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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the implementation of the Public Sector Loan Facility under the Just Transition Mechanism in 2024, as referred to in Article 16 of Regulation (EU) 2021/1229

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1. INTRODUCTION

The Commission announced in January 2020 a Just Transition Mechanism (JTM) as part of the European Green Deal Investment Plan[1], to make sure that no one and no region is left behind in the transition to a climate-neutral economy. The JTM consists of three pillars: the first pillar is the Just Transition Fund, the second pillar is a dedicated Just Transition scheme under the InvestEU Programme, and the third pillar is the public sector loan facility (the Facility; the PSLF)[2].

This annual report focuses on the third pillar and aims at providing information on the progress made so far in the implementation of the Facility. The present report is cumulative from the start of the implementation of the Facility until 30 July 2024. The remaining part of the year 2024 will be reported in the next report in accordance with the PSLF's reporting obligations (see the details in section 1.2).

1.1. Legal and budgetary framework of the public sector loan facility under the Just Transition Mechanism

The general objective of the Facility is to address serious social, economic, and environmental challenges deriving from the transition towards a climate-neutral economy[3], for the benefit of the Union territories identified in the territorial just transition plans (TJTP)[4].

The specific objective of the Facility is to leverage public sector investments which address the development needs of the territories described in the TJTPs. It does so by facilitating the financing of projects that do not generate sufficient streams of revenues to cover their investment costs, thereby avoiding the crowding out of potential support and investment from alternative resources. Support is available for a wide range of investments[5].

The PSLF Regulation provides a total maximum budget of EUR 1.525 billion of Union support for the grant component of the Facility (including technical assistance and advisory support). In February 2024, the European Parliament gave consent to, and the Council agreed at unanimity on the mid-term revision of the expenditure ceilings in the multiannual financial framework (MFF), following the Commission's proposal of June 2023. The agreement reached on the mid-term revision of the MFF reflects the importance of equipping the EU budget with the necessary means to continue delivering on the priorities for Europe and for our partners, which was underscored by key sectoral proposals. In this context, an overall EUR 1.1 billion redeployment was decided from the direct and indirect management components of CAP and Cohesion policy funds. As a

1 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Sustainable Europe Investment Plan-European Green Deal Investment Plan – COM(2020) 21 final, 14.1.2020.

2 Regulation (EU) 2021/1229 of the European Parliament and of the Council of 14 July 2021 on the public sector loan facility under the Just Transition Mechanism (OJ L 274, 30.7.2021).

3 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021).

4 As defined in Article 11 of Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021).

5 See Recital (6) of Regulation (EU) 2021/1229.

consequence, the budget of the PSLF has been reduced by EUR 150 million. After these redeployments, the maximum budget available for the PSLF is EUR 1.375 billion.

Under the Facility, loans provided by the European Investment Bank as finance partner are combined with grants provided by the Union to support projects submitted by public sector entities. The European Investment Bank (EIB) will provide around EUR 6-8 billion for the loan component of the Facility.

Besides the EIB, the Commission works closely with the Climate Infrastructure and Environment Executive Agency (CINEA) on the implementation of the Facility. CINEA is responsible for the budgetary, legal, financial and operational aspects of the implementation of the grants, while the Commission remains fully responsible for all policy-related aspects.

1.2. Scope of the 2024 Implementation Report

According to Article 16(3) of the PSLF Regulation, "*by 31 October of each calendar year, starting with 2022, the Commission shall issue a report on the implementation of the Facility. That report shall provide information on the level of implementation of the Facility with respect to its objectives, conditions and performance indicators*."

The previous reports were issued on 7 February 2023 and on 21 November 2023.

The present report provides information on (i) the results of the first PSLF call for proposals for the six submission deadlines including potential projects proposals, (ii) technical assistance, (iii) communication, (iv) progress done, including challenges and strenghts of the Facility, and (v) the next steps.

2. Implementation of the Facility

2.1. Results of the first PSLF call for proposals after six submission deadlines

Three submission deadlines of the PSLF call for proposals have passed since the previous PSLF implementation report. 29 proposals have been submitted for these three deadlines, out of which 13 have been selected for funding by the evaluation committee. The loans approval for some of them is pending[6] (see Table 1). According to information provided, submitted applications represent an estimated amount of EUR 123 milion in grants by the Commission and an estimated amount of EUR 732 milion of loans by the EIB[7]. Two French proposals were selected for funding by the Commission and put on a reserve list due to lack of remaining resources in the French national budget allocation. The reserve list will be in force until the end of the first PSLF call for proposals (end of December 2025), when the remaining financial resources will be provided without pre-allocated national shares. To improve efficiency, the PSLF call for proposals was amended on 1 February 2024 to clarify that project applications submitted by Member States for which the national envelope has been exhausted will not be considered eligible[8]. In addition, 10 proposals were inadmissible due to being incomplete, one proposal (France) was ineligible because the national envelope under which it was submitted was already consumed (the proposal was submitted after the abovementioned call for proposals amendment). Moreover, two proposals (France, Ireland) were not selected for funding as they failed under the award criteria and one proposal, which was selected

6 The applicants apply separately for a loan to the EIB/financial intermediary; therefore, the loan application process run in parallel with the grant application. The signature of grant agreement is subject to approval of the loan. See more details in the PSLF call for proposals document: call-fiche_jtm-2022-2025-pslf_en.pdf (europa.eu).

7 The amount does not include proposals placed on reserve list.

8 See details in the PSLF call for proposals document: call-fiche_jtm-2022-2025-pslf_en.pdf (europa.eu).

for financing (Czechia) was withdrawn by the project promotor due to other available financing sources.

In total, since the launch of the first PSLF call for proposals on 19 July 2022, 37 proposals have been submitted, out of which 15 have been selected for funding by the evaluation committee (the approval of the loan for some of them is pending) and four PSLF grant agreements are signed (see more details in section 2.2). According to information provided in the submitted applications, they represent an estimated amount of EUR 148 milion in grants by the Commission and an estimated amount of EUR 863 milion of loans by the EIB[9].

Following closed submission deadlines, some of the national envelopes have been fully (France) or almost fully (Sweden) used.

Figure 1 National shares (reserved until 31 December 2025) and their consumption by grants awarded or under assessment[10]

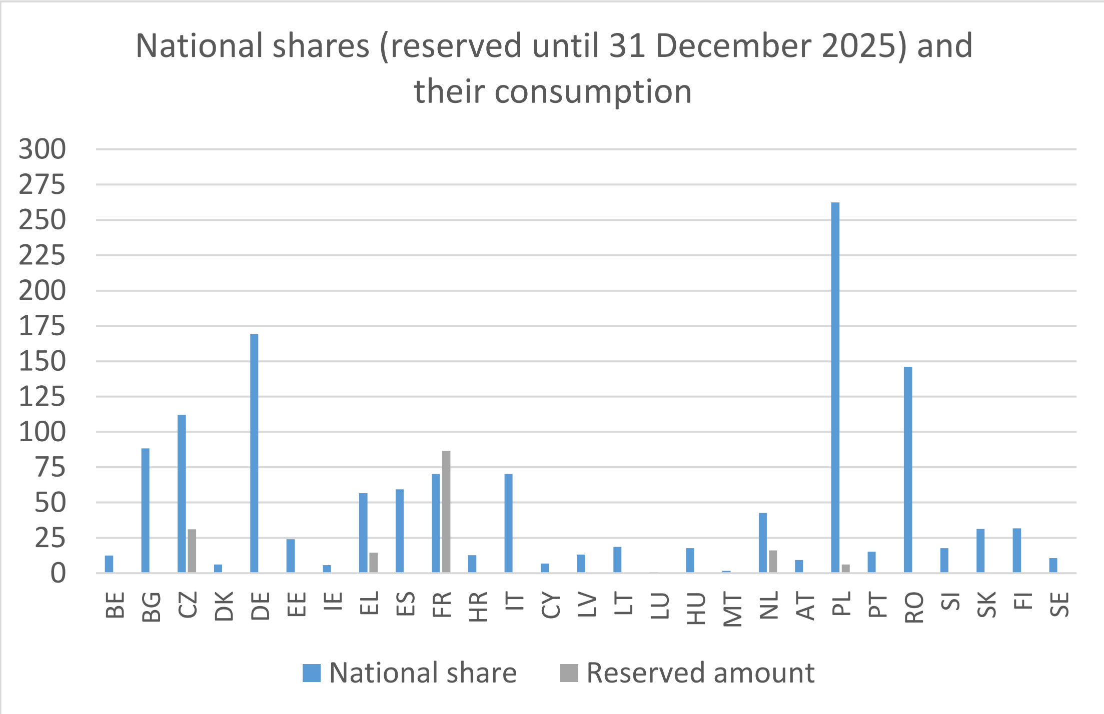


Table 1 Summary of the evaluation of proposals received under the PSLF call for proposals.

	Number of proposals submitted	**Number of admissible and eligible proposals**	**Number of proposals selected for funding by the Commission**	**Number of proposals which have secured a loan with the EIB or its intermediaries**	**Comments**
19 October 2022 submission deadline	3	1 (CZ)	1 (CZ)	0	The CZ application was withdrawn by the applicant and resubmitted on 20 September 2023 (4th submission deadline)
19 January 2023	1	0	0	0	-

[9] The amount does not include proposals placed on reserve list.
[10] The national allocations represent values after the MFF revision 2021-2027.

submission deadline					
19 April 2023 submission deadline	4	3 (EL, NL, SE)	2 (EL, SE)	2 (EL, SE)	Grant agreements have been signed for the EL and SE proposals. Projects implementation is ongoing. The NL proposal failed under the 2 award criteria but was resubmitted on 20 September 2023 (4th submission deadline).
20 September 2023 submission deadline	15	5 (CZ, FR, NL)	5 (CZ, FR, NL)	1 (FR)	The CZ, two FR and the NL proposals were selected for funding by the Commission. The EIB is carrying out its evaluation. A grant agreement has been signed for one FR proposal and the project implementation is ongoing.
19 January 2024 submission deadline	6	6 (CZ, FR, PL)	5 (CZ, FR, PL)	1 (CZ, PL)	Two CZ proposals were selected for funding by the Commission. One CZ proposal was withdrawn by the project promotor due to other available financing sources. For the other project the loan signature process is ongoing with the EIB's financial intermediary. One PL proposal was selected for funding by the Commission and the loan was signed with the EIB. CINEA is preparing the grant agreement. Two FR proposals were selected for funding by the Commission and put on a reserve list due to lack of remaining resources in the FR national budget allocation. One FR proposal failed under the two award criteria.
17 April 2024 submission deadline	8	7 (CZ,IE)	6 (CZ)	1 (CZ)	Five CZ proposals were selected for funding by the Commission and the loan signature process is ongoing with the EIB's financial intermediary.

					One CZ proposal was selected for funding by the Commission and the loan was signed with the EIB. CINEA is preparing the grant agreement. The IE proposal failed under 1 award criteria.

The project proposals selected for funding so far by the PSLF evaluation committee cover such sectors as energy efficiency, culture, social housing, public health infrastructure and sustainable mobility infrastructure, district heating and cooling, and urban renewal and regeneration. Regarding the type of support requested, three of the project proposals are framework loans, five are standalone projects and two requested intermediate lending.

Table 2 Project proposals selected for grant funding

	Submission deadline	**Region/Territory**	**Title of the project proposal**	**Sector**	**Amount of grant requested (EUR)**	**Amount of loan requested (EUR)**
FR	20 September 2023	Région Provence-Alpes-Côte d'Azur, Marseille	*Extension of the tramway line in South North Marseille phase 1*	sustainable mobility	15 000 000	100 000 000
FR	20 September 2023	Hauts de France (Nord Pas de Calais), Lille	*MEL in GREEN Mobility*	sustainable mobility	31 500 000	210 000 000
NL	20 September 2023	Zuid-Limburg, Mijnwater	*Mijnwater scale up Masterplan phase 1*	sustainable district heating and cooling	13 500 000	90 000 000
CZ	19 January 2024	Usti Region, Usti nad Labem	*Usti nad Labem Public Transportation*	sustainable mobility, energy efficieny	430 612	1 722 449
PL	19 January 2024	Silesia, Dabrowa Gornicza	*Dabrowa Gornicza Sustainable Development*	energy efficiency, sustainable mobility	2 784 793	11 139 173
CZ	17 April 2024	Usti Region, Decin	*EPC Decin*	energy efficiency, sustainable	391 843	1 567 370

				water management		
CZ	17 April 2024	Usti Region, Decin	*Renovation of the historical part of Podmokly - stage D*	urban regeneration, sustainable mobility, sustainable tourism	581 624	2 326 498
CZ	17 April 2024	Usti Region, Litvinov	*Construction of a new swimming hall in the Koldům leisure area in Litvínov*	social infrastructure	1 975 894	7 903 576
CZ	17 April 2024	Usti Region, Usti nad Labem	*Modernisation of selected parts of railway infrastructure in the Ústí nad Labem Region*	sustainable mobility	2 348 773	9 395 092
CZ	17 April 2024	Usti Region, Postoloprty	*Peace Square Postoloprty*	sustainable tourism, urban regeneration	535 714	2 142 857
CZ	17 April 2024	Moravia-Silesia, Ostrava	*Student dormitory - University of Ostrava - increasing the quality and expanding capacity of affordable student housing*	education, social infrastructure	3 007 428	12 029 713

2.2. First projects financed by the PSLF

Table 3 Presentation of projects with signed PSLF grant agreements

Socioeconomic Transition of Western Macedonia[11]				
Just transition region	**Submission deadline**	**Project description**	**Budget**	**Project duration**
Western Macedonia (EL)	19 April 2023	The project is a framework loan coordinated by the region of Western Macedonia. It brings together 15 projects in six municipalities (Argos Orestikou,	**Total costs:** EUR 81 mln (100%)	**Signature of grant**

[11] Press release Socioeconomic transition of Western Macedonia: The transition towards a greener future of Western Macedonia is the first project supported by the European Union's Public Sector Loan Facility - European Commission (europa.eu).

		Kozani, Kastoria, Florina, Eordaia and Grevena), related to: ▪ 8 – energy efficiency ▪ 1 – road infrastructure ▪ 2 – health care ▪ 1 – culture ▪ 1 – tourism **Expected Emissions Savings:** 8 650 metric tons of CO_2 per year **Expected Energy Performance:** Energy Performance Certificate (EPC) rating of A; 60-97% energy savings **Expected Jobs Created:** 200 jobs.	**EIB loan:** EUR 59 mln (72%) **PSLF grant:** EUR 15 mln (18%) **Own financing:** 8 mln (10%)	**agreement: 23 October 2023** **Starting date: 1st November 2023** **Duration: 36 months**
The Sustainable Mobility Infrastructures for Low Emissions and qualitative Service (SMILES)[12]				
Just transition region	**Submission deadline**	**Project description**	**Budget**	**Project duration**
Pays de la Loire Region (FR)	20 September 2023	The project consist of sustainable transport infrastructure in Nantes by: ▪ upgrading and renovating 3 tram lines ▪ renewing the tram fleet (46 new vehicles) ▪ constructing a technical and operational centre and multimodal relay/exchange hub ▪ developing 38 km of cycling paths The results of the project will improve the performance and quality of the tram network, develop inter-modality, diversify the public transportation offer and reduce road congestion. **Expected Emissions Savings:** 21 000 metric tons of CO_2 per year **Expected Jobs Created:** 106 jobs **Expected Number of People reached by the project**: 672 420.	**Total costs:** EUR 388 mln (100%) **EIB loan:** EUR 200 mln (52%) **PSLF grant:** EUR 30mln (8%) **Own financing:** EUR 158 mln (40%)	**Signature of grant agreement: 2 April 2024** **Starting date: 1st May 2024** **Duration: 60 months**
Sustainable and Affordable Housing for the New Green Industry and Society (SHERIS)[13]				
Just transition region	**Submission deadline**	**Project description**	**Budget**	**Project duration**
Västerbotten (SE)	19 April 2023	The project will address the growing housing need of the Skelleftea municipality by supporting the construction of 7 housing complexes with around 750 energy-efficient affordable housing units. The housing programme will mainly target the incoming workers of the new battery gigafactory Northvolt as well as students, refugees and people with low income or special needs.	**Total costs:** EUR 142 mln **EIB loan:** EUR 71 mln (50%) **PSLF grant:** EUR 11 mln (8%)	**Signature of grant agreement: 05 April 2024** **Starting date: 1st January 2023**

12 Press release SMILES: [Green mobility in Nantes receives boost thanks to EU support - European Commission (europa.eu)](#).

13 [Sustainable and affordable housing to support green growth in Sweden - European Commission (europa.eu)](#)

		Expected Energy Performance: 20% higher then the construction standards in Sweden **Expected Jobs Created:** 1000 jobs **Expected Number of People reached by the project**: 44 000.	**Own financing:** EUR 60 mln (42%)	**Duration: 60 months**
Ostrava Concert Hall[14]				
Just transition region	**Submission deadline**	**Project description**	**Budget**	**Project duration**
Moravian-Silesian Region (CZ)	20 September 2023	The subject of the project is the construction of the Ostrava Concert Hall with world-class acoustics and a capacity of up to 1300 seats. This project will support the development of cultural infrastructure and contribute to the revitalisation of Ostrava, a former mining city which still maintains the traditional production of steel. The establishment of a new cultural venue will strengthen the city's attractiveness to both its inhabitants and visitors and facilitate the socio-economic transformation of the region. **Expected Energy Performance:** EPC B **Renewable energy sources to be applied in the project**: approx. 392 photovoltaic panels; 125 geothermal wells **Expected Number of People reached by the project**: 151 200.	**Total costs:**EUR 116 mln **EIB loan:** EUR 84 mln (73%) **PSLF grant:** EUR 21 mln (18%) **Own financing:** EUR 10.5 mln (9%)	**Signature of grant agreement: 16 July 2024** **Starting date: 19 July 2024** **Duration: 52 months**

2.3. Potential projects proposals

Based on exchanges with the EIB and other PSLF stakeholders, project proposals located in six Member States are under preparation and could be submitted to the next PSLF call for proposals submission deadlines. These potential project proposals relate to sectors of renewable energy, energy efficiency, public health infrastructure, and other sectors which are consistent with the approved TJTPs. The Commission estimates that they would represent a volume upwards of EUR 100 million in grants.

Additionally, demand for support under the Facility can be observed in Member States which have already used their national allocations. The proposals from these Member States can be submitted after the second PSLF call for proposals is launched (i.e. after 31 December 2025).

3. COMMUNICATION ACTIVITIES

The Commission, with the support of CINEA and the EIB, continues to raise awareness about the Facility. The joint actions undertaken between 1 September 2023 and 30 July 2024 by the Commission, EIB and CINEA have resulted in:

- 20 meetings with public authorities at national, regional and local level.

[14] The construction of the Ostrava Concert Hall in Czechia receives European support worth EUR 105 million - European Commission (europa.eu)

- 3 meetings with National Promotional Banks and Institutions (NPBIs).

- 4 meetings with internal (Working Party Structural Measures and Outermost Regions) and external (ETUC, Bankwatch) stakeholders.

- presentation of the PSLF during 7 topic-related events (presentations, Q&A sessions, dedicated stands). Among others, European Week of Regions and Cities (10 October 2023), Czech presidency of the Visegrad group event 'From Coal Regions to the Just Transition Future' in Usti and Labem (11 October 2023), Convenant of Mayors Investment Forum (25 October 2023), Ecomondo (7-10 November 2023), PSLF coffee corner at the JTP Conference (16-17 April 2024), the EU Green Week (29-30 May 2024) and the European Sustainable Energy Week (11-13 June 2024).

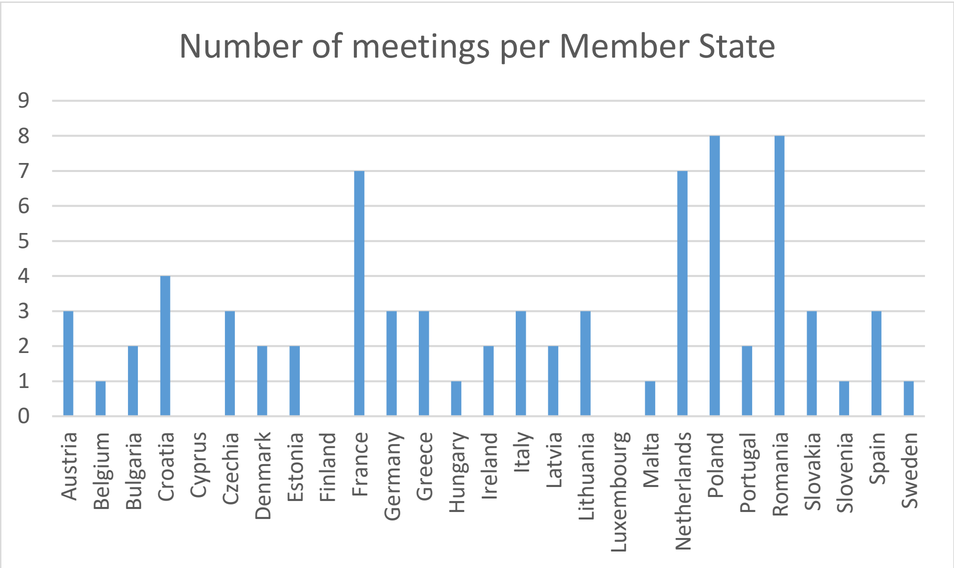
- kick-off meeting for the Greek project in Western Macedonia, Greece (5-7 March 2024), grant signature ceremony for the Swedish project in Brussels (10 April 2024), and groundbreaking ceremony for Ostrava Concert Hall, Czechia (19 July 2024).

- 82 posts, press releases, and other articles published in various topic-related newsletters, websites, and on social media.

- publication of the PSLF promotional[15] and tutorial[16] videos.

- publication of 76 FAQs on the EU Funding&Tenders portal.

Figure 2 Events per Member State

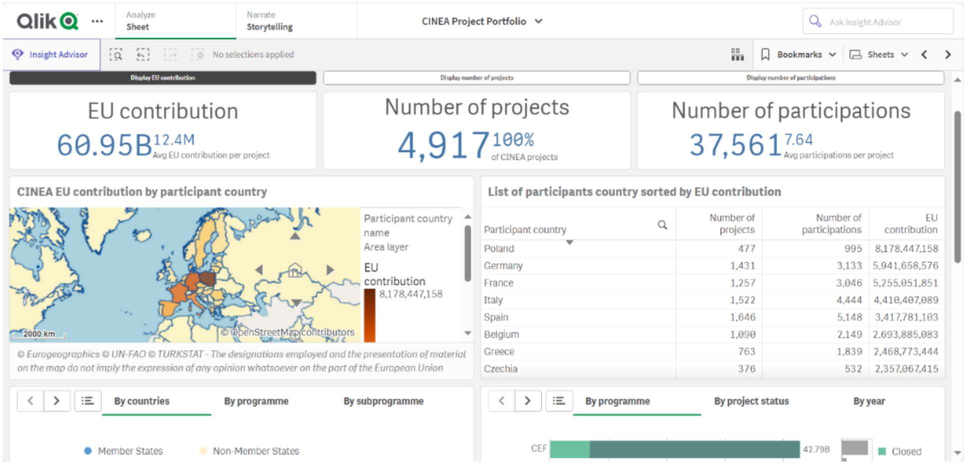


All Member States were approached and given the possibility to benefit from an information session concerning the PSLF[17]. In total, since the start of implementation of the PSLF, 110 meetings were organised, out of which 66 meetings with Member States and 36 with internal and external stakeholders; the Facility was presented at 28 topic-related events, 161 social media posts and articles, including press releases, were published in various topic-related newsletters and websites and on social media outlets. In addition, two brochures and four videos were released.

[15] The Public Sector Loan Facility under the Just Transition Mechanism (youtube.com)
[16] https://youtu.be/_bgPXkIKU04
[17] Representatives of Cyprus, Finland, and Luxembourg did not express interest to organise a dedicated meeting.

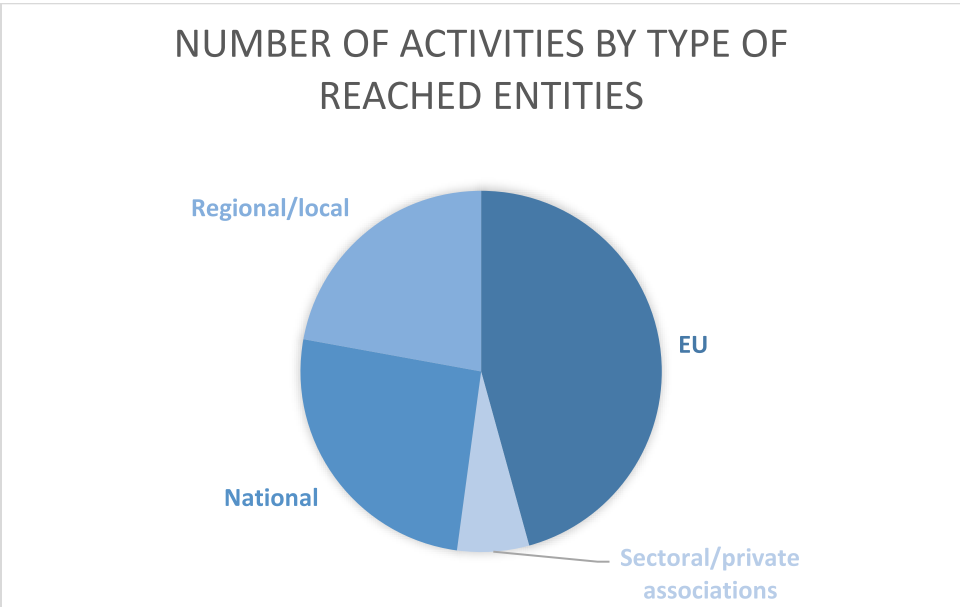
Additionally, CINEA publishes an online public dashboard which brings together all the programmes it manages, including the PSLF[18]. The dashboard contains up-to-date information about the projects supported in each programme, cross-references between them and data extraction for potential re-use.

Figure 3 CINEA's online public dashboard with an overview of PSLF projects



Additionally, as the Facility is available for private law bodies with entrusted public service mission, the Commission reached out to different sectoral organisations, among others those representing entities from the fields of culture, district heating and cooling, distribution system operators, health, education, railway, social infrastructure, and waste management sectors. In total, nine meetings were organised with organisations such as E.DSO, Lifelong learning Platform, Euroheat&Power, Municipal Waste Europe, CER and EIM and members of the Housing Europe.

Figure 4 Type of reached entities



18 [CINEA Project Portfolio - Welcome | Sheet - Qlik Sense (europa.eu)]

4. PROGRESS DONE AND THE WAY FORWARD

4.1. Challenges

After two years since the publication of the first PSLF call for proposals, a low uptake was observed given that its launch coincided with the programming of other funds (i.e., the Just Transition Fund, the European Regional Development Fund[19], the Cohesion Fund[20] or the Recovery and Resilience Facility[21]) offering funding for similar projects with more attractive conditions (higher proportion of grant funding in the overall projects' budget). Additionally, it was recognised that the PSLF implementation could widely vary among Member States based on parameters such as the volume of available alternative sources of funding at national level, the availability of mature projects, the varying level of just transition strategies and the different approach to debt-based instruments.

Most of the constraints faced by the Facility detailed in the second annual implementation report[22] persist. This is in particular the case for Member States with the highest national envelopes (Germany, Poland, Romania), where no or almost no projects were submitted. Specific factors which have been identified as causing a slow uptake in these Member States include:

- the PSLF national allocations follow the JTF Regulation. As a result, Member States with the highest allocations are identical for both instruments. Their focus is therefore placed in priority on spending funds available under the JTF given the limited time to absorb its funds[23]. In addition, the JTF offers a higher proportion of grant funding in the overall projects' budgets (Germany, Poland, Romania).

- Some Member States are also typically the biggest beneficiaries of other funds, therefore their capacity to implement additional resources is limited (Poland, Romania).

- there is more attractive and accessible funding from national resources (Germany).

- the debt level of small beneficiaries makes it challenging to make use of debt-based instruments (Poland) or public borrowing national regulations prevent eligible beneficiaries from borrowing.

A more detailed analysis and assessment of the challenges encountered during the implementation of the Facility will be performed by the PSLF mid-term evaluation due by June 2025 (see section 4.4).

As explained in section 1.1, the PSLF was included in the revision of the MFF 2021-2027, which resulted in a decrease of the budget available under the Facility. The national shares under the PSLF are calculated proportionally to its overall budget available for grants and were therefore revised downwards as well. The revision has accelerated consumption of some of the national shares where

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19 European Regional Development Fund (ERDF) (europa.eu)

20 Cohesion Fund (CF) (europa.eu)

21 Recovery and Resilience Facility (europa.eu)

22 See more in section 4.1 of the second PSLF implementation report.

23 The budget of the JTF consists of resources coming from the MFF and from the European Recovery Instrument or 'NextGenerationEU' (NGEU). Within the adopted JTF programmes, the NGEU resources are concentrated in the budget commitments for 2022 and 2023, while the MFF resources are spread between 2021 and 2027. As a result, 70% of the JTF budget is concentrated in the first two annual tranches. The Commission will decommit the amounts that have not been used for pre-financing or for which a payment application has not been submitted by 31 December of the third calendar year following the year of the budget commitments, the so-called 'N+3' rule; more information about the JTF: Inforegio - Just Transition Fund (europa.eu).

demand for the PSLF was increased (France, Sweden). On average, projects selected for the PSLF support have requested a EUR 9 million grant. By extrapolation, reducing EUR 150 million from the PSLF budget would reduce by 16 or 17 the number of projects the PSLF would be able to support.

4.2. Strengths

Despite these challenges, significant interest in the PSLF has materialised. This is particulary the case of France, where the PSLF contributed to cover funding needs which were not supported by other EU funding programmes. Furthermore, a high number of proposals has been submitted and is still expected from the Czech Republic. The possible reasons for high uptake in the Czech Republic may be explained by the possibility to finance smaller investments through intermediated financing provided by the agreement signed between the EIB and the Czech National Development Bank, the availability of technical assistance to promote the Facility, as well as the overall readiness of the country to absorb the Just Transition Mechanism funding. Additional projects have been submitted by applicants from Greece, The Netherlands, Ireland, Poland, and Sweden and further projects are still expected before the end of the current call for proposals in 2025.

For the second PSLF call for proposals, which will be launched in 2026, uptake is expected to continue to increase as other sources of financing offering better conditions will have been programmed or exhausted and familiarity with the instrument continues to increase. In particular, EU programmes supported by NextGenerationEU face specific time constraints. In addition, the second PSLF call for proposals will no longer be constrained by national shares, therefore (i) Member States which exhausted or are expected to have exhausted their national shares by the end of 2025 can continue making use of it, with more time for planning compared to when the instrument was launched, (ii) Member States with the lowest national shares will now have additional incentive to use it as the grant requested will not be limited anymore to the amount set under the national shares. This will allow the PSLF to better serve regions which have the highest demand and mature projects.

Furthermore, after two years since the launch of the PSLF call for proposals, it has been confirmed that the grant component of the PSLF is a clear incentive for the use of EIB's loans by public sector entities to support public investments in the regions undergoing climate transition. The Facility offers attractive lending conditions in comparison to instruments usually available on the market. This is of particular relevance to overcome the economic constraints which resulted from the COVID-19 economic crisis and the ongoing economic consequences of the Russian war of aggression against Ukraine.

4.3. Actions taken by the Commission to address the challenges

A positive trend has been observed in terms of the potential beneficiaries' awareness of the PSLF. This is firstly illustrated by the uptake of the Facility and its developing project pipeline, but also by the increasing number of project promoters reaching out to the Commission with specific questions about the PSLF. To support this trend, the Commission produced additional information material and continued its awareness-raising communication campaign.

Furthermore, efforts to facilitate the accessibility of the PSLF for smaller beneficiaries and projects, as well as to have more intermediated loans with National Promotional Banks and Institutions (NPBIs) have been undertaken jointly by the Commission and the EIB by revising existing rules. Firstly, the minimum intermediated loan amount was decreased in an agreement between the Commission and the EIB from EUR 3 million to EUR 1 million since September 2023[24]. Secondly, the limitation included in the administrative agreement related to NPBIs involvement in the

[24] See the amendment to the PSLF call for proposals introduced on 25 September 2023.

implementation of the PSLF as EIB financial intermediaries is expected to be lifted[25]. In line with these efforts, the first projects linked to intermediated loans have been submitted to the PSLF call for proposals, with the involvement of the Czech National Development Bank.

4.4. Preparatory works for the PSLF mid-term evaluation

Pursuant to Article 17 of the PSLF Regulation, the Commission is required to conduct an interim evaluation to assess the implementation of the Facility and its capacity to achieve the objectives set out in Article 3 of the PSLF Regulation by 30 June 2025.

The purpose of the evaluation is to draw lessons learnt which could be used to improve the PSLF performance in the remaining period of its implementation. The evaluation will cover the grant component of the Facility from the date when the PSLF Regulation entered into force in 2021 in the 27 Member States, until the latest available information.

In view of the preparation of the Staff Working Document on the interim evaluation the following steps will be conducted to serve as a basis:

i. an assessment of the PSLF to be conducted internally by the Commission;

ii. a study to collect evidence, focusing on issues related to implementation, technical assistance, coherence, synergies with other EU and national funding instruments, EU added value, and other topics.

The assessment exercise started in early 2024 and will continue throughout the evaluation's preparatory timeline. A contract with T33 srl and Prognos AG was signed by the Commission in April 2024 to produce the study.

5. TECHNICAL ASSISTANCE

The EIB Advisory services are available under the InvestEU Advisory Hub for the preparation, development and implementation of eligible projects[26]. Until the end of July 2024, advisory assistance in support of the PSLF has been provided in Bulgaria, Cyprus, Greece, France, Romania, Spain, and Sweden[27].

The support service was scoped and adapted to specific needs of individual project promoters and ranged from overall guidance in identifying suitable projects, upstream support in preparing investment programmes, to project development advice and application support for PSLF grants. In addition, the EIB has been engaged in different activities to identify and support projects which could benefit from financing under the PSLF.

Based on this initial experience and to support the te need to develop a demand for PSLF support in the future (see section 4.1), the EIB envisages progressing with advisory activities along five workstreams:

i. **Direct advisory** to individual promoters, borrowers of stand-alone investment loans, through a broad spectrum of advisory services in preparation and implementation phases, including assistance with grant applications;

[25] The Commission and the EIB are preparing an amendment to the administrative agreement between the two parties.

[26] See more details in section 2.1.4 of the first PSLF implementation report and section 2.2 of the second PSLF implementation report.

[27] Some of the advisory activities in Cyprus, Greece, and France have been launched before the PSLF was in place and were hence funded from other sources, such as the European Investment Advisory Hub (Greece) and the InvestEU Advisory Hub's Sustainable Infrastructure Window (Cyprus and France).

ii. **Capacity building support** for non-banking institutions, typically acting as aggregators of smaller sized projects, to develop administrative and operational capacity to effectively screen, select, prioritise, monitor or otherwise coordinate a number of sub-projects;

iii. **"Indirect" advisory support** to end-beneficiaries of intermediated or framework loans through standardised support packages scoped to improve the proposals' soundness and compliance with applicable lending policies;

iv. **Market development advisory** at Member State level to identify potential demand for PSLF support and establish whether the available PSLF financial products are suitable;

v. **Screening, scoping and dissemination** to promote the use of the Facility, identify and prioritise suitable projects and provide overall guidance on the PSLF grant applications.

In complementarity with the services offered by the EIB through the InvestEU Advisory Hub, consultancy services were deployed by the Commission at the request of Czechia, Greece and Slovakia with the aim to raise awareness about the Facility and to identify and develop project proposals. The technical assistance to Czechia is provided by the Commission and support to Slovakia is provided under the Technical Support Instrument (TSI)[28]. A wide range of services is provided under both contracts, among others awareness raising, mobilisation of potential beneficiaries in the TJTP regions, as well as screening project ideas.

Greece is benefitting from broader support under the TSI for the implementation of all three JTM pillars. Additionally, Greece requested support available under the JTP Groundwork[29] for project identification and the subsequent preparation of project proposals to be submitted for PSLF funding in the Peloponnese region.

The Commission and the EIB participate in the monitoring of the implementation of consultancy assignments to ensure their complementarity with other advisory activities in beneficiary Member States.

6. NEXT STEPS

The Commission in coordination with CINEA and the EIB will keep raising awareness about the Facility to ensure that potential applicants understand its offer and are able to apply for support. In particular, more detailed information about projects supported by the PSLF will be made available on CINEA's public dashboard[30].

Under its InvestEU Advisory Hub mandate, the EIB will continue the implementation of the PSLF through the identification and screening of potential projects, the provision of advisory support to project promoters and relevant authorities, as well as through dedicated meetings and events at EU, national and regional levels. Member States can also continue to receive support through the TSI for the implementation of the PSLF.

A second call for proposals will be launched in 2026, in line with the PSLF Regulation.

Finally, the Commission will finalise the mid-term evaluation of the PSLF which will be sent to the Council and the European Parliament by 30 June 2025.

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28 Technical Support Instrument (TSI) (europa.eu)

29 Inforegio - Just Transition Fund (europa.eu)

30 Qlik Sense (europa.eu)

7. CONCLUSIONS

The public sector loan facility is an instrument that seeks to ensure that the transition to a climate-neutral economy happens in a just and socially sustainable way, given the key role of the public sector in addressing market failures.

The large array of sectors it can support, such as energy efficiency, social and affordable housing, and sustainable mobility, in combination with the amount of funding available make it relevant to the achievement of the Union's 2030 climate targets and the objective of climate neutrality in the Union by 2050 while making sure that no one and no region is left behind.

It has been two years since the first PSLF call for proposals has been launched and an increasing number of eligible project proposals has been submitted, with more potential projects in the preparation. The PSLF interim evaluation, which is due to be completed before 30 June 2025, will collect data that will allow further conclusions to be drawn on the state of implementation of the Facility.

By 30 July 2024, the PSLF evaluation committee selected project proposals representing an estimated grant amount of around EUR 148 milion and an estimated loan amount of around EUR 863 milion offered by the EIB. Four grant agreements have been signed and the implementation of the corresponding projects has started.