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ANNEX

ANNEX

to the

COMMISSION IMPLEMENTING DECISION

**on the financing of the public sector loan facility and the adoption of the multiannual
work programme for the period 2021-2025**

ANNEX

Public sector loan facility under the Just Transition Mechanism Multiannual Work Programme

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1. INTRODUCTION

The Commission proposed in January 2020 a Just Transition Mechanism (JTM) as part of the European Green Deal Investment Plan, to make sure that no one and no region is left behind in the transition to a climate-neutral economy. The primary goal of the mechanism is to provide support to the most negatively affected regions and to help them to alleviate the socio-economic costs of the transition.

The third pillar of the Just Transition Mechanism is the public sector loan facility. It will support projects that do not generate a sufficient stream of revenues to cover their investment costs. Loans (provided by the European Investment Bank as finance partner) will be combined with grants (provided by the Commission) to support public sector entities with resources to meet the development needs in the transition towards a climate neutral economy. Supported investments will cover a wide range of development needs, from energy and transport infrastructure, district-heating networks, energy efficiency, as well as up- and re-skilling, training and social infrastructure, including social housing.

This multiannual work programme establishes the basis for the allocation of the Union support to Projects and sets of Projects selected under the public sector loan facility. Loans (provided by the European Investment Bank as finance partner) will not be governed by this multiannual work programme but will be awarded in accordance with the European Investment Bank's rules, policies and procedures.

In accordance with Article 7(2) of Regulation (EU) 2021/1229 of the European Parliament and of the Council on the public sector loan facility under the Just Transition Mechanism (the "**Regulation**"), this multiannual work programme refers to Projects and sets of Projects to be supported through calls for proposals subject to the pre-allocated national shares for the years 2021-2025.

In addition, it also includes the basis for the provision of advisory support for the preparation, development and implementation of eligible projects under the Facility in accordance with Article 13 of the Regulation.

1.1. Definitions

In the framework of this work programme:

"**Applicant**" means a legal entity established in a Member State as a public law body, or as a body governed by private law entrusted with a public service mission, which has submitted a proposal for Union support under the Facility.

"**Facility**" means the public sector loan facility established by the Regulation which includes loans provided by the Finance Partner combined with Union support in the form of grants.

"**Finance Partner**" means the European Investment Bank (EIB).

"Loan Scheme" means a loan granted to a beneficiary by the Finance Partner that is aimed at financing a set of several pre-determined Projects under the Facility. Loan Schemes take the form of "Framework Loans" for the Finance Partner.

"Project" means any action identified as potentially eligible for Union support under the Facility, intended to accomplish an indivisible task of a precise economic or technical nature, which has a pre-defined objective and a set period during which it must be implemented and finalised, and which is also to receive financing from the Finance Partner. A Project can be composed of a set of several pre-determined Projects (referred to in this work programme as a **"set of Projects"**) provided that such Project is supported by a Loan Scheme.

"Proposal" means the proposal submitted by an applicant requesting Union support for a Project or a set of Projects under the Facility. Each proposal should include the documents required in the call for proposals.

"Territorial just transition plan" means a plan established in accordance with Article 11 of Regulation (EU) 2021/1056 establishing the Just Transition Fund (the **"JTF Regulation"**)¹ and approved by the Commission.

1.2. Legal basis

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.

1.3. Budget line

- 09 04 01 - Public sector loan facility under the Just Transition Mechanism (JTM)

1.4. Objectives pursued

The multiannual work programme lays down the priorities of the Union support under the Facility in accordance with its legal basis.

The general objective of the Facility is to address 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, set out in Regulation (EU) 2021/1119², for the benefit of the Union territories identified in the Territorial just transition plans.

The specific objective of the Facility is to increase public sector investments which address the development needs of the territories identified in the Territorial just transition

¹ 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, p. 1).

² Regulation (EU) 2021/1119 of the European Parliament and 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, p. 1).

plans, by facilitating the financing of projects that do not generate sufficient streams of revenues to cover their investment costs.

In pursuing the specific objective referred to above, the Facility also aims to ensure that advisory support is provided for the preparation, development and implementation of eligible projects, where necessary, including support for the preparation of projects prior to the submission of the Proposal.

1.5. Expected results

The implementation of the multiannual work programme aims at enhancing the cohesion and the economic diversification of territories impacted by the transition.

The Union support will directly support investments that do not generate sufficient revenues to cover their own investments costs and thus will provide public sector entities with additional resources necessary to address the territorial, social, economic and environmental challenges that will result from the adjustment to transition.

In this respect, the Facility should cover a wide range of sustainable investments, provided that such investments contribute to meeting the development needs of these territories caused by the transition towards the Union's 2030 climate target, as established in Regulation (EU) 2021/1119 and climate neutrality in the Union by 2050 at the latest, as described in the Territorial just transition plans even if the projects are not located in (though benefit) the identified territories. In order to improve the effectiveness of the Facility, it should be able to support eligible projects which began their implementation stage prior to the submission of a proposal by an applicant to the Facility.

The Facility should not support investments covering any of the activities excluded under Article 9 of the JTF Regulation, but could support investments in renewable energy and green and sustainable mobility, including the promotion of green hydrogen, efficient district heating networks, public research, digitalisation, environmental infrastructure for smart waste and water management, and could support sustainable energy, energy efficiency and integration measures, including renovations and conversions of buildings, urban renewal and regeneration, the transition to a circular economy, land and ecosystem restoration and decontamination, taking into account the 'polluter pays' principle, biodiversity, as well as up-skilling and re-skilling, training and social infrastructure, including care facilities and social housing.

Infrastructure development could also include cross-border projects and solutions leading to enhanced resilience to withstand ecological disasters, in particular those accentuated by climate change. A comprehensive investment approach should be favoured, in particular for territories with important transition needs. Investments in other sectors could also be supported if they are consistent with the approved Territorial just transition plans.

1.6. Description of the activities to be funded under the call for proposals

The Facility shall cover a wide range of sustainable investments, as set out in the Territorial just transition plans, provided that such investments contribute to meeting the development needs of the identified territories, arising from the transition towards the Union's 2030 climate target, as established in Regulation (EU) 2021/1119, and the objective of climate neutrality in the Union by 2050 at the latest.

1.7. Type of applicants targeted by the call for proposals

Legal entities established in a Member State as a public law body or established as a body governed by private law entrusted with a public service mission.

2. CONTRIBUTION TO THE FACILITY

2.1. Grant component of the Facility

Up to EUR 1 459 500 000 may be spent to award grants in support of eligible Projects and sets of Projects under budget line 09 04 01.

For grants awarded pursuant to calls for proposals launched under this multiannual work programme, Union support awarded to Projects or sets of Projects in a Member State shall not exceed the national shares set out in Point 9 (*National share of resources*).

Union support awarded to a set of Projects may require the provision of financial support to third parties in accordance with Article 204 of the Financial Regulation. The conditions of such support will be set out in the call for proposal.

2.2. Advisory support under the Facility

The Facility shall provide advisory support for the preparation, development and implementation of eligible projects, where necessary, including support for the preparation of projects prior to the submission of the proposal.

The advisory support shall be implemented in indirect management in accordance with the rules and implementation methods for the InvestEU Advisory Hub established by Article 25 of Regulation (EU) 2021/523 of the European Parliament and of the Council³.

The maximum budgetary amounts dedicated to the advisory support shall be EUR 35 000 000 under budget line 09 04 01, out of which at least EUR 10 000 000 shall support the administrative capacity of potential beneficiaries, in particular in the less developed regions.

³ 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 (OJ L 107, 26.3.2021, p. 30–89).

3. IMPLEMENTATION OF THE FACILITY

The grant component of the Facility is implemented under direct management, under Titles V and VIII of the Financial Regulation. The loan component of the Facility is implemented in accordance with the rules, policies and procedures of the Finance Partner.

An administrative agreement signed between the Commission and the Finance Partner will set out the terms for the cooperation between the Commission and the Finance Partner in implementing the Facility.

3.1. Entities participating in the implementation of the Facility

3.1.1. Finance Partner

Loan support under the Facility will be provided and managed by the European Investment Bank, in accordance with its own rules, policies and procedures.

The Facility may also be extended to other finance partners providing the loan component, where additional resources for the grant component become available or where it is required for the correct implementation of the Facility.

In these circumstances, this multiannual work programme should be amended accordingly.

3.1.2. Commission

Union support under the Facility will be provided and managed by the Commission (DG REGIO with the assistance of the European Climate, Infrastructure and Environment Executive Agency (CINEA)).

CINEA was entrusted with the Facility by Commission Implementing Decision (EU) 2021/173 of 12 February 2021⁴.

3.2. Principles governing the Facility

Respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union, and in particular gender equality, shall be ensured, as appropriate, throughout the preparation, evaluation, implementation and monitoring of eligible projects.

Applicants and the Commission shall avoid any discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation throughout the

⁴ Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU (OJ L 50, 15.2.2021, p. 9–28).

implementation of the Facility. In particular, accessibility for persons with disabilities, when relevant, shall be taken into account throughout the preparation and implementation of eligible projects.

The objectives of the Facility shall be pursued in line with the United Nations Sustainable Development Goals, the European Pillar of Social Rights, the ‘polluter pays’ principle, the Paris Agreement and the ‘do no significant harm’ principle.

3.3. Arrangements for the implementation of the grant component of the Facility

3.3.1. Requirements

Conditions and criteria on admissibility, eligibility, exclusion, selection, award and prioritisation of the grant component of submitted proposals are, as applicable, set out below and/or detailed in the call for proposals.

3.3.2. Form of Union contributions

Grants shall take the form of financing not linked to costs, as provided in Article 125(1)(a) of the Financial Regulation.

Grants for a Project or a set of Projects shall be set as a percentage of the corresponding loan granted by the Finance Partner.

The amount of each grant shall not exceed 15% of the amount of the loan provided by the Finance Partner under the Facility. For Projects or sets of Projects located in territories in less developed regions, the amount of the grant shall not exceed 25% of the amount of the loan provided by the Finance Partner under the Facility.

3.4. Indicative timetable of the call for proposals

The Facility will be implemented through a rolling call for proposals to be launched in 2022 until December 2025. The call for proposals will include regular submission deadlines with the last submission deadline falling in the last semester of 2025.

3.5. Assessment and approval of the proposals for Projects and sets of Projects

In order for a Project or set of Projects to be awarded Union support, the corresponding proposal will need to be both selected for a grant by the Commission and have received the approval for a loan by the Finance Partner’s governing bodies.

The sequence for assessing the proposals for Projects or sets of Projects will be as follows.

3.5.1. Launch of the call for proposals by the Commission

The Commission shall launch the call for proposals once the Commission concludes that a sufficient number of Member States have at least one Territorial just transition plan adopted.

The Commission shall decide the exact timing of the launch of the call for proposals and the corresponding submission deadline(s).

3.5.2. Assessment of the proposals by the Commission

The Commission shall assess the proposals submitted in response to the call for proposals. This assessment shall be carried out against the requirements set out below and in the call for proposals (including admissibility and eligibility criteria, selection criteria and award criteria).

Where needed, if the sums requested under the proposals selected for a grant exceed the relevant national share, the Commission should apply the prioritisation criteria set out in Article 14 (*Work programmes*) of the Regulation and further detailed in Point 8 (*Prioritisation criteria*) of this Work programme and in the call for proposals.

The Commission shall then inform the Finance Partner and the applicants of the result of this assessment.

3.5.3. Assessment of the proposals by the Finance Partner

The Finance Partner shall carry out its own evaluation of the proposals (previously selected for a grant by the Commission) in accordance with its own rules, policies and procedures.

The Finance Partner shall then inform the Commission of the proposals for which the Finance Partner's governing bodies have approved the financing. The Finance Partner shall also provide to the Commission the maximum amount of the corresponding loan.

When the Finance Partner provides the loan component indirectly, through a financial intermediary, the administrative agreement signed between the Commission and the Finance Partner may provide specific terms in relation to the deployment of the Facility.

3.5.4. Adoption of the Commission award decisions and signature of the grant agreement

Following the confirmation that a proposal (previously selected for a grant by the Commission) has received an approval for a loan from the Finance Partner, the Commission shall finalise the preparation of the relevant grant agreement and adopt the relevant award decision.

Any grant disbursement will remain conditional to the signature of the corresponding financing agreements between the Finance Partner and the relevant successful applicants.

The list of successful proposals will be published on CINEA's website⁵.

4. ADMISSIBILITY AND ELIGIBILITY CRITERIA

Only Projects and sets of Projects fulfilling all admissibility and eligibility conditions detailed in the call for proposals shall be eligible for Union support under the Facility.

The admissibility and eligibility conditions will ensure the proposals' compliance with the Regulation, including Article 9 (*Eligible projects*) and Article 10 (*Eligible persons and entities*).

5. EXCLUSION CRITERIA

Articles 136, 137, and 141 of the Financial Regulation shall apply as specified in the call for proposals.

6. SELECTION CRITERIA

6.1. Financial capacity

Applicants must have stable and sufficient resources to successfully implement the Projects or sets of Projects and contribute their share. Organisations participating in several projects must have sufficient capacity to implement all these projects.

The financial capacity check will be carried out on the basis of the documents which applicants will be requested to upload in the Participant Register during grant preparation (e.g. profit and loss account and balance sheet, business plan, audit report produced by an approved external auditor, certifying the accounts for the last closed financial year, etc.). The analysis will be based on neutral financial indicators, but will also take into account other aspects, such as dependency on EU funding and deficit and revenue in previous years.

The verification of the financial capacity does not apply to applicants which are a public sector body established in a Member State i.e. regional or local authority, a body governed by public law or association formed by one or several such authorities or one or several such bodies governed by public law.

6.2. Operational capacity

Applicants (including public sector bodies) must have the know-how, qualifications and resources to successfully implement the projects and contribute their share (including sufficient experience in projects of comparable size and nature). They must provide appropriate documents attesting to that capacity as defined in the text of the call for proposals.

⁵ [European Climate, Infrastructure and Environment Executive Agency \(europa.eu\)](http://europa.eu)

7. AWARD CRITERIA

A decision to award a grant shall take into account the award criteria listed below and further detailed in the call for proposals.

Where necessary, the call for proposals shall further specify the award criteria relating to sets of Projects.

7.1. Relevance and impact

This refers to the extent to which proposed Projects or sets of Projects match the themes and priorities and objectives of the call for proposals; their contribution to the EU strategic and legislative context; the possibility to use the results in other countries; the potential to develop mutual trust/cross-border cooperation, their contribution to the development needs and priorities described in the relevant Territorial just transition plan, the significance of the grant component to the Project or set of Projects, the overall objective of promoting regional and territorial convergence and the environmental impact (including the ‘do no significant harm’ principle).

7.2. Quality

This refers to the assessment of the soundness of the implementation plan of the proposed Project or set of Projects, both from the technical and financial point of view, the state of preparation of the proposed Project and its readiness and ability to start by the proposed date and to be completed by the proposed end date (not applicable for sets of Projects), the status of the contracting procedures and of the necessary permits (not applicable for sets of Projects), the information on the financial availability needed to complement blended support (loan and grant), the architecture and design approach, the organisational structures put in place (or foreseen) for the implementation, the risk analysis, the control procedures and quality management and the communication strategy of the applicant. Moreover, when applicable, it will also assess the information related to the maintenance strategy proposed for the completed Project or set of Projects.

8. PRIORITISATION CRITERIA

If the available financial resources within any national share are not sufficient to award support to all relevant Proposals selected in respect of a given submission deadline, priority should be given to Projects or sets of Projects:

- (i) where applicable, located in less developed regions, as defined in Article 108(2) of Regulation (EU) 2021/1060⁶;

⁶ 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 (OJ L 231, 30.6.2021, p. 159).

- (ii) contributing directly to the achievement of the Union's 2030 climate and energy targets and the objective of climate neutrality in the Union by 2050 at the latest;
- (iii) promoted by applicants that have adopted decarbonisation plans.

The call for proposals will specify the relative importance of each prioritisation criteria, taking into account their ranking order above.

9. NATIONAL SHARE OF RESOURCES

For the purpose of the Facility, the respective maximum national shares for grants for each Member State are set out in accordance with Annex I of the JTF Regulation in the form of percentages of the total available resources.

	NATIONAL SHARE (percentage of total)	NATIONAL SHARE (in millions EUR)
BE	0.95%	13.85
BG	6.73%	98.25
CZ	8.53%	124.54
DK	0.46%	6.75
DE	12.88%	187.98
EE	1.84%	26.85
IE	0.44%	6.41
EL	4.31%	62.97
ES	4.52%	65.91
FR	5.35%	78.14
HR	0.97%	14.10
IT	5.35%	78.12
CY	0.53%	7.67
LV	1.00%	14.54
LT	1.42%	20.73
LU	0.05%	0.70
HU	1.36%	19.81
MT	0.12%	1.77
NL	3.24%	47.28
AT	0.71%	10.30
PL	20.00%	291.90
PT	1.16%	16.98
RO	11.12%	162.34
SI	1.34%	19.63
SK	2.39%	34.83
FI	2.42%	35.33
SE	0.81%	11.82
TOTAL	100.0%	1 459.50