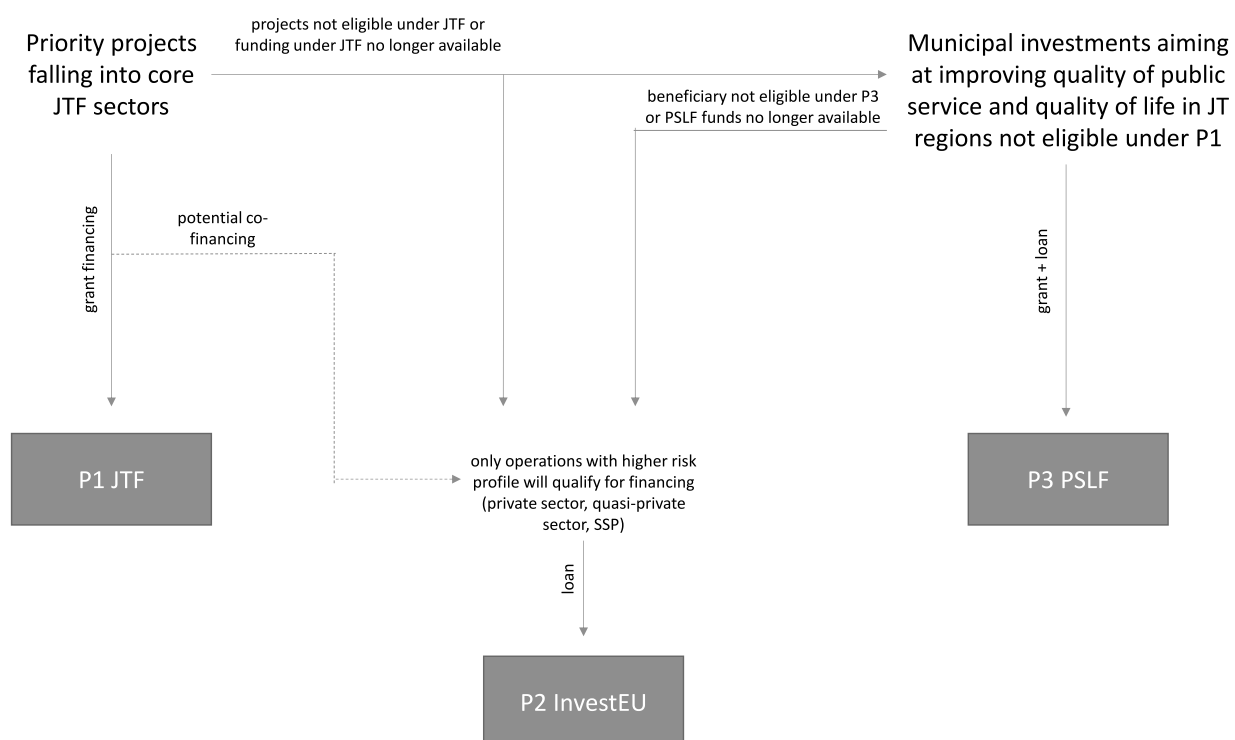


Pillar III is dedicated to public sector entities, notably local authorities (e.g. municipalities, cities, regions), public institutions, municipal companies, and to entities under private law entrusted with a public service (e.g. water utilities, energy utilities). Our expectation is that Pillar III will typically be implemented by the EIB using framework loans. These loans will be provided to an entity (e.g. city, region) that will aggregate smaller eligible projects that do not need to be pre-identified at loan signature stage. The projects would need to meet certain criteria to qualify for funding. These will be defined under the framework. PSLF will be a convenient tool for financing different type of municipal investments. PSLF will be able to finance those investments that might not qualify for support under the Pillar I, notably public sector investments that are not explicitly mentioned as eligible in the JTF regulation, such as investments in healthcare, tourism, sports, culture, heritage, roads, social housing, municipal buildings, urban regeneration, water and wastewater management, certain waste management projects. At the same time, in order to ensure the flexibility of the instrument, the PSLF could also finance municipal investments in sectors that are explicitly mentioned as eligible under Pillar I such as 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.

Important to highlight is that country allocation will only be available until 2025, thus reasonable efforts must be taken to allocate these resources timely.

The following figure presents the likely **decision chart** the authorities or project promoters could use to decide to which Pillar of the JTM their projects could adhere. The first choice would obviously be to go for Pillar I, as the support offered is the most attractive. Some projects benefiting from Pillar I could potentially be co-financed with loans rolled-out under Pillar II at the same time. In case a project does not qualify for the support of Pillar I as it does not meet the eligibility criteria, or the funds under Pillar I are no longer available, the support under Pillar II and III could be considered. The second most attractive form of support is PSLF, however, only public sector projects can qualify for funding. In case of private law entities, not entrusted with a public service, Pillar III is not an option, thus only Pillar II remains viable, under the condition that the operation has the risk profile required for the support of Pillar II.

To be noted that the chart does not take into account the availability of other forms of funding present in the market, which include inter alia the resources of: Recovery and Resilience Facility, ESIF (regional and national level), other EU funds (e.g. Modernisation Fund), national funds and private funds. With these taken into account, the exercise becomes much more complex. There is clearly a certain synergy and complementarity between JTM and the other funds, as well as there is a certain overlap and the risk of cannibalising of one funds against the others. The Table 4 of NJTP presents an overview of such synergies and complementarities between JTM and other funds (see Annex 3 for more details).



8. References

- Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy
- Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund
- Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017
- European Parliament legislative resolution of 24 June 2021 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 COM(2020)0453 – C9-0153/2020 – 2020/0100(COD) COMMISSION DELEGATED REGULATION (EU) supplementing Regulation (EU) 2021/523 of the European Parliament and of the Council by setting out the investment guidelines for the InvestEU Fund C/2021/2633 final, Brussels, 14 April 2021
- Commission Notice on Technical guidance on sustainability proofing for the InvestEU Fund C(2021) 2632 final, Brussels, 14 April 2021
- Support to the preparation of the Territorial Just Transition Plans in Poland, PwC, May 2021
- Krajowy Plan Sprawiedliwej Transformacji, July 2021, Ministry of Climate and Environment(draft)
- Regionalny plan sprawiedliwej transformacji Województwa Śląskiego 2030, August 2021, UM Województwa Śląskiego (draft)
- Terytorialny plan sprawiedliwej transformacji Województwa Dolnośląskiego 2021-2030 subregion wałbrzyski, June 2021, UM Województwa Dolnośląskiego (draft)
- Regionalny plan sprawiedliwej transformacji Wielkopolski Wschodniej, Konin, June 2021 (draft)
- Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis
- EIB Group Climate Bank Roadmap 2021-2025, November 2020, EIB Group

Annex 1. JTM Pillars overview.

	P1 - JTF	P2 - InvestEU	P3 - PSLF
Type of support	Grant 70/85% PIC	Guarantee for the implementing partner	EIB loan with 15/25% investment grant
Budget for PL	EUR 3.5 (+0.56) billion	No country allocation	EUR 305 million
Beneficiaries	Not specified	Natural or legal persons including: Private entities Public-sector entities Mixed entities Not-for-profit organisations	Public sector legal entities: public law bodies or bodies governed by private law entrusted with public service mission
Geographical eligibility	Eligible NUTS3	Eligible NUTS3 as well as other territories provided that projects provide benefits to eligible NUTS3 regions	Eligible NUTS3 as well as other territories provided that projects provide benefits to eligible NUTS3 regions
Sectoral eligibility	Productive investments in SMEs Creation of new firms R&I Clean energy RE, EE Smart and sustainable local mobility DH networks Digitalisation Regeneration and decontamination of brownfield sites Circular economy Upskilling and reskilling of workers and jobseekers Job-search assistance to jobseekers Inclusion of jobseekers TA Other activities in education and social inclusion Productive investments in non-SME: necessary for the	Only operations with higher risk profile qualify Investments addressing social, economic, environmental challenges deriving from transition process, across four windows: <u>Sustainable Infrastructure</u> <ul style="list-style-type: none"> • Energy sector • Sustainable transport infrastructure • Environment and resources • Digital connectivity • Sustainable space infrastructure • Sustainable tourism infrastructure • Offshore development for decarbonisation • Strategic investment in critical infrastructure <u>RI and Digitalisation</u> <ul style="list-style-type: none"> • Industrial deployment • Recycling and manufacturing facilities for production of ICT • Healthcare 	Projects achieve measurable impact in addressing social, economic, environmental challenges deriving from transition process Projects do not generate sufficient stream of own revenues EIB lending policies apply

	<p>implementation of the TJTP; contribute to transition targets; necessary for job creation; do not lead to relocation.</p> <p>Annex I of ETS: necessary for the implementation of TJTP</p>	<ul style="list-style-type: none"> • Defence <p><u>SME</u></p> <ul style="list-style-type: none"> • Addressing market failures • Supporting underserved economic sectors • Speeding up adjustment to structural changes • Financing solutions helping achieving the objectives • Transfer of best practices <p><u>Social Investments and Skills:</u></p> <ul style="list-style-type: none"> • Education • Training <p>EIB lending policies apply</p>	
Specific exclusions	<p>Nuclear power</p> <p>Tobacco</p> <p>Undertakings in difficulty</p> <p>Fossil fuels</p>	<p><u>Excerpt:</u></p> <ul style="list-style-type: none"> • Defence • Tobacco • Real estate • Nuclear power • Fossil fuels with exceptions • Landfills with exceptions • MBT • Waste incineration with exceptions 	<p>Nuclear power</p> <p>Tobacco</p> <p>Undertakings in difficulty</p> <p>Fossil fuels</p>
Prerequisites TJTP	<p>Indicative list of productive investments in non-SME (operations and enterprises) with gap analysis demonstrating that job losses in the absence of investment, would exceed the expected number of jobs created</p> <p>List of operations falling under Annex I ETS with justification that they contribute to climate neutral economy and lead to substantial reduction in GHG going</p>	<p>Sectors and areas envisaged need to be specified in TJTP</p>	<p>Sectors and areas envisaged need to be specified in TJTP</p>

	substantially below benchmarks and provided they are necessary for protection of significant number of jobs		
State Aid	yes	No – certain conditions apply	No – certain conditions apply
Combining other support	yes, subject to SA rules	yes	no
Implementing Body	MA	EIB; potentially other Implementing Partners such as NPBs (e.g. Bank Gospodarstwa Krajowego)	EIB; potentially other Finance Partners
Delivery mechanism	Shared management	Central management	Central management
Implementation modalities	Call-for-Projects procedure or selection of pre-identified, strategic projects	Financing will be enrolled by EIB and operations approved by InvestEU Investment Committee	Loans with grants will be enrolled by EIB; EIB will approve loans; EC will approve grant
TA	JTF-funded JASPERS, World Bank, PwC	InvestEU Advisory HUB will offer a wide range of support to projects and promoters as part of the InvestEU programme – no dedicated JTM TA budget	EIB will roll-out an adequate TA package
Timeline for implementation	N + 3 Final decommitment by 2029 EURI part to be certified by 2026	Investment period ends on 31 December 2023 for EURI part and on 31 December 2027 for MFF part	2021-2027 National envelopes available till 2025

Annex 2. Sectors supported by the EIB Group according to Climate Bank Roadmap

Table A: Energy

Supported	Power generation	<ul style="list-style-type: none"> Renewable power generation and combined cooling/heat and power (CCHP, CHP) which meet the Emission Performance Standard, EPS (250 gCO₂/kWh_e). For biogas/biomass, sources are sustainable. Power generation using abated fossil fuels or low-carbon energy sources which meet the EPS. Gas-fired power plants that blend low-carbon gas and meet the EPS on average over the economic life. Waste-to-energy that meets the EPS and applies principles of waste hierarchy. Recovery of industrial waste gas or heat for electricity and/or heat production.
	Energy networks	<ul style="list-style-type: none"> Electricity transmission and distribution infrastructure, with the exception of direct connection of power plants with emissions exceeding the EPS. Digitalisation, smart grid, batteries, demand management and flexible response investments. Rehabilitation of district heating and cooling networks, if (i) the DH/DC system meets the definition of efficient DH/DC in the EU Energy Efficiency Directive (using at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat); or (ii) there is a viable decarbonisation plan for the DH/DC system that can meet the definition of efficiency and the project does not increase GHG emissions from the system on an annual basis. New DH/DC networks or substantial extensions of existing DH/DC networks if (i) they meet the criteria for efficient DH/DC defined in the EU Energy Efficiency Directive, and (ii) there will be no increase in absolute GHG emissions from coal, peat, oil or non-organic waste on an annual basis. Distributed off-grid systems and micro-grids; small-scale renewable fossil fuel hybrid generation which meet the EPS. Production, storage and transport of low-carbon gaseous, liquid and solid energy carriers, including related infrastructure. Gas network infrastructure planned for the transport of low-carbon gases, including the rehabilitation and adaptation of existing gas infrastructure; smart meters intended to reduce gas consumption.
	Heating and cooling	<ul style="list-style-type: none"> Heating and cooling technologies using electricity, renewable or low-carbon fuels and/or combined cooling/heat and power (CCHP, CHP) plants (see criteria for power generation). Gas boilers and micro CHP for buildings complying with minimum energy efficiency criteria, defined as A-rated or with efficiency of 90% or better. Peak/reserve boilers operating on natural gas (or oil, if gas is not available), as a necessary part of a renewable energy plant (e.g. biomass or concentrated solar power, CSP), or a DH/DC system that is supported by the EIB (see criteria for energy networks). Any boiler operating on natural gas (or oil, if gas is not available) when it is a necessary part of a supported industrial activity (see criteria for Table B: Industry and Table E: Bioeconomy) and meets the harmonised efficiency reference value for dedicated heat production⁶⁷ in application of Energy Efficiency Directive 2012/27/EU. Other non-boiler technologies to produce heat using natural gas (or oil, where gas is not available) when it is a necessary part of a supported industrial or agricultural activity.
	Energy efficiency	<ul style="list-style-type: none"> Investments to improve the energy performance of public lighting. Energy efficiency of industrial facilities and SMEs, if primarily motivated by energy savings and will not increase the capacity of the facility significantly i.e. if the overall GHG emissions of the facility will not increase as a result of the project. In other words, any increase in emissions resulting from the increase in capacity needs to be fully offset by emissions savings from energy efficiency measures within the existing capacity. Energy savings must be defined on the basis of an energy audit, compliance with a white certificate scheme, a list of measures set up by the EIB or other transparent and proportionate method acceptable to the EIB.
	Innovation	<ul style="list-style-type: none"> Research, development, demonstration, and commercialisation of innovative low-carbon energy technologies, including renewables, carbon capture and storage (CCS), nuclear fission and fusion, renewable energy conversion and storage and all related ICT solutions.
Not supported		<ul style="list-style-type: none"> Coal mining, processing, transport and storage. Oil exploration and production, refining, transmission, distribution and storage. Natural gas exploration and production, liquefaction, regasification, transmission, distribution and storage⁶⁸. Large-scale heat production for district heating based on unabated oil, natural gas, coal or peat, with the exceptions shown in heating and cooling above. Coal/peat/oil (if natural gas is available) used for industrial heat production. In the case of the use of these energy sources within energy-intensive industries, please refer to criteria in Table B.

⁶⁷ Heat generation resulting in a product (heat) that could be sold/used separately, meaning that this does not apply for example to furnaces, dryers or wider industrial processes.

⁶⁸ For the avoidance of doubt, under the EIB Energy Lending Policy, the Bank can approve gas infrastructure projects included under the 4th list of Projects of Common Interest co-financed with EU budget resources until the end of 2021.

Table B: Industry

Supported	RDI	<p>All EIB-eligible projects, except those mentioned under the 'non-supported' section, including for example:</p> <ul style="list-style-type: none"> Low-carbon technology and products, energy and resource efficiency, circular business models and non-GHG related topics (e.g. safety, industry 4.0, lightweighting, etc.), including demonstration and first-of-a-kind projects. EV or PHEV powertrains - the latter up to 2025 and only on the electrified components. Powertrain-neutral components e.g. safety or greening aspect (active/passive safety, automation, connectivity, telematics, lightweighting of exterior/interior/structure, etc.). Marine: disruptive and low-carbon technologies, other energy efficiency technologies (including lightweight, aerodynamics, etc.), and non-powertrain components (including safety, functionality and advanced digital technologies). Civil aviation: disruptive technologies⁶⁹ and alternative fuels; and non-powertrain components focusing on areas other than energy efficiency (primarily safety). Digitalisation projects.
	<p>Manufacturing - non-ETS sectors</p> <p>Energy-Intensive Industries (EII)/ETS sectors</p>	<ul style="list-style-type: none"> All EIB-eligible projects, <u>except</u> those mentioned under the 'not supported' section. Low-carbon technologies i.e. electrification, shift to hydrogen or biomass/biogas/bioliquid as a fuel or feedstock, CCS/CCU, other low-carbon technologies (e.g. electrochemical production, replacement of carbon-intensive virgin raw materials with low-carbon intense recycled raw materials, thermal energy storage). Transitional technologies: implementation of technology that will enable an easy shift to the use of hydrogen or biomass/biogas/bioliquid as a fuel or feedstock when available. For the avoidance of doubt, investment in traditional high-carbon processes is not supported – see bullet below. Modernisation: energy efficiency, resource efficiency/circular economy and pollution prevention projects in line with the respective EIB eligibility criteria⁷⁰ if the economic life does not run beyond 2035. In the specific case of fully electrified processes implemented outside the EU, involving a significant increase in national power demand (e.g. new primary aluminium capacity), it will be required to source power in line with the Bank's EPS.
Not supported	EII/ETS sectors	<ul style="list-style-type: none"> Greenfield or substantial expansions of EII production predominantly based on traditional high-carbon processes without accompanying abatement technology such as CCS or recourse to renewable energy sources. <p>This would include investments in e.g. greenfield conventional coke-based blast furnace (BF/BOF) primary steel production, fully fossil-based production of chemicals and plastics, fossil-based nitrogen fertiliser synthesis, production of ordinary Portland cement clinker unless the project includes a suitable decarbonisation technology (such as CCS or CCU).</p>
	RDI and associated manufacturing	<ul style="list-style-type: none"> Products dedicated exclusively to the coal, oil and gas sectors including transport/exploration/use/storage. Internal combustion engine (ICE) passenger vehicles, ICE powertrains for passenger cars and dedicated components. Ships and conventional aircraft using carbon-intensive fuels (i.e. HFO, MDO, MGO, kerosene) and dedicated components. Fossil-based power generation, and dedicated components not compliant with the EIB ELP (e.g. gas turbines)

⁶⁹ Includes hybrid and full electric architectures; technologies to enable hydrogen-powered aircraft; ultra-efficient aircraft architectures and propulsion systems targeting a very significant (25%+) improvement in energy efficiency in new generation aircraft.

⁷⁰ As per Table A, the EIB eligibility criteria for EE require that the project is shown to be primarily motivated by energy/resource savings and will not increase the capacity of the facility significantly, i.e. the overall GHG emissions of the facility may not increase as a result of the project. In terms of pollution prevention, we refer to the existing EIB E&S standards that require compliance with Best Available Techniques (BAT) as defined under the European Industrial Emissions Directive. The BAT concept is a key policy tool to prevent and control industrial emissions, thus ensuring a high level of environmental and human health protection. For the circular economy, dedicated guidance is available in the EIB CE guidance, where carbon neutrality is a key guidance screening criteria. These eligibility criteria, in addition to the 2035 lock-in limitation, ensure alignment with the DNSH criteria for climate mitigation currently proposed for the EU