



Tuesday 30 June, 10:30 – 12:00

# An introduction to the Just Transition Mechanism

10:30 – 10:35

**Welcome and opening**

# **An introduction to the Just Transition Mechanism**

Myriam Bovéda, DG REGIO, European Commission

10:35 – 10:45

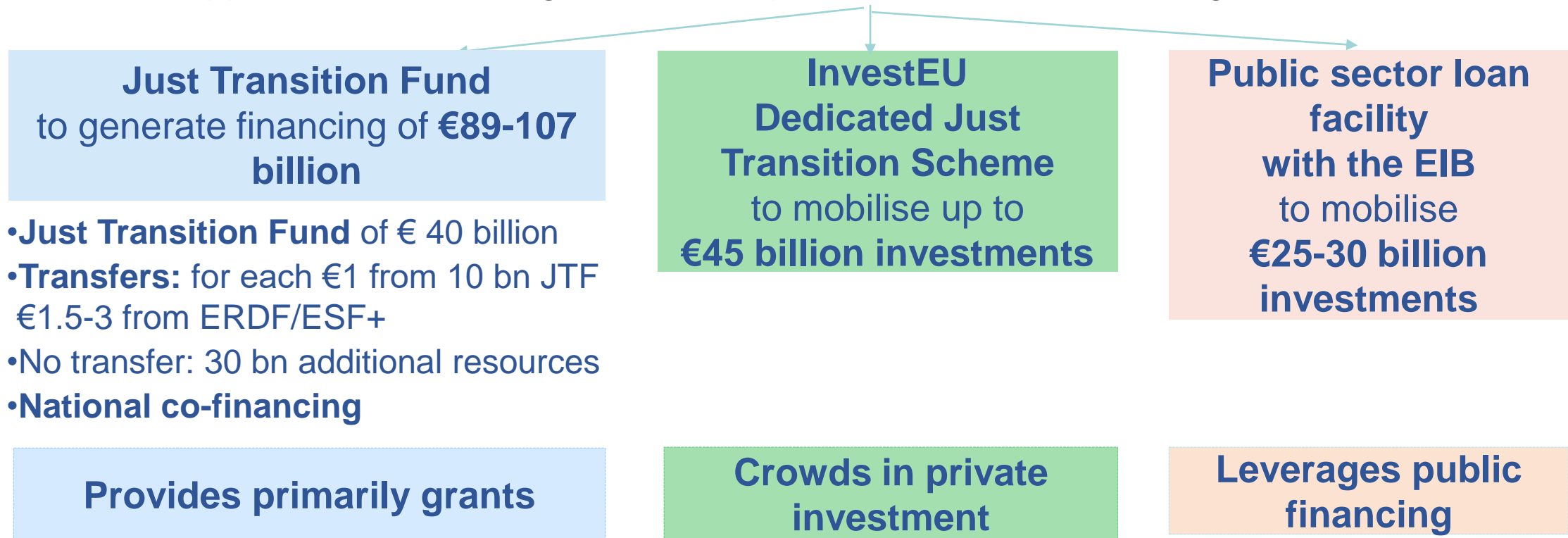
# Introduction

Normunds Popens, Deputy-Director General, DG REGIO, European Commission

# Just Transition Mechanism

at least **EUR 150 billion** investments

to support and finance regions most exposed to transition challenges in all Member States



- Adoption of a territorial just transition plan enables access to all 3 pillars of JTM
- Investments under pillars 2 & 3 of JTM need to benefit territories identified in the territorial just transition plans adopted by COM – without the obligation for projects to be located in these territories
- Pillars 2 & 3 of JTM have a wider thematic scope than JTF

# Nicola de Michelis

Director, Smart and sustainable growth and  
programme implementation IV, DG REGIO,  
European Commission

# Catharina Sikow-Magny

Director, Internal Energy Market, DG ENER,  
European Commission



# Energy transition projects under the Just Transition Mechanism

Catharina Sikow-Magny

Director for Internal Energy Market at DG ENERGY

*Day 2: 30 June 2020*



# Which energy projects can JTF support with grants?

- **compatible with the clean energy transition** (affordable clean energy, RES, energy efficiency)
- **addressing the socioeconomic consequences** of the transition and creating new economic activities and jobs in the region;
  - Benefiting most vulnerable communities
  - addressing energy poverty, retraining affected workers
- **coherent with the overarching energy strategy** of the region, locality and country (e.g. NECP, renovation strategy, restructuring strategy, coal-phase out, etc).



*Clean energy*



*Retraining programme*



*Energy innovation*

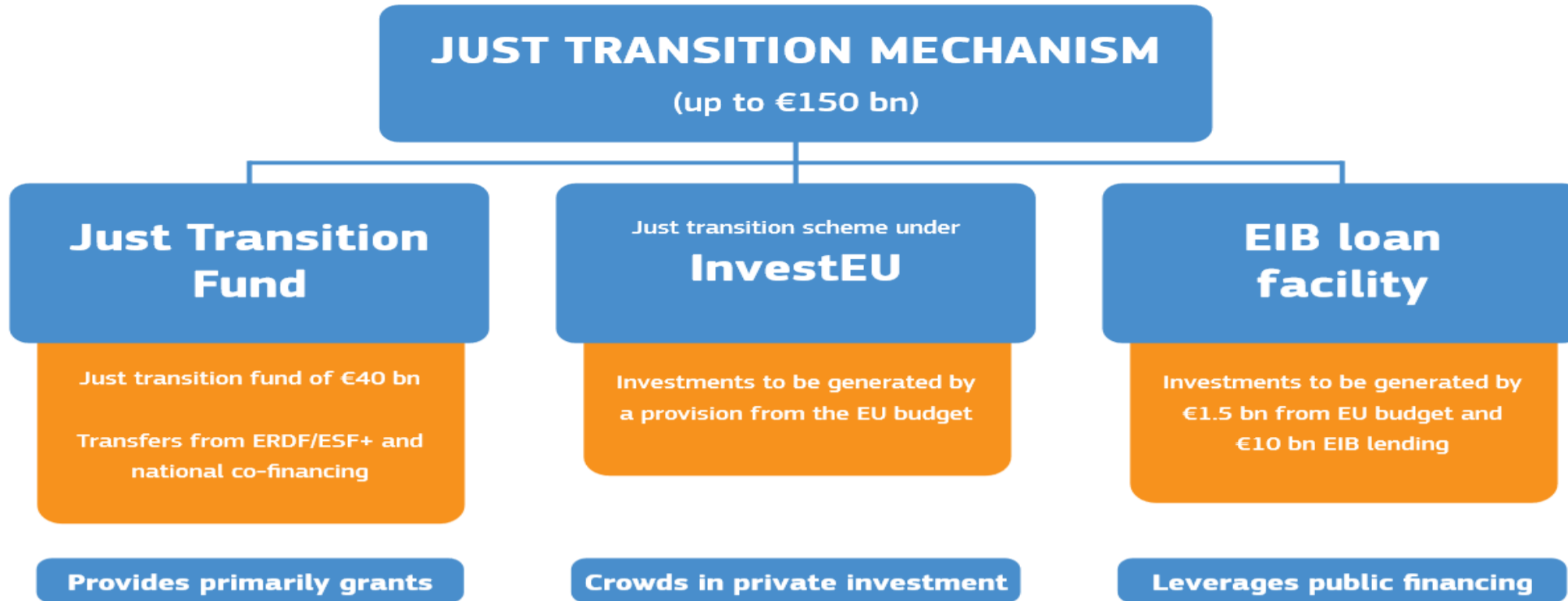


*Home renovation*



# Complementarity between pillars of the JTM for energy projects

Beneficiary regions must take all these instruments into account when preparing and implementing JTF territorial transition plans – including for energy projects.

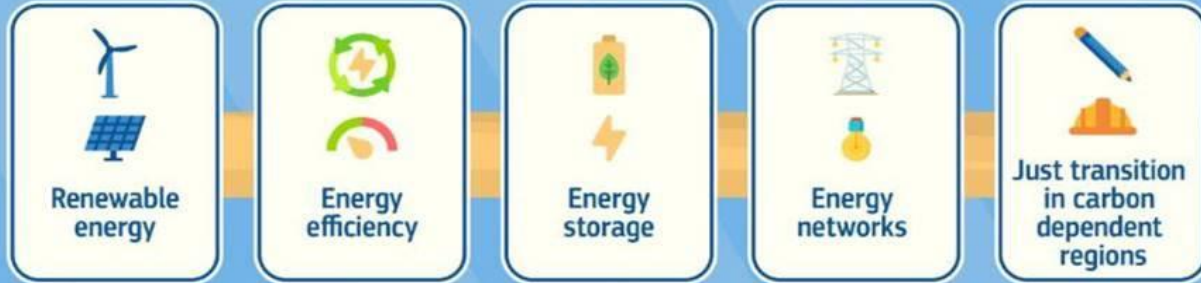


*This visualization is based on the EC's proposal currently debated by the European Parliament and the Council in the context of the negotiations for the next EU budget, including the revision of 27 May 2020 taking into account the EU recovery plan.*

# Additional EU funding for energy projects

## MODERNISATION FUND

Supporting investments in:



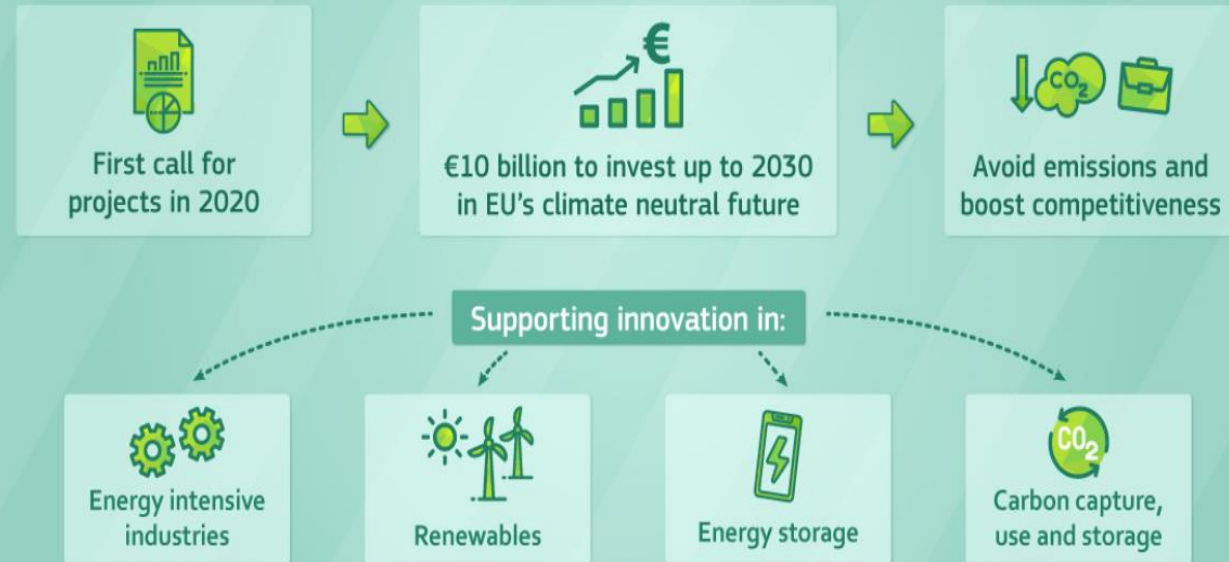
in 10 lower-income EU Member States



Funded by the EU Emissions Trading System

## INNOVATION FUND

Driving clean innovative technologies towards the market



Funded by: EU Emissions Trading System

# Clean Energy Transition for the green recovery under LIFE Programme

- **Energy Efficiency First and Buildings Renovation:** generating “Renovation Waves” across the EU, which creates local jobs and growth
- **Just Transition:** addressing vulnerable groups and territories that are lagging behind to create for them new growth opportunities and bridge the gap to front-runners
- **Energy Communities :** enabling energy transition in local communities to redesign **local energy systems** and accelerate the deployment of **renewable energy generation at consumer site**

- ✓ Tentative budget of €1 billion (grants)
- ✓ Centralised direct management
- ✓ Timeframe 2021-2027



# Thank you



**#CoalRegionsEU @Energy4Europe**



**DG ENERGY**



**<https://ec.europa.eu/energy/en/topics/oil-gas-and-coal/eu-coal-regions>**

email: **[secretariat@coalregions.eu](mailto:secretariat@coalregions.eu)**

# Andrea Bua

European Investment Bank

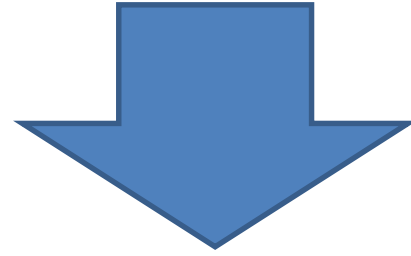


# EIB Lending in support of Just Transition

*Bruxelles, 30th June 2020*



# Cohesion bank role



**EIB has already been supporting  
the transition and economic restructuring of former coal and  
carbon intensive regions  
particularly in terms of environment,  
socio economic diversification/restructuring**



# Our regional development approach

- **Place sensitive approach**, recognising location specific competitive advantages and disadvantages and pivots on these to help regions and communities launch themselves on new sustainable development paths.
- **Necessary scope of activity** to be able to support large (investment loans) and small (framework loan) projects responding to the challenge and supporting the regional strategies.





## Two Examples

- **Polish municipality of Katowice (205 m EUR loan)**: Contributed to its successful transition from stagnating coal-mining town to vibrant urban centre, offering new business opportunities and a healthier environment for its citizens.
- **Federal State of Brandenburg (200 m EUR loan)**: Rehabilitation of the Lusatian lignite fields and supported measures for business related infrastructure.



	2014	2015	2016	2017	2018
Share of Cohesion lending in total EU lending	31%	28%	29%	30%	32%

**Total Cohesion lending 2014-18: EUR 98bn**

**of which climate made up about 30%**



# Just Transition Mechanism (JTM)

**Pillar 1: For the JTF, EIB can finance part of the MS national contribution through Structural Programme Loans as we do under the regular Cohesion Policy**

**Pillar 2: EIB will deploy its support under a dedicated just transition scheme under Invest EU. The scheme is cross cutting across all windows of Invest EU. Expected volume of EUR 45bn of triggered investments under the new MFF.**

**Pillar 3: Public sector loan facility: combining EUR 1,5 of grants with up to EUR 10bn of EIB loans, which will mobilize up to EUR 25-30bn over seven years. Additional to EIB standard operations. To be used for sub-optimal investment conditions (i.e. projects that cannot generate sufficient market revenues).**

Projects will be located in regions, which have a Territorial Transition Plan approved by the EC under the JTF Regulation, or they will benefit those regions.



# EIB Cohesion lending

## Financial products

The Bank uses a wide range of financial products to support investments in Cohesion regions, such as:

➤ **Standard investment loans**



**Framework Loans**

Target multi-annual investment programs carried out by national governments and sub-sovereign public authorities; could provide co-financing to EU Funds;

➤ **Structural Programme Loans (SPLs)**

Aim at co-financing multi-project investments managed by public authorities included within their Operational Programmes to meet EU economic and social cohesion objectives and supported by grants from the EU Funds.

➤ **Multi-beneficiary intermediated loans (MBILs)**

Used to support SMEs, Mid-Caps and other promoters (e.g. municipalities) of small / medium size projects through banks and national promotional institutions; some MBILs may take forms of ABS / securitization or risk-sharing transactions;

➤ **Equity/Quasi-equity/Hybrid bonds/guarantees**

➤ **Financial instruments under shared management:** Fund of Funds providing loans, equity and guarantees . Complementing EIB products to target projects usually outside reach



# EIB Lending in Cohesion countries/regions

*Bruxelles, 30th June 2020*



# EIB Cohesion lending

## General comments

### EIB Cohesion lending – enshrined in European Treaties and EIB Statutes:

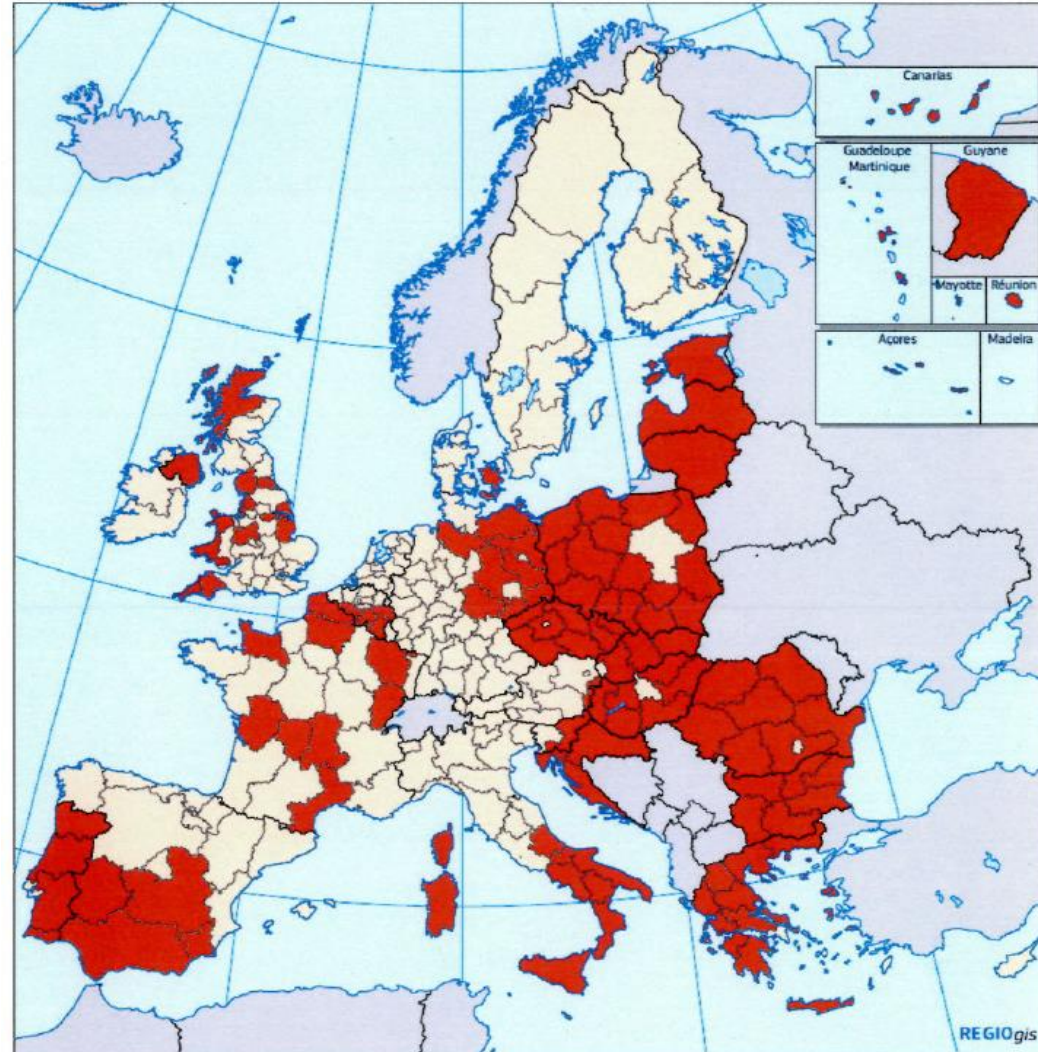
*'The EIB's 'task' is 'to contribute [...] to the balanced and steady development of the internal market in the interest of the Union'.*

To achieve this purpose, Article 309 of the TFEU provides for the Bank to 'grant loans and give guarantees which facilitate the financing of projects for developing less-developed regions'.

### When does an EIB loan fall under cohesion lending?

Project is located in one of the regions classified as EIB Cohesion Priority Regions (Less developed, Transition). Map of these regions is aligned with the EU categorisation of regions.

EIB Cohesion Priority Regions 2014-2020

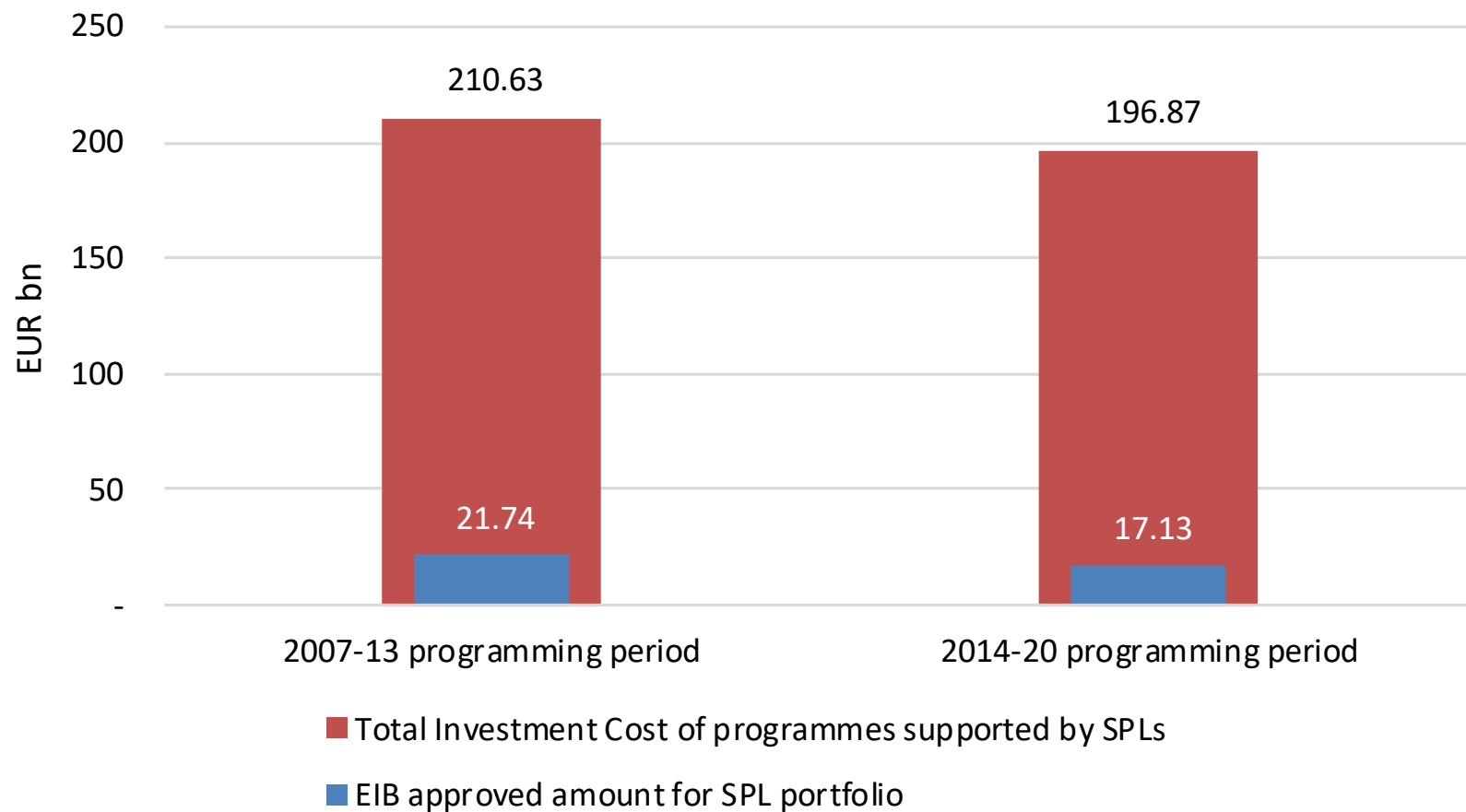


# Some project examples

Operation name	Description	Public Policy Goals				Climate Action	Cohesion
		Environment	Infrastructure	Innovation	SME		
<b>CROATIA EU FUNDS CO-FINANCING (SPL)</b>	Co-financing ESIF supported schemes in Croatia during the programming period 2014-2020 under a Structural Programme Loan (SPL)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	33.00%	100.00%
<b>ZACHODNIOPOMORSKIE REGIONAL FRAMEWORK - Poland</b>	The operation, structured as a framework loan, supports priority schemes in road safety improvements, sustainable mobility, culture and sustainable tourism, health and public buildings in the Zachodniopomorskie region in Poland.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			63.00%	100.00%
<b>DFI FOR URBAN DEVELOPMENT &amp; EE (JESSICA II) - Greece</b>	EIB lending facility for the financing of projects in the areas of urban development, energy efficiency and renewable energy.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			56.00%	100.00%
<b>ATHENS RESILIENT CITY AND INTEGRATED DEVELOPMENT - Greece</b>	A Framework Loan to co-finance selected multi-sector urban schemes aiming at enhancing the resilience of Athens and contributing to its integrated development (ITI Plan).	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		31.00%	100.00%
<b>SOZIALES UND NACHHALTIGES WOHNEN BRANDENBURG III – Germany</b>	The Project will include investments of municipal housing associations, housing cooperatives and private investors concerning new construction and renovation of social housing.		<input checked="" type="checkbox"/>			22.00%	100.00%

# Structural Programme Loans in a nutshell

## Portfolio overview



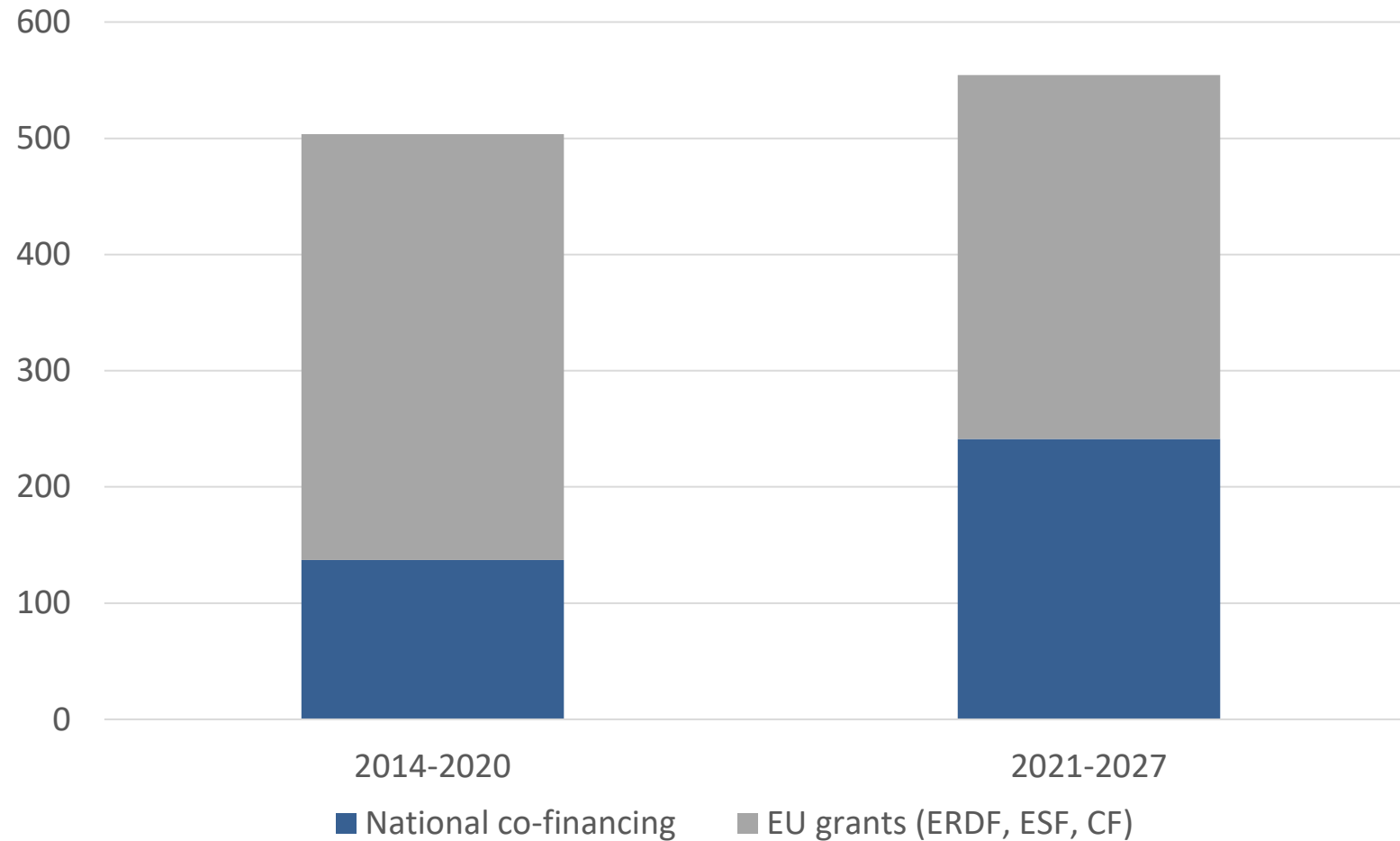
Source: Evaluation of Structural Programme Loans and their contribution to EU Cohesion Policy, 2007-2016, Board Document 18/467





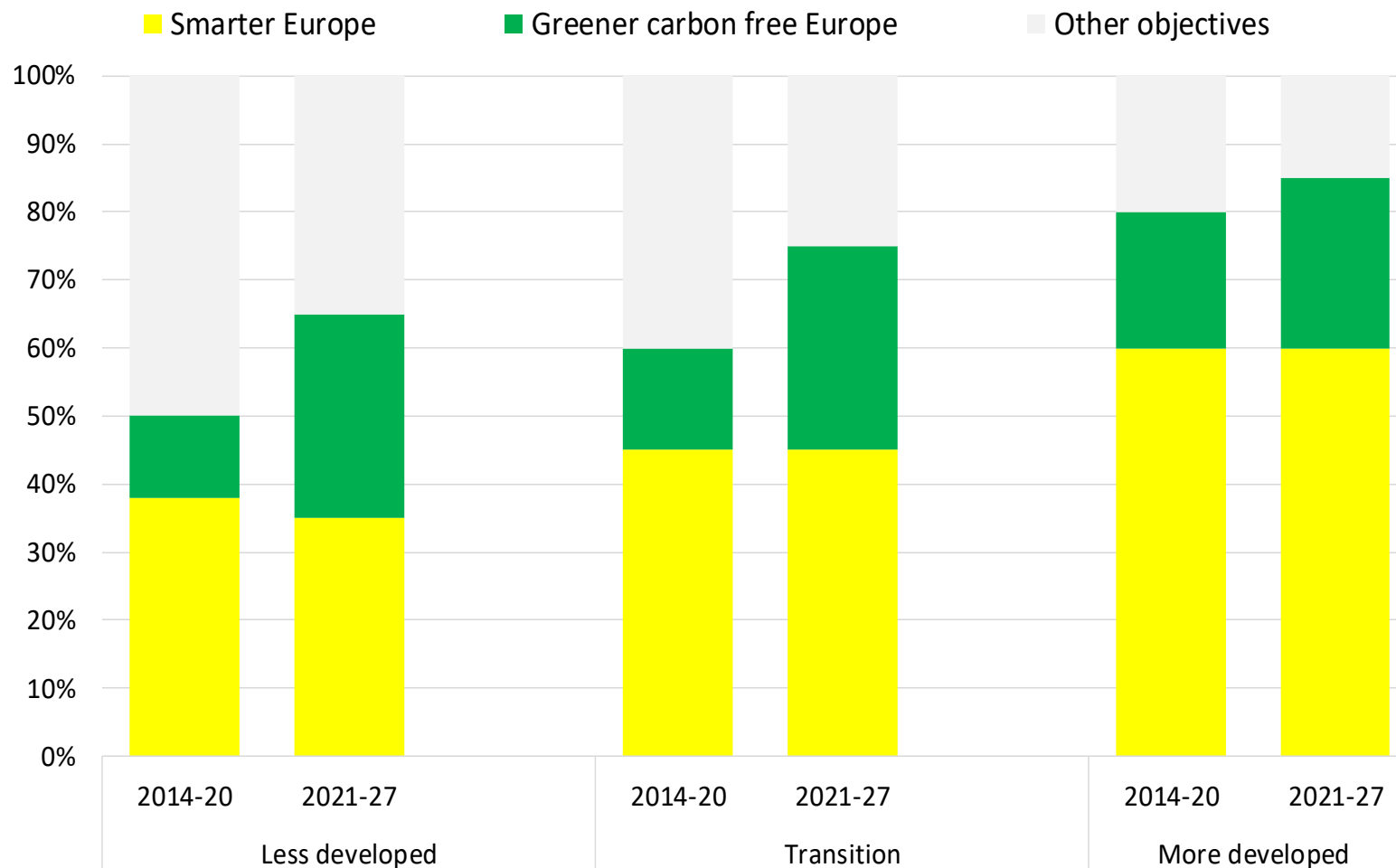
# Higher national co-financing needs ahead

*EUR bn (2018 prices)*



# Stronger thematic concentration ahead

**Minimum percentage of ERDF resources required to meet «smart» and «green» objectives:**



# Mattia Romani

Managing Director, Economics, Policy &  
Governance, European Bank for Reconstruction and  
Development

# Fostering just transition through private sector investments

Mattia Romani,  
MD Economics, Policy and Governance, EBRD



**European Bank**  
for Reconstruction and Development

# The EBRD shares the JTM's vision of the need to address the social costs of low-carbon transition



**European Bank**  
for Reconstruction and Development

“

*Just transition aims to ensure that the benefits of a green economy transition are shared, while protecting vulnerable countries, regions and people from falling behind.*

”

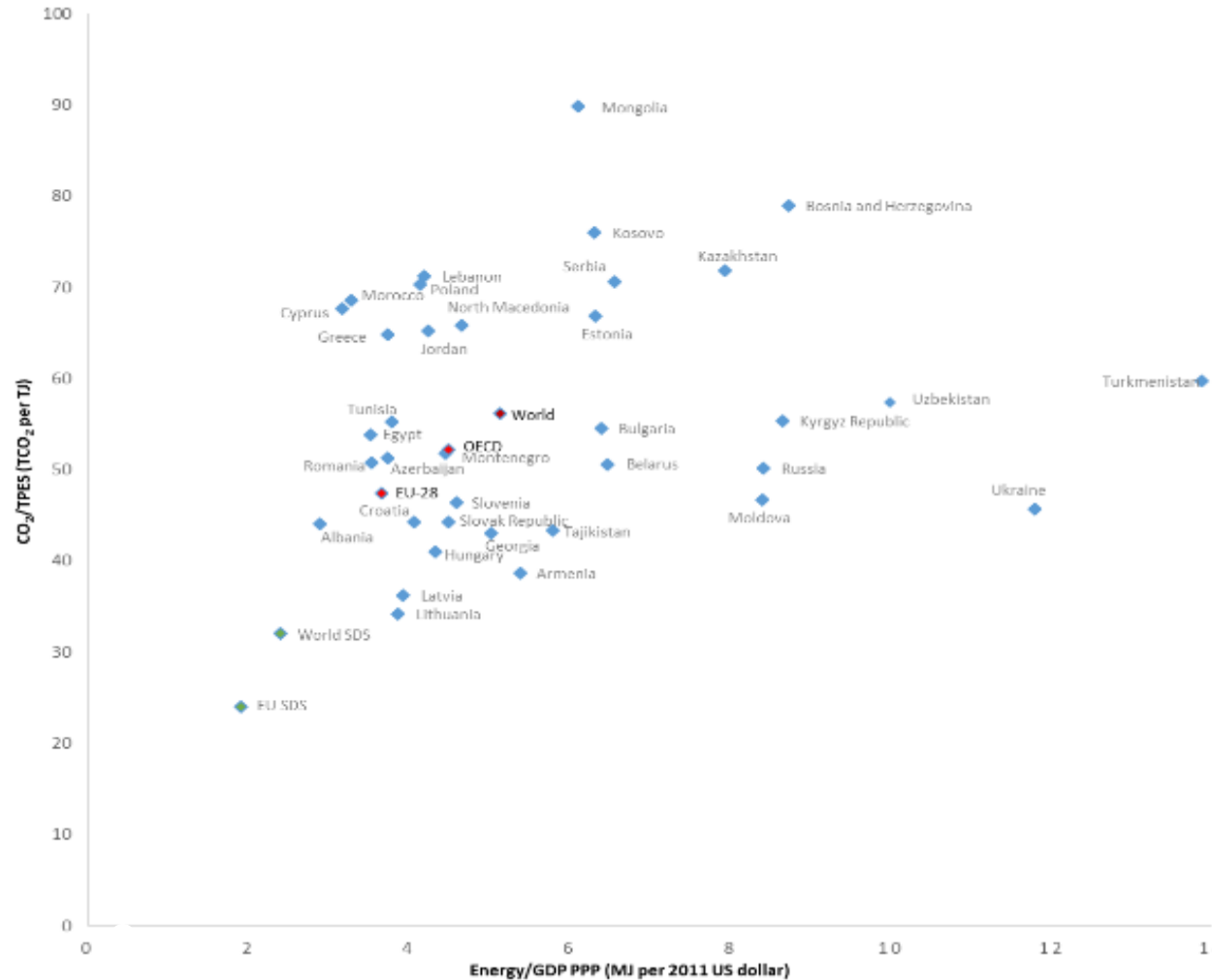


# The countries in which the EBRD operates remain amongst the most carbon intensive in the world



European Bank  
for Reconstruction and Development

Energy and carbon intensities of EBRD countries of operation



## Carbon intensity

- EBRD regions' GHG emissions per capita and per US dollar of GDP are 20 per cent higher than those of comparable countries, based on similar populations and per capita incomes.
- Fifteen of the 38 EBRD CoOs have higher carbon intensity than the world average, and 10 are in the top 20. Similarly, sixteen have higher energy intensity than the world average.

# EBRD has a strong track record of supporting transition across the green and inclusive dimensions

The EBRD has three decades of experience in facilitating transition towards sustainable market-oriented economies through its private sector-oriented business model.



## Green

preserving the environment and protecting the interests of future generations

- Since 2006, the **cumulative EBRD green finance commitments have reached €33.4 billion** with a private sector share of 62 per cent and over 1,900 projects and 190,000 subprojects.
- The **Green Economy Transition (GET)** approach of the EBRD aims to raise the share of green investments to 40 per cent of the Bank's annual investments by the end of 2020. This target was attained in **2019**, with a **green share of 46 per cent**.



## Inclusive

ensuring equal opportunity for all regardless of their gender, place of birth, socio-economic environment, age or other circumstances

- EBRD's **Economic Inclusion strategy** focuses on access to skills, employment and finance, as well as entrepreneurship and services that enhance economic opportunities with over **100 projects worth close to €7 billion** to date.
- The regional development challenges can be addressed with the existing: a) **SME credit lines** issued through local banks; b) **advisory service for small businesses (ASB)**; and c) a strong expertise in the **infrastructure investment** that EBRD regions need.

# The EBRD's approach to just transition will be centred around three key themes

“

*Building on its existing policy and financing activities, the EBRD will enhance its focus on just transition through three themes:*



*green economy transition*



*supporting impacted workers and*

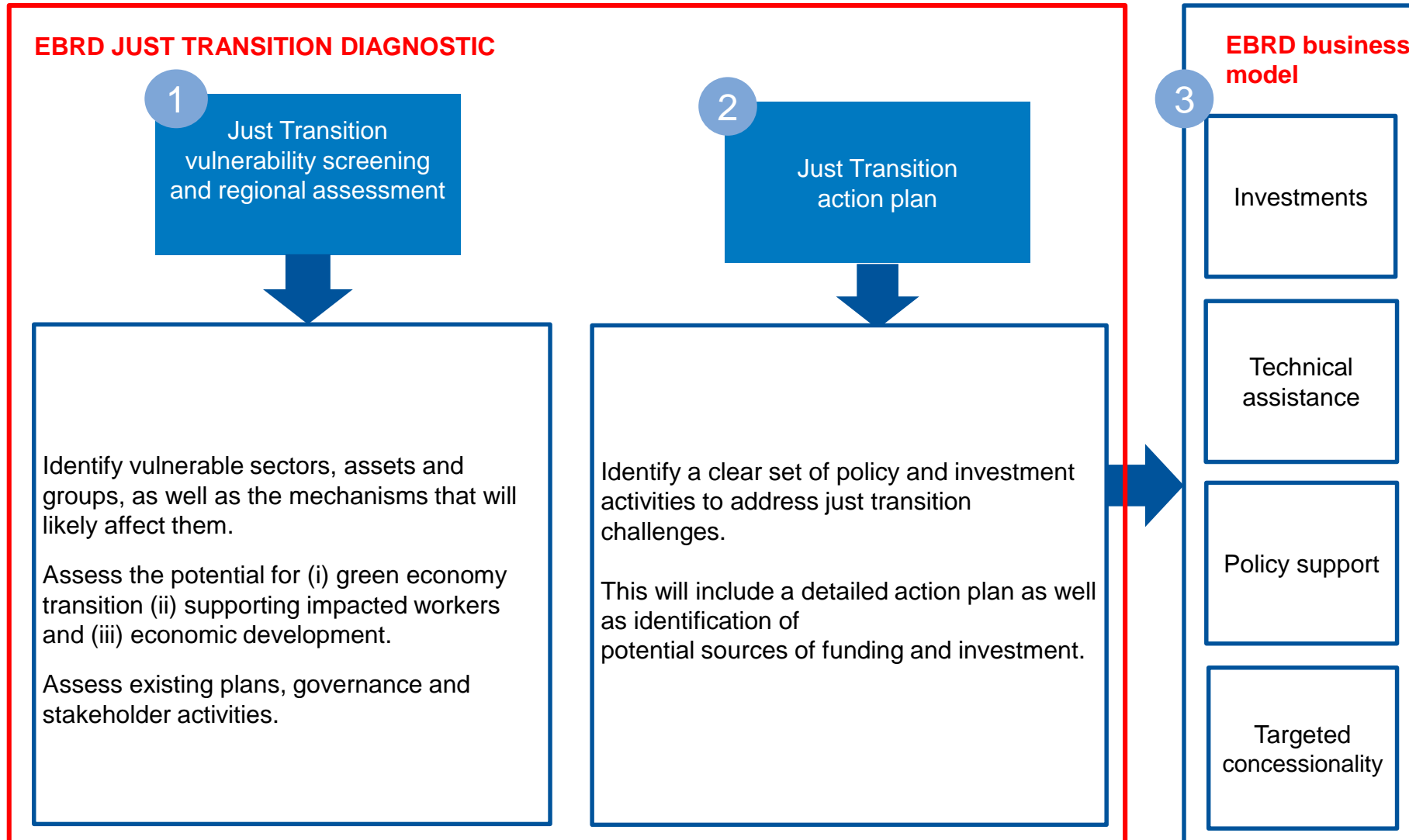


*regional economic diversification*

”



# We will also pilot strategic support for a small number of countries, guided by just transition diagnostics



# We are keen to work with the EU under the JTM, as well with other partners in fostering just transition



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## Within the EU Member states

- Working under the three JTM windows, with a particular focus on investments, guided by the territorial plans.

## In the EU neighbourhood

- Working with the EC, the World Bank and the Energy Community Secretariat to set up a similar Platform for Ukraine and Western Balkan countries.

## Internationally

- Leading the discussion on operationalising the JT among MDBs as part of our work on Paris Alignment.



11:30 – 12:00

## Q&A with audience

# Thank you



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