Interplay between the grant and loan components of the public sector loan facility under the Just Transition Mechanism
The public sector loan facility (PSLF) is the third pillar of the Just Transition Mechanism (JTM) – a key tool of the European Green Deal investment plan to make sure that no one and no region is left behind in the transition to a climate-neutral economy.

**Just Transition Mechanism**

to support and finance the regions most exposed to transition challenges in all Member States

1. **Just Transition Fund**
   - Primarily provides grants

2. **InvestEU** dedicated just transition scheme
   - Crowds in private investment

3. **Public sector loan facility with the EIB**
   - Leverages public investments

The JTM includes a governance framework centred on territorial just transition plans

The PSLF is a blending facility, which combines grants from the European Commission (up to EUR 1.5 billion) and loans from the European Investment Bank (EIB) (up to EUR 10 billion). The combined support is designed to mobilise additional investment for public sector entities in the most affected regions in Europe to meet their development needs in the transition towards a climate-neutral economy. The blend of the EIB loan and the European Commission grant will facilitate the financing of projects that do not generate sufficient streams of revenue to cover their investment costs.

The most affected regions are identified in the territorial just transition plans (TJTPs). These plans are developed by each Member State and set out the challenges in each just transition territory, along with the development needs and objectives to be met by 2030. PSLF projects must be located in, or benefit, the regions identified as highly affected by the transition towards the European Union’s climate targets in the adopted TJTPs. For more information, please see the map on the Just Transition Platform or the list of TJTPs on the website of the European Climate, Infrastructure and Environment Executive Agency (CINEA).

The public sector loan facility is a blending facility to mobilise **EUR 18.5 billion** of public investments

- Up to **EUR 1.5 billion** in grants by the European Commission
- Up to **EUR 10 billion** in loans by the European Investment Bank
- Around **EUR 7 billion** in additional mobilised resources (*)

(*) National grants, loans, own resources, etc.
The grant

A grant will be awarded by the European Commission to successful applicants. The grant amount is determined as a percentage of the loan: 15% or 25% if the project is located in a less developed region.

To apply for the public sector loan facility grant, the applicants should submit a proposal under one of the two topics of the open call for proposals:

**JTM-2022-2025-PSLF-STANDALONE-PROJECTS**

for standalone projects linked to a loan from the EIB or one of its financial intermediaries

**JTM-2022-2025-PSLF-FRAMEWORK LOANS**

for a set of projects linked to an EIB framework loan (standard or coordinated)

More information on the call for proposals can be found on the [Funding & Tenders portal](https://ec.europa.eu/fundingsite) (European Commission > Funding & Tenders portal) and the [CINEA website](https://ec.europa.eu/programmes/cinea).
Applicants must also obtain a loan from the EIB or one of its financial intermediaries. The requests for loans can be submitted at any time. Loans requested from the EIB should be of at least EUR 12.5 million (with the exception of loans provided by financial intermediaries).

The EIB loan (EUR 12.5 million) usually covers 50% of the total project costs, which should therefore be at least EUR 25 million. The EIB may decide to apply a higher financing rate (over 50%) for projects in less developed and transition regions.

There are several types of EIB financing which can be combined with a public sector loan facility grant.

- **Loans** to finance a single investment project.
  - Loans provided by the EIB (direct loan of at least EUR 12.5 million).
  - Loans provided by one of the EIB’s financial intermediaries (intermediated loan of at least EUR 3 million).
  
  The EIB and the financial intermediary must have signed an intermediated loan. Proposals for grants must be submitted by the final beneficiary of the intermediated loan, as the financial intermediary cannot directly apply for grants under the facility.

- **Framework loans** to finance multi-year investment programmes, consisting of several smaller projects in the same or different sectors, which are not (fully) defined at the time of the request. Framework loans must be directly provided by the EIB (not a financial intermediary) and can be of two types.
  - **Standard framework loans** – when the grant applicant is the sole beneficiary of a set of projects.
  - **Coordinated framework loans** – when the grant applicant acts as coordinator (1) of a set of projects on behalf of other beneficiaries and transfers financial support to third parties.

The overall framework loan amount requested should be above EUR 12.5 million, however the investment costs of individual projects covered by a framework loan can vary in size.

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(1) Eligible coordinators include sovereign entities (for instance ministries and state agencies), and national and regional promotional banks and institutions with a public service mission.

The EIB has more detailed information on the different types of loans on its [website](#).
All proposals submitted will undergo a detailed assessment by the European Commission and the EIB.

**Commission assessment**
- Within 15 days from the submission of the grant proposal, the Commission will assess the proposals against the admissibility and eligibility requirements.
- Within 3 months from the submission, the Commission will assess the proposals against the selection, exclusion, award and prioritisation criteria.
- The Commission will share with the EIB the list of selected proposals (which will only receive a grant if they receive a loan from the EIB).
- These proposals will be invited for grant agreement preparation.

**EIB assessment**
- The EIB will assess the proposals selected by the Commission and inform it of the projects approved (or not approved) for financing by the EIB at the latest 18 months from the call submission.
- When the EIB assessment is concluded, the Commission will prepare and finalise the grant agreements with the successful proposals.

**Grant and loan disbursement**
- The grant is disbursed on the condition that the EIB financing agreement becomes effective.

Framework loans should be at an advanced stage of discussion with the EIB before submitting a proposal to the European Commission. For the other direct loans awarded by the EIB, it is also recommended that the EIB be approached at an early stage prior to applying for a grant.

A project financed by the EIB typically goes through seven major stages: proposal, appraisal, approval, signature, disbursement, monitoring and reporting, and repayment.
Advisory support

Applicants can also benefit from the advisory support available under the public sector loan facility through the InvestEU Advisory Hub or ‘Working towards a just transition’ (eib.org) for the preparation, development and implementation of eligible projects, and capacity-building of the beneficiaries. Advisory assistance can be obtained, for instance, for:

- development of project pipelines, including screening and prioritisation of projects;
- financial structuring and modelling;
- feasibility studies;
- implementation support.

Advisory support is available before and after proposal submission. When using the central entry point, applicants are invited to specify that they request advisory support in connection with the public sector loan facility.

Up to EUR 35 million is available for advisory support, including EUR 10 million for building the implementation capacity of the beneficiaries, particularly in less developed regions.

Useful information and links

- To learn more about the Just Transition Mechanism, visit the Just Transition Platform (European Commission > Regional policy > Funding > Just Transition Fund > Just Transition Platform). On this page, you will also find information about relevant events, news and funding opportunities.
- To find out more about CINEA and PSLF funding, please go to the CINEA website (European Commission > CINEA > Just Transition Mechanism).
- To find out how the EIB supports just transition, go to EIB > Projects > Sectors > Regional development > Just transition.
- For information about EIB rules, policies and procedures for loans, visit EIB > Products.
- To contact the advisory services available under the Facility, send an email to eib-advisory@eib.org.

European Climate, Infrastructure and Environment Executive Agency

European Commission
1049 Brussels
BELGIUM

Tel. +32 22995252

https://cinea.ec.europa.eu
cinea@ec.europa.eu
@cinea_eu
CINEA – European Climate, Infrastructure and Environment Executive Agency
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