



# STRENGTHENING THE EUROPEAN JUST TRANSITION FUND: lessons learned from implementation in France

Key findings in English

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## The context of this study

***The ecological transition is “reshuffling the deck” for industries and workers, amidst pre-existing social crises.***

In France, in many sectors of activity, the ecological transition is “reshuffling the deck” between categories of employees, companies and regions. The ecological transition is a net creator of jobs and a source of opportunity in many regions, but it also generates risks that need to be identified, mitigated where possible and managed and supported when unavoidable. This is particularly the case in the French industrial sectors where the ecological transition is perceived as a new source for concern by employees, on top of the social crises already underway: for instance in the sectors of coal-fired power generation where the last plants are due to shut down, steel production where the future of the industry is still in the balance, in the automobile industry where subcontractors and employees are suffering the full force of the crisis as one job-saving plan follows another.

***Just transition challenges are well identified in key documents planning for the French ecological transition***

In 2024, France initiated a rather deep and lengthy process to plan the ecological transition, under the leadership of the Prime Minister’s office (the Secretariat for Ecological Planning - SGPE). During this process and across official planning documents, the risks were clearly identified: be it the Energy Pluriannual Plan, the SGPE’s skills and employment strategy<sup>1</sup>, the report on the job market by economist Pisani-Ferry, they all clearly identify “shocks” to the labor market: shrinking professions, site closures in prospect, and sectoral reconfigurations to be supported across French regions. All these documents and reports emphasize the key role of anticipation to support the reallocation of the workforce, facilitate retraining and offer alternatives to the regions concerned.

***A critical European instrument to address these challenges at regional and sectoral level: the Just Transition Fund***

This is exactly where the Just Transition Fund (JTF), established in 2021 as part of the European Green Pact, comes in. It was designed as “a financial instrument that comes under cohesion policy and aims to support regions affected by serious socio-economic difficulties resulting from the transition to climate neutrality. It will facilitate the implementation of the Green Deal for Europe”. The JTF fund has an overall budget of 17.5 billion euros for the period 2021-2027. The budget allocated to France is around 1 billion euros, with a financial ambition of 2 billion euros (including co-financing). In France, 6 territories are involved in the FTJ (see map below).

The FTJ aims to :

- support the economic and social resilience of regions by financing a new development dynamic and reducing their social fragility;

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<sup>1</sup> See online:

<https://www.info.gouv.fr/upload/media/content/0001/10/df0f4182ce4d0e71f75a915e68ed32f233c82b35.pdf>

- support the reconversion of employees and activities undergoing priority transformation.

It is divided into 3 components. Two components are steered at regional level:

- financing the ecological and energy transition
- supporting competitiveness, research and innovation

The third component is steered at the national level by the Ministry of Labor: the national FTJ “Employment and Skills” program, aimed in particular at supporting the retraining of workers and jobseekers, as well as anticipating economic change in eligible areas. We are paying particular attention to this aspect of the Fund.

**Table presenting the 3 components of the Just Transition Fund and budgetary allocation**

	Components of the Just Transition Fund		
	Component 1	Component 2	Component 3
<b>What</b>	<b>Supporting investments in the ecological and energy transition</b>	<b>Supporting competitiveness research and innovation</b>	<b>Supporting Employment and skills</b>
<b>By whom</b>	The regions	The regions	The Ministry of Labor
<b>The amount of JTF funding</b>	470 million €	223 million €	297 million €
<b>The % of the JTF funding</b>	47%	23%	30%
<b>The leverage effect expected on investments</b>	1.057 billion €	532 million €	443 millions €
<b>The targeted number of beneficiaries by 2029</b>	117 000 - 78 000 work-seekers trained - 39 000 workers supported in their transition		

***Half way through implementation of the 1st phase: is the Just Transition Fund adequately addressing the regional and sectoral challenges?***

At a time when the French Ministry of Labor has launched a mid-term review, and Europe is working on a new architecture for the Structural Funds, now is the time to draw lessons from the 1st phase of the Fund's implementation. To this end, the Climate Action Network has embarked on a two-pronged approach involving exchanges with stakeholders to gain a better understanding of the FTJ's operational implementation in the territories, and the analysis of available data to answer two questions:

- Does the Fonds de Transition Juste cover all territories and sectors in fragile situations?
- Does the funding deployed really support job conversion and economic change?



## 5 insights from France

### Finding n°1. The Just Transition Fund is an essential and fully justified tool

The FTJ is good news for the just transition, as it responds to several clearly identified challenges in terms of employment in ecological transition. It is based on:

- the need to provide enhanced support to workers potentially weakened by the ecological transition.
- a sectoral approach, to anticipate the social impact. By 2030, the ecological planning scenarios are based on priority changes in the sectors of activity that emit the most. This is logically reflected in terms of employment, and enables us to identify several key sectors.
- It is based on a territorial approach, which is justified across analyses by the fact that the priority activities for change are part of a local ecosystem, which may be at risk. The impact of the decline of industrial activities can undermine the socio-economic health of the region.

### Finding n°2. In its current version, the Just Transition Fund does not cover all sectors that need to transition to carbon neutrality

The logic of dual territorial and sectoral prioritization seems relevant, as it highlights areas that are mainly affected by activities that directly emit emissions (refining, chemicals, iron and steel, metallurgy, energy production). But other sectors of activity, which are currently excluded, would be legitimate recipients of funding for the just transition of jobs and skills. The French Climate and Energy Strategy (SFEC) identifies a list of priority sectors that need to transition in order to achieve carbon neutrality. We believe they should be eligible for JTF funding.

GHG-emitting sectors that need to transition to carbon neutrality	In or out of the Just Transition Fund's perimeter?
Coking and refining	✓
Chemical industry	✓
Manufacture of non-metallic mineral products	✓
Steel and metallurgy	✓
Power generation	✓
Automotive industry, and any construction industry related to thermal vehicles (including trucks, buses, tractors or	✗

agricultural machinery) as well as automotive services <sup>2</sup>	
Construction, especially new housing	×
Road freight activities	×
Activities related to natural gas and gas-fired boilers	×
Waste storage activities.	×
Paper and cardboard industry	×

**Finding n°3. By cross-referencing 3 vulnerability indicators, we identified that 9 other “high risk” areas in France should also become eligible for JTF funding**

On a European scale, the JTF initially targeted territories hosting coal-fired power plants. In France, the selection of priority areas was based on a broader sectoral approach, prioritizing high-emission industrial sectors that are expected to undergo major restructuring. In all, 6 French regions were selected to benefit from the funds (see map page 6).

However, based on a more comprehensive approach to ecological planning, we can see that many other areas in potentially fragile situations would deserve to benefit from FTJ funding, but find themselves outside the perimeter.

We identified these other high risk areas by cross-referencing 3 indicators of vulnerability :

- The vulnerability linked to the high concentration of industrial activities that directly emit greenhouse gases in the area<sup>3</sup>;
- The local area's vulnerability, due to the high level of employment in all the sectors undergoing transformation to decarbonisation (see table in finding n°2)<sup>4</sup>;
- The high rate of unemployment in that area. If it is more than 20% higher than the median, we consider it to be an important risk factor and added vulnerability for the area.

This allowed us to conclude that 9 employment zones combining 3 synthetic fragility indicators proposed in our analysis do not currently have access to FTJ funding. Employment zones combining 2 risks (see map page 6) should also be given special attention by the Just Transition Fund.

<sup>2</sup> Ainsi, selon le projet de SBNC : “Des mesures sont prévues pour accompagner les stations-service indépendantes essentielles au maillage territorial :

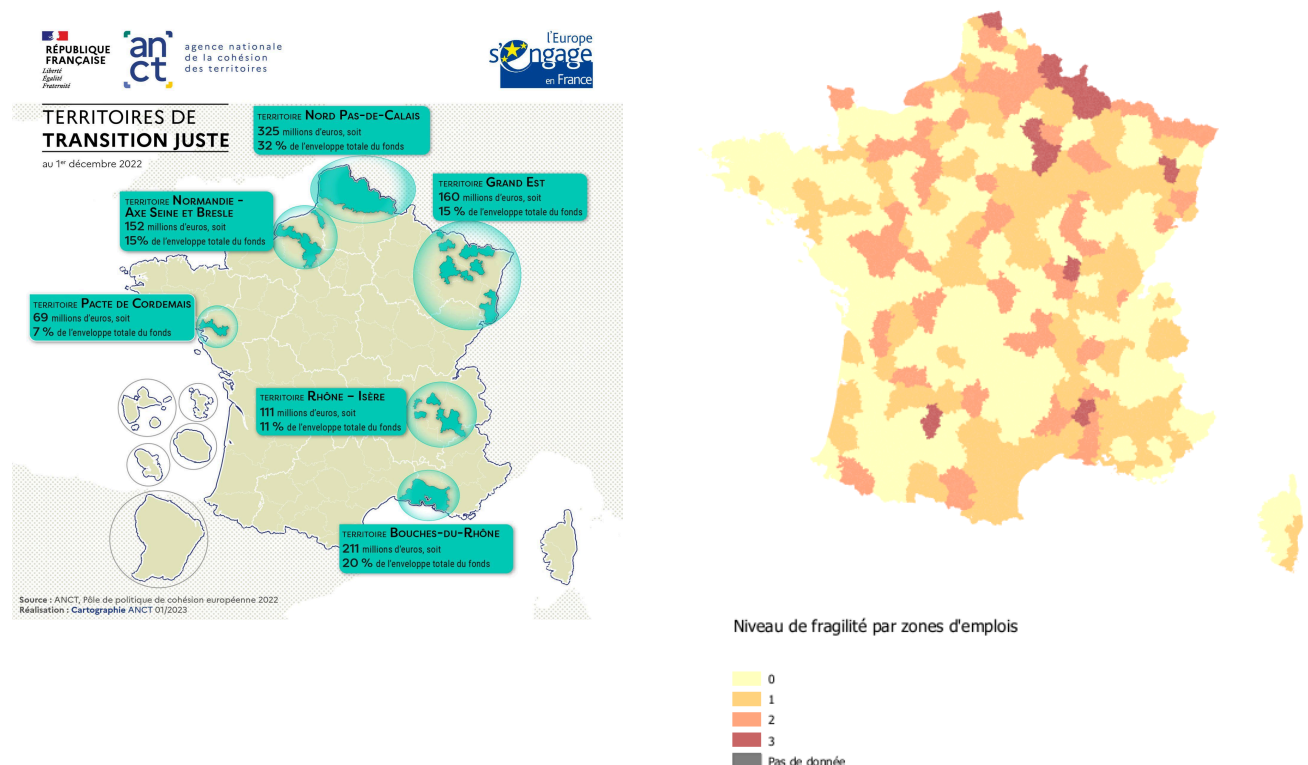
→ Accompagner, dans la durée, les stations-service indépendantes dans la diversification de leurs activités (installation d'IRVE36, nouvelles activités hors énergies).

→ Engager des réflexions sur les modèles "socio-économiques" de « stations du futur » intégrant la diversité des mobilités et les services associés adaptés aux stations-services-indépendantes.”

<sup>3</sup> when the local employment rate in a given sector is >50% higher than the median rate in that sector in France

<sup>4</sup> when the local employment rate in the priority sectors is >50% higher than the median rate of employment in France

## Map 1 and 2. Comparing the six areas currently supported by the JTF in France, and this study's mapping of high risk areas



On the left, the map indicating the 6 areas currently supported by JTF funding. On the right, our CAN-France map showing that there are 9 other priority areas (red color) that should also be eligible for JTF funding, given the vulnerability of their activities and the high unemployment rate in that area.

### Finding n°4. Funding is insufficiently allocated to maintaining jobs in priority sectors and regions.

At present, data<sup>5</sup> shows that France funds few projects relating to the reconversion of economic activities in sectors at risk of unemployment: out of the €1 billion JTF budget, funding allocated so far to maintaining jobs in priority sectors and territories in component 3 of the Fund accounts for 6.3% of the overall JTF budget (see table on page 7).

At this rate, the JTF risks missing its target if it is unable to anticipate and accompany the “employment risk”, at the very least in the targeted territories and sectors. The vast majority of projects financed under the FTJ's employment-training strand concern the integration of jobseekers - a laudable objective, but one that partly overlaps with that of other schemes, and fails to address the concerns of workers in sectors undergoing transformation. The

<sup>5</sup> Our analysis is based on public data, using tables from the French Ministry of Labour:  
<https://fse.gouv.fr/les-structures-beneficiaires-du-fse>

mid-term review will probably provide an opportunity to adjust our aim, and do all we can to ensure that the employees concerned by these issues do not risk unemployment.

Budget allocation by the Ministry of Labour's within the programme supporting jobs and skills (component 3 of the Just Transition Fund)			
Main goal of the projects	Supporting job seekers	Anticipating economic transitions	Job retention
Number of projects	116	19	6
JTF allocated budget - until January 2025	46.9 million €	20.9 million €	65.2 million €
% of the overall JTF jobs ant skills programme allocated budget	35%	16%	48%
% of the overall JTF budget	4,6%	2 %	6,3 %
Total allocated budget untill Jaunary 2025 (out of 297 million €)	133 million €		

Source: table by CAN-France using data from French Ministry of Labour:

<https://fse.gouv.fr/les-structures-beneficiaires-du-fse>

#### **Finding n°5. Governance needs to be strengthened at national level to maximize the impact of funding**

The interviews we conducted with over 100 local operators and stakeholders led to the diagnosis of a lack of vision for public action: there is a wide range of useful initiatives, but they are not yet well structured overall. At local level, work on evaluation, governance and social cohesion (professional integration) coexists but is not systematically coordinated. There is a lack of guidelines shared by all players, and the call for projects approach does not encourage the development of initiatives in under-invested areas. At national level, the Just Transition Fund is not even mentioned in the draft NECP documents (Pluriannual Energy Planning and National Low Carbon Strategy). Key stakeholders, primarily the trade and business unions and environmental organizations, are little involved in the steering process.

Lastly, access to the FTJ is complex for many players, due to the administrative difficulties encountered (complexity of applications, in particular).



## Our main proposals to maximize impact of the Just Transition Fund

1. **Maintain and strengthen the Just Transition Fund in the next EU budget:** we believe that the Just Transition Fund should remain an important pillar of the next EU budget.
2. **Broaden the scope of the JTF:** it's crucial to adapt eligibility criteria (open up eligibility for other high-emitting sectors that will require deep transformations, and for zones at high risk of unemployment because of the transition. It will also be necessary to allow JTF priorities to evolve.
3. **Increase the share of financing supporting job transitions in high risk areas, and remove bottlenecks** when it comes to supporting the job transition and training of people from sectors undergoing transformation. For instance, by simplifying access to the JTF for operators.
4. **Improve transparency** on how projects are selected, how budgets are allocated, and require more regular reporting.
5. **Build local and integrated JTF strategies,** based on the local roadmaps for economic activities and job and skill management.
6. **Ensure the three components of the JTF are well articulated and support each other,** and don't act in isolation.
7. **Establish a shared governance system, where national and local players work hand in hand,** to efficiently support projects, combine and adapt funding schemes, identify risks and concerns, and share good practices. This means involving trade unions and company representatives in particular.
8. **Ensure the Just Transition Fund budget allocation and strategy supports** the implementation of a national industrial, energy and environmental plan.

