Supporting the Just Transition Mechanism – comprehensive proposal of the EIB Group

European Investment Bank

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1. Introduction

The Bank's approach to a just transition is outlined in the EIB Group Climate Bank Roadmap[1]. It endeavours to ensure that no people or places are left behind in the transition to low-carbon and climate-resilient economies and societies. Ensuring a just transition for all is one of the four overarching objectives[2] to be delivered by the Climate Bank Roadmap during its 2021-2025 implementation period. This key goal reflects the EIB Group's longstanding commitment to economic and social cohesion and balanced territorial development, which was recently strengthened when the EIB Board of Directors[3] approved the Group's Cohesion Orientation for 2021-2027. The Climate Bank Roadmap includes a commitment to present a proposal to the board in 2021 to outline how the Bank should support the Just Transition Mechanism in the European Union[4].

The preamble of the Paris Agreement cites "the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities" alongside the separate but related issues of environmental integrity and climate justice. At the UN Climate Action Summit in September 2019, multilateral development banks jointly committed to supporting a just transition. They have since worked together on conceptualising the just transition and exchanging knowledge and best practice.

According to the recently published common principles for multilateral development bank support for a just transition (see Annex 1), the transition aims to deliver climate objectives by addressing the socioeconomic challenges resulting from decarbonisation in the most affected places and to use the opportunities offered by the move to a net zero economy to increase opportunities for sustainable, inclusive and resilient livelihoods for all. The action taken for the just transition must be embedded in strategic plans for long-term, structural economic transformation and build on transparent and inclusive processes involving all relevant stakeholders. As such, the common principles accompany climate change policies in a place-based, people-centred way.

Under the Green Deal, EU legislation specifies the meaning of a just transition further by focusing on the impact of climate change mitigation policies and defining the most affected territories based on the degree of their dependence on mining and emission-intensive manufacturing. In keeping with EU legislation, the EIB Group understands the just transition in the European Union as a set of policies and investment efforts that:

- address the socioeconomic and environmental impact of the transition to a low-carbon economy; and
- aim to harness new sustainable economic development opportunities for the places and communities most affected, including the opportunities offered by the decarbonisation of the economy.

Moving away from coal mining and CO_2-intensive energy and industrial production implies a series of transitions (see Annex 2 for more details):

- An obvious **energy transition**: finding new sources for heat and electricity production
- An **environmental transition**: mining sites are often polluted and need decontamination
- A **socioeconomic transition**: the regions affected need to attract new employers to compensate for losses in jobs, value added and tax revenues; energy sector workers who are made redundant need to find jobs elsewhere
- An **infrastructure transition** as a precondition for attracting new sectors to these regions

[1] Available on the EIB website at https://www.eib.org/en/publications/the-eib-group-climate-bank-roadmap.
[2] Alongside accelerating green finance for the transition to a climate-neutral economy, aligning all operations with the Paris Agreement and building strategic coherence and accountability.
[3] See EIB Group Cohesion Orientation 2021-2027, 13 October 2021, available on the EIB website at https://www.eib.org/en/publications/eib-cohesion-orientation-2021-2027.
[4] See sections 3.15 and 6.9 of the Climate Bank Roadmap.

The just transition approach therefore seeks to foster a variety of socioeconomic changes such as the creation of new workplaces, the adaptation of business models, and reskilling and assistance for job seekers. It also encompasses investments in environmental rehabilitation, urban renewal and low-carbon energy supply. In the European Union especially, which the European Green Deal intends to transform into the world's first climate-neutral bloc by 2050, regions and communities with high dependency on fossil fuels or greenhouse gas-intensive industries are facing additional structural and economic challenges. There is no one-size-fits-all recipe for prioritising the various transition investments since each region will follow its own path towards economic diversification.

Within the European Union, the EIB's approach to the just transition is in line with the Bank's role in implementing the Just Transition Mechanism, a fundamental element of the Sustainable Europe Investment Plan[5] that aims to help the EU regions most affected by the transition challenge. Many of the EU areas identified as the most affected are already suffering from low levels of income or have experienced many years of industrial decline, and are located in EIB cohesion priority regions.

The EIB Group has strengthened and clarified its longstanding commitment to economic and social cohesion and balanced territorial development in its recently approved Cohesion Orientation for 2021-2027. Within the European Union, the EIB Group's approach to the just transition will reflect this commitment to balanced territorial development, reinforcing the role it has played in cohesion since 1958.

Beyond the European Union, the EIB will support the just transition through projects accelerating the transition away from fossil fuels along with projects for balanced regional and urban development in the regions and countries most affected by the move toward carbon neutrality. Over and above the transition, the EIB Group has committed, in its Climate Bank Roadmap, to increasing synergies between its climate action and broader work on social development by investing in projects that simultaneously support climate action and foster socio-economic development.

The just transition will be delivered in line with the Bank's place-sensitive approach to investment, supplemented by advisory services that recognise diverse development contexts and social development needs. Just transition projects financed by the Bank will have to comply with its lending policies, including the Climate Bank Roadmap, as well as with its general policies, standards, rules and procedures.

This document is structured as follows. First and foremost, it presents the EIB Group's role in implementing the Just Transition Mechanism (Section 2). It also gives a preliminary overview of the EIB's perspective regarding the just transition outside the European Union (Section 3) and discusses the relationship between the transition and each of the Bank's horizontal Public Policy Goals: climate action and cohesion (Section 4).

[5] The Sustainable Europe Investment Plan was presented by the Commission on 14 January 2020. It is the financial arm of the European Green Deal, with the ambition of transforming the European Union into the first climate-neutral bloc in the world by 2050. Available at https://ec.europa.eu/commission/presscorner/api/files/attachment/860462/Commission%20Communication%20on%20the%20European%20Green%20Deal%20Investment%20Plan_EN.pdf.pdf.

A brief summary of the key features of each pillar of the Just Transition Mechanism is presented below.

Table 1. The three pillars of the Just Transition Mechanism

PILLAR	VOLUME*	IMPLEMENTATION	TIMELINE
1. Just Transition Fund (JTF)	€17.5 billion grants (of which €10 billion from NextGenerationEU) enabling total investment of approx. €25 billion.	Shared management by European Commission and implementing partners. Advisory support to be proposed to Member States primarily through the EIB/Commission-driven JASPERS mandate.	2021-2027 Multiannual Financial Framework (MFF) NextGenerationEU share to be committed by end-2023. The rest by the end of the programming period.
2. Just Transition scheme under InvestEU	Volume will depend on InvestEU activity in most affected regions.	Indirect management by implementing partners.	2021-2027 MFF Some frontloading expected, on account of NextGenerationEU contribution to the programme.
3. Public sector loan facility (PSLF)	€1.525 billion for grants to be combined with up to €10 billion of EIB lending. €35 million for advisory support.	Loans to be provided by finance partners in line with their rules, policies and procedures. Advisory support to be provided through the InvestEU advisory hub, indirectly managed by the EIB Group as advisory partner. Direct management of grant component by European Commission.	2021-2027 MFF Geographical pre-allocation of grants per Member State until end-2025.

* Note: The EIB's activity for all three pillars will be demand-driven.

2. The EIB Group implementation plan of the Just Transition Mechanism inside the European Union

The deep structural change needed for the European Union in its transition towards a carbon-neutral economy will heavily affect the EU regions most dependent on fossil fuels, be it through their extractive industries, power production or greenhouse gas emission-intensive manufacturing. Among these, the regions and territories with fewer resources and lower institutional capacity to deal with the social and economic cost of this transition deserve particular attention.

The Just Transition Mechanism provides financial tools to target the needs of the EU regions most affected by the transition challenge. It consists of the following three pillars:

- **Pillar 1 — Just Transition Fund:** This new cohesion policy fund provides further opportunities for co-financing activities with Member States and for decentralised financial instruments.
- **Pillar 2 — A dedicated Just Transition scheme under InvestEU:** A portion of deployed investments under InvestEU is also expected to meet the principles of a just transition.
- **Pillar 3 — Public Sector Loan Facility (PSLF):** A blending facility combining a public sector loan from the EIB with a moderate European Commission grant.

2.1. Geographical allocation of the Just Transition Mechanism's resources and Territorial Just Transition Plans

The policy objective of all pillars of the Just Transition Mechanism is to address the social, employment, economic and environmental impact of the transition towards the EU targets for energy and climate by 2030 and the transition to a climate-neutral economy by 2050.[6] The Just Transition Mechanism's

[6] See Art. 2 of Regulation EU/2021/1056 (Just Transition Fund Regulation).

legislation requests that Member States focus support on the territories (narrowly defined as NUTS3 regions or even lower in the nomenclature of territorial units for statistics) deemed the most affected by the European Union's transition to a carbon-neutral economy by 2050. Based on a set of vulnerability criteria,[7] the European Commission has calculated the country allocations for the Just Transition Fund (see Section 2.2 and Annex 3) and the grant component of the Public Sector Loan Facility (see Section 2.4).

Based on these criteria, the Commission has proposed a list of 112 NUTS3 regions as part of the country reports for the European Semester 2020.[8] These 112 "most affected territories" are part of 63 host regions at NUTS2 level, of which 48 are cohesion regions. However, it is up to the Member States to determine the selection of the most affected territories, subject to Commission approval. The final list of beneficiary NUTS3 regions will therefore only be known during 2022 at the earliest.

To receive support under the Just Transition Mechanism, Member States have to present one or several Territorial Just Transition Plans (TJTP) to be approved by the Commission. Among other things, these plans designate the most affected territories to be supported by the Just Transition Mechanism's funds[9].

Eligibility for support from the Just Transition Mechanism (for all three Pillars) is not strictly limited to investments in the just transition regions most affected territories. Investments located in different regions but with induced benefits for the just transition regions can also receive funding.

Importantly for the EIB, the Territorial Just Transition Plans shall also set out the sectors and areas to be supported under the Just Transition Mechanism's other two pillars and shall describe the "synergies and complementarities" between all three pillars. This information will guide the EIB's work on identifying a project pipeline for Pillars 2 and 3 of the Just Transition Mechanism.

2.2. Pillar 1 – The Just Transition Fund (JTF)

Key features

The Just Transition Fund is the first pillar of the Just Transition Mechanism and is governed by its own specific regulation[10]. Its budget totals €17.5 billion, of which €10 billion is financed by the NextGeneration EU recovery instrument (with the resources to be committed by the end of 2023)[11].

The EU co-financing rates are based on the development level of the NUTS2 regions hosting the most affected territories listed in the Territorial Just Transition Plans: 85% for less developed regions, 70% for transition regions and 50% for more developed regions.

The sectors eligible for support from the fund and the excluded activities are listed in Annex 4. Typically, the investment schemes are not all identified at the programming stage since the implementation period runs from 2021 to 2029.

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[7] Greenhouse gas emission intensity of industrial output more than twice the EU average (or the highest in the country); high employment in coal and lignite mining; high employment in industrial sectors; and production of peat and oil shale. See EC (2020), "Proposal for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund," COM(2020)22 final.

[8] [2020 European Semester: Country Reports | European Commission (europa.eu).]()

[9] Member States also have to prepare a Just Transition Fund Operational Programme to be approved by the European Commission, as is the case for the other Cohesion Policy Funds under the Common Provisions Regulation (CPR) EU 2021/1060 of the 2021-2027 MFF. These Operational Programmes spell out the activities and sectors of intervention and the delivery mechanisms for using EU resources under the Just Transition Fund.

[10] Regulation (EU) 2021/1056 establishing the Just Transition Fund. It entered into force on 30 June 2021. It pursues the objective of "enabling regions and people to address the social, employment, economic and environmental impacts of the transition towards the European Union's 2030 target for climate and a climate-neutral economy by 2050, based on the Paris Agreement." This specific policy objective has also been added to the Common Provisions Regulation (Art. 5).

[11] The remaining €7.5 billion will be provided under the European Union's 2021-27 budget. To increase its Just Transition Fund resources, a Member State may transfer resources from the European Regional Development Fund or European Social Fund Plus on a voluntary basis to the Just Transition Fund up to a maximum of three times the Member State's JTF resources under the MFF budget.

EIB involvement

EIB Group support under the Just Transition Fund includes helping Member States with their national co-financing needs, managing decentralised financial instruments and providing advisory support (see below). Advisory support and technical assistance under Pillar 1 will be offered to interested partners primarily through the JASPERS mandate jointly run by the EIB and the Commission.

The Just Transition Fund's ultimate investment volume will depend on the location of the projects, since the level of national co-financing obligations[12] depends on the cohesion policy status of the NUTS2 region and its programming approach. The Commission expects the fund to mobilise total investment of close to €25 billion.[13] The fund's regulation determines the distribution of resources among Member States. While every Member State benefits from the fund, Poland (20%), Germany (13%), Romania (11%) and the Czech Republic (8.5%) together account for more than half of its total budget.

Decentralised financial instruments could also increase the total investment mobilised under the Just Transition Fund. In these specific cases, the EIB would primarily act as Fund-of-Fund manager. Based on the recent development of new decentralised financial instrument models, the EIB may also directly co-finance projects targeted by the Fund-of-Funds.

In regions where the EIB has been active in providing co-financing, it has played an important role in kick-starting and accelerating the implementation of EU structural funds. While a great deal of financing is potentially available to the regions via other instruments, the EIB will continue to play this important role.

Nonetheless, the Just Transition Fund's focus on NUTS3 regions results in geographical fragmentation of the resources, limiting the EIB's opportunities to co-finance national contributions to the fund.

EIF involvement

The EIF has extensive experience in developing mandates with Member States by setting up and implementing guarantee and equity products across various geographies. However, given the Just Transition Fund's specific features with a focus on NUTS3 regions, additional effort is needed to define standardised product(s) that could be scalable across the regions. One option to ensure necessary scale is through a standardised offering to Member States with standard guarantee or equity products that focus on the socioeconomic and/or energy transition. However, the scale of overall engagement is curbed by the limited timeline for deployment.

Hence, EIF would envisage an engagement under Pillar 1 provided that certain conditions are met, which could potentially help address the issues related to the possible implementation of mandates under the fund. Further progress would require thorough engagement with the European Commission in the first instance, and then with selected Member States.

The conditions already identified as critical for any EIF engagement are a standardised offering that complies with the EIF statute, and the deployment timeline. These conditions do not prejudice any additional points that may arise during further analysis.

Role of advisory

Since 2021, the EIB Group has provided dedicated advisory support for the Just Transition Fund (Pillar 1) through the JASPERS mandate, which already supports six transition regions in Poland, six regions in Romania and three regions in Slovakia. Three first assignments in the Czech Republic have already been completed, and assignments in Greece and Bulgaria are also under preparation. This support will continue and will likely be expanded since it is explicitly covered by the recent 2021-2027

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[12] 15% for less developed regions, 30% for transition regions and 50% for more developed regions.
[13] "The Just Transition Mechanism: making sure no one is left behind", available at: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism_en#financing.

JASPERS agreement with DG REGIO, the Commission department in charge of EU regional and city policy.

JASPERS is in a good position to provide this support through the local EIB offices due to its long-term engagement and experience in cohesion policy and, in particular, its strong representation in the countries with the highest Just Transition Fund allocations. The teams involved could also be the connection point for future advisory assistance under Pillars 2 and 3, which will be provided primarily through the EIB's role as advisory partner to the InvestEU advisory hub.

JASPERS supports the preparation of project pipelines and individual projects, with a particular view on the experience working methods and structures established and approved for the preceding "Coal Regions in Transition" initiative. Its support includes collecting and assessing relevant project proposal data/documents, establishing and executing a relevant project screening process, and managing project pipelines. JASPERS also helps ensure that relevant project proposals comply with eligibility and maturity requirements. Finally, it provides direct advice and/or train-the-trainer sessions for local managing authorities and beneficiaries to enable regions to develop themselves.

The implementation of Pillar 1 projects might also benefit from the Project Advisory Support Programme in selected Member States.

2.3. Pillar 2 – InvestEU Just Transition scheme

Key features

The InvestEU Regulation[14] and investment guidelines[15] state that as part of the European Green Deal, InvestEU will contribute to the Just Transition Mechanism with its own dedicated scheme (the InvestEU Just Transition scheme, which constitutes Pillar 2). This pillar cuts across all windows of InvestEU for projects that also qualify as supporting the just transition. More specifically, the InvestEU Just Transition scheme will support economically viable investments that are made by private and public sector entities and are aligned with just transition objectives.

In addition to the nominal eligibility criteria set out in the Territorial Just Transition Plans, the InvestEU investment guidelines define further the eligibility criteria specifying which investments will qualify for support.

EIB involvement

The EIB Group is expected to implement 75% of the InvestEU programme (including the advisory hub), but its share in the InvestEU Just Transition scheme could be higher or lower depending, among other things, on demand from the most affected regions.

As main implementing partner of InvestEU, the EIB Group will support just transition projects in the four policy windows: (i) sustainable infrastructure; (ii) research, innovation and digitisation; (iii) SMEs (small and medium-sized enterprises) (through the EIF); and (iv) social investment and skills, in line with the InvestEU Regulation and investment guidelines. InvestEU investments that also align with the just transition will be tracked and reported.

EIF involvement

The EIF's priority in InvestEU has so far focused on creating the mandate and the main product lines. The Just Transition scheme may offer an opportunity to adapt certain product terms to make them more attractive for the market in certain regions.

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[14] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0523&from=EN.
[15] https://eur-lex.europa.eu/resource.html?uri=cellar:23dc7cb2-9d32-11eb-b85c-01aa75ed71a1.0008.02/DOC_2&format=PDF.

Role of advisory

Similar to the InvestEU guarantee, there is no dedicated advisory support budget planned for Pillar 2 under the InvestEU advisory hub mandate. The hub's pricing policy includes free-of-charge advisory support for public sector promoters, as well as initial support for the private sector, which is free of charge up to a certain threshold amount. Applying this threshold should incentivise private sector participation in the Just Transition Mechanism's projects, including for SMEs, innovation projects and infrastructure financed via public-private partnerships and other partnership models.

JASPERS support provided for project pipeline and project development under Pillar 1 might result in projects being directed to and financed under Pillar 2.

2.4. Pillar 3 – Public Sector Loan Facility

Key features

The Public Sector Loan Facility (PSLF, or the facility) has the objective of increasing public sector investments that address the development needs of the territories identified in the Territorial Just Transition Plans (or investments benefiting those territories). The PSLF Regulation[16] specifies that the facility will finance projects that: i) do not generate sufficient stream of own revenues to cover their investment costs; ii) achieve a measurable impact in addressing the social, economic and environmental challenges posed by the transition towards a climate-neutral economy; iii) do not receive support under any other EU programmes; and iv) receive a loan from a finance partner under the facility. The grants will be awarded through a call for proposals and managed directly by the European Commission. The Commission expects the first publication of the call for grant applications to take place in 2022, following the adoption of several Territorial Just Transition Plans and the signing of the PSLF agreement between the Commission and the EIB. The available grant budget under the facility amounts to €1.525 billion.

Under the facility, eligible beneficiaries[17] shall receive a small grant from the Commission, to be blended[18] with an EIB loan for individual projects or loan schemes[19] that address the development needs described in the Territorial Just Transition Plans. The grant is calculated as a share of the EIB loan, with up to 25% possible in less developed regions and up to 15% in transition and more developed regions.

EIB involvement

The EIB will initially be the only finance partner of the facility. The PSLF Regulation allows the Commission to cooperate with other finance partners should additional resources for the grant become available or "where it is required for the correct implementation."

EIB lending will be provided at its own risk and in line with its rules, policies and procedures. All EIB sectors contributing to the just transition are eligible, except a limited list of "excluded sectors."[20] Beneficiary projects may cover a wide range of investments that help meet the development needs arising from the transition towards a climate-neutral economy, as described in the Territorial Just Transition Plans. The PSLF Regulation does not give a specific list of eligible sectors. As an indication, the investments supported through grants may cover the sectors listed in Annex 4.

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[16] 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. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1229&from=en.

[17] The eligible beneficiaries are public sector legal entities established in a Member State as a public law body, or as a body governed by private law entrusted with a public service mission.

[18] The European Commission's decision to award a grant is conditional on the EIB's approval for the financing, and the European Commission's grant signature shall be linked to the signature of the EIB loan.

[19] The PSLF Regulation defines a "loan scheme" as a loan granted to a beneficiary by finance partners aimed at financing a set of several pre-identifiable projects under the facility.

[20] The list of sectors excluded from PSLF grant support is identical to that of the Just Transition Fund (see Annex 3). The list is indicative and non-exhaustive.

The EIB has extensive experience in financing and advising on just transition-type projects, including environmental remediation projects and small infrastructure projects financed under regional framework loans. The EIB Energy Lending Policy also foresees a package of measures to support the energy transition in the regions facing the greatest energy transition needs.

Some factors may impact the implementation of the Public Sector Loan Facility, particularly in terms of ramp-up and speed:

- The launch of the facility is dependent on the adoption of a significant number of Member States' Territorial Just Transition Plans.
- Projects supported by the facility cannot receive EU support through the Just Transition Mechanism's other pillars or other EU programmes (except for advisory support).
- Until end-2025, grant resources shall be earmarked for each Member State as per JTF allocation key (see percentages in Annex 3), which may not necessarily reflect market demand.

As a supporting measure, the EIB approved in December 2021 to increase its financing share of Pillar 3 just transition operations in its cohesion priority regions[21] to beyond 50% of the project investment cost, while respecting its rules about limits on combined EU and EIB support[22].

Role of advisory

A specific budget of €35 million to support Pillar 3 projects is set aside from the PSLF Regulation budget allocated to the InvestEU advisory hub. Of the €35 million, €10 million will be dedicated to building administrative capacity for preparing or implementing Pillar 3 projects in less developed regions.

It has been recognised that the Just Transition Mechanism's different pillars need to be supported in a coordinated way so that the capacity building provided by JASPERS under Pillar 1 might also support or be supplemented by capacity building under Pillar 3. The legislation also allows EU funding programmes to be combined to provide a full range of advisory services. Pillar 3 advisory support will exclusively focus on helping promoters and borrowers[23], under the PSLF, to identify, prepare and implement eligible projects.

Similarly to Pillar 2, JASPERS support for project pipeline and project development under Pillar 1 might result in projects being ultimately directed to and financed under Pillar 3. JASPERS may also act as a connection point for Pillar 3 technical assistance or even deliver this assistance under the InvestEU advisory hub.

Finally, Pillar 3 projects could also benefit from implementation support under the bilateral Project Advisory Support Programme in selected Member States.

2.5. Just Transition project definition and possible scope of Just Transition beyond Just Transition Mechanism (in the European Union)

In the European Union, the EIB Group's support for the just transition will focus on helping implement the Just Transition Mechanism's three pillars. The Just Transition Mechanism's legislative framework follows a sound methodology based on geographical vulnerability, sector relevance and formal intent. The EIB's definition should therefore stay close to the Just Transition Mechanism's legislation.[24]

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[21] Less developed regions and transition regions.
[22] 90% in EIB cohesion priority regions (that is, less developed regions and transition regions) and 70% in more developed regions.
[23] Including intermediaries, if applicable.
[24] Regulation (EU) 2021/1056 (JTF) and Regulation (EU) 2021/1229 (PSLF).

*Proposed definition of a **just transition project (in the European Union)**:* An investment project supported by the EIB Group is a just transition project if it is eligible under the Group's policies and procedures and meets the following conditions:

1. It is located in one of the most affected territories designated by the Territorial Just Transition Plans (as approved by the European Commission) or benefits this territory[25]. and
2. It concerns one of the Just Transition Fund's eligible activities[26] or one of the sectors and thematic areas envisaged to be supported under Pillar 2 or Pillar 3 of the Just Transition Mechanism according to the Territorial Just Transition Plans. and
3. It helps to meet the Just Transition Mechanism's specific objective: to address the social, employment, economic and/or environmental impact of the transition towards the Union's 2030 targets for energy and climate and a climate-neutral economy for the European Union by 2050, in line with the Just Transition Fund, InvestEU or PSLF Regulations.[27]

The EIB Group may also finance and report on projects falling outside the scope of EU support provided under the Just Transition Mechanism. Specifically, this applies to projects that meet the above conditions but do not benefit from the Just Transition Mechanism's grants (such as projects co-financed by other EU funds, Structural Programme Loan components or investment loans located in affected territories).

[25] Projects located outside affected territories may therefore be eligible.
[26] See Art. 8 of the JTF Regulation (Scope of support) and Annex 4.
[27] See Art. 2 of the JTF Regulation (Specific objective) and Art. 1 of the PSLF Regulation.

3. Outside EU perspective

The programming of EU support for countries outside the European Union is currently under preparation following the publication of the Neighbourhood, Development and International Cooperation Instrument (NDICI) Regulation in June 2021.[28] Unlike the Green Deal and the EU cohesion policy architecture, which have made the just transition a specific policy objective[29] in the legal texts, EU neighbourhood and development policy aims to promote sustainable development and the fight against climate change more broadly.[30]

The common principles for multilateral development bank support for a just transition (see Annex 1) will help to frame the EIB's definition of a just transition project outside the European Union. According to these principles, the just transition aims at achieving climate objectives (Principle 1). Its ultimate purpose is to move away from greenhouse gas emissions and towards a net zero economy through diversified pathways that support sustainable, inclusive and resilient development (Principles 2 and 4). It also addresses the socioeconomic challenges and opportunities resulting from decarbonisation (Principle 4). As such, the just transition is intrinsically linked to climate change policies and their impact on the economy in a location-based and/or people-centred way.

While some emerging economies (such as the Western Balkans, Ukraine, China and other Asian countries) have a similar fossil-based industrial structure to the European Union, the challenge for many developing countries in Africa, Latin America, the Caribbean and Asia-Pacific is to achieve economic development while remaining in line with the goals of the Paris Agreement. For a substantial number of countries, a particular challenge is to reduce their significant dependence on the use of hydrocarbons, or the fiscal and export revenues derived from them. In addition, some countries are particularly affected by the physical impact of climate change, underlining the need to accelerate adaptation projects there, and to do so in a way that is socially fair ("fair resilience[31]"). The EIB is currently developing its approach to the just transition outside the European Union, taking into account synergies with the EIB Adaptation Plan.[32]

The Climate Bank Roadmap already acknowledges the diversity of the challenges by highlighting that EIB interventions are embedded in a broader social development context.[33] Most just transition projects are already eligible for Bank support under existing policy objectives. The EIB will continue engaging with other multilateral development banks and observe how just transition policies and opportunities for supporting the transition outside the European Union evolve.

Financial advisory and technical assistance funded from third party-resources would be a powerful enhancement for just transition projects outside the European Union. Some initiatives in this area are at an early stage of development. One of them is the joint work carried out by multilateral development banks on proposing a facility to help develop Long-Term Strategies and co-finance investment projects, especially in developing countries and emerging economies. To this end, thesebanks have already agreed on a set of principles released at COP26.[34] Another example is the efforts made by the Commission's Directorate-General for Energy to replicate the EU experience of the "Coal regions in

[28] REGULATION (EU) 2021/947 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU and repealing Regulation (EU) 2017/1601 and Council Regulation (EC, Euratom) No 480/2009.

[29] See Art. 5(1) of Regulation EU/2021/1060 (Common Provisions regulation).

[30] See Art. 3.1(a) of Regulation EU/2021/947 (NDICI Regulation).

[31] "Achieving resilience in a just and fair way is essential so that the benefits of climate adaptation are widely and equitably shared" (see EU Climate Adaptation Strategy, COM(2021) 82 final of February 2021, p.9).

[32] Available on the EIB website at The EIB Climate Adaptation Plan: Supporting the EU Adaptation Strategy to build resilience to climate change . See Chapter 4 on international action on adaptation and resilience.

[33] "The EIB Group seeks to invest in projects that simultaneously support the transition and improve socioeconomic development. It will also entail focusing on building resilience of the people and employment sectors most vulnerable to climate change […]" (CBR2025, p. vii).

[34] https://www.eib.org/attachments/documents/mdb-principles-for-lts-support-en.pdf.

Transition Platform" to support Ukraine and the Western Balkans in their coal exit and the decarbonisation of their industry.[35]

The EIB will continue to work with multilateral development banks and other entities on developing approaches to support the just transition outside the European Union and to provide coherent support for regions and cities with urgent needs for creating jobs and developing business in lower-carbon industries and sectors. The EIB will continue to focus on the interaction between climate change impact and key social development themes while funding projects that further gender equality and women's economic empowerment, counter the impact of conflict and fragility, or mitigate the effects of migration and forced displacement.

4. The just transition and EIB horizontal policy objectives

4.1. Climate action and environmental sustainability (CAES)

The link between climate action, environmental sustainability and the just transition

Just transition projects facilitate the implementation of climate change mitigation policies by addressing the latter's distributional implications. Meeting the European Union's 55% reduction goal by 2030 requires the regions most dependent on mining and high-emission industries to contribute disproportionately to the decarbonisation effort. The resulting serious socioeconomic challenges need to be addressed through a just transition — investment projects and programmes that help the environmental rehabilitation and economic diversification of the region and the workers' transition to new sustainable jobs. Just transition strategies and projects therefore stem from the overarching policy goal of climate change mitigation. That's why EU legislation allows all eligible Just Transition Fund expenditure to be reported as 100% climate action.[36]

Climate action and environmental sustainability in the EIB's just transition operations

That being said, not all investments under the Just Transition Mechanism will, however, directly lead to a reduction of CO_2 emissions. As highlighted in Section 2.2, the broad range of sectors eligible for the Just Transition Fund reflects how a just transition is best achieved through a multisector strategy for managing the energy transition, environmental rehabilitation, economic diversification and labour market transition jointly in a coordinated way. The underlying investment projects will therefore concern climate action for some (such as renewable energy production, energy efficiency measures and sustainable urban transport) and be climate-neutral or at least do no significant harm for others (such as the retraining and upskilling of workers, rollout of broadband networks, firm creation, and productive investment in small and medium-sized enterprises). Therefore, although some synergies are expected between the just transition and climate action, the percentage of climate action in just transition projects will vary.

Some just transition projects that do not lead to a direct reduction in CO_2 emissions might still score high on environmental sustainability — notably through soil and water decontamination or reforestation — as shown in the project examples (see Annex 5). They would therefore also contribute to the Bank's horizontal climate action and environmental sustainability public policy goal.

[35] More information is available on the European Commission DG ENER website at https://energy.ec.europa.eu/topics/oil-gas-and-coal/coal-regions-western-balkans-and-ukraine/initiative-coal-regions-transition-western-balkans-and-ukraine_en.

[36] For Pillar 1 (Just Transition Fund), see Regulation EU/2021/1060 ("Common Provisions Regulation"), Annex I, Footnote 1. Accounting rules for climate action are required because in the partnership agreement with the European Commission, Member States commit to a total climate action percentage to be achieved from all cohesion policy funds spent on their territory. The PSLF (Pillar 3), which is not part of the cohesion policy funds, sets neither an explicit climate action target nor requests the reporting of climate action percentages. However, Art. 14.2(b) of Regulation EU/2021/1229 (PSLF Regulation) states that in the annual work programmes, the European Commission should prioritise, among other things, projects that contribute *directly* to the reduction of greenhouse gas emissions whenever the total requested grant support for eligible projects exceeds the available resources.

To ensure compliance with the Climate Bank Roadmap and consistency in the Bank's reporting, the EIB methodology for climate action will be applied in the same way for just transition projects as for all other EIB projects.

Just transition vs. climate adaptation

Despite the role of climate change mitigation in the proposed definition of just transition projects within the European Union, and the ongoing work by multilateral development banks to define a common approach to the just transition worldwide, the need to accelerate adaptation to the physical impact of climate change across the globe is evident (see Chapter 4 of the EIB's climate adaptation plan[37]). The people, businesses, sectors and regions most severely impacted by climate change therefore deserve special attention to ensure that the planning and implementation of climate change strategies and projects do not leave vulnerable populations behind. The EIB Group seeks to support investments that build "resilience of the people and employment sectors most vulnerable to climate change […] supplemented by advisory services to enhance the social impact of climate and environment eligible projects."[38] Such projects are already eligible as climate action adaptation projects.

4.2. Cohesion

The link between the just transition and EIB cohesion lending

Supporting economic and social cohesion was one of the founding principles of the EIB when it was established in 1958. It continues to be a core priority and the EIB Group will seek to ensure that no people or places are left behind in the transition to a green economy.

In close alignment with the EU cohesion policy map, EIB cohesion priority regions for the 2021-2027 encompass the following two categories:

- "Less developed" regions (gross domestic product (GDP) per inhabitant of less than 75% of the EU average)
- "Transition" regions (GDP per inhabitant between 75% and 100% of the EU average)

The new Cohesion Orientation of the EIB Group, approved by the Board of Directors in October 2021, stresses the importance of a just transition in fostering cohesion in the regions most dependent on fossil-based mining and greenhouse gas-emission-intensive industries. In response to a growing number of transition regions (whose definition became broader), and in light of the higher investment needs of less developed regions, the EIB has increased its cohesion ambition. By 2025, overall Cohesion lending shall aim to reach 45% of the overall lending, including, in particular, a binding key performance indicator for less developed regions set at 23%.

Cohesion in the EIB's just transition operations

There are numerous synergies between economic and social cohesion on the one hand and the just transition on the other. First, in terms of the objective, both focus on economic and social development, either in the general context of low living standards or low regional growth (cohesion policy) or in the specific context of radical structural change in the form of mine and plant closures in the transition to a low-carbon economy. Second, in terms of areas of intervention, both call for a broad-based, multisector approach to smart specialisation where enabling infrastructure (digital, transport and energy networks) as well as innovation and skills take centre stage, and where climate action can be a source of revenues and savings. Third, in terms of policy implementation, they are also close to one another through (i) a

[37] https://www.eib.org/en/publications/the-eib-climate-adaptation-plan.
[38] EIB Group Climate Bank Roadmap, Executive Summary, pp. vii-viii.

common legislative framework,[39] (ii) similar beneficiaries[40], mainly regional and municipal authorities, and (iii) similar finance providers. For EU grants, DG REGIO is in charge of Pillars 1 and 3 of the Just Transition Mechanism and has overall authority over the cohesion policy funds.

Finally, within the European Union, both cohesion and the just transition use geographical eligibility criteria, and this is where the strongest synergy lies. Based on the list of most affected territories (at NUTS3 regional level) preliminarily identified by the EC , there are 112 NUTS3 "most affected" regions hosting a total population of 46.2 million (see Section 2.1). Breaking down the proposed list of most affected regions and their population by their cohesion policy status shows that:

- a total of 92 of the 112 most affected NUTS3 regions belong to an EIB cohesion priority region. This represents 83% of the total population of NUTS3 regions concerned (50% living in less developed regions and 33% living in transition regions);
- the other 20 NUTS3 regions are part of more developed regions (essentially in the higher-income countries of Northern and Western Europe), corresponding to 17% of the population of NUTS3 regions concerned.

Therefore, strong synergies between cohesion and the just transition are expected.

As demand for EIB lending to support the just transition will mainly depend on the regional distribution of the EU budget for the Just Transition Fund and the allocation of the Public Sector Loan Facility, this lending is likely to be tilted even further towards cohesion priority regions, at least initially. Based on the country allocations for the Just Transition Fund and the list of most affected territories proposed by the European Commission, a reasonable estimate is that:

- 90% of the grant budgets for the Just Transition Fund and PSLF[41] (earmarked until end-2025) would benefit EIB cohesion priority regions; while
- Only 10% of the grant support would be deployed in more developed regions.

As a result, the vast majority of EIB support for the just transition in the European Union is likely to contribute to the EIB public policy goal of "economic and social cohesion."

5. Conclusions

Financing investment projects that contribute to strengthening the economic, social and territorial cohesion of the European Union have been at the heart of EIB operations since its foundation in 1958. The European Union's ambition to become the world's first climate-neutral economic block by 2050 has given additional impetus to the EIB Group's cohesion efforts. For one thing, cohesion priority regions offer investment opportunities in the area of climate action. For another, many of the regions facing severe socioeconomic challenges owing to their disproportionate dependence on mining and fossil-fuel-related industries have below-average income levels and are therefore EIB cohesion regions.

The purpose of the just transition is to help the most affected regions to manage their economic transition to low carbon in a socially acceptable and environmentally sustainable manner. The current comprehensive proposal focuses on the approach within the European Union where the EIB Group will support all three pillars of the Just Transition Mechanism. Activity under all three pillars is demand-driven.

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[39] The Just Transition Fund is one of the cohesion policy funds. Its regulation is one of the specific regulations under the Common Provisions Regulation (EU/2021/1060) that also governs the European Regional Development Fund, the Cohesion Fund and the European Social Fund Plus.

[40] One emerging notable difference in fund management in a number of countries is that finance ministries or ministries in charge of EU funds tend to be in charge of the overall cohesion policy, whereas ministries of the environment coordinate EU funds under the Just Transition Mechanism.

[41] In particular, the PSLF Regulation strengthens the incentive to promote projects in less developed regions through the higher grant rate (25% of the EIB loans vs. 15% in other regions) and by giving priority to projects located in less developed regions, should demand for grants exceed the available sources in a given year (see PSLF Regulation, Art. 14.2(b)).

In particular, the EIB Group will:

- offer to support the Just Transition Fund (Pillar 1) through Structural Programme Loan-type co-financing of the national co-financing obligations, and offer to manage or co-finance decentralised financial instruments supported by the fund;
- support the InvestEU Just Transition scheme (Pillar 2) by providing loans or guaranteeing investments in sustainable infrastructure, research, development and innovation, digitalisation, small and medium enterprises, social investment and skills, and reporting on these loans and guarantees;
- provide lending for just transition projects in the public sector under the Public Sector Loan Facility (Pillar 3) in combination with a grant from the European Commission;
- offer technical assistance and advisory support to authorities and promoters across all three pillars of the Just Transition Mechanism to build local capacity and help develop relevant programmes or initiatives.

In addition, the EIB will also be able to report on projects not receiving budget support under the Just Transition Mechanism if these projects meet the just transition definition criteria of vulnerability (located in a most affected territory or benefiting these territories), relevance (eligible sector) and intent (long-term transition strategy).

Outside the European Union, the common principles for multilateral development banks support for the just transition serve to provide operational guidance, as shown in Section 3. The EIB is working on its approach to the just transition beyond the European Union. During this phase, the EIB will continue engaging with other multilateral development banks, while observing how policies towards Just Transition outside the European Union evolve, and adapt its approach as necessary.

It is proposed that the EIB review its comprehensive proposal by mid-2024, so that it can contribute to the European Commission’s own mid-term review of the Just Transition Mechanism.

Annex 1. Common principles for multilateral development banks support for a just transition[42]

The need for a just transition is set out in the preamble of the Paris Agreement. In a high level statement at the UN Climate Action Summit in 2019, multilateral development banks jointly committed to supporting the transition. Following an initial stocktake of their related activities relating to just transition, themultilateral development banks developed a set of "common principles" to help guide their support for a just transition, and to ensure consistency, credibility and transparency in their efforts.

The principles spell out the aims, purpose, approach, scale and scope, and process of multilateral development bank support for the just transition.

Principle 1 (aims). MDB support for a just transition aims to deliver climate objectives, while enabling socio-economic outcomes, accelerating progress toward both the Paris Agreement and the Sustainable Development Goals (SDGs).

Principle 2 (purpose). MDB support for a just transition focuses on moving away from GHG emissions intensive economic activities through financing, policy and advisory activities, and knowledge sharing, in line with MDB mandates and strategies, and country priorities including NDCs and long-term strategies.

Principle 3 (approach). MDBs will encourage support for a just transition by building upon existing MDB policies and activities, mobilising other sources of public and private finance, and enhancing coordination through strategic plans that aim to deliver long-term, structural economic transformation.

Principle 4 (scale and scope). MDB support for a just transition seeks to mitigate negative socio-economic impacts and increase opportunities associated with the transition to a net zero economy, supporting affected workers and communities, and enhancing access to sustainable, inclusive and resilient livelihoods for all.

Principle 5 (process). MDB support for a just transition encourages transparent and inclusive planning, implementation and monitoring processes that involve all relevant stakeholders and affected groups, and that further inclusion and gender equality.

Agreeing on the above common principles was the first out of three steps through which the multilateral development banks intend to foster their action on the just transition and boost cooperation with each other in the field. The next steps will consist in deepening knowledge-sharing ("just transition toolkits") and entering into formal partnerships in support of the just transition.

[42] https://www.eib.org/attachments/documents/mdb-just-transition-high-level-principles-en.pdf

Annex 2. Just transition — multiple transitions

Energy transition. Historically, coal-mining regions had a natural advantage in attracting heavy, energy-intensive industries because the bulky raw material back then did not need to travel far before being used. How to replace domestic coal in the regional energy mix is a key transition question. While electricity may be produced elsewhere (where renewable sources are abundant), heat cannot easily travel over long distances, and many technologies producing heat for industrial processes heat have yet to mature. Regions which are withdrawing from coal but want to hold on to their manufacturing industry (including energy-intensive ones) face the problem of how to replace huge amounts of coal with other sources within a limited timeframe.[43]

The socioeconomic transition. The ongoing transformation of the energy system will have a significant impact on all aspects of the European economy and society. The wide-scale deployment of renewable and other low-carbon energy technologies needed to facilitate the energy transition will be a source of new jobs. At the same time, traditional energy sectors relying on the production and use of fossil fuels will shrink, with negative effects on employment and therefore the economic conditions of the regions that host these activities.[44] Phasing out coal has significant economic, social and political risks that need to be anticipated, mitigated and addressed. Firstly, a total of around 450 000 European jobs are at stake (240 000 direct jobs, including 185 000 in coal mining and 55 000 in electricity production across the European Union, together with 215 000 indirect jobs in business outsourcing, logistics and manufacturing sectors). Even though this represents only around 0.2% of all EU jobs, they might be difficult to replace. Coal-related jobs tend to be concentrated in regions that already face difficult economic circumstances. For instance, the German region of Lusatia, the country's second-biggest coal producer, has an unemployment rate that is twice as high as the national average. In Polish Silesia, youth unemployment has reached a striking 39%. Finally, Western Macedonia in Greece, where most of the jobs are in coal mining and electricity production, was the EU region with the highest overall unemployment rate (all ages) in 2017 (29%). Furthermore, high unemployment in coal regions is often accompanied by a lack of economic diversification, low productivity and ageing populations. In other words, coal workers are less likely to find another job in their home regions than most other European workers. A disorderly and poorly managed coal phase-out could deal a harsh blow to already fragile territories, increasing the risk of social problems and even unrest.[45]

The environmental transition. Enabling economic, ecological or any other meaningful use of land post-mining comes with a series of complicated and expensive technical challenges that need to be fully addressed. The experience of some of the earlier coal transitions has shown that "cheap" or non-rehabilitation of sites poses risks for new assets built on these sites, as well as existing assets (such as residential buildings, road and other infrastructure) in the vicinity of mining sites. A non-exhaustive list of the actions that typically need to be undertaken on mining sites upon closure include:

- Soil decontamination and densification (in open-pit mines)
- Controlled flooding and related monitoring, control, protection measures
- Improving and managing water quality in the areas with rising groundwater levels
- Replenishing or stabilising mining tunnels (closed-pit mines)
- Afforestation, reforestation, restoring biodiversity and landscaping measures

The infrastructure transition. The infrastructure typically prevailing in a coal-mining region is radically different from the one required for a vibrant modern service economy. A successful economic transformation of a region phasing out coal therefore entails significant investment in enabling infrastructure typically including but not limited to

- Sustainable transport infrastructure
- Modern information and communication infrastructure for the digital age

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[43] For directions on how to manage the energy transition, see the EIB Energy Lending Policy.

[44] See Alves Diaz et al. 2018, "EU coal regions: opportunities and challenges ahead", Joint Research Centre (JRC) Science for Policy Report, European Commission, doi:10.2760/064809.

[45] See Oczkowska and Pellerin-Carlin 2019, "Just Energy Transition: a reality test in Europe's coal regions," Notre Europe – Jacques Delors Institute, Policy Paper, 21 May 2019.

- New energy networks to enable the energy transition
- Changes to the education infrastructure to adjust to new skills profiles
- Enabling infrastructure for new economic activity (e.g. co-working spaces for startups)
- Regeneration investments to revitalise mining towns
- Investment in community welfare, cultural heritage and tourism assets[46]

[46] Caldescott et al. 2017, "Lessons from previous Coal Transitions – High-level summary for decision makers," part of the Coal Transitions: Research and Dialogue on the Future of Coal Project, IDDRI

Annex 3. Just Transition Fund resources by Member State

The table below shows the country distribution of available grants under the Just Transition Fund.

Table 2. Available resources under the Just Transition Fund

	Just Transition Fund grant (€ m), 2018 prices	**in % of total**
Belgium	166	**0.9%**
Bulgaria	1 178	**6.7%**
Czech Republic	1 493	**8.5%**
Denmark	81	**0.5%**
Germany	2 254	**12.9%**
Estonia	322	**1.8%**
Ireland	77	**0.4%**
Greece	755	**4.3%**
Spain	790	**4.5%**
France	937	**5.4%**
Croatia	169	**1.0%**
Italy	936	**5.3%**
Cyprus	92	**0.5%**
Latvia	175	**1.0%**
Lithuania	249	**1.4%**
Luxembourg	9	**0.1%**
Hungary	237	**1.4%**
Malta	21	**0.1%**
Netherlands	567	**3.2%**
Austria	124	**0.7%**
Poland	3 500	**20.0%**
Portugal	203	**1.2%**
Romania	1 946	**11.1%**
Slovenia	235	**1.3%**
Slovakia	418	**2.4%**
Finland	424	**2.4%**
Sweden	142	**0.8%**
Total EU-27	**17 500**	**100%**

Source: Annex 1 of Regulation EU/2021/1056 (Just Transition Fund Regulation).

The list of most affected territories (NUTS3 regions) eligible for support from the Just Transition Mechanism is not known yet. The national co-financing needs and potential EIB co-lending space for each Member State will depend on the mix of more developed vs. transition and less developed regions on the future “just transition map.” The higher the number of less developed regions, the higher the grant share in total Just Transition Fund investment and the lower the national co-financing needs.

Annex 4. JTF scope of support and excluded activities

The Just Transition Fund supports investment in:[47]

- SMEs and creation of new firms
- RDI and technology transfer activities
- Deployment of technology and infrastructure for affordable clean energy, greenhouse gas emission reduction, energy efficiency and renewable energy
- Smart and sustainable local mobility, including decarbonisation of the local transport sector and its infrastructure
- Rehabilitation and upgrade of district heating networks to improve energy efficiency of district heating systems and investments in heat production provided that they are supplied exclusively by renewable energy sources
- Digitalisation, digital innovation and digital connectivity
- Regeneration and decontamination of brownfield sites, land restoration, taking into account the ‘polluter pays’ principle
- Circular economy
- Upskilling and reskilling of workers and jobseekers
- Job-search assistance and active inclusion of jobseekers
- Other activities in the areas of education and social inclusion
- Technical Assistance

In justified cases and/or in certain areas, the Just Transition Fund may also support larger companies as well as investments to achieve the reduction of greenhouse gas emissions from emission-intensive activities listed in the Emissions Trading System Directive.

The following activities are **excluded** from the scope of Just Transition Fund support:[48]

- Decommissioning or construction of nuclear power stations
- Manufacturing, processing and marketing of tobacco and tobacco products
- Undertakings in difficulty
- Production, processing, transport, distribution, storage or combustion of fossil fuels

[47] See Regulation (EU) 2021/1056 (JTF regulation), Art. 8.
[48] See Regulation (EU) 2021/1056 (JTF regulation), Art. 9.

Annex 5. EU co-financing through Structural Programme Loans and EIB project examples in the area of Just Transition

Structural Programme Loans

The EIB has substantial expertise in providing finance in combination with EU funds (the European Regional Development Fund, the Cohesion Fund and the European Social Fund) with this type of activity totalling almost €3 billion in the last seven years. The use of EIB Structural Programme Loans, such as for Romania EU Co-financing for Growth 2014-20 or Poland Municipal Infrastructure EU Funds Co-financing 2014-2020 proved to be a powerful tool for kick-starting and accelerating investment programmes to deliver the types of project needed under the just transition objectives. However, the use of this product has so far not been widespread in all countries.

EIB project experience in coal-mining regions

For just transition-type lending, two types of project can be distinguished: environmental remediation projects and multisector projects aimed at supporting the transition and economic restructuring of ex-coal and carbon-intensive regions. Examples of each type are presented below.

Environmental remediation

BRAUNKOHLESANIERUNG LAUSITZ[49]

Rehabilitation of brownfield areas in Germany.
The operation is an investment loan to finance the rehabilitation of former opencast lignite mines in the German Federal State of Brandenburg. The operation covers company LMBV's fifth financial agreement on lignite rehabilitation for the five-year programming period 2013-2017. Project activities took place in parts of the Lausitz region and include: (a) basic rehabilitation and ground stabilisation; (b) flooding of former pits and works related to groundwater level management; and (c) reclamation and additional development.
Project cost: €561.6 million
EIB finance: €200 million

Multisector framework loans to foster regional and urban development

Regional framework loans are a suitable instrument for financing integrated territorial development/transition strategies. A framework loan allows multiple investments – many of them of modest size – across sectors of a region or country to be packaged together. Intermediation makes it possible to reach smaller promoters. A regional framework loan must be based on a regional or national strategy and investment programme, which typically takes into account the climate strategy, embeds spatial and environmental planning guidelines and is based on quantified local priorities and needs. The typical feature is that not all individual sub-projects are known at appraisal, allowing for a flexible response to changing investment needs coming up during the transition process.
Regional framework loans span a broad range of sectors and assets such as:

- Sustainable transport
- Broadband infrastructure
- Urban mobility
- Urban schemes
- Water supply and wastewater treatment infrastructure
- Waste management
- Energy efficiency
- Healthcare infrastructure
- Education infrastructure
- Cultural heritage
- Environmental protection

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[49] See BRAUNKOHLESANIERUNG LAUSITZ (eib.org)

EIB support for Silesia

Four framework loans have been signed since 1996, totalling €205 million in EIB support, to support municipal infrastructure and city centre regeneration in the city of Katowice (300 000 inhabitants). More recent framework loans have been signed with each of the municipalities of Legnica, Zabrze and Czestochowa (three projects since 2009), totalling € 263 million in EIB support. The total investment cost supported under the above ten EIB projects amounts to €1 250 million. A particularly interesting example is the EIB's support for the city of Walbrzych.

WALBRZYCH URBAN REVITALISATION[50]

With its 115 000 inhabitants, Walbrzych is the second-largest city in Lower Silesia in Southern Poland. Walbrzych's economy was based on mining and other industrial activities for more than 500 years, but this stopped in the 1990s, with plants being shut down and residents leaving the city. Since then, there has been a partial recovery. Nevertheless, the city is still divided socially, geographically and culturally. Walbrzych ranks among the Polish cities that suffered most from the economic transition in the 1990s. The project supports eligible investment schemes in the city of Walbrzych, focusing mainly on revitalisation of urban areas, energy efficiency measures and other infrastructure schemes. The total investment cost is estimated at €57 million. The EIB loan supports the project with €28 million. The project also benefits from a guarantee under the European Fund for Strategic Investments and support from the European Investment Advisory Hub.

[50] See EIB website at https://www.eib.org/en/projects/all/20180047.

Supporting the Just Transition Mechanism – comprehensive proposal of the EIB Group

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