

Public sector loan facility under the Just Transition Mechanism

2020/0100(COD) - 24/06/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 635 votes to 35, with 21 abstentions, a legislative resolution on 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 proposal for a regulation aims to establish for the duration of the multiannual financial framework (MFF) 2021-2027, the '**Public Sector Loan Facility**' under the Just Transition Facility to support public sector investments by combining grants financed by the Union budget with loans granted on preferential terms by financial partners such as the European Investment Bank (EIB).

The European Parliament's first-reading position under the ordinary legislative procedure amends the Commission's proposal as follows:

Objective

The Facility should **support EU territories facing severe social, economic and environmental challenges** in their transition towards the EU's 2030 climate target and the EU's 2050 climate neutrality objective.

The specific objective of the Facility should be to increase public sector investments that respond to the development needs of the territories identified in the territorial just transition plans, facilitating the financing of projects that do not generate sufficient revenue streams to cover their investment costs, in order to prevent the replacement of potential support and investment from alternative resources.

Horizontal principles

The objectives of the Facility should be pursued in line with the UN Sustainable Development Goals, the European Social Charter, the Polluter Pays Principle, the Paris Agreement and the 'do no significant harm' principle.

Respect for fundamental rights and compliance with the **Charter of Fundamental Rights of the European Union**, in particular gender equality, should also be ensured throughout the preparation, appraisal, implementation and monitoring of projects eligible under the Facility. Similarly, beneficiaries and the Commission should avoid any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Budget

Without prejudice to the additional resources allocated in the EU budget for the 2021-2027 period, the grant component of the Facility should be financed from:

- resources from the Union budget for an amount of **EUR 250 000 000** in current prices; and
- assigned revenue (repayments from financial instruments, surplus from the provisioning of the Union guarantee established by Regulation (EU) 2015/1017) up to a maximum of **EUR 1 275 000 000** in current prices.

A maximum amount of **EUR 35 000 000** is foreseen for advisory services for the preparation, development and implementation of eligible projects, of which at least EUR 10 000 000 should support the administrative capacity of beneficiaries, in particular in the less developed regions.

For grants awarded under calls for proposals published no later than 31 December 2025, the Union support granted to eligible projects in a Member State should not exceed the national shares set out in Annex I to [Regulation \(EU\) 2021/1056](#) of the European Parliament and of the Council. These national shares should no longer be pre-allocated for the period after 31 December 2025.

Eligible projects

To be eligible, projects must have a **measurable impact** and include, where appropriate, **output indicators** in terms of addressing the serious social, economic and environmental challenges arising from the transition towards the Union's 2030 climate and energy targets and the objective of achieving climate neutrality in the Union by 2050.

The Facility should not support investments in activities excluded under Regulation (EU) 2021/1056, such as investments related to the production, processing, transmission, distribution, storage or combustion of fossil fuels.

Instead, it should support investments in renewable energy and green and sustainable mobility, including the promotion of green hydrogen and efficient district heating networks, and support sustainable energy, energy efficiency measures and measures for the renovation of buildings, urban regeneration, the transition to a circular economy, biodiversity, as well as social infrastructure, including care facilities and social housing.

Programming, monitoring, evaluation

The work programmes should include **award criteria** which apply when the total grant support requested for eligible projects exceeds the available resources. These criteria should include the priority given, where appropriate, to: (i) projects promoted by beneficiaries located in less developed regions; (ii) projects that contribute directly to the achievement of the Union's climate and energy targets; (iii) projects promoted by beneficiaries that have adopted decarbonisation plans.

When selecting financing partners other than the EIB, the Commission should take into account the capacity of potential financing partners to ensure that their lending policies are consistent with the EU's environmental and social standards and climate and energy targets.

By 31 October each year, the Commission should publish a report on the implementation of the Facility. An interim evaluation should be carried out by 30 June 2025 and a report on this interim evaluation should be submitted to the European Parliament and the Council.