Guidance Note

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Project title:	**JASPERS support to Poland - JTF**
Subject:	Guidance on projects allocation to the three Pillars of JTM
Country(s)	**Poland**
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Glossary:

CCS	carbon capture and storage
CPR	Common Provisions Regulation
DH	district heating
EC	European Commission
EE	energy efficiency
EIB	European Investment Bank
ETS	Emission Trading Scheme
EU	European Union
EURI	EU Recovery Instrument
GDP	gross domestic product
ICT	information and communication technology
JT	Just Transition
JTF	Just Transition Fund
JTM	Just Transition Mechanism
MA	Managing Authority
MBT	mechanical biological treatment
MFF	Multiannual Financial Framework
MICE	meetings, incentives, conventions and exhibitions
MS	Member State
NGEU	Next Generation EU
NJTP	National Just Transition Plan
NPB	national promotional banks
NUTS	nomenclature of territorial units for statistics
PIC	project investment cost
PSLF	Public Sector Loan Facility
RDF	refuse-derived fuels
R&D	research and development
R&I	research and innovation
RE	renewable energy
TA	technical assistance
SME	small and medium enterprise
TJTP	Territorial Just Transition Plan

Disclaimer

Provided that many specific JTM implementation arrangements are underway, at this stage, the present document may only be considered as a brainstorming exercise. In due time, when final decisions are taken by competent authorities, the note will be revised and only then will it have the explicit character.

1. Introduction

The document aims at providing guidance to Polish JT regions and project promoters on how to optimally qualify their projects to particular pillars of JTM.

The transition to a climate-neutral and circular economy constitutes one of the most important policy objectives for the union. In order to be successful, the transition has to be fair and inclusive to be socially acceptable for all. The aim of the JTM is to mitigate the adverse effects of the climate transition by supporting the most affected territories and workers concerned and to promote a balanced socio-economic transition.

It is important to note that JTM is not supposed to be a tool for a transition to a climate-neutral economy as such, and its role in the transition of the energy sector in particular is in principle meant to be rather limited, in exchange JTM should focus on the mitigation of the adverse effects of the transition.

2. Pillar I

<u>About Pillar I</u>

Pillar I of the JTM consists of Just Transition Fund, offering grants to eligible projects. The grant financing rates are set at 50% (more-developed regions), 70% (transition regions) and 85% (less-developed regions) of project investment cost, depending on the cohesion classification of the region where the project is located. In case of Polish JT regions, 85% rate would apply for Slaskie and 70% rate for Dolnoslaskie and Wielkpolskie regions.

Some EUR 3.5 bn of EU resources were made available in Poland under JTF. This amount was further topped up with the national contribution of EUR 563.5 m.

JTF is the most important, and the largest JTM pillar, in terms of EU contribution. The role of the JTF is to contribute to enabling regions and people to address the social, employment, economic and environment impacts of the transition towards climate-neutral economy. In principle, the JTF may be seen as acting along four key axes: economic transformation, social transformation, spatial transformation and energy transformation.

<u>Beneficiaries</u>

The eligible beneficiaries of the JTF have not been precisely defined in the JTF regulation, thus in principle, any type of public or private law body, as defined in the Common Provisions Regulation, qualifies.

Eligibility

JTF should only support activities that:

- are directly linked to its specific objective of enabling regions and people to address the social, employment, economic and environmental impacts of the transmission towards the Unions 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050, based on the Paris Agreement,
- and which contribute to the implementation of the TJTP.

In geographical terms, only operations in eligible JTF regions at NUTS 3 level qualify. Annex D to European Semester has defined 3 regions to be eligible in Poland: Slaskie Region, Dolnoslaskie Region (Walbrzych Sub-region), Wielkoposkie Region (Konin Sub-region). The Polish government postulates that three other regions should also be considered eligible by the EC (Lodzkie, Malopolskie, Lubelskie), as well as the Zgorzelecki Sub-region of Dolnoslaskie Region.

In sectoral terms, the eligibility is defined as follows:

- Productive investments in SMEs (…),
- Investments in creation of new firms (...),
- Investments in research and innovation activities (...),
- Investments in deployment of technology, systems and infrastructure for clean energy (…),
- Investments in renewable energy (…) and energy efficiency (…),
- Investments in smart and sustainable local mobility (…),
- Rehabilitation and upgrade of DH networks (…),
- Investments in digitalisation (…),
- Investments in regeneration and decontamination of brownfield sites, land restoration (…),
- Investments in enhancing circular economy (…),
- Upskilling and reskilling of workers and jobseekers,
- Job-search assistance to jonseekers,
- Active inclusion of jobseekers,
- Technical Assistance,
- Other activities in education and social inclusion,
- Productive investments in non-SME: necessary for the implementation of the TJTP; contributing to transition targets; necessary for job creation; not leading to relocation,
- Operations falling under Annex I of ETS: necessary for the implementation of TJTP.

The following sectors are excluded:

- Nuclear power,
- Tobacco,
- Undertakings in difficulty,
- Fossil fuels.

Territorial Just Transition Plans

A TJTP is a prerequisite for tapping into JTF resources. A TJTP should specifically describe the type of operations envisaged and their expected contribution to alleviate the impact of the transition. The TJTP should also include indicative lists of productive investments in non-SMEs, as well as a list of investments falling under Annex I of the ETS directive, as long as they are supposed to be supported by the JTF.

State Aid

JTF resources are under shared management between the EC and the MS thus the State Aid rules apply.

Implementation modalities

The JTF will be implemented under shared management. The MA will roll out JTF at national level. The JTF resources will be governed by Operational Programmes. The projects to be supported will be identified in the call-for-projects procedure that will be organised by competent Implementing Bodies, some pre-identified, strategic projects may be selected outside the call-for-projects procedure. The approval of projects will be carried out at Implementing Bodies level.

A TA package has been made available for the regions and project promoters. The package is composed of:

- JASPERS support dedicated to technical capacity building of the regions, screening of projects and to the preparation of key projects to be supported by JTF.
- World Bank support dedicated to investments in non-SME and to rehabilitation of brownfield sites.
- PwC support dedicated to the preparation of TJTP.

Furthermore, TA is an activity that is eligible for funding under JTF.

Implementation timeline

The CPR N+3 rule applies to JTF resources with the final decommitment by end of 2029 , with the exception of the part of the resources coming from the EURI, where the expenditure needs to be certified by the end of 2026.

3. Pillar II

About Pillar II

The InvestEU programme consists of an EU guarantee provisioned to the Implementing Partners. The role of the guarantee is to enable the Implementing Partners to engage in the operations with higher risk profile, which they wouldn’t be able to finance otherwise in the absence of the guarantee. The financing provided to the beneficiaries under InvestEU programme should in principle have preferential terms compared to those offered otherwise in the market.

Pillar II (JT Scheme) of the JTM constitutes a horizontal scheme across four policy windows of the InvestEU programme. There is no dedicated budget specifically allocated for Pillar II of the JTM. In case a project qualifies to any of the four windows and happens to be located in JT region, it will be reported as a Pillar II project. The regulation does not set any objectives in terms of how many projects or what share of the overall facility should have a JTM tag. The terms of JT Scheme funding should in principle not be any different than the terms of standard InvestEU funding, all things being equal.

The EU has earmarked EUR 26.2 bn as a financial guarantee for the purpose of the InvestEU programme, which is expected to leverage EUR 372 bn in investments. There are no specific country allocations neither under the InvestEU nor under JT Scheme. Projects will be dealt with under first-come, first-served principle.

The EU guarantee may be used towards risk coverage for the following types of financing provided by the implementing partners:

- loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement, including subordinated debt, or equity or quasi-equity investments, provided directly or indirectly through financial intermediaries, funds, investment platforms or other vehicles to be channelled to final recipients;
- funding or guarantees by an implementing partner to another financial institution enabling the latter to undertake financing referred to in the point above.

Beneficiaries

The eligible beneficiaries comprise natural or legal persons including:

- Private entities,
- Public-sector entities,
- Mixed entities,
- Not-for-profit organisations.

Whilst the guarantee is accessible to all, this pillar of JTM is mainly addressing private promoters financing needs.

Eligibility

In geographical terms, JT regions qualify. Furthermore, projects in other territories are eligible, in case these projects would provide benefits to eligible regions (for instance, infrastructure projects that improve the connectivity of the JT regions may be covered). Investments supported under Pillar II must be in line with sectors eligible for support under Annex II to the Regulation establishing the InvestEU Program and approved under the TJTP.

Investments addressing social, economic, environmental challenges deriving from transition process, across four windows are eligible:

Sustainable Infrastructure:

- Energy sector,
- Sustainable transport infrastructure,
- Environment and resources,
- Digital connectivity infrastructure,
- Sustainable space infrastructure,
- Sustainable tourism infrastructure,
- Offshore development for decarbonisation,
- Strategic investment in critical infrastructure.

R&D and Digitalisation:

- Industrial deployment,
- Recycling and manufacturing facilities for production of ICT,
- Healthcare,
- Defence.

SME:

- Addressing market failures,
- Supporting underserved economic sectors,
- Speeding up adjustment to structural changes,
- Financing solutions helping achieving the objectives,
- Transfer of best practices.

Social Investments and Skills:

- Education,
- Training.

The InvestEU Fund shall not support:

- activities which limit individual rights and freedoms or that violate human rights,
- in the area of defence activities, the use, development, or production of products and technologies that are prohibited by applicable international law,
- tobacco-related products and activities (production, distribution, processing and trade),
- activities excluded from financing pursuant to the relevant provisions of the Horizon Europe Regulation: research on human cloning for reproductive purposes; activities intended to modify the genetic heritage of human beings which could make such changes heritable; and activities to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer,
- gambling (production-, construction-, distribution-, processing-, trade- or software-related activities),
- sex trade and related infrastructure, services and media,

- activities involving live animals for experimental and scientific purposes insofar as compliance with the European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes,
- real estate development activity, such as an activity with a sole purpose of renovating and re-leasing or re-selling existing buildings as well as building new projects; however, activities in the real estate sector that are related to the specific objectives of the InvestEU Programme as specified in Article 3(2) and to the areas eligible for financing and investment operations under Annex II, such as investments in energy efficiency projects or social housing, shall be eligible,
- financial activities such as purchasing or trading in financial instruments. In particular, interventions targeting buy-out intended for asset stripping or replacement capital intended for asset stripping shall be excluded,
- activities forbidden by applicable national legislation,
- the decommissioning, operation, adaptation or construction of nuclear power stations,
- investments related to mining or to the extraction, processing, distribution, storage or combustion of solid fossil fuels and oil, as well as investments related to the extraction of gas. This exclusion does not apply to:
    - projects where there is no viable alternative technology,
    - projects related to pollution prevention and control,
    - projects equipped with carbon capture and storage or carbon capture and utilisation installations, industrial or research projects that lead to substantial reductions of greenhouse gas emissions as compared with the applicable EU ETS benchmarks,
- investments in facilities for the disposal of waste in landfill. This exclusion does not apply to investments in:
    - on-site landfill facilities that are an ancillary element of an industrial or mining investment project and where,
    - it has been demonstrated that landfilling is the only viable option to treat the industrial or mining waste produced by the activity concerned itself,
    - existing landfill facilities to ensure the utilisation of landfill gas and to promote landfill mining and the reprocessing of mining waste.
- investments in mechanical biological treatment (MBT) plants. This exclusion does not apply to investments to retrofit existing MBT plants for waste-to-energy purposes or recycling operations of separated waste such as composting and anaerobic digestion,
- investments in incinerators for the treatment of waste. This exclusion does not apply to investments in:
    - plants exclusively dedicated to treating non-recyclable hazardous waste,
    - existing plants, where the investment is for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such investments do not result in an increase of the plants’ waste processing capacity.

For the part of the Pillar II that EIB will implement, EIB sector policies (see Annex 2) and exclusions[1] will apply.

Territorial Just Transition Plans

The TJTP should set out the sectors and eligible areas that will be supported by the InvestEU in the regions.

State Aid

Resources available under Pillar II do not constitute State aid, however, State Aid might be involved in financial products supported by the InvestEU Fund[2].

Implementation modalities

The InvestEU programme will be implemented by Implementing Partners of the EC. The EIB acts as one of the Implementing Partners and the EC has allocated 75% of the facility to the EIB. The EIB will implement InvestEU either directly or in collaboration with NPB.

InvestEU guarantee under the EIB shall follow the general lending rules and policies of EIB financing. Therefore, investments are subject to the current due diligence process of the EIB. A loan covered with InvestEU guarantee will first be appraised by EIB services, and before an operation is approved by the governing bodies of the EIB (Management Committee, Board of Directors), the Investment Committee of the InvestEU programme will first need to examine and verify the financing proposals.

TA will be available from the InvestEU Advisory HUB for projects qualifying within the same four policy windows considered under the InvestEU guarantee. The TA can be provided directly to project promoters by the advisory services of the EIB or by any other Advisory Partners which may have agreement with the EC under InvestEU. The TA will be offered free of charge to public sector entities and at a charge to private sector entities. The scope of the TA to be provided will be rather wide, and eventually agreed with the EIB under the terms of adequate bilateral agreement[3].

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[1] Excluded Activities (eib.org)

[2] See in particular section 16 in CL2014R0651EN0040010.0001.3bi_cp 1..1 (europa.eu) and ANNEX 2 of note_en.pdf (europa.eu)

[3] According to the InvestEU Regulation, the InvestEU Advisory Hub shall in particular:
(a) provide a central point of entry, managed and hosted by the Commission, for project development assistance under the InvestEU Advisory Hub for public authorities and for project promoters;
(b) disseminate to public authorities and project promoters all available additional information regarding the investment guidelines (…);
(c) where appropriate, assist project promoters in developing their projects (…);
(d) support actions and leverage local knowledge to facilitate the use of InvestEU Fund support across the Union and contribute actively where possible to the objective of the sectorial and geographical diversification of the InvestEU Fund by supporting implementing partners in originating and developing potential financing and investment operations;
(e) facilitate the establishment of collaborative platforms for peer-to-peer exchanges and the sharing of data, knowhow and best practices to support project pipeline and sector development;

Blending Pillar II financing with JTF resources and other EU funds

Pillar II may be blended with JTF and other EU funds, both grants and financial instruments without particular restrictions[4], meaning that it may be simply treated as commercial funding.[5] State Aid rules have to be considered when blending Pillar II with JTF and other EU funds.

As far as TA is concerned, in principle, projects funded under Pillar II should seek the assistance through InvestEU Advisory HUB as a single entry point, without recourse to TA available under other programmes.

Implementation timeline

InvestEU timeline applies:

- for NGEU resources (approximately 57% of the resources available for InvestEU), the Investment period ends on 31 December 2023; the EURI regulation stipulates that counterparts shall approve 60% of transactions by end 2022 and 100% by end 2023,
- for the budgetary resources stemming from the MFF, the Investment Period ends on 31 December 2027.

As regards the call for expression of interest related to implementing partners other than the EIB Group, the intention is to allocate 70% of the overall InvestEU Guarantee in the first call launched on 30 April 2021 (with two stop dates) and the remaining 30% in a second and possibly in a third call, tentatively foreseen in 2023 and 2024 respectively.

4. Pillar III

About Pillar III

Pillar III of the JTM consists of Public Sector Loan Facility. The facility will focus on supporting public sector investments achieving measurable impact in addressing transition challenges.

(f) provide proactive advisory support with respect to the establishment of investment platforms, including cross-border and macro-regional investment platforms and investment platforms that bundle small and medium-sized projects in one or more Member States by theme or by region;
(g) support the use of blending with grants or financial instruments funded by the Union budget or by other sources in order to strengthen synergies and complementarities between Union instruments and to maximise the leverage and impact of the InvestEU Programme;
(h) support capacity building actions (…);
(i) provide advisory support for start-ups, especially when they seek to protect their research and innovation investments by obtaining intellectual property titles, such as patents.

[4] According to InvestEU Regulation, financing and investment operations covered by the EU guarantee which form part of the blending operation combining support under InvestEU Regulation with support provided under one or more other Union programmes or covered by the EU ETS Innovation Fund shall:
(a) be consistent with the policy objectives and comply with the eligibility criteria set out in the rules of the Union programme under which the support is decided;
(b) comply with InvestEU Regulation.
Blending operations that include a financial instrument that is fully financed by other Union programmes or by the EU ETS Innovation Fund without the use of the EU guarantee under this Regulation shall be consistent with the policy objectives and comply with the eligibility criteria set out in the rules of the Union programme under which the support is provided.

[5] https://ec.europa.eu/commission/presscorner/detail/lt/memo_19_2135

Some EUR 1.5 bn has been put aside from the EU budget for the grant part of the PSLF, with EUR 305 m available in Poland (the country allocation is only available until 2025). PSLF will take the form of loans blended with investment grants. The investment grant will not exceed 15% of the loan provided, or 25% of the loan provided in regions with GDP per capita not exceeding 75% of the EU-27 average. In Slaskie the co-financing rate will thus correspond to 25% of the loan, while in Dolnoslaskie and Wielkpolskie Regions to 15% of the loan.

Beneficiaries

The eligible beneficiaries of the PSLF consist of public sector legal entities including public law bodies or bodies governed by private law entrusted with public service mission. Eligible entities may include, inter alia:

- Local authorities,
- Public institutions,
- Municipal companies,
- Private law bodies, publically owned, such as water or energy utilities.

Eligibility

In geographical terms, JT regions qualify. Furthermore, projects in other territories are eligible, in case these projects would provide benefits to eligible regions.

Eligible projects shall achieve a measurable impact, and include output indicators where appropriate, in addressing serious social, economic and environmental challenges deriving from the transition towards the Union's 2030 climate and energy targets and the objective of climate neutrality in the Union by 2050 at the latest and benefit territories identified in a territorial just transition plan, even if the projects are not located in those territories. The eligible projects should not generate sufficient stream of own revenues to cover their investment costs, in order to prevent the replacement of potential support and investment from alternative resource.

The following sectors are excluded:

- Nuclear power,
- Tobacco,
- Undertakings in difficulty,
- Fossil fuels.

Projects under Pillar III should not receive support under any other Union programme. Nevertheless, the projects may also receive advisory and technical assistance support from other Union programmes for their preparation, development and implementation.

PSLF will be implemented by the EIB, therefore, EIB sector policies (see Annex 2) and exclusions[6] will apply.

Territorial Just Transition Plans

[6] Excluded Activities (eib.org)

The TJTP should set out the sectors and eligible areas that will be supported by the PSLF in the regions.

State Aid

Resources available under Pillar III do not constitute State aid, however, blending them with other (non-EU) funds or financial instruments might need State Aid clearance.

Implementation modalities

The loan financing element of PSLF will be implemented by the EIB (although it should be possible to extend the PSLF to enable other finance partners to provide the loan component, where additional resources for the grant component become available or where it is required for the correct implementation of the PSLF).

EIB will most likely make the financing available in the form of investment loans (larger individual operations) or framework loans (aggregation of smaller projects). Under an investment loan[7], the financing will be provided to a single, predefined project or a predefined investment programme consisting of a number of projects, which will be large enough to justify the individual operation (typically around EUR 25 m in lending volume). Under a framework loan[8], the EIB would finance a group of smaller investments promoted by a single local authority. The framework will define the objectives and the criteria that the projects to be funded, not predefined at loan signature stage, would need to meet. The framework will allow for a wide range of JT eligible activities to be supported.

Each loan will be appraised and approved by the services of the EIB following a standard procedure. The grant part of the PSLF will be approved by the EC, where the appraisal and the approval of the grant may by delegated to an independent third party. The grant award will be subject to obtaining a loan from the EIB for the project.

A TA package worth EUR 35 m is under preparation at the EIB. The TA will be provided by in-house EIB experts with the support of consultants to be recruited by the EIB, where required. The TA will be dedicated to the entities aggregating the projects (local authorities) in order to build their capacity for the implementation of the facility, as well as to the beneficiaries preparing their funding applications under the PSLF (at least EUR 10 m, particularly in less-developed regions).

The agreement between the EC and EIB on PSLF is still under negotiation thus, the implementation modalities may still change.

Implementation timeline

In principle, PSLF is established for a period of seven years, aligned with the duration of the MFF (2021-2027). The country allocations for PSLF are only available until 2025.

The grant funding under PSLF will be awarded in the calls-for-project procedures, with each call having its application deadline. The project implementation deadline will be determined

[7] Loans for the public sector (eib.org)
[8] Framework loan for the public sector (eib.org)

in the grant agreement signed between the beneficiary and the EC, and the grant agreement will entail some conditions for disbursement, based on implementation milestones, as set out in Article 12 of PSLF regulation.

5. Investment priorities in The Polish TJTP

The section below presents an overview of the investment priorities included in the draft JTP.

National Just Transition Plan

The NJTP sees the objectives of the JTM in the following three strands:

- Social transition – with actions focusing on education, training, reskilling and upskilling (Pillar I).
- Economic transition – with actions focusing on creating jobs in existing and new enterprises (Pillar I, II and III).
- Environmental transition – with actions focusing on clean energy, circular economy, regeneration of brownfield sites, adaptation to climate change and clean transport (Pillar I, II and III).

Slaskie TJTP

The investment priorities under Pillar I include:

- Economy strand:
  - Innovative and low-emission economy,
  - Diversified and resource/energy-efficient economy,
  - Strong regional and local economy.
- Environment strand:
  - Balanced energy sector based on alternative energy sources,
  - Effective use of brownfield areas for economic, environmental and social purposes,
  - Effective system reinforcing mobility in the post-mining sub-regions.
- Citizens strand:
  - Attractive and effective education system and upskilling,
  - Attractive and effective system for enhancing of employment,
  - Comprehensive system for supporting the citizens and healthcare,
  - Effective system for managing socially responsible transformation in post-mining sub-regions.

The investment priorities under Pillar II include:

- Digitalisation in enterprises,
- Tourism, culture, heritage,
- Business services,
- MICE,
- R&D in clean energy,
- Hydrogen and other alternative fuels,

- Circular economy,
- Energy infrastructure (notably gas, DH, RE, EE),
- Rehabilitation of brownfield areas,
- Sustainable urban development, (notably urban rehabilitation, social and educational infrastructure),
- Preserving identity and cultural heritage (notably industrial heritage),
- Water and wastewater infrastructure,
- Projects supporting metropolisation and globalisation of the economy,
- Start-ups,
- Nanotechnology,
- Supporting the development of creative businesses,
- Education infrastructure.

The investment priorities under Pillar III include:

- Climate neutrality,
- Infrastructure for alternative energy sources, waste energy, harnessing mining waters,
- DH,
- EE,
- Energy storage,
- Transmission and distribution networks,
- Roads,
- Sustainable mobility,
- Railways,
- Regeneration of urban areas, rehabilitation of contaminated areas,
- Education infrastructure,
- Social infrastructure, including social housing,
- Technology centres,
- Digitalisation,
- Waste management, reuse, recycling,
- Water management,
- Smart city.

<u>Dolnoslaskie (Walbrzyski sub-region) TJTP</u>

The investment priorities under Pillar I include:

- Economy strand:
    - Energy and technology audit advisory,
    - Supporting SMEs,
    - Supporting spa industry and tourism (private sector),
    - Supporting SMEs operating in clean energy sector,
    - Investments in new enterprises,
    - Investments in R&D,
    - Supporting interactions between SMEs and R&D,

    - Investments in R&D centres,
    - Investments in non-SMEs, aiming at climate neutrality,
    - Creating technology hubs,
    - DH infrastructure,
    - Supporting SPA industry and tourism (public sector).
- Living space strand:
    - Regeneration rehabilitation, decontamination of brownfield areas,
    - Preserving water resources,
    - Underground water level forecasting,
    - Flood prevention infrastructure,
    - Investments in waste water plants,
    - Urban regeneration,
    - Sustainable transport,
    - Preserving identity and cultural heritage,
    - Tourism,
    - Waste management.
- Citizens strand:
    - Supporting employees losing jobs,
    - Upskilling, reskilling
    - Mitigating energy poverty,
    - Supporting energy communities.

The investment priorities under Pillar II and Pillar III include:

- SME in tourism and SPA industry,
- Investments in R&D and innovation,
- Sustainable investments in large enterprises and municipal companies in transport, RE, EE, digitalisation, waste management, circular economy, innovation in environment and climate,
- Energy and technological audits advisory,
- Technology hubs and business incubators,
- Regeneration, rehabilitation, decontamination of brownfield areas by large enterprises,
- Sustainable water management,
- Low emission public transport,
- RE, distributed generation, and hydrogen,
- Fighting against energy poverty,
- Supporting energy communities and RE clusters,
- Investments in gas infrastructure by large enterprises,
- Energy storage,
- Power and DH networks,
- Investments in technology centres of large enterprises aiming at reskilling and upskilling.

Wielkopolskie TJTP

The investment priorities under Pillar I include:

- Development of zero-mission, dynamic, circular economy strand:
  - Supporting employees losing jobs,
  - Supporting new entrants to labour market,
  - Supporting starting up of new companies,
  - Reskilling and upskilling,
  - Supporting investments in SME,
  - Supporting digitalisation,
  - R&D infrastructure
  - Supporting start-ups,
  - Promotion of the region,
  - Internationalisation of enterprises,
  - Digitalisation of public services,
  - Productive investments in non-SMEs,
  - Vocational education,
  - Employment advisory,
  - Supporting entrepreneurship amongst students,
  - Development of higher education,
  - Supporting RE,
  - EE in buildings,
  - Mitigation of energy poverty,
  - Supporting EE in enterprises,
  - Demonstration projects related to passive buildings,
- Ensuring integrated and high-quality living space strand:
  - Regeneration, rehabilitation and decontamination of brownfield areas,
  - Repurposing of brownfield areas,
  - Creation of digital database of brownfield areas,
  - Restoring water resources,
- Active citizens strand:
  - Social inclusion,
  - Awareness raising related to transformation,
  - Nursing services,
  - Urban regeneration,
  - Improving social services,
  - Preserving identity and heritage,
  - Developing tourism,
- Productive investments in non-SMEs strand:
  - Development of a production line for a hydrogen bus,
  - Development of a facility for production of electrolysers,
  - Development of matrasses recycling plant.

The investment priorities under Pillar II and Pillar III include:

- Investments in EE, energy infrastructure, DH networks, RE, hydrogen,
- Decarbonisation of energy-intensive sectors,
- Transport infrastructure,
- Sustainable urban and rural development,
- Tourism, culture, heritage,
- Development and implementation of digital technologies and services,
- Development of sustainable bio-economy, including agriculture and food industry,
- Circular economy,
- Implementing new technologies in enterprises,
- R&D, innovation and technology transfer,
- Regeneration, rehabilitation, decontamination of brownfield areas,
- Social infrastructure including social housing and healthcare.

6. Analysis

Strengths and weaknesses of JT Pillars

The table below presents some strengths and weaknesses of JT Pillars.

	Pillar I	**Pillar II**	**Pillar II**
Pros	• High grant intensity • Can be combined with other EU support • Any type of beneficiary qualifies	• No State Aid – certain conditions apply • Wide sectoral scope of support • Can be combined with other EU support • Can go beyond eligible regions	• No State Aid – certain conditions apply • Wide sectoral scope of support • Can go beyond eligible regions
Cons	• Subject to State Aid • Limited sectoral scope of support • Part of resources needs to be allocated relatively quickly	• No grant available • Only for riskier operations	• Low grant intensity • Only available in combination with a loan • Only for the public sector • Cannot be combined with other EU support • Country allocations available till 2025

Examples of sectors and areas that qualify and do not qualify for support under three JT Pillars

The tables below present examples of sectors and areas that specifically qualify and do not qualify for support of three JT Pillars.

Examples of sectors and areas that qualify	
Pillar I	• Economic transformation ○ Productive investments in SME

	◦ Productive investments in non-SME, with conditions ◦ Creation of businesses ◦ R&I, digitalisation ◦ Circular economy ◦ Smart and sustainable mobility • Social transformation ◦ Reskilling, upskilling, training, education ◦ Assistance to and inclusion of job-seekers ◦ Child and elderly care facilities • Spatial transformation and environment: ◦ Regeneration and decontamination of brownfield sites • Energy transformation: ◦ EE ◦ RE ◦ DH ◦ Clean energy ◦ In sectors covered by ETS: biogas, hydrogen, electrification of furnaces, CCS in industry
Pillar II	• Investments implemented by: social housing companies, universities, hospitals, utilities, publicly owned companies, private companies • Certain fossil fuel projects e.g. gas infrastructure, pollution prevention, CCS, under conditions[9] • Certain waste management projects e.g. incinerators and landfills, under conditions[10] • Real-estate with energy efficiency or social housing dimension • Cross-regional projects
Pillar III	• Investments implemented by local authorities and public sector entities and by companies operating under private law entrusted with public service in sectors that are not explicitly mentioned as eligible under Pillar I: healthcare, tourism, sports, culture, heritage, roads, social housing, municipal buildings, urban regeneration, water and wastewater management, certain waste management projects • Investments implemented by local authorities and public sector entities and by companies operating under private law entrusted with public service in sectors that are explicitly mentioned as eligible under Pillar I: R&D, clean energy, RE, EE, DH, sustainable mobility, digitalisation, rehabilitation of brownfield sites, circular economy, upskilling, reskilling, assistance and inclusion of workers and jobseekers, child and elderly care facilities • Cross-regional projects

[9] Note that EIB sector policies will also apply, where EIB acts as Implementing Partner (see Annex 2)
[10] Note that EIB sector policies will also apply, where EIB acts as Implementing Partner (see Annex 2)

Examples of sectors and areas that do not qualify	
Pillar I	• Public sector investments in healthcare, tourism, sports, culture, heritage, roads, social housing, municipal buildings, urban regeneration, water and wastewater management (unless they qualify as investments in creation of new firms leading to job creation; or as part of a programme aiming at regeneration and decontamination of a brownfield site or at land restoration, repurposing; or as activities aiming at social inclusion) • Fossil fuels • In sectors covered by ETS: decarbonisation of power generation, CCS in power generation, combustion optimisation, heat recovery, fuel switch to RE, co-incineration, refining of mineral oils and LNG related investments • Certain waste management projects e.g. landfills, incinerators • Cross-regional projects
Pillar II	• Investments directly implemented by local authorities and public sector entities with good financial standing • Where EIB acts as Implementing Partner – sectors excluded from EIB financing • Where EIB acts as Implementing Partner – projects not aligned with EIB sector policies
Pillar III	• Private sector investments • Fossil fuels • Where EIB acts as Finance Partner – sectors excluded from EIB financing • Where EIB acts as Implementing Partner – projects not aligned with EIB sector policies

JASPERS comments to Polish JTP

- It appears that eligibility of investment priorities identified for the support of Pillar I in TJTP might be disputed (e.g. public sector investments in water sector, urban regeneration, tourism, cultural identity and heritage, healthcare - unless they qualify as investments in creation of new firms leading to job creation; or as part of a programme aiming at regeneration and decontamination of a brownfield site or at land restoration, repurposing; or as activities aiming at social inclusion).
- To be noted that Pillar II will only support riskier operations, thus, the promoters with sound risk profile, if any, might in general not qualify (e.g. local authorities).
- Funding under Pillar III will only be available in combination with the EIB loan, where the most likely EIB product offered will consist of a framework loan that will aggregate a number of smaller projects that are altogether large enough to justify an EIB operation. The list of sectors and areas should therefore be wide enough (both investments eligible and non-eligible under Pillar I) to fit as many potential eligible projects as possible, in order to achieve the financing volume required under an EIB operation.

- The eligibility criteria under Pillar II and Pillar III are somewhat more flexible and less restrictive than under Pillar I, allowing more projects and actions to qualify. The description of sectors and areas could thus try to take advantage of this fact.
- Fossil fuels are excluded from support under Pillar I and III. Pillar II offers some flexibility, but quite restrictive EIB sector policy applies on top. Eventually, in terms of gas infrastructure, only clean gases infrastructure may turn out to be eligible, otherwise small gas boilers in households or SMEs and high-efficiency cogeneration might qualify.
- Concerning waste management, circular economy aligned projects are only eligible under Pillar I, while under Pillar II and III, other, less ambitious waste management projects could in principle qualify too, provided that EIB sector policies are complied with as well.

7. Conclusion

In JASPERS opinion, **Pillar I** should be used to fund the top priorities of the transition regions, including large, strategic, key infrastructure projects, and these should be in principle the investments aiming at economic transformation, social transformation, spatial transformation and energy transformation. The economic transition dimension should aim at creating and preserving jobs and focus on supporting SMEs, and non-SMEs (conditions apply) – particularly those that need to transition their business models away from fossil fuels, creation of new businesses and at helping the existing business in becoming more competitive. The social transformation dimension should aim at supporting people in finding their way around in the transformed labour market. The spatial dimension aims at making the better use of the post-industrial sites available and repurposing them for other uses, particularly though not exclusively, for making them available to investors who will create jobs. Finally, the energy transformation means investments in clean energy, energy efficiency, renewable energy and district heating, where two key factors include fighting against energy poverty and protecting or creating jobs; note that other, more important tools in terms of financing volume are and will be available under Green Deal to carry out the energy transition.

Important to highlight is that large part of Pillar I resources (ERI allocation representing 57% of the overall amount) needs to be allocated and spent rather quickly (certification by 2026), thus reasonable efforts must be taken to use these resources timely.

Pillar II appears to be the most selective in terms of admissibility, as it would only support operations with certain specific risk profile, these would typically be investments in the private sector or quasi-private sector. Pillar II does not include any grant funding and is only available under the form of loans and other repayable assistance. Pillar II could be potentially used as co-financing for projects benefiting from grant support under Pillar I. Pillar II can support projects that have the risk profile required, which are at the same time not eligible under Pillar I and III, or in case the funding under those pillars is no longer available. The beneficiaries of Pillar II would typically be the entities such as social housing companies, universities, hospitals, utilities, publically owned companies, private companies, where in addition the banking sector may act as financial intermediary.