**Just Transition Fund — Strategic Project Proposal Assessment**

*(Assessment reporting on relevant information provided in the project documentation)*

**Project details**

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| *Project name* | Regional Business Park Sokolov (kbps) |
| *Beneficiary* | Karlovarský region |
| *Estimated cost* | 450,000,000 Kč (17,701,425 EUR) |
| *Estimated timeline for implementation* | 2023-2028 |
| *Location* | Sokolov |
| *Region* | Karlovarský region |

**Project Description**

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| The project comprises a series of activities to prepare for the construction of a business park in the City of Sokolov. These activities include studies, surveys, issuing permits, and some preparatory construction works. The site is located in the centre of Sokolov.  The promoter predicts that the next phase of the investment (construction of the park) will create 2,500 new jobs, and the park will accommodate 50 companies. |

**Project Eligibility**

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| **Alignment with Article 2: the Specific Objective of the JTF**  ***"****the JTF shall contribute to the single specific objective 'enabling regions and people to address the social, economic and environmental impacts of the transition towards a climate neutral economy'."* |
| The project itself (the preparation of the site) will not contribute towards the objectives of the JTF (other than the remediation of the site). Provided the second phase of the project - the construction and operation of the park – goes ahead, the project's objectives appear compatible with Article 2 of the JTF. The extent to which the project will achieve its goals, however, depends on numerous factors such as the real estate market, the local market, demand, and the presence of other barriers/issues external to the project. |

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| **Alignment with Article 8: Scope of support**  ***"****The JTF shall only support activities that are directly linked to its specific objective as set out in Article 2 and which contribute to the implementation of the territorial just transition plans established in accordance with Article 7. In accordance with paragraph 1, the JTF shall exclusively support the following activities:****"*** |
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| Project correspondence to the eligible activities:  productive investments in SMEs, including microenterprises and start-ups, leading to economic diversification, modernisation and reconversion;  investments in the creation of new firms, including through business incubators and consulting services, leading to job creation;  investments in research and innovation activities, including by universities and public research institutions, and fostering the transfer of advanced technologies;  investments in the deployment of technology as well as in systems and infrastructures for affordable clean energy, including energy storage technologies, and in greenhouse gas emission reduction;  investments in renewable energy in accordance with the Renewable Energy Directive (EU) 2018/2001 , including the sustainability criteria set out therein, and in energy efficiency, including for the purposes of reducing energy poverty;  investments in smart and sustainable local mobility, including decarbonisation of the local transport sector and its infrastructure;  investments in rehabilitation and upgrade of district heating networks with a view to improving energy efficiency of district heating systems and investments in heat production provided that they are supplied exclusively by renewable energy sources;  investments in digitalisation, digital innovation and digital connectivity;  investments in regeneration and decontamination of brownfield sites, land restoration and including where necessary green infrastructure and repurposing projects, taking into account the 'polluter pays' principle;  investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;  upskilling and reskilling of workers and jobseekers;  job-search assistance to jobseekers;  active inclusion of jobseekers;  technical assistance;  other activities in the areas of education and social inclusion including, where duly justified, infrastructure for the purposes of training centres, child and elderly care facilities as indicated in the territorial just transition plans in accordance with Article 11 of the Just Transition Fund regulation. |

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| **Alignment with requirements of Articles 8 and 11 for non-SME productive investments**  ***Article 8 "****the JTF may support, in areas designated as assisted areas in accordance with points (a) and (c) of Article 107(3) of the TFEU, productive investments in enterprises other than SMEs, provided that such investments have been approved as part of the territorial just transition plan based on the information required under point (h) of Article 7(2). Such investments shall only be eligible where they are necessary for the implementation of the territorial just transition plan.****"***  ***Article 11(2) "****where support is provided to productive investments to enterprises other than SMEs, an exhaustive list of such operations and enterprises and a justification of the necessity of such support through a gap analysis demonstrating that the expected job losses would exceed the expected number of jobs created in the absence of the investment;****"*** |
| *Not applicable* |

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| **JASPERS recommendations (if any)** |
| *None* |

**Project assessment criteria**

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| **Feasibility of the Project** |
| 1. Project scope and timetable   Sufficient information has been provided to allow us to understand the broad scope of the project, its costs and objectives and the development path.  The timetable for the project is six years. This should be more than sufficient, given that construction is not included. |
| 1. Institutional capacity   The promoter's technical capacity is difficult to judge. The region has implemented a number of investment projects, the largest of which – a school - cost around EUR14m. Assuming that construction is included in this figure, it is unlikely that the preparatory work involved would be of comparable scope or complexity to the proposed project. However, since the project does not involve the park's actual construction, the promoters apparent lack of (demonstrated) experience may not be a major issue.  The promoter (the region) will co-finance the project (approx. EUR2.65m). There are no operational costs. No information is provided on the regions budget or its financial health; however, given the relatively small sum, there is no reason to doubt its ability to co-finance.  The promoter has identified various sources of financing for the future construction of the park, including The National Recovery Plan, IROP, OP TAK, and Pillars 2 and 3 of the Just Transition Mechanism (JT). |
| 1. Technical feasibility   There is limited information available on the size of the project, other than the plot – 20ha – and the park's capacity – around 50 businesses. Without information on the demand from businesses for the facilities, it is difficult to comment on whether the size of the park is reasonable.  The project involves the preparatory activities rather than the construction and subsequent operation of the park, so it is technically straightforward. |
| 1. Financial feasibility   The promoter has not provided any information about the need for the park (e.g. a lack of suitable business premises or real estate in the region) or demand from business to locate. On the contrary, the documentation suggests there is currently a lack of business and entrepreneurs in the region and that the park is needed to generate demand. It seems unlikely that the lack of infrastructure and business premises alone is the reason for the problems identified in the region.  The scope of the project does not include the operation of the park; therefore, the business model and the financial viability of the park cannot be assessed.  The budget for acquisition, construction and "upgrading construction" is approx. EUR11.7 (65% of the total project cost). Without further information about the price of the land and the works envisaged, it is again difficult to comment on the reasonableness of the budget. |
| 1. Project risks   The risks related to the preparatory activities are limited. The subsequent construction of the park, however, entails numerous risks. The primary risk facing the park's financial sustainability and the project's ability to meet its objectives is a lack of demand and the underutilisation of the park's capacity. |

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| **JASPERS comments and recommendations (if any)** |
| The promotor should focus on:   * Demonstrating that there is demand from businesses for premises/real estate. * Identifying the reasons for the issues present in the region (assuming it is not only a lack of infrastructure) * Identifying and removing barriers (e.g. regulation) that could hamper the emergence and relocation of new business in the region. * Analysing the potential profiles (age, skills and adaptability) of trainees, the availability of trainers and employment opportunities etc. * Providing further evidence of its capacity to manage the project |

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| **JASPERS Remarks on Financing Options and Project Qualification to JTM Pillars** |
| The current project should be eligible under Pillar 1. The promoter has flagged that it may seek funding from Pillars 2 and 3 for the eventual construction of the business park. |