

Public sector loan facility under the Just Transition Mechanism

2020/0100(COD) - 16/10/2020 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Budgets and the Committee on Economic and Monetary Affairs jointly adopted the report by Johan VAN OVERTVELDT (ECR, BE) and Henrike HAHN (Greens/EFA, DE) the proposal for a regulation of the European Parliament and of the Council on the public sector loan facility under the Just Transition Mechanism.

The proposed Regulation seeks to provide for the ‘Public Sector Loan Facility’ under the Just Transition Mechanism to support public sector investments by combining grants financed from the Union budget with loans granted on preferential terms by financial partners such as the European Investment Bank (EIB).

The committee recommended that the European Parliament’s position adopted at first reading under the ordinary legislative procedure should amend the Commission proposal as follows.

Objectives

The proposed general objective of the Facility is to contribute to the Union’s policy objectives, in particular the new Union’s 2030 targets for climate and energy and the transition towards a climate-neutral economy in the Union by 2050 at the latest, in line with the Union’s commitments under the Paris Agreement and Union’s objectives and responding to the need to strengthen competitiveness and ensuring that the transition reduces inequalities, creates a net employment effect together with the European Pillar of Social Rights and the UN Sustainable Development Goals.

The Facility shall have the specific objective of increasing public sector investments, which address the development needs of regions identified in the territorial just transition plans, by facilitating the financing of projects that do not generate a sufficient stream of own revenues to cover investment costs within the meaning of the additionality principle.

Members included the definition of the ‘additionality principle’ to mean ‘ the support for projects that do not generate a sufficient stream of own revenues to cover investment costs and secure funding to the same extent or within the same timeframe without the element of grant support from the Union budget’.

Budget

Members proposed that, without prejudice to additional resources allocated in the Union budget for the period 2021-2027, the grant component of support provided under this Facility, including the advisory support for the preparation, development, and implementation of projects, shall be financed from resources from the Union budget for an amount of **EUR 1 760 000 000** in current prices.

Higher amounts of technical and administrative assistance may be made available upon request to beneficiaries who have lower administrative capacities in terms of technological equipment, staff and infrastructure.

In order to pursue the achievement of specific objectives, in particular through advisory support and implementation, the committee proposed an amount of **EUR 50 000 000** for these activities.

Access to the resources

Access to the Facility shall be conditional on the adoption of a national objective towards the achievement of climate neutrality by 2050. For those Member States, which have not yet committed to a national target for climate neutrality, only 50 % of their national allocation shall be released, while the remaining 50 % shall be made available once they have adopted that target.

Non-eligible projects

The report stressed that the Facility shall not support activities which would hamper the development and deployment of low carbon alternatives or which lead in the long run to a lock-in of carbon-intensive assets and that would undermine the achievement of the Union's climate and environment objectives. Two years after the entry into force of this Facility, the Commission shall review the eligibility conditions in order to assess their impact on environmental objectives.

As part of that review, the Commission shall assess whether the conditions need to be updated to appropriately apply the 'do no harm principle' and take the necessary action.

Selection of finance partners other than the EIB

The Commission shall adopt delegated acts in respect of establishing work programmes, setting out the details of eligibility conditions and selection procedures for finance partners other than EIB. The eligibility conditions for the finance partners other than the EIB shall reflect the objectives of the Facility.

Monitoring and reporting

The Commission shall report annually on the implementation of the Facility. That report shall provide information on the results and impact of the Facility with respect to its objectives and performance indicators, in particular its contribution to addressing the transition needs and to the Union sustainability objectives including its impact on climate, the environment, the social dimension and gender equality.

Evaluation

Evaluations on the implementation of the Facility and its capacity to reach the objectives shall be carried out in a sufficiently timely manner to feed into the decision-making process. The interim evaluation of the Facility shall be performed by 1 January 2024. At the end of the implementation period and no later than 31 December 2031, the Commission shall submit to the European Parliament and to the Council an independent final evaluation report on the results and long-term impact of the Facility.