

Preparing projects for funding

Once a project is identified and prioritised, there is a need to prepare different documentation such as technical feasibility studies, risk assessments, financial planning, grant applications, etc. The nature and level of required detail will vary and is likely to be proportionate to the scale and complexity of

each project. The higher the quality of project preparation, the better the chances of it being eligible for EU funding support.

Assistance is available for project preparation. For example, the [JASPERS](#) service (Joint Assistance to Support Projects in European Regions) of the European Investment Bank supports regional authorities to prepare projects in areas benefiting from EU funds so they meet all the necessary standards. JASPERS aim to enhance the capacity of regions to absorb the available funds from the EU's Cohesion policy (see section "EU funding landscape"), as well as from commercial lenders.

For the Initiative for coal regions in transitions, the JASPERS service developed a targeted [standard methodology](#) for screening of projects that proposes criteria regarding the general project eligibility and a qualitative assessment. For the new 2021-27 Multiannual Financial Framework, JASPERS will be embedded in the [InvestEU Advisory Hub](#).

Example

As approx. 36% of the EU's carbon emissions are related to buildings, energy efficiency and sustainable district heating are key priorities in many EU coal regions in transition. The Slovak government has received support from JASPERS to assist in phasing out coal from Novaky district heating by 2023/24. The region faced an ambitious timeline and the need to provide the region with continuous heat supply during the transition. For this, two 'fast-track' investment project proposals for sustainable district heating were developed, with JASPERS supporting the process with expert advice. The inputs to the decision-making process included a multi-criteria

analysis presenting the strengths and risks of both options, and a comprehensive summarizing score that allowed comparison.

Several actors in the European urban development space provide support for project preparation and finance mobilisation that is relevant for municipalities in coal regions in transition:

- the European City Facility provides [grants to local authorities](#) to develop investment concepts (see Figure 1), as well as technical assistance and capacity building opportunities. Investment concepts translate a project idea into financial language in order to mobilise financing for its realisation. The EUCF also provides [investment concept templates](#) in different languages;

- the Covenant of Mayors has an [interactive funding guide](#) that gathers EU and national funding sources, as well as information about support services and innovative financing schemes;
- [ELENA](#) and [URBIS](#) are dedicated advisory platforms aimed at unlocking investments for urban transition projects within the [European Investment Advisory Hub](#) (EIAH);
- the European Energy Efficiency Fund's (EEEE) technical assistance facility supports feasibility studies, energy audits, evaluating the economic viability of investments, legal support and other needs of municipalities looking into energy efficiency investments.

Investment concept

- ✓ Draft project pipeline
- ✓ Market/barrier analysis
- ✓ Local actor analysis
- ✓ Legal analysis
- ✓ Finance pre-feasibility
- ✓ Investment process

FIGURE 1: STEPS TO DEVELOPING AN INVESTMENT CONCEPT FOR LOCAL AUTHORITIES

Source: [EUCF](#)



NOVAKY POWER STATION IN SLOVAKIA, WHICH WILL STOP OPERATING IN 2024

Photo by Szeder László

CASE STUDY - "FUNDS TO MOBILISE FUNDS" IN EASTERN EUROPE LIGNITE REGIONS

THE CASE OF THE LIFE-IP NORTH-HU-TRANS PROJECT IN HUNGARY

The goal of the [LIFE-IP North-HU-Trans](#) project is to catalyse the full implementation of Hungary's National Energy and Climate Plan (NECP). In particular, the project aims to support a just transition for northern Hungary where the lignite-powered [Matra Power Plant \(MPP\)](#) and two open-cast lignite mines are located. In line with the approach of the LIFE programme, the project aims to mobilise complementary funds for the transition and for the replacement of the power generation units of MPP with low-carbon technologies, and the coordinated use of other sources of funding from Cohesion Policy funds, Connecting Europe Facility, Modernisation Fund, Just Transition Fund, and additional national and private funds.

For this, the project assigns resources to:

- capacity building of regional and local administration;
- project definition and preparation, in alignment with the transition strategy;
- mapping of financing sources;
- mobilisation of co-finance;
- capacity building of regional and local administration in the area of finance mobilisation and raising awareness about alternative financing sources.

Although the project only recently started, some of the lessons learnt to date include that:

- it is essential to (be able to) match and combine available financial resources, which requires coordination on different levels;
- transition plans at regional and local level lack integrated financing strategies;
- it is challenging to engage local actors in the design of projects that have long-run impacts and in partnering with others to attract larger financing;
- one of the challenges in designing green economy, just transition and economic diversification projects are the complexity in measuring the impacts and lack of experience with use of Key Performance Indicators (KPIs) in the context of regional transitions.

KEY DATA

**Start date**

01 September 2020

**End date**

31 October 2029

**Total budget**

EUR 14 million

**EU contribution**

EUR 8.9 million

**Expected results**

Gradual phase-out of the total 884 MW lignite power capacities and closure of the two existing open-pit lignite mines of Hungary by 2030

Elimination of 6.5 million tons of annual CO₂ emissions (almost 14% of total CO₂ emissions of Hungary)

Replacement of energy production with renewables, including energy storage technologies

Diversification of the regional economic structure

Reskilling for 500 workers and miners



Designing a transition financing strategy

Similar to the region's overall [strategy](#), its financing strategy works as a cycle (Figure 2). A region's approach to mobilise EU funds should be part of a wider strategy for financing the transition. Designing an integrated transition financing strategy includes:

- prioritising sectors with greatest financing gaps and/or greatest possible impact;
- alignment with the broader investment, fiscal and financing strategies of the region, including infrastructure investments;
- identifying capacity needs for mobilising finance;
- developing a flexible vision for the evolution of the financing mix in the region. (The financing mix will change as regions advance in their transition. Lower investment risks may lead to a lower share of public funds needed to leverage private investments, and chances of mobilising local resources -including local tax revenues- may increase with time);
- monitoring the performance of the region in attracting different financing flows and meeting its financing strategy goals.

A region's financing strategy can also be aligned with that of other regions. EU coal regions are often able to access EU funds in coordination with other regions in the country. This is the case of Poland and Czechia, which have mechanism to coordinate the allocation of the country's Cohesion funds to

coal regions. For example, the RE:START programme designed dedicated funding calls to support universities in the regions affected by structural transition in the Czechia regions.

Analysing different financing possibilities at hand will help build a strong financing strategy. The [URBACT](#) programme offers tools directed to urban authorities such as Ranking Tables for selecting among funding and financing alternatives, or a Funding Matrix to help build solid and coherent funding strategies.

Example

The START programme provided technical support to identify funding sources for the Asturias region in Spain. During this process, the EU funding sources were scanned with regard to the potential fit for possible projects in the region, summarised in a database and discussed with national and regional decision makers. The process was furthermore supported by engaging with public and private project developers.



ASTURIAS MATCHED EU FUNDING SOURCES WITH POTENTIAL TRANSITION PROJECTS IN THE REGION

Photo by Yandrak

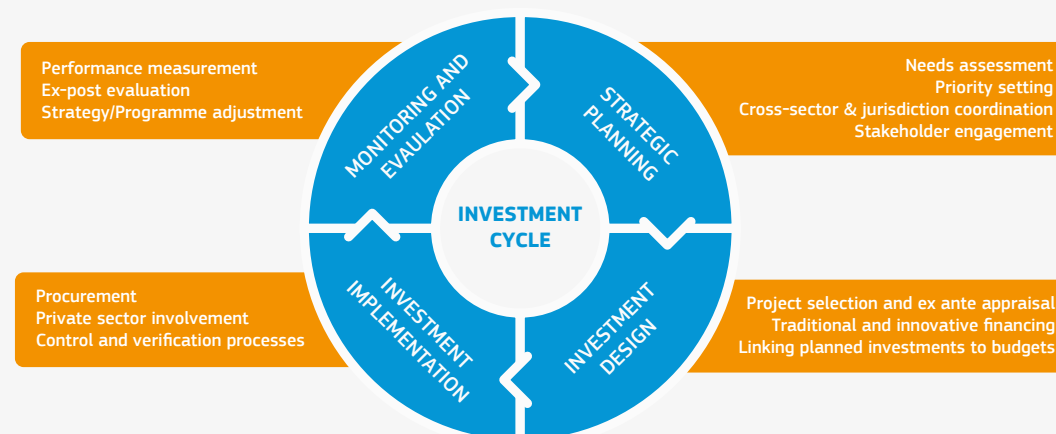


FIGURE 2: INVESTMENT CYCLE

Source: adapted from [OECD 2020](#)

Building capacity for successful finance mobilisation

Building capacities for finance mobilisation leads to more funds being mobilised, as well as expanding access to actors that are usually not able to take part in financing programmes. For example, the LIFE-IP-North) HU-Trans project (featured as a case study on page 20 places a special emphasis on capacity building.

Capacity building for the Cohesion Funds (formerly ESIF) is managed by the national and subnational managing authorities, according to the operational programmes in each country. This includes schemes aimed at strengthening administrative capacity for the use of recently introduced financial instruments (ESPON, 2020).

The [LIFE programme](#) offers training for setting up so-called 'Integrated Programmes' via own dedicated technical assistance calls (via the funding & tender platform).

For Horizon Europe, the network of National Contact Points ([NCP portal](#)) is the main structure to provide guidance and training on all aspects of participation in Horizon Europe.

Example

The Association of Municipalities and Districts of the Central Sub-region of the Silesian Voivodeship provides training to local authorities. Training focuses on aligning projects with funding streams in accordance with the priorities of EU funding programmes and techniques for drafting grant applications and budgets.

WHAT IS SUSTAINABLE FINANCE?

In order to meet the EU's climate and energy targets for 2030 and reach the objectives of the [European Green Deal](#), it is fundamental to direct investments towards sustainable projects and activities. However, as it is not always clear which investments can be labelled as sustainable, the EU introduced the [EU Taxonomy](#).

The EU Taxonomy is a classification system that translates the EU's climate and environmental objectives into criteria for investments. Economic activities that make a substantial contribution to at least one of the six EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards are considered to be sustainable. The EU taxonomy also encompasses social standards. This means that even climate-friendly projects may be labelled as 'unsustainable', if they do not meet minimum social standards based on the UN and OECD human rights principles.

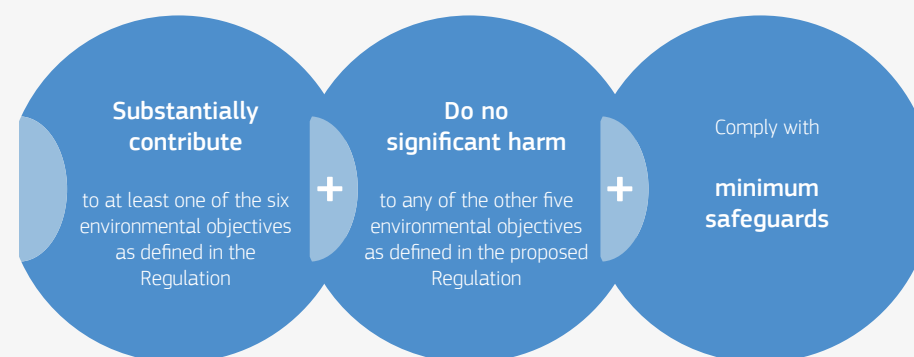
By providing a frame of reference, the taxonomy supports project developers, investors and policymakers in their efforts to plan transition projects – and at the same time prevent greenwashing.

The [EU Taxonomy Compass](#) provides an overview of the contents of the EU Taxonomy and will be updated when new legislation will affect the EU Taxonomy rules.

Note that the first EU Taxonomy Climate Delegated Act is currently under review by the European Parliament and the Council. As such, it has not yet entered into force and has not been published in the Official Journal of the EU yet.



FIGURE 3: THE SIX SUSTAINABILITY OBJECTIVES OF THE EU TAXONOMY



Empowering local players

Transition projects are often initiated by small, local ventures driven by civil society organisations, social enterprises or start-ups. Providing a stable mechanism for access to financing to these actors is one step to supporting local innovations in coal regions in transition that cannot occur through infrastructure, research, or business development investments.

Example: the region of Lusatia lacks strong civil society structures (it has Germany's lowest per capita number of not-for-profit associations). To redress the situation, the states of Brandenburg and Saxony both reallocate some of the national funding for coal regions to civil society projects. The reallocation has also been made as an answer to a proposed dedicated 'Lusatia Structural Change Fund', which was suggested by the organisation Agora Energiewende, but was not realized. The proposed fund were to allocate 25 million Euro per annum over 15 years (2019-2034) to empower civil society groups and other local actors in the region, planned to support small and medium size projects as well as assistance to access further EU, national and regional funding.

The financing mix: pooling, synergising, blending

The financing of regional transition projects requires the strategic combination of EU, national public funds and private funds. EU funds directed at coal regions in transition have the potential to catalyse other financing sources. The national or regional 'financing mix' must also make use of different types of financing instruments (grants, loans, guarantees), depending on the maturity and risk of the investment.

- **Synergies among EU funds:** the combination of different funds requires managing authorities to align projects to the priorities and timings of different programmes. Or projects can be sequenced, where a project concept initiated by one EU Fund can be further developed and implemented later by another EU Fund. There are numerous examples of how Europe and regions combine different EU funds (see examples [for rural regions](#) and other [examples](#)).
- **Contribution of national funds is usually required in projects funded by cohesion policy funds:** for example, the [URBACT](#) programme is mainly financed by ERDF funds, with additional national and local contributions. The city of [Łódź in Poland](#) combined URBACT and its own funds to revitalise a historic district through the renovation of buildings and creation of commercial and cultural spaces.
- **Mobilising private finance:** while many coal regions initially finance their transition projects with public funds, leveraging private investments for

COAL REGION-SPECIFIC SUPPORT: TECHNICAL ASSISTANCE FOR REGIONS UNDERGOING A GREEN ENERGY TRANSITION (TARGET)

TARGET is a new technical assistance programme aimed at coal, peat and oil shale regions, to support in the development of project pipelines and specific projects in clean energy and energy efficiency. Sectors such as clean heating (including district heating) and energy-efficient home renovations will be an area of focus of the Facility.

The programme is funded by the European Commission and implemented by the EIB, with an initial budget of EUR 14 million. Public authorities can apply to be helped when developing pipelines of viable projects, and for capacity building to develop their own projects in the future. Project promoters are eligible for support to develop early-stage feasibility studies on technical options, to apply for public funds or private financing, or to further work on project development.

➔ [Read more](#)



SOLAR INSTALLATIONS IN FORMER COAL MINING TOWN OF LOOS-EN-GOHELLE, DEVELOPED VIA A PUBLIC-PRIVATE-PARTNERSHIP (PPP)

Photo by Mairie de Loos-en-Gohelle

transition projects is a key priority of the EU cohesion and other funds. One of the steps in developing a region's financing strategy involves identifying bankable projects that generate revenue or growth in value for equity investments, and what kind of instrument (grant, loans, guarantees) is most appropriate to attract private investment.

- **Public-private partnerships are one approach:** for example, the former coal mining town of [Loos-en-Gohelle](#) in France created a PPP to finance its solar projects.
- **Facilitating access of local SMEs to private finance is also an element of many urban transition strategies:** local financial institutions in EU countries can access EU funds to provide loans, microfinance or equity funding through venture capital funds, business angels or social investors. To find out more, visit the [EIF website](#).
- **Strategies that specifically aim to leverage private investment in coal regions in transition:** a study by the Investor Group on Climate change looked into the conditions for leveraging public and private finance in Australia's coal regions – Latrobe Valley and Lake Macquarie. Based on a framework for considering new regional opportunities, it identifies investment in high growth industries, renewables and rehabilitation as the most significant opportunities for private investments (IGCC, 2017; LSE and Harvard Kennedy School, 2018).

See box "What is Sustainable Finance?" for insights into the definition of sustainable investments from the private sector.

Innovative financing approaches

There is a growing body of knowledge on the use of innovative financing approaches at the local and regional levels, especially in the urban transition arena. Some of the approaches relevant to local actors in coal regions in transition include:

- **strategic procurement:** the purchasing decisions of public authorities have ripple effects across the local economy and the supply chain. Strategic procurement uses the public sector's economic power to catalyse innovation in the private sector. The [Making Spend Matter](#) initiative has examples of how cities in the EU have used procurement by public institutions to bring economic and social benefits to the local economy;
- **community energy ownership:** where citizens and/or municipal governments jointly own and participate in renewable energy or energy efficiency projects. In energy communities, citizens are involved in both the decision making and financing. Community energy initiatives typically need sources of finance at the start to develop the project and cover capital costs. The PROSEU project has documented cases of how ten community energy initiatives went about addressing this initial financing gap and embedding their model into different institutional contexts ([PROSEU](#), 2020). There are numerous guidance materials available for European local practitioners in this area, such as those of the [European Community Power Coalition](#)

and [Citizen Energy](#). REScoop.eu has also published a [financial handbook](#) for local energy cooperatives. Example: the village of Kněžice in Czechia operates a biomass facility that produces heat and electricity and reduces the need for coal. The project is one of the first of its kind in the country and had to overcome regulatory and local acceptance hurdles, but today the plant serves 90% of the village population and expansion plans are underway. ([FoE](#), 2020, page 129);

- **energy Performance Contracting:** a financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. Normally offered by Energy Service Companies (ESCOs). Example: The [SUNSHINE](#) project in Latvia supported the renovation of 15 Soviet era apartment buildings using Energy Performance Contracting to finance a total capital expenditure of EUR 4 million;
- **crowdfunding:** where small amounts of capital from a large number of individuals finance an investment. Using crowdfunding is an opportunity to raise funds quickly from like-minded supporters who are eager to help. The University of Leeds has put together a [guide](#) for local authorities and lays out crowdfunding options that are well suited for raising finance in the public sector, including donation crowdfunding, debt crowdfunding, and municipal bonds;
- **Municipal green bonds:** some local governments are able to issue bonds as a source of low-cost capital to fund low-carbon buildings, renewable energy

projects, metro rail systems and other climate-friendly projects. The guide '[How to issue a Green City Bond](#)' gives an introduction into the process as well as examples of cities that have made use of this option in Europe and the United States;

- **revolving funds,** where cost savings resulting from the implemented projects returning directly to the fund, ensuring sustainable leverage of the fund and boosting further investments. Example: [Revolving Fund for Energy and Water Efficiency](#) in the city of Águeda, in Spain.

Moreover, useful lessons on alternative models for financing of transitions can be learnt from the context of [islands](#).

The EU funding landscape for coal regions in transition

This section gives an overview of the EU funding programmes that are most relevant to coal regions in transition. Programmes are presented briefly – project developers should further explore the details of these funding opportunities as well as others that are not featured in this toolkit.

How EU funding works

EU financing opportunities are numerous and diverse. Generally speaking, one can differentiate between three different types of financing instruments:

- **grants:** non-repayable funding to support a project and stimulate a specific development;
- **loans:** lending of money at favourable conditions;
- **guarantees:** where funding partners take over (a part of) the obligation if the debt cannot be paid back.

EU grants, loans and guarantees exist in a variety of forms. A combination of different forms of funding within a programme or the need to find co-funding can be a prerequisite. Access to EU funds is often managed by a dedicated national authority: Under the 'shared management' provision, about 80%

of EU funding is granted through programmes managed in the EU countries themselves. Even though grants are the predominant financing instrument, loans and guarantees are taking up a bigger role in the multi-annual financial framework depending on the operational programming of the Member states.

Funding Programmes

The EU sets spending goals in the multiannual financial framework, the EU's long-term budget for the next 7 years. While in the past, the majority of the EU budget has been channelled to agricultural subsidies and cohesion policy, with new provisions under the Lisbon treaty, EU spending shifted to a more diverse range of topics. Under the pressure of a climate crisis, new economic developments and global challenges, the multi-annual budget 2021-2027 comprises EUR 1.2 trillion, topped up by EUR 806 billion through NextGenerationEU, which will give additional budget to some existing funds. But foremost, the additional financial resources of NextGenerationEU goes into the Recovery and Resilience Facility, which should help the European economy to recover from the economic consequences of the COVID pandemic.

Over half of EU funding is traditionally channelled through the five Cohesion funds (formerly ESIF). They are managed by the EU Member States authorities and approved by the European Commission.

For coal regions in transition, all Cohesion funds except the European Maritime and Fisheries Fund can be a potential source of funding for a diverse range of projects. As the figure shows, the ESI funds still outnumber all the other funds (except the new RRF), therefore should not be underestimated in terms of relevance for transition projects.

However, other funds also provide significant opportunities for funding transition projects. As the provided examples in this toolkit show, the actual size of each fund may be a first indication of the priorities of the European Union for public investments, however also the smaller funds can provide a significant share for project financing in coal regions.

The following section provides an overview of relevant funding programmes of the EU and also give insights about the additional financing opportunities of public banks, especially the European Investment Bank. It is often useful to combine different funding sources (e.g. example Genk's transition) and not only taking into account state grants (both from EU and state level), but also loans, guarantees and other forms of financing.

GENK'S TRANSITION

Genk has successfully shifted from a mining to manufacturing and knowledge economy, and is, together with the surrounding region, an example of redevelopment of industrial and mining infrastructure. The redevelopment of Genk's former mining sites was supported by a EUR 217 million grant pledged by the Flemish government. The government also provides tax incentives and subsidies for companies and academic institutions to work in the area. To finance these subsidies, the city developed an [Integrated Territorial Instrument \(ITI\)](#), which made it possible to also use multiple EU Funds (ESF, ERDF and the Cohesion Fund).

[Read more](#)

Funding programmes overview



European Regional Development Fund (ERDF)


The [European Regional Development Fund](#) aims to reduce economic and social disparity between the EU's regions by supporting a broad variety of projects. Based on their prosperity, all regions and Member States will concentrate the support on the two policy objectives 'a more competitive and smarter Europe' (PO 1), as well as a 'greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe' (PO2).

€ **Budget (2021-2027)**
EUR 226.05 billion

 **Type of funding**
Grants, loans and guarantees

 **Focus**
Innovation and research
Digital transition
Support for small and medium-sized enterprises (SMEs)
Low-Carbon Economy

 **Type of recipients**
Regional public and private entities, with special attention paid to disadvantaged regions and areas, notably rural areas and outermost regions.

 **Application via**
➔ [Operational Programmes managed by the Member States as well as relevant programmes funded by ERDF such as \[URBACT\]\(#\) and \[Urban Innovative Actions\]\(#\)](#)

Linked to the ERDF, the EU INTERREG programme is designed to stimulate cooperation across regional and national borders and can be another possible source of funding for coal regions in transition.

EXAMPLE

The 'Silesian professional employees' project aims to improve vocational training opportunities by creating a cooperation network between the business and education sector that should help students to find internships and apprenticeships.

➔ [Read more](#)

EXAMPLE


The cross-border project ENPOLEE brought together local authorities, businesses and schools from Greece and the Republic of North Macedonia to improve the energy efficiency of a number of public buildings. The project was supported by the ERDF with EUR 722 000.


➔ [Read more](#)


European Social Fund Plus (ESF+)


The [European Social Fund Plus \(ESF+\)](#) is the main EU instrument to invest in policy and systems reform to enhance skills in regions, including digital skills that can help shift the labour market. Coal regions in transition can use this fund to mobilise finance for e.g. skills training for workers, youth programmes, etc. It also features a specific strand for reskilling of coal miners.

€ **Budget (2021-2027)**
EUR 99.26 billion

 **Type of funding**
Grants

 **Focus**
Investments in youth, especially to support them finding a qualification and job
Support to the most vulnerable suffering from job and income losses
Promotion of social innovation, social entrepreneurship and cross-border labour mobility under the new Employment and Social Innovation (EaSI) strand

 **Type of recipients**
Public administrations, workers' and employers' organisations, NGOs, charities and companies.

 **Application via**
➔ [Operational programmes](#) / ➔ [Funding&Tenders platform for the EaSI strand and ESF+ technical assistance](#)

Cohesion Fund

The [EU's Cohesion Fund](#) aims to reduce economic and social disparity between EU Member States and promote sustainable development. The Cohesion Fund focuses on investments in environment – including areas related to sustainable development and energy which present environmental benefits – and transport.



Budget (2021-2027)

EUR 48.03 billion of which EUR 11.29 billion transferred to the Connecting Europe Facility



Type of funding

Grants (the level of financing from the Cohesion Fund for a programme can amount to up to 85% of its cost)



Focus

Trans-European transport networks, notably [priority projects of European interest](#) as identified by the EU. The Cohesion Fund will also support infrastructure projects under the Connecting Europe Facility.

Environmental projects that are related to energy or transport, e.g. improving energy efficiency, use of renewable energy, developing rail transport, supporting intermodality, and strengthening public transport, etc.



Type of recipients

Public and regional authorities in Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.



Application via

➔ [Operational Programmes managed by the Member States](#)

EXAMPLE

The project 'DorfBioTop!' in the Rhenish mining area in Germany aims to educate and support the local population, especially young people, to improve the biodiversity in the villages of the area. The project received a EUR 230 000 grant from the EAFRD for trainings of municipal employees, information events and direct advice for biodiversity measures.

➔ [Read more](#)

EXAMPLE

The new railroad station in Karlovy Vary, Czechia benefited from a total investment of EUR 24 million, with the EU's Cohesion Fund contributing about EUR 21 million.

➔ [Read more](#)

European Agricultural Fund for Rural Development (EAFRD)

The [EAFRD](#) focuses on resolving the particular challenges facing the EU's rural areas. It co-finances rural development projects through programmes run by national governments (Rural Development Programmes (RDPs)).



Budget (2021-2027)

EUR 95.51 billion (before transfers between the Common Agricultural Policy pillars, including EUR 8.07 billion from NextGenerationEU).



Type of funding

Grant funding. Co-funding depends on regional ruling.



Focus

Boosting the use of digital and technological tools
actions improving the attractiveness of rural areas both for living and for job creation

village revitalisation

protection of the environment and biodiversity ecosystems



Type of recipients

Authorities, agricultural businesses and other rural actors in all EU Member States



Application via

➔ [Operational Programmes managed by the Member States](#)

Single Market Programme

The [Single Market Programme](#) is new funding programme that aims to reduce dependencies from non-EU economies by strengthening the functionality of the European internal market. The programme especially supports projects that aim to improve regulation in fields such as financial services, anti-money laundering, free movement of capital, consumer protection and food safety, but also complements SME support of the InvestEU programme.



Budget (2021-2027)

EUR 4.21 billion.



Type of funding

Grant funding and prizes



Focus

Food safety; consumer protection; competitiveness of SMEs; effective regulations; European statistics; Standards development.



Type of recipients

Individuals and businesses, consumer organisations, statistical institutes, standardisation organisations, authorities.



Application via

[EU funding and tenders website](#)

EXAMPLE

The CINTRAN project studies the dynamics of structural change in coal and carbon-intensive regions across Europe. The Horizon 2020-funded project works in close collaboration with regional stakeholders from Western Macedonia (Greece), Silesia (Poland), Ida-Virumaa (Estonia) and the Rhenish mining area (Germany). The knowledge gained through this project should help to design more effective, just and inclusive transition governance.

[Read more](#)

EXAMPLE

Support for SMEs via a regional development agency in Asturias, Spain via the predecesing COSME programme.

[Read more](#)

Horizon Europe

[Horizon Europe](#), the 7-year research and innovation programme successor of Horizon 2020, will see a substantial increase in overall budget. For coal regions, Pillar II will be most relevant, focusing on addressing global issues and enhancement of the competition within six clusters. Other relevant elements include "Special missions" where research can be conducted in collaboration with regional stakeholders, and are 'European Partnerships' in which the EU, national authorities and/or the private sector jointly commit to support the development and implementation of a programme of research and innovation activities.



Budget (2021-2027)

EUR 95.51 billion (including EUR 5.4 billion from NextGenerationEU)



Type of funding

Grant funding and prizes



Focus

Focus of pillar II: health; culture, creativity and inclusive society; civil security for society; digital, industry and space; climate, energy and mobility; food, bioeconomy, natural resources, agriculture and environment

Focus of 'mission areas': adaptation to climate change including societal transformation; cancer; climate-neutral and smart cities; healthy oceans, seas, coastal and inland waters; soil health and food.



Type of recipients

Scientists and academics, research organisations, universities, industry, small and medium-sized enterprises, students, etc.



Application via

[EU funding and tenders website](#)

Just Transition Fund

The [Just Transition Fund](#) will be a key tool for supporting the territories most affected by the transition towards climate neutrality and for preventing an increase in regional disparities. The Just Transition Fund is expected to mobilise close to EUR 30 billion in investments. In order to access JTF support, Member States will have to submit *territorial just transition plans* as annex to their programmes.

€ Budget (2021-2027)

EUR 17.5 billion (including EUR 10.87 billion from NextGenerationEU).

📅 Type of funding

Grant funding

🔍 Focus

Support of investments in small and medium-sized enterprises that target diversification; creation of new firms; research and innovation; environmental rehabilitation; clean energy, energy efficiency and district heating projects; up- and reskilling of workers; job-search assistance and active inclusion of jobseekers' programmes; transformation of existing carbon-intensive installations.

👥 Type of recipients

National and local authorities, businesses and start-ups in the territories most negatively affected by the transition process (as identified in the Territorial Just Transition Plans).

✉️ Application via

Member States

JUST TRANSITION MECHANISM

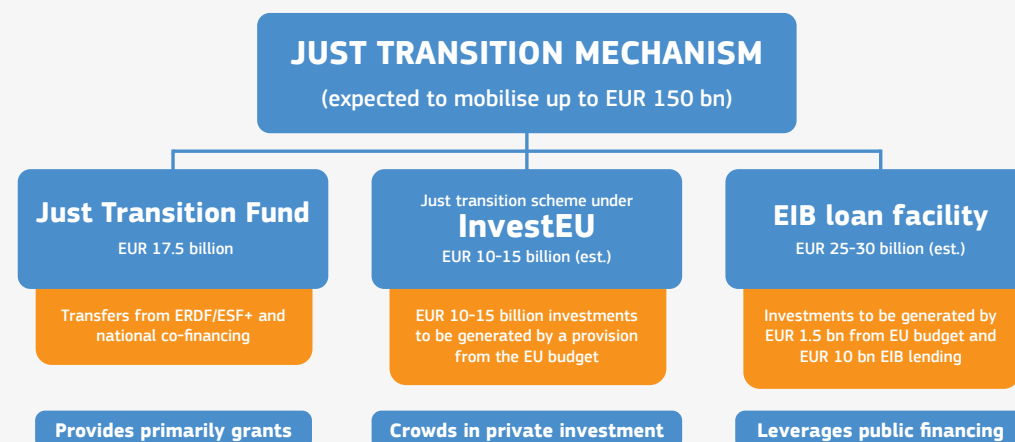
The [Just Transition Mechanism \(JTM\)](#) is one of the key new funding programmes. It consists of three pillars:

Just Transition Fund

Invest EU programme

EIB public sector loan facility

In all three pillars of the JTM, the eligibility to funding is based on the submission of a territorial just transition plan (TJTP). These plans are under preparation by Member States at the time of writing of this toolkit and will outline the specific intervention areas, based on the economic and social impacts of the transition, in particular with regard to expected job losses and the transformation of economic activities with high greenhouse gas intensities



LIFE Programme

The [LIFE Programme](#) is the EU's funding instrument for the environment and climate action. It consists of two main portfolios focusing on the topics 'Environment' and 'Climate Action' under four sub-programmes: Nature and Biodiversity, Circular Economy and Quality of Life, Climate Change Mitigation and Adaptation and – most importantly for coal regions – Clean Energy Transition. Each year, LIFE will publish Calls for Proposals for different types of projects.

€ Budget (2021-2027)

EUR 5.43 billion.

📋 Type of funding

Grant funding.

🔍 Focus

Contribute to the shift towards a clean, circular, energy-efficient, low-carbon and climate-resilient economy, including through the transition to clean energy; protect and improve the quality of the environment; halt and reverse biodiversity loss, thereby contributing to sustainable development.

👥 Type of recipients

EU national or local authorities, private commercial organisations and private non-commercial organisations (e.g. non-governmental organisations).

📧 Application via

➔ [EU funding and tenders website](#), also for dedicated technical assistance programmes.

EXAMPLE

In order to increase the production capacity of the Chaira hydro power plant at the Yadenitsa dam in Bulgaria, the operating state company received a grant of EUR 1.3 million for various preparatory works until obtaining the final construction permit for the planned modernisation.

➔ [Read more](#)

EXAMPLE

For the implementation of an air quality plan, the Małopolska region of Poland received a grant of EUR 9.9 million from the LIFE programme. The air quality plan comprises a broad range of measures, e.g. the establishment of an Eco-manager network in 62 municipalities in Małopolska, Poland. To finance all measures, the region mobilised EUR 798 million of additional funding via the ERDF, EAFRD, national and private funds.

➔ [Read more](#)

Connecting Europe Facility

The [Connecting Europe Facility \(CEF\)](#) is an EU funding instrument for targeted investments in infrastructure. It supports the development interconnected trans-European networks in the fields of transport, energy and digital services. The new CEF (2021-2027) will focus more on climate change, digital connectivity and renewable electricity. 60% of the overall financial envelop will be used to co-finance actions supporting climate objectives.

€ Budget (2021-2027)

EUR 20.73 billion

📋 Type of funding

Primarily grants, with different co-financing rates depending on the project type; blending calls

🔍 Focus

Energy; transport; digital.

👥 Type of recipients

Industry, small and medium-sized enterprises, research organisations, other public and private entities established in a Member State or in a third country associated with the programme or created under EU law, and international organisations.


📧 Application via


➔ [CEF website](#)

Research Fund for Coal and Steel


The [Research Fund for Coal and Steel \(RFCS\)](#) supports research and innovation projects in the areas of coal and steel. The fund is dedicated especially to the EU coal regions. One of the key targets of this fund is the support of zero carbon steel-making processes by 2030.


 **Budget (2021-2027)**
EUR 280 million (EUR 40 million each year)

 **Type of funding**
Grant funding.

 **Focus**
For steel: clean steel production processes; optimised utilisation and conservation of resources, energy savings and industrial efficiency improvements; emission reductions from steel production.
For coal: health and safety at work; environmental protection; technologies supporting transition away from coal in coal regions.

 **Type of recipients**
Universities, research centres and private companies.

 **Application via**
[EU funding and tenders website](#)

 **Example**
[Green Steel for Europe](#)

Overview of all funded projects on the [RFCS website](#).

EXAMPLE

Poland is processing the financial resources from the Modernisation Fund via the 'National Fund for Environmental Protection and Water Management', which implements the priorities set in a 'Green Investment Plan'.

[Read more](#)

EXAMPLE

The 'Green steel for Europe' project aims to develop a technology roadmap and define mid- and long-term pathways for the decarbonisation of the steel industry. A consortium of 10 partners analyses funding options, assesses the impacts of EU policy options and brings together stakeholders from politics, academia and industry.

[Read more](#)


Overview of all funded projects on the [RFCS website](#).

Modernisation Fund

The [Modernisation Fund](#) is a dedicated funding programme to support ten lower-income EU Member States (see below) in their transition to climate neutrality. The majority of the resources of the Modernisation Fund (at least 70%) must be invested in the priority areas mentioned below. Similar to the Innovation Fund, the overall available budget will depend on the revenues of the auctioning of the EU ETS.

 **Budget (2021-2027)**


Approximately EUR 14 billion (depending on the revenues from EU ETS, expected to increase).

 **Type of funding**


Grants, guarantees, loans, capital injections (decided by Member States)

 **Focus**

Generation and use of energy from renewable sources; energy efficiency; energy storage; modernisation of energy networks, including district heating, pipelines and grids; just transition in carbon-dependent regions: redeployment, re-skilling and upskilling of workers, education, job-seeking initiatives and start-ups.

 **Type of recipients**

Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia.

 **Application via**

Member States select the investments they wish to submit for Modernisation Fund support.

Another funding opportunity linked to the EU ETS auctioning system is possible due to the [Article 10c](#) of the EU ETS directive, that allows the countries listed above to provide electricity producers free allowances under the EU ETS mechanism in order to support them to mobilise investments for the modernisation of their energy production facilities (see also Hungarian case study on page xx). The Article 10c mechanism is currently only used in Bulgaria, Hungary and Romania.

Innovation Fund

Funded by revenues from the auction of emission allowances from the EU's Emissions Trading System (ETS), the [Innovation Fund](#) focuses on the support of innovative low-carbon technologies, especially in energy-intensive industries. Coal regions may especially benefit from the options to finance cross-cutting projects on innovative low-carbon solutions that lead to the development of regional clean energy hubs.



Budget (2021-2027)

About EUR 10 billion (depending on the revenues from EU ETS, expected to increase).



Type of funding

Grants (up to 60% of additional capital and operational costs).



Focus

Innovative low-carbon technologies and processes in energy intensive industries, including products substituting carbon-intensive ones; innovative renewable energy; energy storage; carbon capture and storage (CCS); carbon capture and utilisation (CCU).



Type of recipients

All EU Member States



Application via

[EU funding and tenders website](#)

EXAMPLE

The European Commission has proposed to provide Spain with EUR 1 million from the European Globalisation Adjustment Fund (EGF) to help dismissed coal miners and young people not in employment, education or training (NEETs) in the Spanish region Castilla y León to find new jobs.

[Read more](#)

European Globalisation Adjustment Fund for Displaced Workers (EGF)

The [European Globalisation Adjustment Fund for Displaced Workers \(EGF\)](#) is a special EU instrument that aims to support European workers or self-employed people that were displaced due to restructuring, and to help them find new jobs by improving the skills and employability of the affected people.

As a general rule, the EGF can be activated when a single company (including its suppliers and downstream producers) lays off over 200 workers, by SMEs in various sectors in the same region or in a particular sector in one or more neighbouring regions.



Budget (2021-2027)

EUR 210 million annually.



Type of funding

Grant funding (co-financing rate 60-85%).



Focus

The EGF can co-finance measures such as: help with looking for a job; career advice; education, training and re-training; mentoring and coaching; entrepreneurship and business creation.



Type of recipients

All EU Member States.



Application via

Only Member States can apply via the [EGF contact person](#)

THE EU'S RESPONSE TO THE PANDEMIC: NextGenerationEU



Under the umbrella of [NextGenerationEU](#), the EU mobilises additional EUR 723.8 billion to help repair the immediate economic and social damage brought by the coronavirus pandemic. The budget of Next Generation EU is a separate addition to the 2021-27 multiannual EU budget. A smaller amount of this new budget tops up the existing cohesion policy funds as well as Horizon Europe, InvestEU and the Just Transition Fund. Yet the majority of the financial resources are used for a new Recovery and Resilience Facility (see below), which will make EUR 672.5 billion in loans and grants available to support recovery and resilience plans undertaken by Member States.

EXAMPLE: SPAIN INTEGRATED A JUST TRANSITION PILLAR INTO ITS RECOVERY & RESILIENCE PLAN

The Spanish government plans to fund additional just transition measures via the recovery and resilience facility. The plan allocation EUR 300 million to focus on four areas of action: Environmental rehabilitation of degraded mining areas, supporting local administrations to adjust regional infrastructure, energy storage and energy efficiency projects, as well as reskilling and training opportunities for local citizens in the affected areas.


[Read more](#)


RECOVERY AND RESILIENCE FACILITY


The [Recovery and Resilience Facility](#) aims to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of green and digital transitions. Each member state has to prepare a recovery and resilience plan (until mid-2022), which will form the basis for national measures. Overall, the focus of the RRF lies on short-term investments within the next few years that support a digital and sustainability transition.

 **Budget (2021-2027)**
EUR 672.5 billion.

 **Type of funding**
Grants (EUR 312.5 billion) and loans (EUR 360 billion).

 **Focus („Flagship areas“)**
Clean technologies and renewables; energy efficiency buildings; sustainable transport and charging stations; rollout of rapid broadband services; digitalisation of public administration and services; data cloud capacities and sustainable processors; education and training to support digital skills.

 **Type of Recipients**
EU Member States; and, indirectly, EU citizens, public or private organisations and businesses.

 **Application via**
Member States (based on the national plans).

Other EU financing instruments

To meet the climate objectives and support the transition to a climate-neutral economy, there is a need to further unlock debt financing, e.g. for energy efficiency investments. Debt finance is traditionally a product of commercial banks, however, over the last years the role of public banks as another element of policy implementation significantly increased. These banks operate at different levels (multilateral, national, regional, or municipal).

The [European Investment Bank \(EIB\)](#) is one of the largest multilateral development banks and plays a significant role for the Just Transition Mechanism as well as the new Invest EU Programme, for which the EIB also provides technical assistance via the [InvestEU advisory hub](#) (see below).

The [European Bank for Reconstruction and Development \(EBRD\)](#) is active in several EU Member States and has a strong portfolio of investments in coal regions in transition, e.g. via the EBRD's just transition initiative, which also supports SMEs and municipalities with technical assistance. The EBRD offers a wide range of financial instruments to support projects with loans, equity investments, and guarantees.

National promotional banks or institutions (NPBIs) may also provide opportunities at national or regional level.

Other relevant financial resources may come from national funds like the [EEA and Norway grants](#) and increasingly initiated green and social bonds (See page 10).

Just Transition Mechanism: Public sector loan facility

The facility encourages investments to support a transition to a climate-neutral economy, especially for regions that rely heavily on fossil fuels for energy use – especially coal, lignite, peat and oil shale, and focused on projects that do not generate a sufficient stream of own resources to be financed commercially. As for the Just Transition Fund, eligibility depends on the priorities set in the territorial just transition plan of each EU country.

- 
Budget
 EUR 11.5 billion (EUR 1.5 billion of grants and EUR 10 billion of loans) to mobilise between EUR 25 and EUR 30 billion of public investment.
- 
Type of funding
 Grant funding and loans.
- 
Focus
 Energy and transport infrastructure; district heating networks; public transport; energy efficiency measures; social infrastructure.
- 
Type of recipients
 Exclusively for public entities. First calls for proposals under the Facility will be launched in the second half of 2021.
- 
Application via
 Member States.

Invest EU programme

The [InvestEU Programme](#) is a new investment scheme to mobilise private investment by providing implementing partner banks with a financial guarantee. This guarantee should lower the risk-bearing capacity of investments and therefore is expected to trigger an additional private and public investment wave of at least EUR 372 billion. The [InvestEU Advisory Hub](#) play a key role by providing advisory support for the development of investable projects and access to financing. Coal regions may especially use this mechanism for strategic investments focusing on building stronger value chains as well as supporting activities in critical infrastructure and technologies. InvestEU summarises 14 priority independent financial instruments under one roof, such as COSME, InnovFin and the EFSI.



Budget (2021-2027)

EUR 10.28 billion (including EUR 6.07 billion from NextGenerationEU) and an estimated amount of EUR 372 billion in public and private investments (backed by EUR 26.2 billion as financial guarantee).



Type of funding

Grants, loans and guarantees.



Focus

Sustainable Infrastructure; research, innovation and digitalization; small and medium businesses; social investment and skills.



Type of recipients

Public and private investors, project promoters, and small and medium-sized enterprises.



Application via

Financial implementing partners (EIB and more, yet to be chosen) / [InvestEU Portal](#)

EXAMPLE

Under the former EFSI, the city of Walbrzych, Poland started a EUR 28 million framework loan to co-finance investments that should contribute to the Sustainable Development Strategy of the city. Eligible schemes involve investments in urban renewal, energy efficiency, roads and social housing. Walbrzych's revitalisation efforts are guided by the city's Revitalisation Plan 2016-2025.

[Read more](#)

Further resources

The following is an overview of existing information platforms, tools and guidance materials for mobilising EU financing which are of particular relevance for coal regions in transition.

Covenant of Mayors. Interactive Finance Guide

The online overview by the Covenant of Mayors gathers information on the funding initiatives managed by the European Union, the Member States and key financial institutions such as the European Investment Bank with a focus on urban transitions.

[➔ Read more](#)

EIB European Investment Advisory hub

The EIB, together with the European Commission, launched the European Investment Advisory Hub as part of the Investment Plan for Europe. The hub acts as a single access point that provides advice and expertise on administration and project development across the EU.

[➔ Read more](#)

EU Funding & Tender opportunities platform

The portal is the single entry point for finding and managing EU grants and procurement contracts, by covering all centrally managed programmes by the start of the EU multiannual programme period in 2021.

[➔ Read more](#)

EU FUNDING OVERVIEW 2020

This online overview by the Flemish authorities covers 124 funding programmes and agencies for EU regions and let the users search and filter funds by different categories.

[➔ Read more](#)

EuroAccess

EuroAccess is an online search tool to support the use of existing funding opportunities in EU Macro-Regions. Macro-Regional Strategies were initiated to strengthen cooperation in geographic areas that face common challenges and to benefit from common opportunities facing the region.

[➔ Read more](#)

Fi compass.

Additional guidance on financial instruments (loans, guarantees, equities) that can be co-funded by ESIF funds.

[➔ Read more](#)

ReScoop. COMPILER Toolkit: Financing Guide

This guidance focuses on how to finance community-based renewable energy projects.

[➔ Read more](#)

European Structural and Investment Funds Platform

The platform visualises, for over 530 programmes, data on financing and achievements under the European Structural and Investment Funds 2014-2020.

[➔ Read more](#)

TRACER financing opportunities reports

Guidelines on available European funds and programmes for low carbon energy projects in coal intensive regions.

[➔ Read more](#)

EU SINGLE ELECTRONIC DATA INTERCHANGE AREA (SEDIA)

SEDIA aims to be the EU's single-entry point for finding and managing EU grants and procurement contracts covering all the centrally managed EU programmes.

[➔ Read more](#)

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Initiative for coal regions in transition

Led by the European Commission, the Initiative for coal regions in transition assists EU countries and coal regions tackling challenges related to the transition to a low-carbon economy.

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