



# European Investment Bank

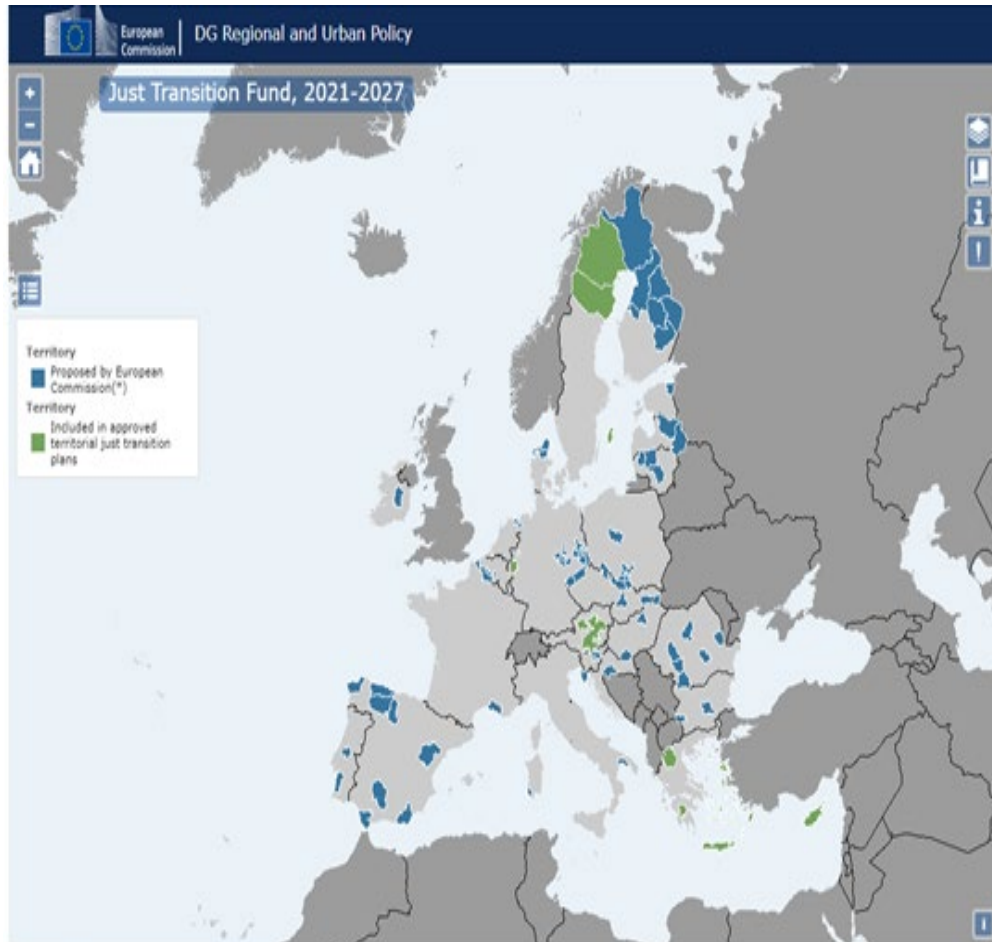
*The EU bank*

**“Main Features of the Loan Component”**

**Public Sector Loan Facility, Just Transition Mechanism – Info Day 14<sup>th</sup> Sept 2022**

Maria-Jose Peiro, European Investment Bank

# Main features of the PSLF loan component

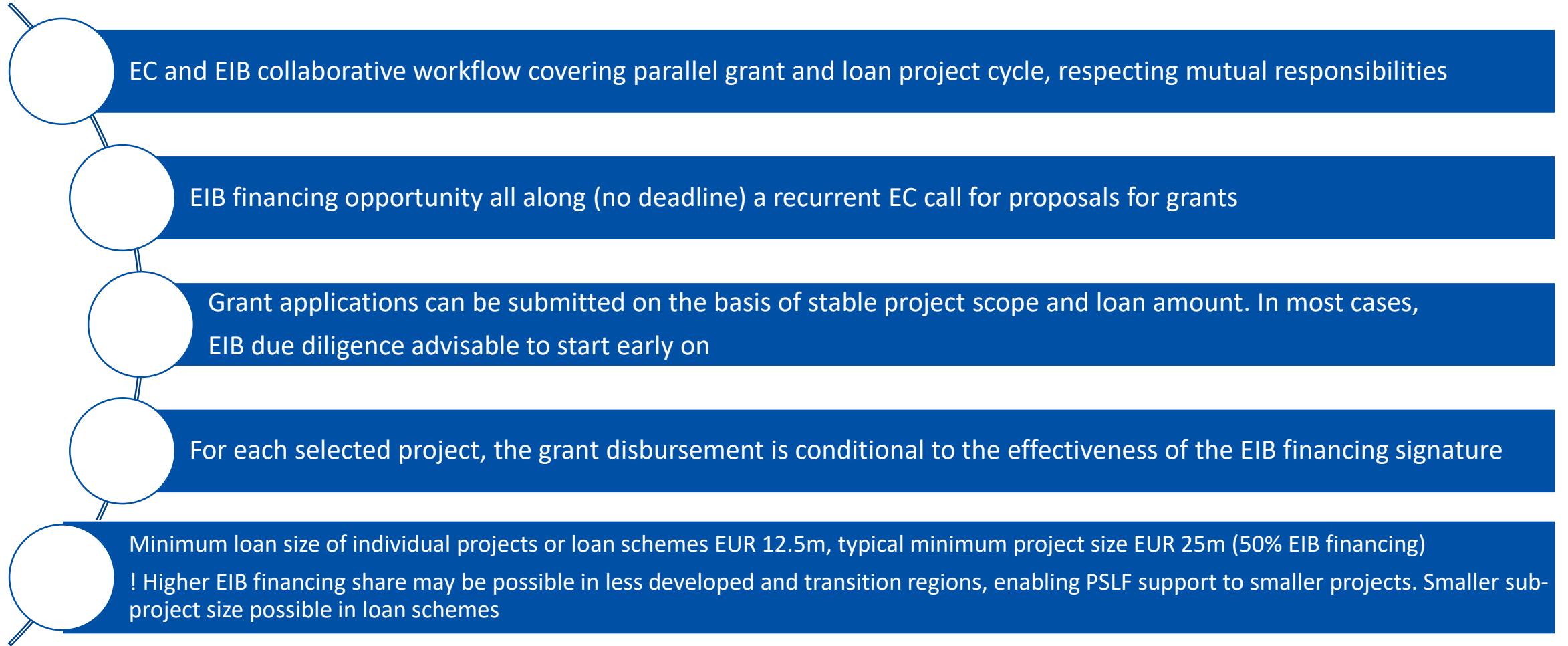


(\*) Additional territories have been proposed by some Member States and may be accepted as part of territorial just transition plans. The map will be updated accordingly.

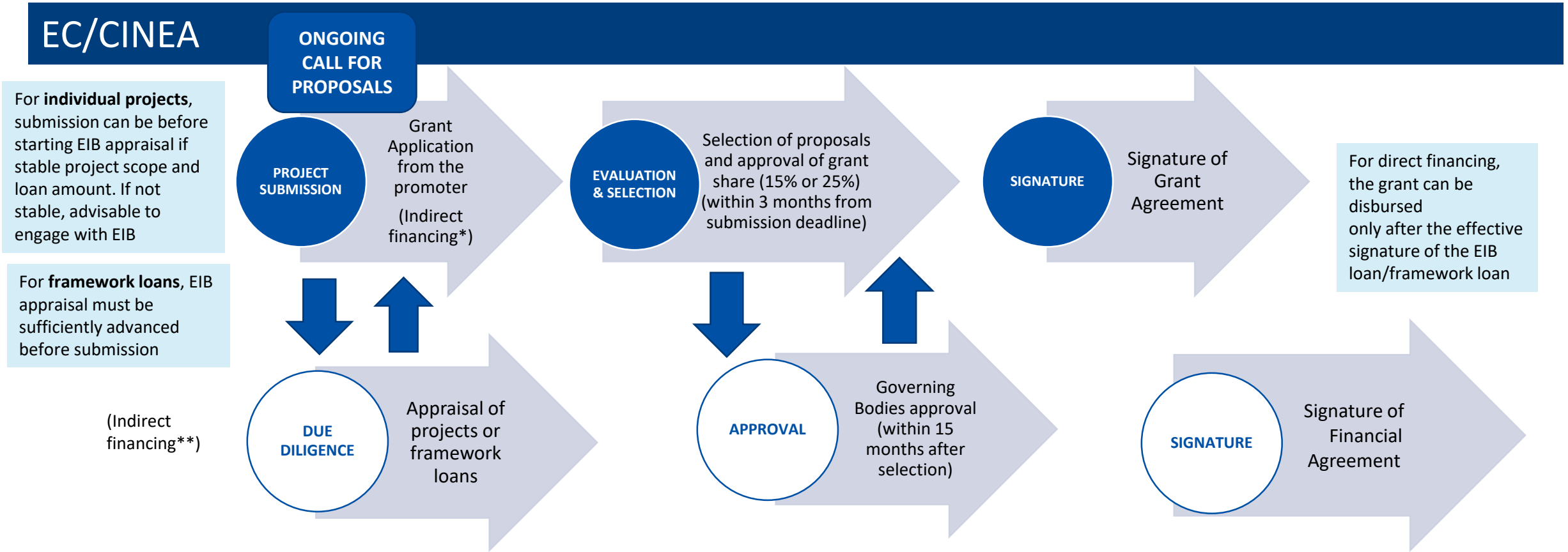
- ▶ **EIB public sector financing blended with EC grants** to support just transition projects located in, or benefiting, **territories identified in a Territorial Just Transition Plan**
- ▶ EIB to provide **up to 10bn lending** and mobilise **18bn-20bn of public investments** (EC-EIB PSLF Administrative Agreement signed on 1st September). EIB sole finance partner of PSLF so far
- ▶ **EC grants up to 15-25% of the EIB loan** (25% for projects located in Less Developed Regions).
- ▶ **Individual projects or loan schemes** of smaller projects
- ▶ **National earmarking** for the grants, influencing the loans mapping, **until end-2025** (JTF allocation key), **later on free allocation** across the EU

# PSLF coordinated grant and loan workflows

---



# Workflow for direct (and indirect) financing



## EIB

\* For indirect financing, project promoter (i.e. end-beneficiary) submits the grant application directly to CINEA (with loan signature letter).

\*\* For indirect financing, 2<sup>nd</sup> row is NOT relevant as the EIB has already signed an agreement with the financial intermediary and the applicant has signed its loan with the intermediary.

# EIB Project Cycle

---



# EIB financing under PSLF

## PSLF ELIGIBILITY

- ✓ Projects cannot generate a sufficient stream of own revenues
- ✓ Projects cannot receive support under any other Union programmes (including InvestEU and RRF, and other JTM pillars, except for advisory)
- ✓ Projects need to be located in, or benefit, territories identified in a TJTP – progressive adoption by EC
- ✓ Wide-ranging sectors contributing to a Just Transition

## EIB RULES, POLICIES AND PROCEDURES

- ✓ Project addresses market failures and provides additionality
- ✓ Project complies with sector eligibility rules
- ✓ Project is aligned with the Paris Agreement and the EU taxonomy (see EIB Climate Bank Roadmap)
- ✓ Project is 'bankable' (borrower credit risk requirements above minimum threshold)

## SUPPORTING ELEMENTS

- ✓ To facilitate access to financing for PSLF projects, EIB financing share can go beyond 50% of the investment costs for projects in Less Developed Regions and Transition Regions, while respecting limits on EU and EIB combined support (i.e. total 90%).
- ✓ Advisory support available through the InvestEU Advisory Hub for project development and to build up promoters' capacities

# Products under PSLF I

## Full product palette for the public sector to help effective deployment

- ▶ **DIRECT INVESTMENT LOANS** (“Standalone” or individual projects)
- ▶ **LOAN SCHEMES** (“Framework Loans”) – to support multi-year investment plans and small size projects, not (fully) defined at time of application
- ▶ **INTERMEDIATED LOANS** – to support smaller counterparties and projects, not known at time of agreement with intermediary



## Two options:

1. **Standard Framework Loans** - grant applicant is the sole beneficiary (for various projects)
2. **Coordinated Framework Loans** - grant applicant ‘coordinates’ and transfers grant support to subprojects’ promoters (i.e. share of a FL subproject loan amount of max. EUR 12.5m)
  - ❖ Eligible ‘coordinators’ include sovereign entities (i.e. ministries, state agencies) and national (and regional) promotional banks and institutions (NPBIs) as long as they have a **public service mission**

# Products under PSLF II

## INTERMEDIATED LOANS

- ❖ Promoters approach a financial intermediary (active in their geographical area) under a financial agreement with the EIB
- ❖ Only project promoters can submit grant applications for the individual projects - once they have signed their loans with the financial intermediary (at least EUR 3m)



## Two principles respected:

Limitation to 25% of the facility grant component allocated to intermediated projects

EC prioritisation for projects under intermediated financing in Less Developed Regions

***Two products: Intermediated Framework Loans & Multi-Beneficiaries Intermediated Loans***



Thank you for your attention!

More info at:

[Regional development & cohesion \(eib.org\)](https://www.eib.org)

[infodesk@eib.org](mailto:infodesk@eib.org)