

Supporting the Just Transition Mechanism: Comprehensive proposal of the EIB Group

Hubert Strauss, Lead Economist,
EIB, Regional Development Division
TRACER Meeting “Opportunities for Coal regions under the JTM”
April 1st, 2022

Outline

- EIB at a glance
- Energy lending policy and Climate Bank Roadmap 2025
- EIB approach to Just Transition
- EIB Group Comprehensive Proposal to support the JTM
 - Lending
 - Advising

EIB | Bank of the European Union



The world's largest multilateral lender



Leading provider of climate finance



Governed by the EU Member States



Policy objectives - support of innovations, infrastructure, sustainable energy, SMEs climate action and cohesion



EIB Public policy goals (PPGs)

“Vertical” PPGs and 2020 lending within the EU (total: € 47.8 bn)

Innovation, Digital
& Human Capital



€15.4 bn

Sustainable
energy and
natural resources



€12.5 bn

Sustainable Cities
& Regions



€12.0 bn

SMEs and Mid-
caps



€7.9 bn

Horizontal (“cross-cutting”) PPGs

Climate Action and Environmental Sustainability: €25bn (~52%)

Economic and social Cohesion: €20bn (41%)



Energy Lending Policy

Stop supporting traditional fossil fuels

Innovation in energy efficiency and renewable energy

More wind and solar power, as well as cross-border electricity connections

Advances in energy storage, electric vehicles and green transport

Improve energy production outside the EU and ensure people have electricity in their homes



Climate Bank Roadmap – 2021-2025



Align with the goals of the Paris Agreement



Accelerate the transition to a green economy (incl. just transition)



Prioritise innovation and digitalization to cut carbon emissions



More support for sustainable agriculture, forestry, bioeconomy, green cities, renewable energy, low-carbon transport



Prepare people and businesses for climate change happening right now



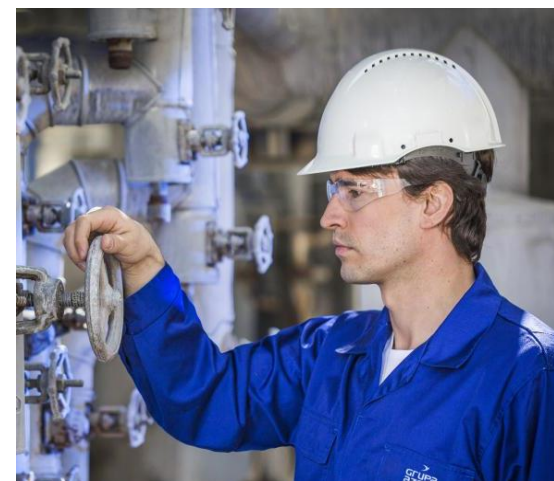
Just Transition = Multiple Transitions



Energy



Environmental



Labour market & skills



Infrastructure



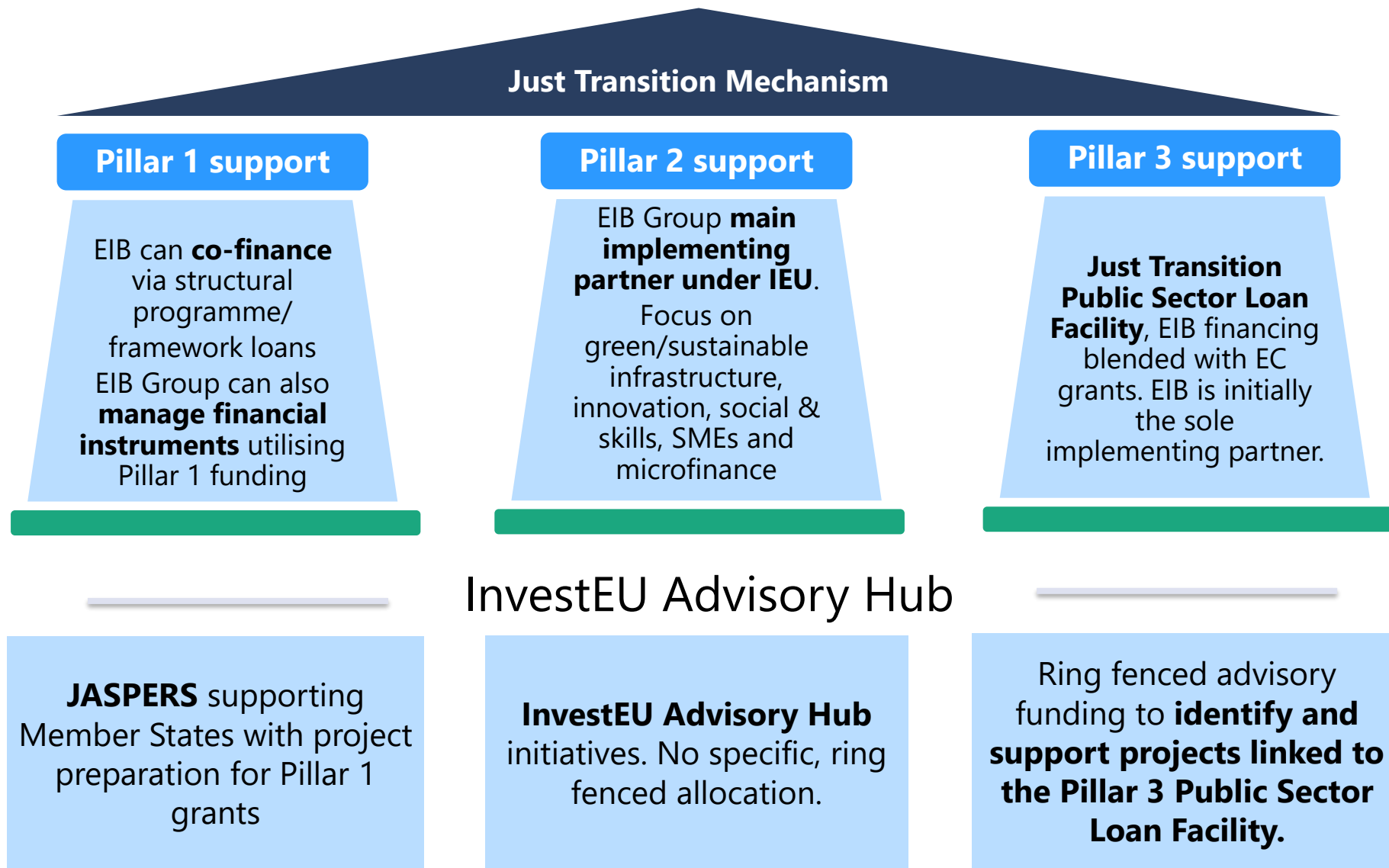
Economic



Wider regional
development
dimension

EIBG implementation plan of JTM inside EU


Lending and advising: synergies within the JTM



Pillar 1: Just Transition Fund



- EUR 17.5bn grants, of which EUR 10bn to be committed by end-2023 (NGEU)
- All Member States (MS) benefit (JTF allocation key)
- Territorial JT Plans (TJTP) and Operational Programmes: policy objectives, delivery mechanisms, JT regions (“most affected territories”) at NUTS3 level
- EU co-financing operations under Cohesion Policy (“Structural Programme Loans” -SPL) are the natural EIB product to support MS and regions’ JTF Operational Programmes, incl. by Decentralised Financial Instruments (DFIs).
- EU co-financing 85%/70%/50% of eligible investment cpst → limited headroom for EIB (EU+EIB cumul rule!)

- 
- Dialogue with public authorities & JASPERS support to originate operations in JT regions
 - Maximise the use of existing products (SPL): bundling
 - Promote EIBG experience with DFIs and bundling (e.g. with DFIs under ERDF)

Country allocation of JTM resources

	JTF grant EURm, 2018 prices	in % of total
Poland	3,500	20.0%
Germany	2,254	12.9%
Romania	1,946	11.1%
Czech Republic	1,493	8.5%
Bulgaria	1,178	6.7%
France	937	5.4%
Italy	936	5.3%
Spain	790	4.5%
Greece	755	4.3%
Netherlands	567	3.2%
Finland	424	2.4%
Slovakia	418	2.4%
Estonia	322	1.8%
Lithuania	249	1.4%

	JTF grant EURm, 2018 prices	in % of total
Lithuania	249	1.4%
Hungary	237	1.4%
Slovenia	235	1.3%
Portugal	203	1.2%
Latvia	175	1.0%
Croatia	169	1.0%
Belgium	166	0.9%
Sweden	142	0.8%
Austria	124	0.7%
Cyprus	92	0.5%
Denmark	81	0.5%
Ireland	77	0.4%
Malta	21	0.1%
Total EU-27	17,500	100%

Pillar 2: Invest EU JT Scheme



- Economically viable investments by private and public sector entities, aligned to JT objectives, across four policy windows of InvestEU



SUSTAINABLE
INFRASTRUCTURE



RESEARCH, INNOVATION
AND DIGITISATION




SMALL AND MEDIUM-
SIZED COMPANIES

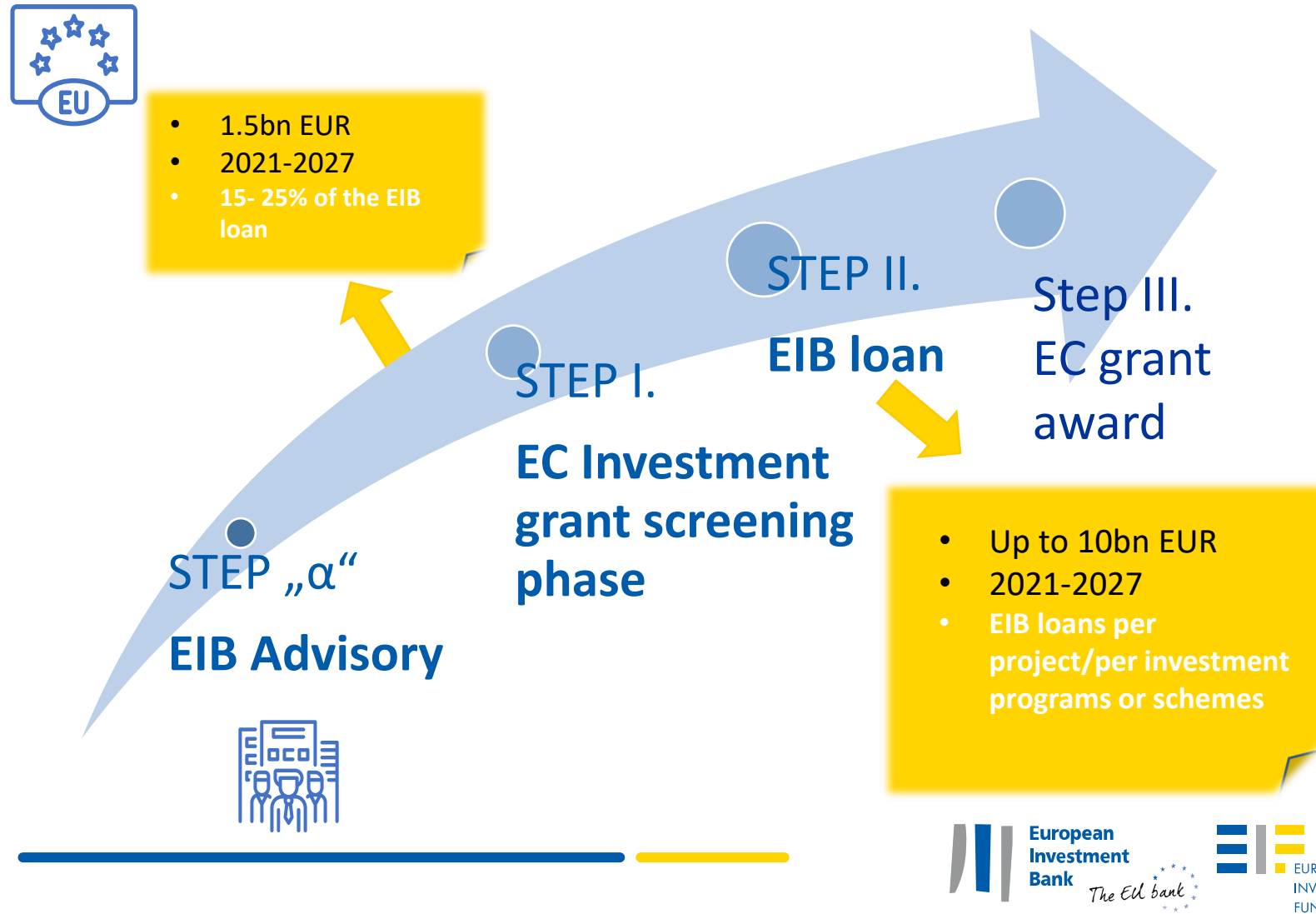


SOCIAL INVESTMENT
AND SKILLS

- A more flexible State Aid approach agreed under InvestEU for investments aligned to JT objectives
- No ring-fenced InvestEU budget for JT, no geographical allocation

- 
- P2 Advisory likely to support mainly private sector project preparation and implementation
 - EIF assessing feasibility of dedicated financial instrument for SMEs under InvestEU

JTM Pillar 3 – Public Sector Loan Facility



Pillar 3: Public Sector Loan Facility



- Beneficiaries: entities “established in a Member State as a public law body or as a body governed by private law entrusted with a public service mission
- Projects that do not generate sufficient market revenues to cover cost
- EUR 1.5bn grant component. Country earmarking until end-2025
- Limited **grant rate: up** to 15% of loan size (up to 25% in less developed regions)
- EIB Lending up to EUR 10bn during the MFF – through Investment Loans and Framework Loans (“loan schemes”)
- Board approved the EIBG Comprehensive proposal to support the JTM in Dec. '21
→ EIB financing > **50% investment cost in Cohesion regions** (while respecting cumul rule)
- PSLF grant may not be combined with other EU funds, but advisory support from other EU sources is OK
- Current collaboration with the EC on administrative agreement, which is expected for mid-2022.



- Originate operations targeting JT regions through enhanced dialogue with public authorities
- Coordination between lending and advisory activities to maximise absorption

JASPERS and the Just Transition Fund- JTF

Scope:

- JASPERS: Joint Assistance to Support Projects in European Regions
- JASPERS intervention after establishment of transition plans
- Support of JTF project pipeline generation & prioritisation, project advice

Highlights:

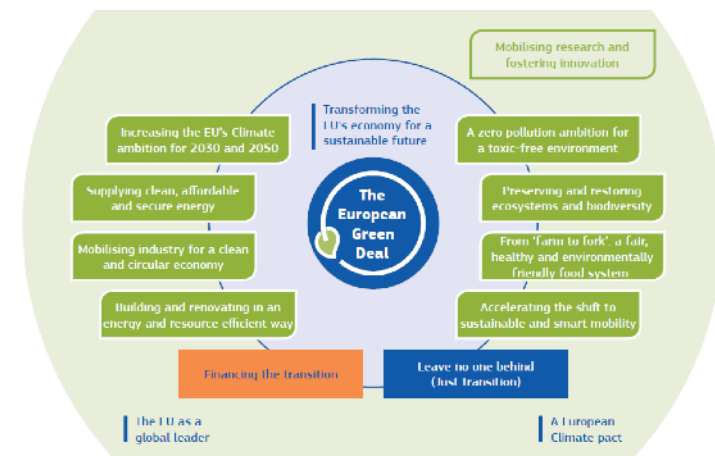
- JASPERS actively supporting JTF: **21 active JTF assignments in 5 MS**: 6xRO, 6xPL, 4xSK, 3xCZ, 2xGR
- Expected: ≥ 2 Bulgaria
- Close JASPERS – DG REGIO collaboration on JTF information and alignment

State of play:

- Territorial Just Transition Plans under finalisation (Q2/Q3 2022)
- JASPERS advice on JTF eligibility and preparation for pipeline management ongoing

Observations:

- Careful JASPERS coordination with MS, DG REGIO geographical units and EIB
- Standard assessment under JTF across MS and regions.



InvestEU Advisory Hub: services and initiatives

Project advisory

- Project identification/generation
- Project preparation & development
- Planning & implementation of investment projects
- Financial structuring
- Establishment of investment platforms & blending facilities

Capacity building

- Strengthening capacity & investment readiness of organizations
- Environmental and/or social sustainability structuring and impact assessments
- Procurement and compatibility with State Aid rules

Market development

- Market development activities
- Communication & awareness raising

InvestEU Advisory Hub



SUSTAINABLE
INFRASTRUCTURE



RESEARCH,
INNOVATION AND
DIGITALISATION



SOCIAL INVESTMENT AND
SKILLS



SMALL AND MEDIUM-SIZED
COMPANIES



CROSS-SECTORAL WINDOW

Advisory under the Public Sector Loan Facility (Pillar 3)

Scope

- Projects (potentially) benefitting from the PSLF
- Project development support - identification, preparation and implementation
- Capacity building - for final beneficiaries and loan scheme coordinators

Beneficiaries

- Public sector entities
- Sectors and projects as in Territorial JT Plans

Resources

- Ring fenced €35 million envelope
- Implementation through InvestEU Advisory Hub mandate

Thank you

Hubert Strauss

h.strauss@eib.org

Useful resources/contacts:

InvestEU Advisory Hub: <https://eiah.eib.org/>

Get in touch with JASPERS: <https://jaspers.eib.org/get-in-touch/index.htm>