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# COMMISSION STAFF WORKING DOCUMENT

## Public Sector Loan Facility under the Just Transition Mechanism interim evaluation

*Accompanying the document*

## REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

**on the interim evaluation of the Public Sector Loan Facility under the Just Transition Mechanism in 2025, as referred to in Article 17 of Regulation (EU) 2021/1229**

{COM(2025) 628 final}

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## Glossary

| *Term or acronym* | *Meaning or definition* |
|---|---|
| CEF | Connecting Europe Facility |
| CF | Cohesion Fund |
| CINEA | European Climate, Infrastructure and Environment Executive Agency |
| EC | European Commission |
| EIB | European Investment Bank |
| ERDF | European Regional and Development Fund |
| ESF+ | European Social Fund Plus |
| EU | European Union |
| FNLC | Financing Not Linked to Costs |
| JTF | Just Transition Fund |
| JTM | Just Transition Mechanism |
| JTP | Just Transition Platform |
| JTS | Just Transition Scheme |
| KPI | Key Performance Indicator |
| MS | European Union Member State |
| NPBIs | National Promotional Banks and Institutions |
| PSLF | Public Sector Loan Facility |
| RRF | Recovery and Resilience Facility |
| RRP | Recovery and Resilience Plan |
| SDG | United Nations Sustainable Development Goal |
| SWD | Staff Working Document |
| TJTP | Territorial Just Transition Plan |
| TSI | Technical Support Instrument |

# 1. INTRODUCTION

## 1.1 Purpose and scope of the evaluation

The Public Sector Loan Facility (PSLF) was established in July 2021 by Regulation (EU) 2021/1229[1] (hereafter referred to as 'PSLF Regulation') to help achieve the Union's 2030 climate target and climate neutrality by 2050 in an effective and socially fair manner. The Facility was set up to address serious social, economic and environmental challenges deriving from the transition for the benefit of the Union territories identified in the territorial just transition plans ('TJTPs'). As a blended instrument, the PSLF is expected to mobilise up to EUR 1.3 billion of EU grants, between EUR 6 billion and EUR 8 billion in loans from the European Investment Bank ('EIB') and EUR 6 billion in additional funding sources, reaching a total of between EUR 13.3 and EUR 15.3 billion.

As required by the PSLF Regulation (Article 17), the purpose of this interim evaluation is to evaluate PSLF implementation and its capacity to achieve the objectives set out in Article 3 of the same Regulation. In particular, it should assess:

a) the extent to which the Union support provided under the Facility contributed to address the needs of territories implementing the Territorial Just Transition Plans (TJTPs);
b) how the horizontal principles referred to in Article 4 of the Regulation were taken into account;
c) the need to carry out a gender impact assessment;
d) the application of the eligibility conditions set out in Article 9 of the Regulation and how the visibility obligations were applied;
e) on the basis of the projects supported by the Facility, the extent to which the Facility contributed to the environmental objectives laid down in Article 9 of Regulation (EU) 2020/852[2] .

Next to the specific evaluation requirements as laid out here-above and in line with the Better Regulation (BR) Guidelines and the Interinstitutional Agreement on Better Law-Making[3], the interim evaluation covers the five BR evaluation criteria**,** namely (i) effectiveness; (ii) efficiency; (iii) relevance; (iv) coherence; and (v) EU added value.

The scope of the evaluation covers the Facility from the date when the PSLF Regulation entered into force on 14 July 2021 until 31 January 2025 and targets all EU Member States, in particular, the territories identified in the TJTPs.

[1] 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, available at: Regulation - 2021/1229 - EN - EUR-Lex

[2] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, available at: Regulation - 2020/852 - EN - taxonomy regulation - EUR-Lex

[3] Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making, available at: EUR-Lex - 32016Q0512(01) - EN - EUR-Lex

The grant and the loan components of the PSLF are included in the scope of the evaluation. In particular, the achievement of the objectives of the PSLF is covered for both components. However, the PSLF Regulation has not created an obligation for the EIB to be subject to the EC's evaluations, and the EIB has not agreed to be subject to the Commission's evaluations nor to carry out joint evaluations in the subsequent Administrative Agreement between the EU and the EIB for the implementation of the PSLF. The EIB manages the loan component with its own resources, without any funding from the Commission to cover its administrative or operational costs. In line with the above, the management itself of the loan component by the EIB could not be included in the scope of this evaluation. Specific aspects covering the loan component of the PSLF are based on the supporting study's literature review and stakeholder consultation, as well as publicly available information such as the Commission's interim evaluation of the InvestEU programme[4], the EIB Group Evaluation of EIB advisory activities in the European Union[5] and the EIB Mid-Term Review of the EIB Group support to the Just Transition Mechanism[6].

This interim evaluation is conducted at an early stage of implementation and, as such, focuses on activities and outputs since results and impact cannot be assessed yet. As of January 2025, seven PSLF projects have begun implementation in 2023 and 2024, while 12 applications are either under evaluation or in the process of having grant agreements prepared. The assessment of results and long-term impact will be included in the final evaluation, which is required by the end of the implementation period by no later than 31 December 2031 in accordance with PSLF Regulation (Article 17(3)).

The findings presented in the scope of this Staff Working Document ('SWD') build on two main components. Firstly, this interim evaluation is based on in-house expertise and documentation. Secondly, the assessment builds on the results of a supporting study (hereafter referred to as 'supporting study') contracted by the Commission and prepared by a consortium comprising T33 srl and Prognos AG (for further information, see the Annex II). The supporting study which was carried out between end of April 2024 and January 2025 combines various methods (document review/desk research, survey, interviews and case studies) to provide answers to the evaluation questions enabling the triangulation of the findings.

The evaluation encountered several challenges. Due to the novelty of the PSLF and its early stage of implementation, the pool of stakeholders who could provide meaningful feedback about the PSLF is small. This was especially the case in EU Member States with no implementation of the PSLF. Nevertheless, the Commission considers the analysis and

[4] Commission Staff Working Document SWD(2024) 229, available at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13770-InvestEU-programme-interim-evaluation_en

[5] Evaluation of EIB advisory activities in the European Union (2023), available at: https://www.eib.org/en/publications/20230211-evaluation-of-eib-advisory-activities-in-the-eu

[6] EIB (2024) Mid-Term Review of the EIB Group Support to the Just Transition Mechanism .

results of the evaluation to be sufficiently reliable to draw some early-stage conclusions and lessons learned about the PSLF.

A Commission Inter-Service Steering Group ('ISSG') established for the purpose of this evaluation. It was useful in steering the supporting study and this SWD, while ensuring the quality, representativeness and credibility of the evaluation and its coherence with other related EU policies.

This SWD is organised as follows: section 2 summarises the objectives and expected outcomes of the PSLF, and section 3 describes how the situation has evolved since the adoption of the PSLF Regulation in 2021. Section 4 presents the main findings of the evaluation by criteria and section 5 provides conclusions and lessons learned. The annexes provide additional information about the methodology and analytical models used, about the stakeholder consultation conducted, about the procedure followed for this interim evaluation, provide the supporting study and more information about the PSLF's reporting and monitoring framework.

## 2. WHAT WAS THE EXPECTED OUTCOME OF THE INTERVENTION?

### 2.1 Description of the intervention and its objectives

Context of the intervention

On 11 December 2019, the Commission adopted a Communication on the European Green Deal[7], drawing its roadmap towards a new growth policy for Europe which is based on ambitious climate and environmental objectives. The transition towards a sustainable and climate-neutral economy is a source of new economic opportunities, with significant potential for job creation. At the same time, the transition poses significant challenges for some territories.

The most vulnerable regions and territories are those most affected by the transition given their dependence on fossil fuels. Those regions and territories will need to restructure their industries, ensure that new economic activities can keep the economic and social texture together, and provide the necessary training to the workers concerned to find new jobs. Job displacement in sectors historically dependent on fossil fuels is a critical concern. As positions in these industries diminish, there is an immediate need to create new, high-quality jobs in emerging sectors. Economic diversification remains an indispensable part of the solution.

The transition also raises issues of social inequality and fairness. It is imperative that the shift towards a sustainable economy is equitable and inclusive, ensuring that the associated benefits and burdens are distributed justly across different regions and social groups.

[7] Communication from the Commission on the European Green Deal, available at: EUR-Lex - 52019DC0640 - EN - EUR-Lex

Addressing existing social inequalities is pivotal to achieving a fair transition that is socially acceptable.

Regional disparities compound the challenge, as areas with limited financial capacity struggle to meet the investment needs required for this transition. The most affected regions and territories are also those which dispose of limited resources to mitigate the economic and social costs of that transition and those that have been already weakened by the disruptive economic and social effects of the COVID-19 crisis. Mobilising resources in these regions to upgrade infrastructure and adopt low-carbon technologies is essential. These regions require additional support to capitalise on investment opportunities necessary for their transformation. In this context, on 14 January 2020, the Commission adopted a Communication on 'Sustainable Europe Investment Plan – European Green Deal Investment Plan'[8] in which it announced a Just Transition Mechanism (JTM) to address the specific challenges encountered by the regions that are most affected by the transition because of their dependence on fossil fuels but have less capacity to finance the necessary investments. The JTM provides means for facing the climate challenge while leaving no one behind. Targeted support to generate the necessary investments in these territories is channelled through three pillars: a Just Transition Fund (JTF) providing primarily grants and implemented under shared management, a dedicated Just Transition Scheme (JTS) under InvestEU crowding in private investments, and the PSLF aiming to leverage additional public financing.

Objectives of the intervention

The general objective of the PSLF 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) 2021/1119, for the benefit of the Union territories identified in the territorial just transition plans" (*Article 3(1) PSLF Regulation).

The specific objective of the PSLF is *"to increase public sector investments which address the development needs of the territories identified in the territorial just transition plans, by facilitating the financing of projects that do not generate sufficient streams of revenues to cover their investment costs, in order to prevent the replacement of potential support and investment from alternative resources"* (Article 3(2) PSLF Regulation).

Foremost, the PSLF offers financial support targeted to public entities in vulnerable regions that are heavily reliant on carbon-intensive industries. By directing resources to these areas, the Facility aims to mitigate the socio-economic costs that arise from the transition, thereby easing the impact on local economies. Infrastructural development is a key focus of the PSLF. The Facility can fund critical projects that upgrade and develop infrastructure needed for a low-carbon economy. It can finance initiatives that create jobs in emerging sectors.

[8] Communication from the Commission on the European Green Deal Investment Plan, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52020DC0021

Additionally, the PSLF acts as a catalyst for further investment, leveraging its financial support to attract additional public and private funding.

The scope of sectors that may benefit from PSLF support is large and covers various types of public investments. Recital 6 of the PSLF Regulation refers to a wide range of investments to enhance cohesion and the economic diversification of territories impacted by the transition which include among others, 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, 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. Investments in other sectors could also be supported if they are consistent with the approved TJTPs. On the other hand, investments covering any of the activities excluded under Article 9 of Regulation (EU) 2021/1056[9] cannot be supported under the PSLF[10].

All investments are expected to take into account the United Nations Sustainable Development Goals ('SDGs'), the 'polluter pays' principle, the Paris Agreement[11] and the 'do no significant harm' principle throughout the preparation and implementation of eligible projects. Respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union ('EU'), in particular gender equality and accessibility for persons with disabilities are also to be ensured.

In achieving the objectives and to ensure the effective implementation of the PSLF, advisory support which is paid by the PSLF resources (an amount of up to EUR 35 million of PSLF resources is made available) but implemented under the InvestEU Advisory Hub[12] was set up for the preparation, development and implementation of eligible projects, including support for the preparation of projects prior to the submission of the application. Advisory support for the purpose of the PSLF under other Union programmes is also possible.

[9] Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund, available at: [Regulation - 2021/1056 - EN - EUR-Lex]

[10] The PSLF shall not support: a) the decommissioning or the construction of nuclear power stations; b) the manufacturing, processing and marketing of tobacco and tobacco products; c) an undertaking in difficulty, as defined in point (18) of Article 2 of Commission Regulation (EU) No 651/2014; d) investment related to the production, processing, transport, distribution, storage or combustion of fossil fuels.

[11] OJ L 282, 19.10.2016, p. 4, available at: [EUR-Lex - L:2016:282:TOC - EN - EUR-Lex]

[12] 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, available at: [Regulation - 2021/523 - EN - EUR-Lex]

Functioning of the intervention

Support under the Facility consists of a loan and grant component. With the contribution of EUR 1.3 billion from the grant component, between EUR 6 billion and EUR 8 billion from the loan component and an estimated EUR 6 billion contribution from other sources, the Facility aims at mobilising between EUR 13.3 billion and EUR 15.3 billion of public investments over the period 2021-27.

In order to be eligible to access the grant component under the PSLF, projects should achieve measurable impact, should not receive support under any other EU funding programmes and should also secure a loan from the EIB, the only finance partner of the Facility, in accordance with its own rules, policies and procedures. As a supporting measure, the EIB approved, in December 2021, the possibility to exceptionally increase its financing share of Pillar 3-eligible operations located in its cohesion priority regions to beyond 50% of the project investment cost, while respecting its rules about limits on combined EU and EIB support. There are several types of loans available under the Facility: (i) "investment loans" of at least EUR 12.5 million requested directly from the EIB for a single project, (ii) "framework loans" of at least EUR 12.5 million, requested directly from the EIB, that allow for the financing of several smaller projects, and (iii) "intermediated loans" of at least EUR 1 million, that are offered through partner financial intermediaries (private or public), hence reaching individually smaller public sector projects and entities.

The grant component, implemented by the Commission in direct management, takes the form of Financing Not Linked to Costs[13] ('FNLC')[14] which is calculated as a percentage (15%) of the loan. A higher grant rate (25%) is applied to the loan when the project is located in a less developed region[15].

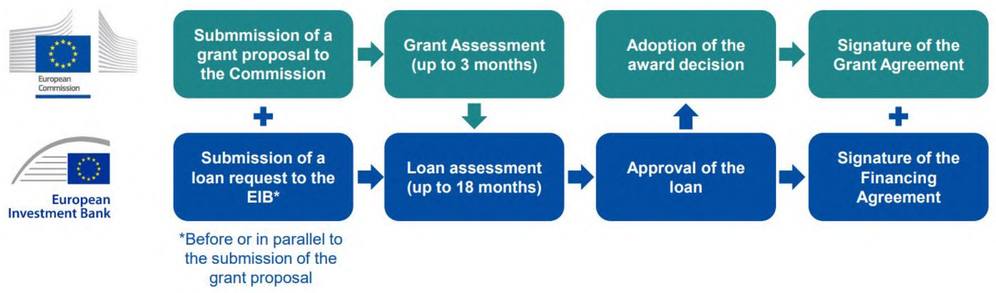
The grant component is allocated through a multi-annual call for proposal. The Commission has delegated specific tasks concerning the implementation of the PSLF to the European Climate, Infrastructure and Environment Executive Agency ('CINEA') which manages the PSLF calls for proposals, including the application process of the grant component. Project proposals are first checked against admissibility and eligibility criteria within 15 days. Proposals found admissible and eligible are then evaluated by the Commission and CINEA and either approved or rejected by the evaluation committee. Successful proposals are invited to prepare a grant agreement. The EIB then finalises its due diligence for the loan component, which may take up to max. 18 months. Once the EIB approves a financing agreement, CINEA may proceed to sign the corresponding grant agreement.

[13] Financing not linked to costs (FNLC) is a simplified reimbursement tool where reimbursements are based on meeting specific conditions or achieving pre-defined results.

[14] In accordance with Article 125 of the Financial Regulation, available at: https://commission.europa.eu/publications/eu-financial-regulation_en

[15] The regional classification is defined in the Common Provisions Regulation, EU Regulation 2021/1060, Article 108(2), available at: https://eur-lex.europa.eu/eli/reg/2021/1060/oj/eng

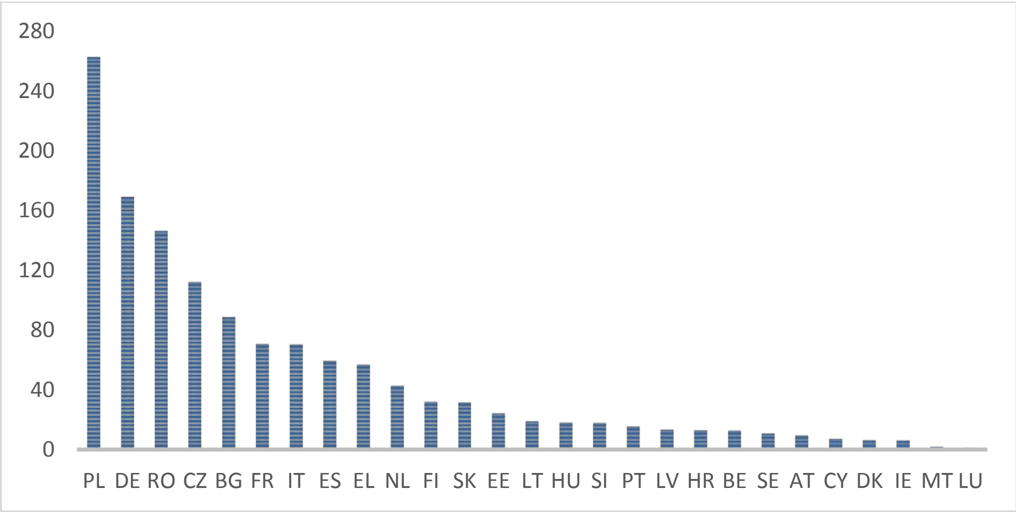
*Figure 1: PSLF application process*




**Source:** European Commission.

In order to ensure that all EU Member States are able to benefit from the grant component, pre-allocated national shares per EU Member State are earmarked until 31 December 2025[16]. The national shares applicable under the Facility are shown in Figure 2.

*Figure 2: PSLF national shares per EU Member State (reserved until 31 December 2025)*




**Source:** European Commission.

The remaining resources of the grant component will be made available without any pre-allocated national shares and on a competitive basis at Union level after the 31 December 2025, in order to optimise the impact of the Facility, through the launch of a second multi-annual call for proposals in Q4 2025.

In order to monitor the implementation and progress, specific key performance indicators ('KPIs') are established in Annex II of the PSLF Regulation. These include KPIs on the financial execution through the volume of grants and loans granted, overall investment

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[16] The national shares are determined based on the allocation methodology detailed in Annex I of the JTF Regulation.

mobilised (broken by sectors) and number of projects receiving support (broken by country and by sector). Reduction of Greenhouse gas emissions (GHG) and job creation, where relevant, are also included. A list of the PSLF KPIs is presented in Annex VIII as well as a more detailed description of the Facility's reporting and monitoring framework.

Intervention logic

The intervention logic of the PSLF summarises how the instrument is expected to work, framing its objectives, inputs, activities, expected outputs, results and impact, as presented in figure 3. While using financial, technical, human and institutional resources (incorporating different type of activities), the PSLF will support investments by public entities addressing the challenges deriving from the green transition in the regions identified in the TJTPs. Such investments, flanked by the InvestEU Advisory Hub (part of which is paid by the PSLF), will produce specific outputs and results as measured via the PSLF KPIs. They are also expected to have wider economic, social, climate and environmental impacts in the EU.

*Figure 3: PSLF intervention logic*

| **Needs:** A wide range of social, economic and environmental needs resulting from the transition challenges in territories (undergoing heavy decarbonisation process) as described in the TJTPs. | | | | | |
|---|---|---|---|---|---|
| **Objectives** | **Inputs** → | **Activities** → | **Outputs** → | **Results** → | **Impact** |
| The general objective of the PSLF 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 for the benefit of the Union territories identified in the territorial just transition plans.<br><br>The specific objective of the PSLF is to increase public sector investments which address the development needs of the territories identified in the territorial just transition plans, by facilitating the financing of projects that do not generate sufficient streams of revenues to cover their investment costs, in order to prevent the replacement of potential support and investment from alternative resources. | Financial<br>• Resources from the EU budget.<br>• Assigned revenues (provided by reflows from EU financial instruments).<br><br>Governance/institutional<br>• PSLF Regulation.<br>• InvestEU Regulation.<br>• Financial Regulation.<br>• TJTPs.<br>• InvestEU Advisory Hub Advisory Agreement.<br>• EC grant management systems and procedures.<br>• Finance partner(s) rules, policies and procedures.<br><br>Technical/human<br>Expertise of:<br>• EC, CINEA.<br>• EIB.<br>• MS, TJTP regions.<br>• NPBIs and other financial institutions.<br>• Advisory and technical services and assistance of the EIB via the Advisory Hub and/or contractors via consultancies. | Negotiating and managing administrative agreements with finance partner(s).<br><br>Raising awareness about the PSLF and ensuring visibility.<br><br>Designing and managing calls for proposals, evaluating and selecting projects.<br><br>Managing signed grant agreements and monitoring their implementation.<br><br>Contributing to the TJTPs concerning the PSLF.<br><br>Providing advisory for the preparation, development and implementation of investment projects.<br><br>Managing financial resources. | Number of projects supported by sector :<br>• Transport.<br>• Social infrastructure.<br>• Public utilities (water, wastewater, district heating, energy, waste management).<br>• Urban infrastructure and housing.<br>• Others<br><br>Number of projects supported by:<br>• Country.<br>• NUTS 2 region.<br>• Just transition territory.<br><br>Volume of grants awarded (EUR).<br><br>Volume of loans signed per loan type:<br>• Individual loans.<br>• Loan schemes (framework loans).<br>• Intermediated loans. | Overall investment mobilised by type of region:<br>• Less developed regions.<br>• Other regions.<br><br>Amount of public financing mobilised.<br><br>Amount of financing mobilised from other sources.<br><br>Total persons reached disaggregated by gender.<br><br>Number and types of public infrastructure, including transport, social infrastructure and public utilities created.<br><br>Number of projects providing direct support to facilitate the transition towards climate neutrality (renewable energy, decarbonisation, energy efficiency).<br><br>Number of projects fulfilling environmental objectives. | Estimated greenhouse emission savings (tonnes of CO2 equivalent per year).<br><br>Estimated climate impacts (climate change mitigation and adaptation).<br><br>Number of direct jobs created disaggregated by gender.<br><br>Use of services and infrastructure provided by supported projects addressing social and economic needs. |
| **External factors:**<br>• Availability of public resources which can be leveraged.<br>• Administrative capacity of the just transition regions and potential beneficiaries.<br>• Maturity of project pipelines.<br>• Potential beneficiaries' capacity to make use of debt-based instruments. | | | | | |

The intervention logic of the PSLF follows a structured progression from identifying needs to achieving long-term impacts. Needs refer to the underlying social, economic, and environmental challenges that arise during the decarbonisation process, particularly in regions historically dependent on carbon-intensive industries. These needs are the foundation of the PSLF's rationale.

In response to these needs, the PSLF sets a general objective: to address the adverse effects of the green transition in just transition territories. This is further operationalised through a specific objective, which is to stimulate public sector investment in projects that would otherwise lack sufficient funding due to limited revenue generation.

To achieve these objectives, various inputs are mobilised. Inputs are the financial, technical, institutional, and human resources that support implementation. In the context of the PSLF, these include funding from the EU budget, applicable regulatory frameworks (such as the PSLF and InvestEU regulations), and the expertise and administrative support provided by the European Commission, the European Investment Bank, and national and regional actors.

These inputs enable a set of activities designed to operationalise the Facility. Activities include raising awareness about the PSLF, designing and managing calls for proposals, evaluating and selecting projects, offering technical assistance and advisory services, and overseeing grant management and implementation. These actions directly support the deployment of financial assistance and ensure that beneficiaries can access and effectively use the facility.

As a result of these activities, tangible outputs are produced. Outputs are the direct products and deliverables of the intervention. In the PSLF, these include the number and types of projects supported, the volume of grants and loans awarded, and the construction or renovation of public infrastructure.

These outputs generate immediate and measurable effects, known as results. Results capture how the outputs affect the target groups or regions in the short term. For the PSLF, results include greater public financing mobilised in line with just transition goals, and the delivery of projects that actively contribute to job creation and climate neutrality. In the context of the PSLF, the "overall investment mobilised", the "amount of public financing mobilised" and the "amount of financing mobilised from other sources" are seen as results instead of inputs given that the PSLF is designed to mobilise public financing. This is crystallised by the specific objective of the PSLF, which "is to increase public sector investments which address the development needs of the territories identified in the territorial just transition plans."

Over time, these results contribute to broader, longer-term impacts. Impacts represent the ultimate changes the intervention seeks to bring about. In the case of the PSLF, these include reductions in greenhouse gas emissions, the creation of jobs, and the enhancement of regional resilience to climate change. These impacts reflect systemic shifts that align with the EU's strategic climate, cohesion and just transition policies.

The expected impacts of the Facility cannot be described more precisely, given the wide range of eligible sectors and its demand-based character which make it impossible to predict the sectors in which the Facility will have impacts. Additionally, the large number of potential sectors supported by the PSLF makes sector-based metrics impractical for the intervention logic.

It should also be considered that the PSLF Regulation allows EU Member States and the Commission to define priority sectors through the Territorial Just Transition Plans, which are still subject to change. Consequently, selecting specific sectors for impact measurement may lead to inconsistencies with the priorities outlined in these plans.

Therefore, the intervention logic employs cross-sectoral metrics to capture impacts, such as reductions in greenhouse gas emissions and the number of direct jobs created, categorised by gender. Furthermore, additional cross-sectoral impacts not covered by the PSLF Regulation KPIs, such as those related to public infrastructure and climate impacts, are included in the intervention logic. Currently, while the development of public infrastructure is defined as a milestone or a result at project level in grant agreements, the intervention logic does not include a programme level metric to measure support to public infrastructure. Cross sectoral metrics such as "reach" (percentage of the just transition territories' population that uses or has access to the infrastructure) and/or "utilisation rate" (proportion of the infrastructure's design capacity that is actively being used over a given time period) could be used to monitor the use of supported public infrastructure.

### 2.2 Points of comparison

The PSLF is a new instrument which was established in 2021 and therefore the current period of PSLF implementation cannot be compared with previous implementation periods of the same instrument.

The primary point of comparison for the PSLF will involve assessing its progress and outcomes against its own benchmarks at various stages of implementation. This includes examining various aspects such as the number of projects supported, sectoral coverage, leverage of private and public funds, geographical coverage, environmental impact and the inclusion of less developed regions. The assessment of these points will primarily be quantitative; however, qualitative evaluation will be employed where quantitative data is unavailable.

The comparison with other Financial Instruments (FIs) implemented under cohesion policy was also considered but was not retained. The scope of the support of cohesion policy financial instruments is usually specific, whereas PSLF has a very wide eligibility scope which makes these FIs difficult to compare. Moreover, FIs implemented under shared management typically target financially viable investments in the private sector, whereas eligible beneficiaries under PSLF are limited to the public sector. Furthermore, EIB operations under the PSLF are relatively large. The minimum EIB loan amount of EUR 12,5 million exceeds the size of the smaller-scale operations supported by ESIF FIs. No other FIs with similar objectives to the PSLF were identified for the purpose of comparison in the framework of this evaluation.

Another point of comparison to assess PSLF implementation which can be considered relates to a counterfactual situation of what would have happened in its absence. This could be done by comparing a group of applicants that have applied for the PSLF grant but did not receive it, with the group that did apply and did receive the PSLF grant. Such a comparison would allow to assess the added value of the PSLF grant but is not feasible yet due to the limited number of instances where beneficiaries either withdrew their applications or saw their applications rejected, making the population of control group too small to reach any meaningful conclusions.

# 3. HOW HAS THE SITUATION EVOLVED OVER THE EVALUATION PERIOD?

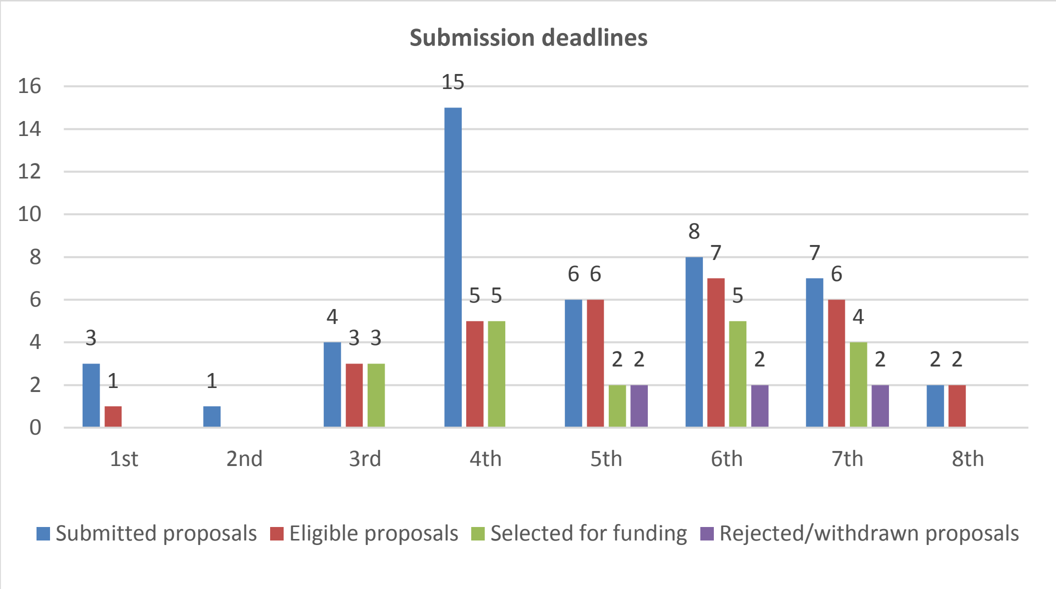
## 3.1 Current state of play of PSLF implementation

Publication and results of the PSLF multi-annual call for proposals (2022-25)

The publication of the first call for proposals under the Facility was subject to the completion of a number of preparatory steps and the adoption of a sufficient number of TJTPs which eventually allowed CINEA to publish the call for proposals under the PSLF on 19 July 2022, with the first submission deadline occurring on 19 October 2022 which was followed by three submission deadline each calendar year (January, April, and September). Only the TJTPs for Greece and Cyprus had been adopted at the time the PSLF call for proposals was launched. Therefore, while the call was published, most potential beneficiaries could not apply yet as their TJTPs were not adopted. Publishing the call at this date was meant to (i) give access to the PSLF to applicants from MS which had adopted TJTPs, (ii) allow other applicants to submit proposals to the PSLF call for proposals as soon as their respective TJTPs were adopted and (iii) give visibility to all stakeholders about the delivery model of the PSLF in order to promote its future uptake.

The results of the call for proposals (from 1st until the 8th submission deadline) have occurred as follows (as shown in figure 4):

*Figure 4: results of the PSLF call for proposals (until the 8th submission deadline)*




**Source**: European Commission.

By the 8th submission deadline, 46 project proposals have been received, 30 out of these (65%) were found admissible and eligible, and 17 were selected for funding by the PSLF evaluation committee. After completing the due diligence process of the loan component undertaken by the EIB, 7 selected project proposals were awarded a PSLF grant after the signature of the loan agreement.

Currently, PSLF selected projects[17] focus on various infrastructure initiatives with a key emphasis on cultural, sustainability, energy efficiency, and mobility improvements. In regions such as Moravia-Silesia, sustainable projects include constructing a world-class Ostrava Concert Hall and expanding the capacity for student housing. In places like Usti nad Labem, efforts include the modernization of railway infrastructure and public transportation systems, as well as the revitalization of historical areas to support tourism and urban regeneration.

Across various European regions like Västerbotten, Hauts de France, and Provence-Alpes-Côte d'Azur, projects target sustainable housing, green mobility, and the extension of public transport networks, supporting the transition to low-emission transportation and enhancing urban infrastructure. Other initiatives like Mijnwater in The Netherlands focus on sustainable district heating, while diverse projects in Greece and Spain aim at socioeconomic, healthcare, and energy efficiency transitions. A detailed list of these projects

[17] Including both awarded and undergoing EIB due diligence.

and their KPIs is presented in Annex VII. By January 2025, an amount of EUR 124,27 million, representing 9,5% of the budget available, has been committed.

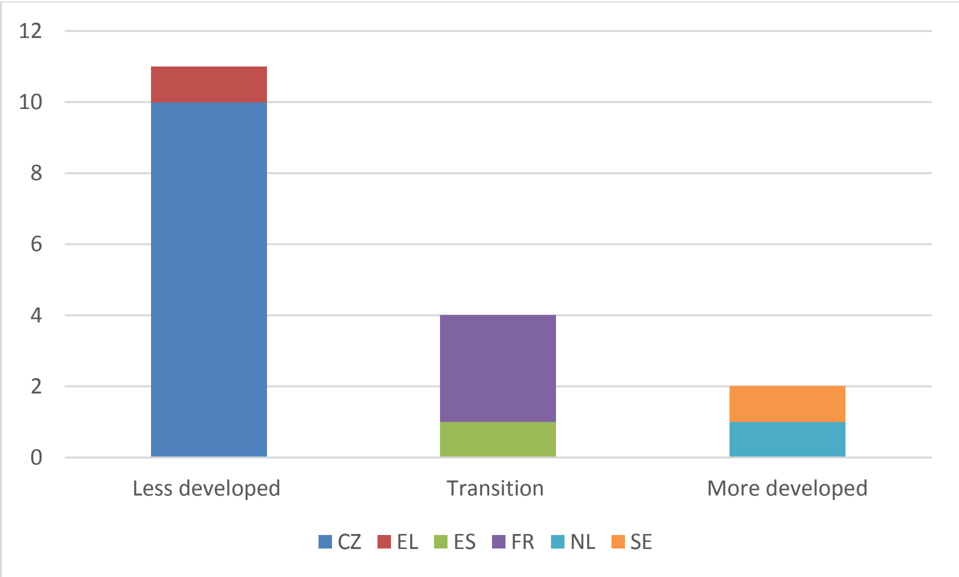
PSLF national share uptake per EU Member State

Selected projects[18] were received from 6 different Member States: Czechia (11), France (3), Greece (1), Latvia (1), Spain (1), Sweden (1), and Netherlands (1). Beneficiaries from France and Sweden have exhausted their MS' respective national shares, and significant uptake is taking place in Czechia. However, there is no uptake in the three MS with the largest national shares (Poland, Germany and Romania). There is no uptake of the PSLF in a majority of MS (20 out of 27).

PSLF uptake per region, sector and type of support

As shown in figure 5, most of the selected projects[19] (17) are located in less developed (11) and transition (4) regions, while the remaining projects (2) are located in more developed regions.

*Figure 5: PSLF uptake in developed, transition and less developed regions.*




**Source**: European Commission.

Regarding the type of support, 6 of the selected projects[20] received are investment loans, 6 received framework loans and 5 received intermediated loans.

[18] Including both awarded and undergoing EIB due diligence.
[19] Including both awarded and undergoing EIB due diligence.
[20] Including both awarded and undergoing EIB due diligence.

The selected projects[21] cover a wide range of sectors including energy efficiency, sustainable district heating and cooling, urban infrastructure, urban renewal and regeneration, renovation and conversion of buildings, sustainable mobility, sustainable tourism, public utilities and social infrastructure including social housing, health and education. Even though one project can cover more than one sector, the most commonly supported sectors include sustainable mobility, energy efficiency and urban infrastructure projects.

Use of advisory support

Potential PSLF beneficiaries can benefit from advisory support financed by PSLF resources (an amount of up to EUR 35 million of PSLF resources is made available), but there are no restrictions for potential beneficiaries to request technical assistance/advisory from other sources, such as the TSI, to support the development of their PSLF applications.

PSLF financed advisory is implemented under the InvestEU Advisory Hub and is provided for the preparation, development and implementation of eligible projects. Six InvestEU Advisory Hub assignments provided under the PSLF are ongoing and one has finalised. Six target public sector entities and cover five Member states: including Greece, Spain, Bulgaria, Czechia and Romania. Three assignments are linked to capacity building, three to project advisory, and one is about market development. The assignments cover a wide range of sectors but are mostly linked to energy and environment. A list of PSLF advisory assignments paid by the PSLF budget is presented in Annex VII.

In addition to the PSLF advisory support available under the InvestEU Advisory Hub, public entities in the concerned regions can benefit from other technical assistance sources paid by other Union programmes. Greece has benefitted from technical assistance under the Technical Support Instrument[22] (TSI), the Project Advisory Support (PASSA)[23] and under JTP Groundwork[24] to submit project proposals to PSLF. At their request, other EU Member States such as Slovakia and Czechia have received external consultancy services financed by cohesion policy funds resources to disseminate information about the PSLF and to develop potential project proposals.

[21] Including both awarded and undergoing EIB due diligence.
[22] The Technical Support Instrument (TSI) is an EU programme that provides tailor-made technical expertise to EU Member States to design and implement reform. More information is available at: https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/technical-support-instrument/technical-support-instrument-tsi_en
[23] Project Advisory Support Service Agreement (PASSA) is a bilateral Agreement between EIB and the Hellenic Republic to support viable projects in the fields of Climate Action and Just Transition. PASSA – Project Advisory Support Service Agreement.
[24] JTP Groundwork is a capacity building support which helps TJTP regions to implement their TJTPs, delivering tailored support, based on the needs that regions have identified.

Communication activities

The Commission, in close cooperation with CINEA and the EIB, raised awareness about the PSLF through joint actions. From July 2022 until January 2025[25], there were 79 meetings with representatives of 25 Member States at national, regional and/or local levels, 39 meetings within EU institutions (e.g. different services of the European Commission, Committee of Regions) and with external stakeholders (think-tanks, civil society organisations, associations, national promotional banks and institutions). PSLF was presented during 31 topic-related events (presentations, Q&A sessions, dedicated stands). It was also included in 2 brochures, 185 posts in topic-related newsletters and websites as well as social media, 76 FAQs on Funding & Tenders portal, four video messages recorded by the Commissioner in charge of Regional and Urban Policy and two Info Days, each with around 300 participants. The CINEA public dashboard also presents all programmes it currently manages with information on approved projects[26].

Decrease in the PSLF budget

The PSLF Regulation provides for a total maximum budget of EUR 1.525 billion of Union support for the grant component of the Facility (including technical assistance and advisory support) combined with a maximum of EUR 10 billion of EIB loans. However, in February 2024, in the context of the mid-term revision of the Multiannual Financial Framework, an overall EUR 1.1 billion redeployment was decided from the direct and indirect management components of CAP and Cohesion policy funds. Consequently, the budget of the PSLF grant component was reduced by EUR 150 million and the PSLF national shares were reduced proportionally. After these redeployments, the maximum budget available for the PSLF grant component was recalculated at EUR 1.3125 billion together with the estimated EIB loan contribution ranging between a maximum of EUR 6 billion and EUR 8 billion.

Efforts to facilitate the accessibility of the PSLF for smaller beneficiaries and projects, as well as to have more intermediated loans with National Promotional Banks and Institutions (NPBIs) have been undertaken jointly by the Commission and the EIB by revising the initial rules of the PSLF. Firstly, the minimum intermediated loan amount was decreased in an agreement between the Commission and the EIB from EUR 3 million to EUR 1 million since September 2023[27]. Secondly, the limitation included in the administrative agreement related to NPBIs involvement in the implementation of the PSLF as EIB financial intermediaries has been lifted. To that end, the administrative agreement between the Commission and the EIB was amended.

[25] External awareness raising activities with potential beneficiaries started after the parameters for PSLF implementation were agreed.
[26] CINEA Project Portfolio - Welcome | Sheet - Qlik Sense (europa.eu)

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

Delegation of the PSLF implementation to CINEA

The management of certain aspects of the PSLF was delegated by the Commission to CINEA, in particular those related to the management of the calls for proposals, grant implementation and monitoring, and awareness raising about the call for proposals, including organising Information Days and other promotional events in coordination with the Commission and the EIB. The division of tasks between the Commission and CINEA was established by a Memorandum of Understanding signed on 5 September 2022. The Commission remains fully responsible for all policy-related aspects.

CINEA has implemented its tasks in line with the abovementioned Memorandum of Understanding. It is worth mentioning that the time taken by CINEA to inform applicants of the outcome of the evaluation of their applications after they have been submitted them to the call for proposals has been on average 3 months, which is lower than the maximal duration of 6 months stipulated in the Financial Regulation. The average time to grant is 3 months and is subject to the time taken by EIB's due diligence of the application (up to 18 months). An evaluation of all executive agencies including CINEA has been launched in 2024.

## 4. TO WHAT EXTENT WAS THE INTERVENTION SUCCESSFUL AND WHY?

### 4.1. Effectiveness

This section examines the implementation of the PSLF's budget, advisory support, communication activities and the operationalisation of the regulation by the European Commission.

Implementation of the PSLF budget

This section aims to address article 17(2)(a) of the PSLF Regulation indicating that "the interim evaluation shall in particular assess […] (a) the extent to which the Union support provided under the Facility contributed to address the needs of territories implementing the territorial just transition plans."

The selected projects[28], submitted up to January 2025 are expected to mobilise approximately EUR 228 million in grants (17% of the budget of the grant component) and EUR 1.4 billion in loans from the EIB. Eligible applications have been submitted by applicants from 6 Member States. This uneven geographic demand is affected by a varying combination of factors which have been identified based on the literature review and interviews:

- Overlap with other co-financing sources offering better conditions for the same type of investments: the first years of PSLF implementation have coincided with (i) the

[28] Including both awarded and undergoing EIB due diligence.

final years of the implementation of 2014-2020 cohesion policy funds where unconsumed funds were at risk of decommitment, (ii) the launch of the RRF, a performance-based instrument, for which failure by Member States to fulfil pre-agreed milestones and targets may lead to decommitment of Next Generation EU[29] funds in 2027 and (iii) the beginning of the 2021-2027 programming period for cohesion funds, including the JTF. Besides the time constraints, these instruments offer a higher grant co-financing rate for similar investments, often making them more attractive than the PSLF. Furthermore, in some MS such as Germany, stakeholders can benefit from favourable funding conditions from a national instrument.

- Administrative capacity crunch: the pressure on administrative capacity of Member States' public authorities caused by the management of the abovementioned funds also plays a role, leading some Member States, such as Romania and Poland, to prioritise the funding instruments facing tighter time constraints and/or offering a higher grant co-financing rate over the PSLF.
- Project pipeline maturity: the unavailability of a mature project pipeline before the PSLF was launched may have delayed its implementation, as does the limited planning or programming for the just transition before the PSLF Regulation and TJTPs were adopted.
- Potential applicants' financial constraints**:** potential beneficiaries' pre-existing levels of indebtedness as well as restrictive legal frameworks affect their capacity to subscribe to additional loans in the framework of the PSLF. Furthermore, applicants are required to co-finance PSLF supported investments, which they may not be in a position to do.
- Ineligibility of projects benefitting from co-financing from other EU sources: projects receiving an EU grant under the PSLF cannot receive co-financing under other Union programmes. Interviews with potential beneficiaries and other institutional actors suggest the combination of PSLF with other EU instruments could have facilitated the uptake of the Facility.
- Timing of the adoption of TJTPs: most TJTPs were adopted in the last quarter of 2022, i.e. after the publication of the call for proposals and after the first submission deadline which also explains the low number of proposals submitted within the first submission deadlines.

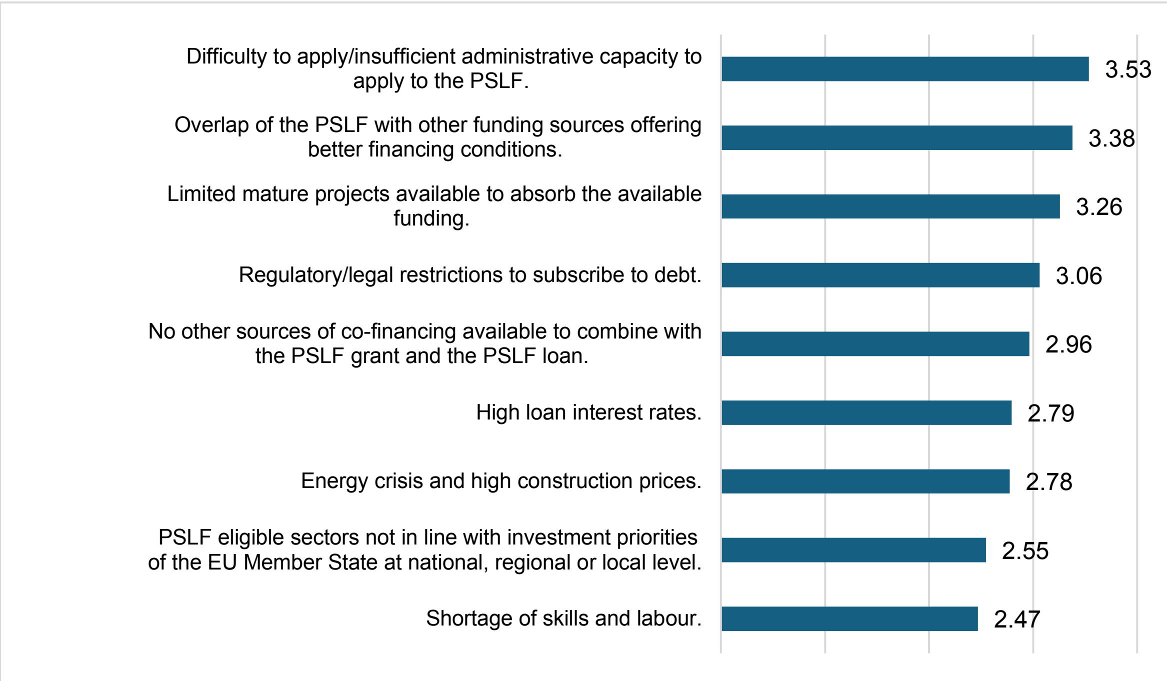
The EIB has also highlighted a number of constraints with potentially severe impact on the deployment of the Facility due to its demand driven nature, namely the timing of adoption of the TJTPs (which is completed in the meantime), geographical fragmentation and expected small project size, lack of financial attractiveness given the low grant rate and

[29] NextGenerationEU is a groundbreaking temporary recovery instrument to support Europe's economic recovery from the coronavirus pandemic and build a greener, more digital and more resilient future.

prohibited combination with other JTM pillars and EU funding sources, and the national shares which are applicable until 2025, limiting PSLF's ability to follow market demand.

Figure 6 as presented below, which is based on the survey of stakeholders, shows the perception of the relative importance of factors and how they might have influenced PSLF uptake. Responses have been examined using an index[30]. Higher values mean a greater influence of the factor. The findings should be interpreted with caution because the survey was completed by a sample of stakeholders that is non-representative and self-selected. This limitation is due to the restricted pool of informed stakeholders available for consultation on the PSLF. Additional details on this issue are provided in Annex II.

*Figure 6: The extent to which the uptake of the PSLF has been influenced by evolving circumstances.*




**Source**: Supporting Study.

62% (33 out of 53) of the surveyed local, regional and national authorities indicated that the PSLF uptake is affected by their insufficient administrative capacity to a (very) large and some extent. 55% (29 out of 53) of them said that PSLF uptake is affected by the overlap with other funding sources offering better financing conditions to a (very) large and some extent. 66% (35 out of 53) of them reported that PSLF uptake is affected by the availability of limited mature projects to a (very) large and some extent.

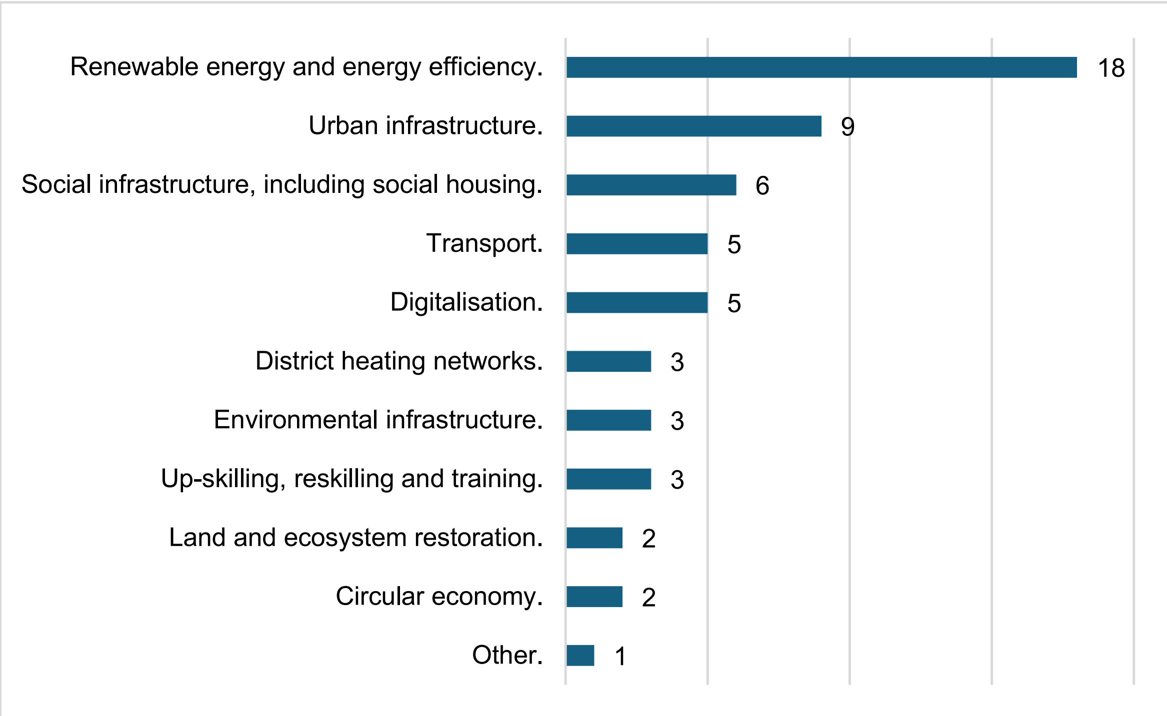
[30] The index rates how much each circumstance influenced the uptake of PSLF on a scale from one ('to no extent') to five ('to a very large to extent'). Each response is rated from one ('to no extent') to five ('to a very large extent'), and the sum is divided by the total number of responses.

There is currently no conclusive evidence concerning how these factors affect some territories more than others, in particular concerning how they affect less developed regions in contrast to other regions. Most of the eligible applications submitted to the PSLF (18 out of 30) relate to less developed regions, which at least allows to conclude that these regions can access the PSLF.

In addition to the above-mentioned factors affecting the implementation of the PSLF, an unintended effect which has been identified in France is the concentration of investments at MS level in one sector. Projects awarded under the first call of proposals (2022-25) were mainly green mobility projects in France, in particular the renewal of rolling stock. This unintended focus of the PSLF in France likely arose because such investments were excluded in the scope of cohesion policy funds and other national or European instruments but could be covered by the PSLF.

Overall, in terms of the expected sectoral allocation of applications and investments, surveyed stakeholders indicated that they are implementing PSLF supported projects or intend to request PSLF support mainly for projects related to renewable energy and energy efficiency, but also for other sectors such as urban infrastructure, social infrastructure including social housing, transport and digitalisation among others.

*Figure 7: Sectors in which surveyed PSLF stakeholders intended implement or implement project supported by the PSLF.*




**Source**: Supporting Study.

The inclusion of the PSLF in the TJTPs has created a clear, understandable and formal reference for policy makers, national and regional authorities and potential applicants. The TJTPs set an indispensable just transition strategy for PSLF applicants to refer to and with which their applications should be in line. TJTPs also guide the EIB's work on identifying a project pipeline for the PSLF.

Interviews with the Commission and EIB institutional representatives, local and national authorities, and the literature review highlight specific factors limiting the use of debt-based instruments. In Romania, local authorities and especially smaller municipalities, have existing debt that hinders their access to PSLF. Romanian local authorities can exceed the legal borrowing limit if the funds are used to co-finance projects supported by EU Funds. However, this exception does not apply to PSLF, and interviewees reported that this issue is being analysed. Similar concerns emerged regarding Czechia, where the use of debt-based instruments largely depends on the regional/local fiscal situation. In general, pre-existing levels of debt, in particular when its level reaches legal ceilings, may discourage or forbid local authorities from applying for PSLF. As highlighted in the case study, Czech debt thresholds limit the budget capacity of local authorities, especially smaller ones.

National legislation and institutional organisation regarding the use of debt by public authorities also affects the uptake of debt-based or blended instruments such as the PSLF. As an example, the Greek legislative framework stipulates that the EIB can sign a loan agreement only with the Ministry of Finance at national level. For local authorities, according to interviewees, this curtails their ability to establish a loan agreement directly with the EIB.

For signed projects, the grant has covered between 5% and 18% of the total investment costs, while the loan has covered between 31% and 73% of the total costs. It follows that the main driver of the PSLF's value for its beneficiaries are the parameters of the EIB loan. Potential applicants will compare the interest rate, the loan duration, the amount of financing and the overall adequacy of the EIB loan negotiation process in meeting their needs compared to the loan parameters offered by commercial banks. While the PSLF is in principle well placed to offer more attractive repayable financing conditions by combining EIB loans and EU grants, commercial banks are typically quicker to provide a loan, offer simpler procedures and can benefit from established relationships with their public sector clients.

In line with the EIB's lending policies, the amount requested for EIB framework loans and investment loans should be at least EUR 12.5 million. This usually covers up to 50% of project costs of about EUR 25 million. While this EIB policy is not specific to the PSLF, it can be a significant entry barrier for municipalities with small projects and limited administrative capacity preventing them from taking up a coordinating role. For framework loans, in addition to the minimal EUR 12.5 million amount, one organisation has to coordinate and negotiate the loan for a group of beneficiaries, which requires administrative capacity, or one beneficiary needs to have a set of its own projects that reach the minimum budget. However, smaller projects are benefitting from PSLF support: out of 17 projects selected to date, 5 projects receive intermediated loans ranging from EUR 1.5 million to EUR 12 million. Framework loans signed in Greece and Sweden relate to sets of smaller projects. Moreover, efforts have been made to more easily reach smaller beneficiaries by lowering the floor which was defined at the outset of PSLF implementation, EUR 3 million, to EUR 1 million as explained in Chapter 3.

A possible solution to high minimum loan size and coordination issues could be a higher engagement from NPBIs and a higher use of financial intermediation. At this stage, intermediated lending is only available in France and Czechia. Loans requested through EIB financial intermediaries can be as low as EUR 1 million, significantly reducing the threshold for smaller size projects. While initial results from Czechia seem promising, no NPBIs outside of Czechia and France have informed the Commission of their interest in offering intermediated lending under the PSLF, despite multiple contacts between the Commission and NPBIs. This was explained by NPBIs primarily by the fact that they are perceiving limited demand for PSLF funding from their clients and/or by limited incentives for NPBIs to get involved in the implementation of the PSLF, due to factors such as the terms of financial intermediation set by the EIB and the onboarding costs which NPBIs would have to incur to begin offering PSLF supported financial products.

Concerning the future uptake of the Facility, it is challenging to assess whether there will be sufficient applications submitted to absorb the budget available. While the full use of the grant allocation is not expected to be achieved within the first call for proposals (open until 2025), it is still possible within the second call for proposals. Factors supporting the uptake of the PSLF from 2026 will be that national shares will no longer apply and that the Facility will be better known among potential applicants thanks to the numerous communication activities undertaken to date. The extent to which other overlapping EU and national funds are programmed or consumed will also be a decisive factor. However, the second call will only be open for two years (2026-27), leaving potential applicants with less time to apply compared to the first call. In addition, given the challenges facing the Facility, the EIB anticipated the risk that financing volumes and investment mobilised might fall short of political expectations.

<u>Application of eligibility conditions under PSLF</u>

This section addresses the eligibility conditions under PSLF responding in particular to Article 17(2)(d) of the PSLF Regulation indicating that "the interim evaluation shall in particular assess […] (d) the application of the eligibility conditions set out in Article 9".

The eligibility conditions as set out in Article 9 of the PSLF Regulation are part of the multi-annual call for proposals (2022-2025) which is aligned with PSLF applicable legal framework, including the PSLF Regulation and the Financial Regulation. The call for proposals explicitly refers to the general and specific objectives of the PSLF regulation. It specifies the type of investments that are eligible for funding under PSLF following preamble 6 of PSLF Regulation. It also includes types of investment which are not necessarily mentioned in the call but are in line with approved TJTPs and are not excluded by Article 9 of the PSLF Regulation. The PSLF call for proposals is also in line with the PSLF regulation's requirements for horizontal principles and introduces prioritisation criteria as stipulated in the Regulation (Article 14(2)). The call text also excludes those projects that do receive support under any other Union programme and do generate sufficient streams of revenues to cover their investments costs. Beyond ensuring that PSLF supported investments reach the entities and sectors targeted by the Regulation, no specific benefits, shortcomings or unintended effects have been identified during the application of the PSLF's eligibility conditions.

Effectiveness of advisory support

The advisory component of PSLF is implemented by the EIB as part of its InvestEU advisory Hub mandate which is a joint EIB-EU programme established under the InvestEU Regulation[31]. Advisory support can be provided in the forms of (1) project advisory for the identification, preparation, development and implementation of eligible projects, including assistance in preparing PSLF grant applications; (2) capacity building to eligible beneficiaries; and (3) market development by raising awareness of potential beneficiaries and relevant stakeholders.

The effectiveness of the InvestEU Advisory Hub as a whole has been assessed in the framework of the interim evaluation of the InvestEU programme concluding that it is too early to assess given that many advisory assignments are still in progress or under preparation. The early implementation stage, combined with the lack of availability of quantitative data on assignments, together with the limited time and budget available has restricted the depth of analysis of individual advisory Hub initiatives, including under the PSLF.

Although the PSLF advisory support is free of charge for the beneficiaries, its demand is low in comparison to the available resources with 6 ongoing advisory assignments and one completed in January 2025. The only completed assignment, provided to the A Coruña Public University Hospital, had the objective of supporting the applicant to draft its PSLF grant application. The corresponding application was subsequently submitted and selected by the PSLF evaluation committee. The other 6 assignments have not been evaluated yet because they were only recently launched, between July 2023 and November 2024, and all of them are still ongoing.

[31] 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, available at: Regulation - 2021/523 - EN - EUR-Lex

According to the EIB, the main challenge for PSLF advisory support has been the low demand for repayable financing instrument, coupled with the fact that early beneficiaries of PSLF were able to present already mature projects with no need for comprehensive advisory support. As a result, demand for advisory support has fallen short of initial expectations. Preliminary findings from several interviews with actors from EU institutions and the EIB suggested that an increased use of advisory support would help increase the uptake of PSLF and the quality of applications, especially for smaller local public authorities. In Romania for example, advisory services are expected to mobilise local actors and support the development of a PSLF project pipeline in Romania.

Additional evidence about the EIB advisory services has been collected within the remit of the interim evaluation of the InvestEU programme[32]. This evaluation did not analyse the implementation of PSLF assignments in particular and it indicates that it is too early to fully assess the impact of the Advisory Hub. However, preliminary findings highlight its beneficiaries' satisfaction with the quality of the services provided by the EIB.

The EIB Group Evaluation of EIB advisory activities in the European Union from 2023[33], another related evaluation, mentions that advisory support has contributed to improving the quality of project documentation and design, and that projects supported by advisory activities were better aligned with EU policy priorities and embedded into wider sectoral or spatial development strategies. Both evaluations conclude, however, that the EIB's advisory offer lacks visibility, which may affect the effectiveness of advisory support available under the PSLF.

It is too soon to assess the impact of advisory on administrative capacity of beneficiaries. It is however expected that there will be a limited number of assignments focused specifically on administrative capacity supported under the PSLF given the limited demand for this type of assignment up to now. Currently, the demand for PSLF advisory is focused on application support, market analysis, project identification and investment planning.

<u>Effectiveness of communication</u>

This section assesses the effectiveness of communication and aims to respond in particular to Article 17 (2)(d) of the PSLF Regulation indicating that "the interim evaluation shall in particular assess […] (d) how the visibility obligations were applied."

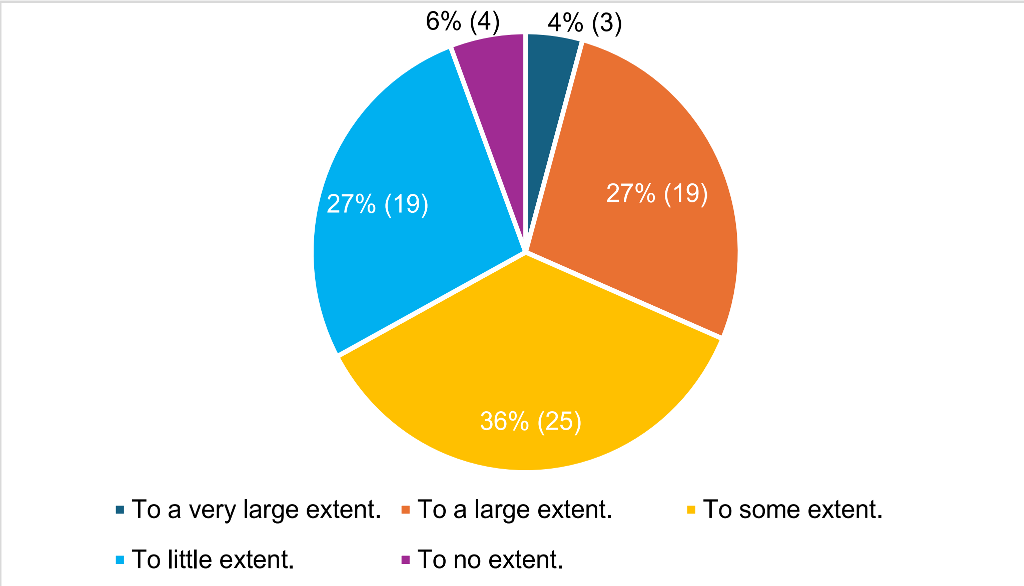
PSLF is a new instrument in the 2021-2027 programming period, therefore communication and information actions were key to promoting its uptake. Survey results suggest that

[32]Commission Staff Working Document SWD(2024) 229, available at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13770-InvestEU-programme-interim-evaluation_en

[33]Evaluation of EIB advisory activities in the European Union (2023), available at: https://www.eib.org/en/publications/20230211-evaluation-of-eib-advisory-activities-in-the-eu

communication has been effective, with 67% of respondents (47 of 70) feeling informed about PSLF to a large or to some extent. 75% (27 of 36) respondents from a TJTP territory, feel informed to a large or some extent. 62% (33 out of 53) of the surveyed local, regional and national public authorities feel informed about the PSLF to a (very) large and to some extent, while 26% (14 out of 53) of them feel informed to little or no extent.

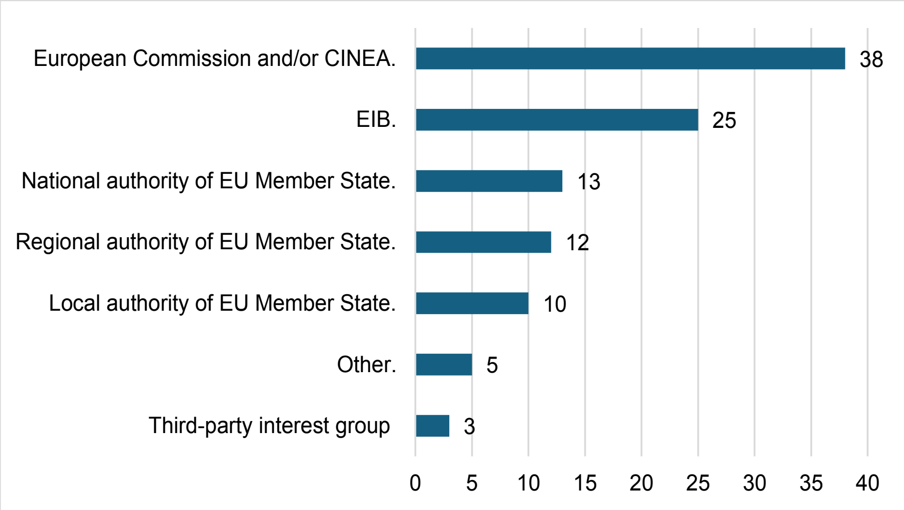
*Figure 81: The extent to which respondents feel informed about the PSLF.*




**Source**: Supporting Study. **Note**: the absolute number of responses is in brackets.

Most respondents received information from the Commission and/or CINEA (38 of 69). This is followed by the EIB (25 of 69). In this regard, the combination of an already existing network within the Commission under the shared management funds and the EIB network of representative offices across the EU has been instrumental to raise awareness about the PSLF. Some respondents received information from national (13 of 69), regional (12 of 69) and local authorities (10 of 69).

*Figure 92: From whom information about the PSLF was received.*




**Source**: Supporting Study.

The ability to communicate with the Commission in their native language was highlighted as positive by national, regional and local public authorities and beneficiaries appreciated the availability of contact persons to address questions about the grant applications. However, despite multiple efforts by the Commission and CINEA to accommodate the language needs of potential applicants, feedback suggests that the language barrier remains a challenge for some stakeholders.

Before communication activities took place, the TJTPs created a first step of awareness raising about the PSLF in the eligible just transition regions. Cohesion policy managing authorities and other national contact points were engaged with the plans which, in turn, helped spread awareness and information about the PSLF. In addition, the involvement of civil society and other actors in the adoption process of the TJTPs might have also further increased knowledge about the PSLF.

Member States help raise awareness about the PSLF, but their level of involvement varies since the PSLF is implemented in direct management mode with no formal role for national authorities (unlike shared management). As shown by the survey, there is an indication that some national authorities are less engaged in PSLF implementation since respondents receive relatively less information about PSLF from national, regional or local authorities (as explained above).

Where national authorities support the PSLF uptake, project applications seem to be mature and successful. For example, the Swedish Agency for Economic and Regional Growth (Tillväxtverket) was very important to explain how PSLF works to Swedish stakeholders. In Greece, the Regional Administration of Western-Macedonia supported PSLF implementation by acting as a beneficiary and co-signing the grant agreement of the first PSLF project.

Finally, visibility requirements to be implemented by beneficiaries of the PSLF have not been assessed as a part of this evaluation because of the early stage of implementation of their projects.

Horizontal principles and gender impact

This section aims to respond to Articles 17(2) of the PSLF Regulation indicating that "the interim evaluation shall in particular assess […] (b) how the horizontal principles referred to in Article 4 were taken into account" and (c) "the need to carry out a gender impact assessment".

Article 4 of the PSLF Regulation states that SDGs, the 'polluter pays' principle, the Paris Agreement and the 'do no significant harm' principle should be taken into account throughout the preparation and implementation of eligible projects. Respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union ('EU'), in particular gender equality and accessibility for persons with disabilities are also to be ensured. Horizontal principles described in the PSLF Regulation (Article 4) are integrated in the implementation and the management of the PSLF in four ways:

- Applicants must provide a declaration of compliance with eligibility requirements.
- Applicants are required to outline measures to be taken and the policies in place to guarantee full compliance with the EU values mentioned in Article 2 of the Treaty on the European Union and Article 21 of the EU Charter of Fundamental Rights, explain the project's impact on gender equality, how it will ensure to avoid any discrimination based on gender racial or ethnic origin, religion or belief, disability, age or sexual orientation throughout the implementation of the project and how it will ensure gender mainstreaming in the project activities. The evaluators assess proposals concerning compliance with the do no significant harm principle on the basis of the "relevance and impact" criterion defined in the call for proposals.
- Horizontal principles are enshrined in grant agreements. Articles on ethics and values provide the legal framework to assess and potentially terminate agreements which would be in violation of horizontal principles.
- Finally, beneficiaries must report on the implementation of their project in line with their signed Grant Agreements. In particular, beneficiaries must indicate how the compliance with horizontal principles was ensured.

Applicant's declarations and the beneficiaries' approach to horizontal principles are assessed during the evaluation of the proposals and during implementation via the periodic reporting submitted by the beneficiaries themselves and on the spot monitoring missions.

In addition, as part of its sustainability policy in due diligence procedures[34] [35], the EIB appraises and monitors all projects and intermediated operations based on environmental, social and governance ('ESG') criteria. Only activities that meet EIB's sustainability due diligence requirements and serve EU policy objectives for smart, sustainable and inclusive growth can be financed.

For some signed grant agreements, a clear gender mainstreaming approach is incorporated. For example, the green mobility project in Nantes (FR) will take several actions towards an integrated equality approach, in particular to ensure a gender security dimension in the use of public transport, but also to achieve a gender balanced participation in employment and training. The housing project in Skelleftea (SE) intends to align the project with its overarching policy for gender equality. Other types of projects signed under PSLF concern interventions that will not have a direct bearing on gender equality. This is for example the case for the reconstruction of the railway bridges in Usti nad Labem region (CZ).

Two regulatory KPIs provide data which is disaggregated by gender. In terms of the estimated number of jobs created by the PSLF for the signed grant agreements, 50% (2870 out of the 5745) are intended by applicants to be filled by women. In terms of the individuals which should be reached by the signed PSLF projects, 52% (1.237.232 out of 2.450.527) are estimated to be women. These figures however do not reveal the type and quality of the jobs, nor the impact expected to be reached on gender by the PSLF. More generally, due to early stage of implementation, a gender impact assessment is not possible yet.

Whenever relevant, signed PSLF projects declare they will take the necessary accessibility measures, taking into account EU and national standards applicable in this regard. An example is the Ostrava Concert Hall project (CZ), for which the beneficiary intends to take several targeted actions during the construction and the implementation phase of the project to ensure the accessibility of the building and its outdoor areas for persons with reduced mobility.

Contribution to environmental objectives

This section aims to respond to article 17(2)(e) of the PSLF Regulation indicating that "the interim evaluation shall in particular assess [...] (e) on the basis of the projects supported by the Facility, the extent to which the Facility contributed to the environmental objectives laid down in Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the

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[34] European Investment Bank Environmental and Social Standards (2022), available at: https://www.eib.org/en/publications/eib-environmental-and-social-standards
[35] EIB Group Sustainability Report 2023 published on 25 July 2024, available at: https://www.eib.org/en/publications/20230334-eib-group-sustainability-report-2023

Council[36], taking into account the applicable screening criteria provided for in that Regulation."

It is important to note that not all investments supported under the PSLF will directly lead to reduction of CO2 emissions. Just transition investments enable the multiple transitions needed to address the socio-economic impact of the green transition, responding to local needs. The underlying investment projects will therefore concern climate action for some projects and be climate-neutral or at least do no significant harm for others. Some just transition projects that do not lead to a direct reduction in CO2 emissions might still score high on environmental sustainability by contributing to the EU's objectives regarding the green transition.

Four out of the seven projects supported by the PSLF declare that they will contribute to CO2 emissions reduction. The framework loan for socioeconomic transition in the Greek region of Western Macedonia will increase public infrastructure energy efficiency and renewable energy production using photovoltaic panels in public buildings (estimated 8.650 tonnes per year CO2 reduction). The three transport projects in France all support the use of energy efficient public transport and public infrastructure, as well as cycling paths (estimated 127.155 tonnes per year CO2 reduction).

Two out of the seven projects supported by the PSLF will not contribute directly to CO2 emissions reduction because they consist in the construction of new buildings: the construction of a concert hall in Czechia and of housing in Sweden. However, these new buildings will have environmental standards exceeding legislative requirements, and include innovative features maximising their energy efficiency, use of renewable energy resources, and features of circular economy.

The remaining project focusing on the improvement of the operability of railway lines for daily commuting in the Usti nad Labem region does not declare a contribution to the attainment of environment objectives, besides a slight reduction in sound pollution. The expected enhancement of the quality and safety of both passenger and freight railway transport could however support the use of public transport instead of more polluting alternatives.

The project to extend the North-South tramway line in Marseille, France also intends to provide further types of contribution to environmental objectives, such as landscaping to promote thermoregulatory spaces, increasing green spaces by 65% in highly urbanised areas and promoting biodiversity.

[36] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, available at: Regulation (EU) 2020/852 of the European Parliament and of t...

Effectiveness of the PSLF's monitoring framework

The monitoring framework of the PSLF is described in annex VIII of this SWD.

The implementation of the PSLF is demand driven and has a wide sectoral eligibility, therefore the precise type of projects and sectors by which it will "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" was not known at the time of the adoption of the PSLF Regulation, nor is it known now. The possibility of monitoring an extensive list of every possibly relevant KPI is burdensome and provides little added value or possibility of aggregation generating meaningful data on the achievement of the PSLF's objectives. Therefore, the PSLF Regulation is focused on two cross cutting KPIs to measure the impact of its general objective which go to the central elements of just transition: job creation and greenhouse gas emissions reduction.

Furthermore, given the limited budget of the PSLF per MS and its supported projects, recurring to the use of macro-economic indicators such as (un)employment, activity levels (gross value added), etc. is not feasible due to the methodological challenge of establishing a clear link of causality between the proportionally small impact of the PSLF on such indicators. Even in the case of France, where the entire national share was consumed during the first call for proposals via an unexpected concentration of investments in the sector of transport and mobility, the aggregated effect of the three PSLF supported projects is not expected to have a measurable impact on macro-economic indicators. This assessment is not expected to change as the implementation of PSLF progresses, since the distribution of PSLF resources among sectors and Member States is highly likely to remain broad.

However, the specific objective to "increase public sector investments (...) by facilitating the financing of projects that do not generate sufficient streams of revenues to cover their investment costs, in order to prevent the replacement of potential support and investment from alternative resources" is appropriately measured, in particular through KPIs related to the "overall investment mobilised". Data on the sector and location of the investments supported will also be collected. As such, it will be possible to differentiate impact analysis across levels of execution and sectors of the investment.

As indicated under point 2.1, the Facility can fund critical projects that upgrade and develop infrastructure needed for a low-carbon economy. While the development of public infrastructure is identified as a milestone or outcome at the project level in grant agreements, the monitoring framework currently lacks a program-level metric to gauge support for public infrastructure. The final evaluation will also provide a comprehensive analysis of the quantity and types of public infrastructure supported, along with their alignment with the just transition strategies specified in the Territorial Just Transition Plans. In addition, the utilisation rate (the extent to which the infrastructure's full capacity is used over a specific period) of the supported infrastructures should be measured to monitor the use of funded public infrastructure. This is also expected to be carried out in the context of the final evaluation given that the Commission's support usually ends once the infrastructure becomes operational, leaving to means to monitor the utilisation rate during implementation to the Commission.

Finally, "ensuring 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 application" is not measured by regulatory KPIs but appropriate data on the assignments as described in annex VIII of this SWD will be available via data provided by the InvestEU Advisory Hub.

An overall weakness of the PSLF monitoring framework is that the general objective, the specific objective and the KPIs do not currently have targets. This shortcoming is further addressed in annex VIII to the SWD, where targets are put forward for several of the PSLF's regulatory KPI, including for the volume of grants awarded, the overall investment mobilised, the number of projects receiving financing under the Facility, Greenhouse gas emission reductions and job creation.

Furthermore, the monitoring framework of the PSLF does not feed into a results framework of the JTM allowing to measure the implementation of TJTPs. The Just Transition Fund is implemented under shared management as a cohesion policy fund, governed by the rules of the Common Provisions Regulation. Its reporting, monitoring and evaluation is conducted in this context and integrated within the monitoring framework of the European Regional Development Fund and the Cohesion Fund. The InvestEU dedicated scheme is implemented under the rules of the InvestEU Regulation in indirect management. The PSLF has its own results framework.

### 4.2. Efficiency

This section of the report assesses the efficiency of the PSLF's delivery model, its application process and the leverage effect of the PSLF grants. A partial Cost Benefit Analysis of the PSLF is available in annex IV of this SWD.

Efficiency of the PSLF delivery model

Ensuring that potential beneficiaries could access PSLF support was subject to the launch of the first PSLF call for proposals. To this end, the completion of several preparatory steps was required, including: the adoption of the financing decision, the adoption of a decision on the use of financing not linked to costs, the delegation of the implementation of the Facility to CINEA, the signature of the administrative agreement with the EIB and the establishment of the advisory support under the InvestEU Advisory Hub. In addition, the adoption of a sufficient number of TJTPs was required.

The PSLF call for proposals, which could theoretically have been launched shortly after the adoption of the PSLF Regulation in July 2021, was instead launched in July 2022. This delay is considered an inefficiency, not only in making the funds available to potential beneficiaries but also in providing them with clarity on the precise rules governing their allocation. The postponement of the call for proposals launch was mainly caused by the delayed adoption of the TJTPs, which were a necessary condition for PSLF support to be awarded.

Another inefficiency related to the inclusion of the PSLF in the TJTP framework is that potential applicants' needs might not be known in detail to JTF Managing Authorities and consequently not included in the relevant sections of the TJTPs. This potentially creates the need for TJTPs to be amended when a Member State considers that one or more types of investments which were not initially included in the section on PSLF of the TJTP should become eligible. In this sense, TJTPs create an additional layer of administrative burden for all parties involved. However, this has occurred in only two occasions until January 2025, i.e. for Sweden and Spain. In both cases, the respective TJTPs were amended to allow additional sectors to be eligible under the PSLF.

Concerning the organisation of the call for proposals itself, it is a multiannual call with 3 submission deadlines (in January, April and September) per year. The multiannual character of the call compared to an annual call has allowed to reduce the administrative burden caused by its management and ensure a predictable framework for all stakeholders. The timing of the submission deadlines, which are 4 months apart from each other on average, allows applicants to submit applications at regular intervals.

<u>Application process and project implementation</u>

Interviews have helped to identify inefficiencies in the application process. The most relevant is the separate application procedures for the grant and the loan, which is perceived as less efficient compared to a single application for both the loan and the grant. This concern was shared by some national, regional and local public authorities and external consultancies. Separate reporting to the CINEA and the EIB require beneficiaries to report twice on the implementation of their projects. From the involved institutions' (the Commission, EIB, CINEA) point of view, the implementation of the PSLF has required considerable coordination to set up and implement. However, some beneficiaries noted that the grant application process was relatively easier and faster compared to other EU direct funds applications.

Another element which can impact the efficiency of the instrument is the gap between the time applicants submit their grant applications and the time they sign the grant agreement. As described in the call for proposals, the grant evaluation process can take up to three months from the time of submission of the application, and the EIB subsequently can take up to 15 months to finalise its due diligence concerning the loan component of the project application, bringing the total evaluation of applications time to a maximum duration of 18 months. Analysis of PSLF implementation indicates that, on average, the evaluation of the grant has taken around two months, and that the adoption of the grant award decision has taken between 6 and 13 months. To ensure transparency and manage expectations, potential applicants are provided with detailed information regarding the estimated timeline for the application process, allowing them to plan accordingly and understand the various stages involved from submission to the final agreement. The length of the entire process is mostly affected by the maturity of the loan parameters at the time of submission of the grant application.

Advisory support holds the potential of supporting the efficiency of the application process by improving the quality of submitted applications or even by defining adequate investment plans upstream which could also potentially lead to quality applications. In turn, this should reduce the time needed for the Commission and EIB application evaluation process. Interviews with stakeholders, including NPBI, beneficiaries and external consultants, highlight that the technical assistance which was provided at the request of Czechia for the benefit of the eligible just transition regions has been useful to develop quality of the project proposals received from Czechia. Seven applications submitted which have benefited from this assistance have been selected by the evaluation, five of which proceeded to the preparations of a grant agreement.

As explained above and as per Article 11 of the PSLF Regulation, the PSLF grant component takes the form of FNLC. Recital 10 of the PSLF Regulation stipulates in this regard that ‘that form of financing should help incentivise project promoters to participate and contribute to the achievement of the Facility’s objectives in an efficient way relative to the size of the loan’. The information collected for this evaluation is not sufficient to confirm the expected simplification benefits. In particular, the impact on administrative costs of the PSLF’s simplification measures has not been estimated due to the limited number of applications received and grant agreements signed at this stage. However, FNLC and the high percentage of the total grant paid by the pre-financing payment (70%) are highly appreciated by French and Greek beneficiaries. They are perceived as simplification measures concerning the administrative burden related to beneficiaries’ monitoring and reporting responsibilities.

Finally, in shared management, especially concerning the European Union's structural and investment funds, managing authorities and implementing bodies are pivotal in administering and executing EU-funded programs. Although the PSLF operates under direct management and does not formally involve these authorities and bodies, some have voluntarily leveraged their resources to aid the PSLF's implementation. This support, ranging from raising awareness to identifying projects and project promoters, allows the PSLF to benefit, at no additional cost, from the established structures designed for shared management, thereby enhancing its efficiency.

Leverage effect of PSLF grants

This report focuses on the first seven awarded projects. The leverage effect, also called multiplier effect in the context of the PSLF, is the ratio between one or more projects' total budget and the amount of the corresponding grant(s). Administrative costs, including EIB costs, are not taken into account for its calculation.

The average multiplier is 12, ranging from a minimum of 5.5 and going up to 21.3. This means that EUR 1 of PSLF grant brings on average EUR 12 of investments at the level of beneficiaries, including the EIB loan[37]. However, it is early to project these values for the entire PSLF grant envelope. The leverage effect of the combined EIB and EC support is lower than that of EC support alone, which is an inherent consequence of the higher proportion of funding involved. Based on the same set of projects, the leverage value of EIB/EC stands at 1.7.Based on the current parameters of implementation of the Facility, the lowest multiplier will be found in less developed regions where PSLF beneficiaries obtain the highest possible combined EIB/EC financing, equalling 90% of the investment costs. In these cases, the multiplier will be equal to 5.5. For other regions, the maximum EIB/EC financing which can be obtained is a combined 57% of investments costs, with a multiplier equal to 13.3. The average multiplier of the Facility will therefore be partly determined by the regional distribution of the supported projects and by the proportion of the investment which is covered by other sources than the combined EIB/EC support.

The current calculation of the multiplier value has not been compared to those of other instruments due to the lack of comparable financial instruments. The PSLF has a broad eligibility scope, and no other financial instruments with similar objectives and beneficiaries were identified for comparative purposes in this evaluation. The JTF, which is a similar programme in terms of sectors and objectives, primarily distributes funds through grants which have a substantially higher rate of grant co-financing. This inherently leads to a lower multiplier than that of the PSLF, making any comparison redundant, except for reinforcing the principle that lower grant co-financing rates lead to higher multipliers.

### 4.3. Coherence

The PSLF stems from the European Green Deal, a comprehensive policy with ambitious objectives for countering climate change and for environmental protection. Several other EU funding instruments in direct and shared management such as RRF, cohesion policy funds –

[37] As indicated in the introduction to this report, PSLF is expected to mobilise up to EUR 8 billion in loans from the EIB and some EUR 6 billion of additional resources by contributing up to EUR 1.3 billion of grants from the European Commission, totalling EUR 15.3 billion of public investment.

European Social Fund Plus ('ESF+')[38], European Regional and Development Fund ('ERDF') and Cohesion Fund ('CF'), Connecting Europe Facility ('CEF'), and LIFE[39] programme contribute to the Green Deal's objectives. The coherence of advisory financed by the PSLF with advisory financed under other sources will also be covered in this section.

Coherence of the PSLF with others pillar of the JTM in the TJTP framework

The PSLF is the third Pillar of the Just Transition Mechanism (JTM) alongside Pillar I, the JTF and Pillar II, the InvestEU JTS. The JTF is a new cohesion policy fund introduced in the 2021-2027 programming period in the context of the European Green Deal. It provides tailored support to specific territories and social categories among the most affected by the climate-neutral economy transition challenges. The JTS under the InvestEU programme supports economically viable investments by private and public-sector entities aligned with just transition objectives.

As part of the JTM, the PSLF has a clear conceptual role as a blending facility targeted towards public authorities, combining grants and EIB loans under direct management specifically for public investments, next to the JTF under shared management and the budgetary guarantee under the InvestEU JTS. The coherence of the three Pillars should be ensured by the TJTP framework. The review of TJTPs confirmed that all documents outline the sectors to be financed under JTF, PSLF and InvestEU JTS to foster coherence between all of them, albeit with a low level of detail for the PSLF[40].

The extent to which coherence is ensured depends on how cohesion policy managing authorities have approached their TJTPs. This is also confirmed by the mid-term evaluation of the Cohesion Policy Programmes 2021-2027[41]. In comparison with the JTF, a wider scope of eligible investments can be observed for the PSLF in several TJTPs. This also confirms that Member States have approached the PSLF in a more flexible manner than the JTF.

Survey results show that the PSLF is perceived as having the greatest synergies with the JTF and to a lesser extent with the InvestEU JTS. At the operational level, stakeholder consultation has revealed that JTF implementation has usually been prioritised over the PSLF. Considerable human resources within Member States were allocated to plan the JTF's implementation and were therefore less available for the PSLF. As indicated in section 4.1,

[38] ESF+ is a shared management fund. It provides an important contribution to EU employment, social, education and skills policies, including structural reforms in these areas. More information is available at: https://european-social-fund-plus.ec.europa.eu/en.

[39] LIFE is a direct management fund entirely dedicated to environmental, climate and energy objectives. More information is available at: LIFE programme - European Commission

[40] More information on the TJTPs is in the case studies.

[41] Mid-term evaluation of Cohesion Policy Programme 2021-2027 financed by the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the Just Transition Fund (JTF) (2024), forthcoming.

besides the JTF's specific time constraints, it offers a higher grant co-financing rate for similar investments, which leads potential beneficiaries to prioritise it. In this context, the implementation of the PSLF could be expected to lag behind the implementation of the JTF, which is confirmed by current figures: 30.2% of available resources under the JTF had been selected (data on implementation as of 31/10/2024, extracted 09/12/2024)[42], while 17% of the budget available for the PSLF grant component has either been awarded or is under assessment in January 2025.

Most Member States ensured that at least one paragraph of their TJTPs mentions PSLF eligible investments in their TJTPs, citing the sectors included in recital 6 of the PSLF Regulation. However, interviews with national and local authorities as well as actors within EU institutions suggest that they did not identify investments eligible under PSLF and, therefore, did not put forward opportunities of  synergies between the JTM Pillars. The context in which Member States were developing their TJTPs was challenging, as they were navigating new terrain with the JTM and tight deadlines, significant financial stakes, and substantial challenges, including setting concrete climate targets for the first time, which led to lengthy and complex negotiations both internally and with the EU.

But there are examples where complementarity between the JTM Pillars were considered. The Swedish just transition process made a distinction between transition needs faced by the economy to be covered by the JTF and those faced by the public sector to be addressed through PSLF. Also, the Dutch TJTP makes a clear distinction by referring to concrete projects which could be subject for funding under the PSLF.

TJTPs were prepared together with local and regional authorities and other stakeholders. In some Member States (e.g. Romania) the authorities responsible for PSLF and TJTP planning differ to those managing the JTF, which might have added complexity regarding complementarity of the three pillars within the TJTPs.

Therefore, coherence between the three pillars of the JTM in terms of sectors and types of investments has only partly been predetermined by the TJTPs and will rather ultimately depend on the proposals which are submitted for PSLF support and their level of coherence with the investments supported under the two other pillars. This raises questions on the strategic approach adopted by MS on their intended use of the PSLF. An upstream definition

[42] This figure is extracted from the latest 2021-2027 DG REGIO Implementation Report number 8 and will be updated based on the latest data transmission of 31-01-2025, with cut-off date 31-12-2024 in the next DG REGIO Implementation Report. The JTF is comparable to the PSLF in terms of its overall budget as it is expected to mobilise EUR 27billion, including EUR 19.7 billion JTF only of investments (+ national cofinancing of 27 billion), while the PSLF is expected to mobilise EUR 13.3 billion. JTF is also a newly introduced instrument structured by TJTPs. In addition, it is focused on fossil-fuel dependent economies and carbon intensive regions to alleviate the socio-economic impact of the transition in most affected regions which makes its type of support to a large extent also comparable with that of the PSLF. However, the JTF is implemented in shared management and primarily focuses on awarding support through grants offering higher rates of co-financing.

of sectors or projects to be supported by PSLF in TJTPs could have promoted a more strategic approach to the PSLF oriented towards the most urgent and impactful needs in complementarity with other EU and national funds. The unrestrictive framework provided by the TJTPs for the PSLF means that coherence is evaluated on a case-by-case basis, per project application submitted.

Coherence with other EU and national funding sources

The eligibility scopes of the RRF and the PSLF allow them to support similar investments. The extent to which there is potential overlap depends on the coherence between Member States' Recovery and Resilience Plans ('RRPs') and TJTPs. While the PSLF mainly targets public sector entities, the RRF covers more types of beneficiaries. The RRF provides performance-based payments to Member States to support a wide variety of grant and loan measures which vary across the RRPs. As stated by the annual implementation report of the PSLF in 2024[43], the RRF is seen by potential applicants as a more attractive EU funding instrument. As such, the PSLF is not expected to be the preferred option for applicants in Member States that have access to RRF funding. The Romanian case study presents a specific instance where the PSLF was considered for an investment, but for which the RRF was finally prioritised. However, the Romanian case study also offers an example of potential synergies between the PSLF and the RRF. Crucially, the RRF supports both investments and reforms, allowing for synergies which increase the overall impact of the programme. The establishment of the Romanian national promotional bank, which is a required reform under the RRF framework (expected to be fully operational in 2025), may benefit future PSLF uptake via intermediated lending.

The 2021-27 EU funds under cohesion policy, in particular the ERDF, the ESF+, and the CF also share overlapping sectoral eligibility with the PSLF, though they are implemented under shared management. Similar to the RRF, these funds could have a broader scope of investments, depending on the negotiations with Member States. In terms of coverage, these funds also have more favourable funding conditions than PSLF, with grant co-financing rates going up to 100% of the project value[44].

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. Second, in terms of areas of intervention, both call for a broad-based, multisector approach to smart specialisation were enabling infrastructure (digital, transport

[43] Report from the Commission to the European Parliament and the Council on the implementation of the public sector loan facility under the Just Transition Mechanism in 2024, COM(2024) 424 final, 30.09.2024, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52024DC0424

[44] Rules of cohesion policy EU co-financing ceilings differ by category of region and fund and can vary across programmes and projects. The ceilings can be found at https://ec.europa.eu/regional_policy/funding/financial-management_en.

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 common legislative framework, (ii) similar beneficiaries, mainly regional and municipal authorities, and (iii) similar finance providers.

As also previously explained regarding the RRF, the programming and implementation of the ERDF, ESF+ and CF has required considerable efforts from Member State authorities. Some are striving to meet tight spending deadlines and reform requirements to access the funds. This might have also influenced their coherence with PSLF in terms of their limited capacity to coordinate its implementation, in particular due to the eligibility condition of the PSLF which does not allow it to be combined with other EU funding sources.

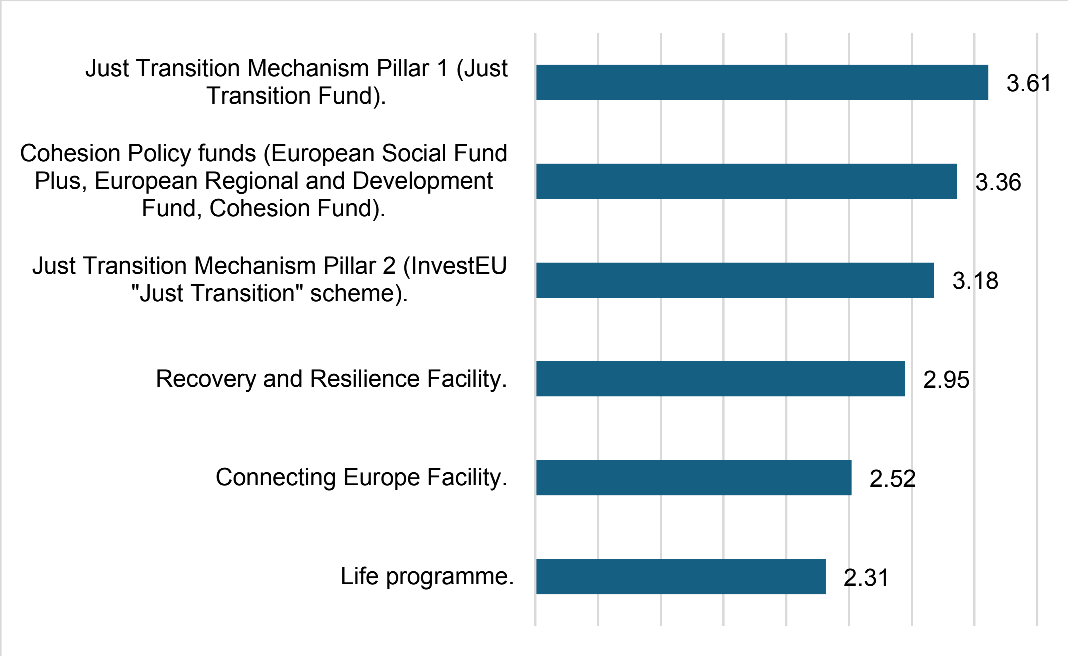
CEF is another EU funding instrument delivering the European Green Deal and an important enabler for the Union's decarbonisation objectives for 2030 and 2050. In addition to grants, CEF offers support through innovative financial instruments such as guarantees and project bonds attracting further funding from the private sector and other public sector actors. Both CEF and PSLF can support public sector entities targeting infrastructure investments in transport, digitalisation and energy. This can be also demonstrated by several projects that have applied for funding under PSLF such as those projects covering mobility and transport in France and energy and transport infrastructure in Czechia[45].

In pursuing the objectives of the European Green deal, the LIFE programme contributes to the shift towards a sustainable, circular, energy-efficient, renewable energy-based, climate neutral and resilient economy. These objectives are also, to some extent, overlapping with PSLF objectives. While PSLF projects can contribute to environmental objectives, LIFE support targets environmental objectives. Broader than PSLF, LIFE supports a wide range of stakeholders including NGOs, local authorities and private entities.

Both CEF and LIFE can create synergies with the PSLF in some sectors, such as energy and transport. Transport and mobility have been an important focus of PSLF support to date, and the investments in local mobility supported by PSLF should be complementary and synergic with investments supported under CEF.

[45] See current state of PSLF implementation in Chapter 3.

*Figure 103: Synergies between the PSLF and other EU programmes.*




**Source**: Supporting Study. **Note**: The index rates synergies of PSLF on a scale from one ('to no extent') to five ('to a very large extent'). Each response is rated from one ('to no extent') to five ('to a very large extent'), and the sum is divided by the total number of responses.

In summary, there is overlapping sectoral eligibility between the abovementioned funds and the PSLF. These similarities potentially create synergies, with different actions supported by different funds providing complementary support. This is the case for example of the PSLF housing project in Sweden, which will aid in the accommodation of workers needed for the development of new industries being supported by other EU Funds. The TJTP framework is another example of a synergy, where the three pillars of the JTM benefit from the same strategic planning process.

However, similar strategic frameworks can also create 'competition' between the different funds for the same projects and for the administrative capacity of the public authorities responsible for the development of those projects. When the attractiveness of EU funding is evaluated on the basis of their grant co-financing rate, PSLF is crowded out. Furthermore, the overlap of different funding opportunities creates additional complexity for potential beneficiaries and coordinating entities as they must discern the most appropriate funding instrument for each investment and understand different instruments' specific rules for each investment, adding further stress on their administrative capacity.

Concerning coherence of the PSLF with national programmes, one overlapping fund with similar objectives[46] has been identified and may partly explain the limited implementation of the PSLF in Germany. The 'Coal Regions Investment' Act ('Investitionsgesetz Kohleregionen') of 2020[47] offers grant rates up to 90% of project costs and its conditions of access within public entities' national framework may be more familiar to potential applicants.

The varying levels of coherence per MS between the PSLF and other funding instruments has resulted in the full national shares of the MS with the largest national shares remaining available, while other MS could have made use of more resources. In France, the national share was insufficient to cover demand and some applications had to be rejected due to lack of available resources. Interviewees have also indicated that applicants from other MS, such as Sweden, did not apply or delayed their applications due to the insufficient remaining budget under their respective national shares. Additionally, in MS where the national share was perceived as being too low (e.g. Luxembourg and Malta), there was less incentive for MS and applicants to invest resources in supporting or developing applications to the PSLF. In Luxemburg and Malta, the amount of the national share is insufficient to reach 15% (EUR 1.875.000) of the amount of the minimal investment loan or framework loan with the EIB (i.e. EUR 12.5 million). The EIB also indicated that the national share earmarked for each Member States may not necessarily reflect market demand.

The co-legislators anticipated the possibility that not all national shares would be fully consumed, as detailed in recital 18 of the PSLF Regulation: "in order to reconcile that objective with the need to optimise the economic impact of the Facility and its implementation, such national shares should not be pre-allocated for the period after 31 December 2025. Thereafter, the remaining resources available for the grant component should be provided without any pre-allocated national share and on a competitive basis at Union level, while ensuring predictability for investment and following a needs-based and regional convergence approach." As a consequence, the second PSLF multi annual call for proposals (2026-2027) will be launched without ring fenced national shares.

Coherence of advisory and technical assistance offered under the PSLF

An unintended effect of the PSLF related to advisory is that, in addition to the advisory financed by the PSLF, other sources of funding have been mobilised by PSLF stakeholders to support the implementation of the PSLF. Public entities in TJTP regions can benefit from several types of technical assistance paid by the Commission, such as TSI, Just Transition Platform Groundwork, C4T GROUNDWORK, and Joint Assistance to Support Projects in European Regions (JASPERS). Another type of technical assistance is delivered in TJTP

[46] As already mentioned in EQs 1, 2, 3 and 9, PSLF sectors are perceived in line with national priorities.
[47] German Federal Ministry of Justice (n. y.). Investitionsgesetz Kohleregionen, available at: https://www.gesetze-im-internet.de/invkg/index.html

regions through the Initiative for Coal Regions in Transition, including START and TARGET. Beneficiaries can also finance additional technical assistance using national resources.

Greece is an illustrative example. In addition to support from the InvestEU Advisory Hub, Greece has benefitted from diverse types of advisory and technical assistance funded by the Commission and other resources. This includes technical support funded by the Structural Reform Support Programme (SRSP), with the World Bank as a technical support provider, to develop a just transition process. Furthermore, support was provided via PASSA with EIB to develop a project pipeline, procedures and capacity building for PSLF implementation. Additional support was received under TSI to implement the just transition in Greece, including development and implementation of the TJTP for the Western Macedonia and Megalopolis regions and support PSLF implementation, as well as via JTP Groundwork to identify PSLF projects in Megalopolis. While projects funded by the TSI have been concluded, other services are still ongoing. The support and assistance varied from needs assessment to developing a project pipeline and support for the PSLF application. Beneficiaries from Greece have submitted a successful application to the PSLF and Greek public authorities have indicated that they intend to submit more. In December 2024, the Commission approved a multi-country advisory support request for Greece (covering all TJTP regions) and Cyprus submitted to the InvestEU Advisory Hub.

As some advisory and technical assistance initiatives are still ongoing and others have recently concluded, conclusions on the impact and complementarity of the initiatives cannot be reached at this stage. However, in Greece, a combined and sequenced approach to advisory and technical assistance services was intended to build the capacity of potential beneficiaries, from needs assessment to developing a project pipeline and preparing a PSLF grant application, which suggest at least an intended complementary and coherent approach towards using different advisory and technical assistance sources.

In the cases of Slovakia and Czechia, the Commission provided external consultancy services to raise awareness and develop potential project proposals. In Slovakia, the TSI financed the assignment “project preparation and implementation of the Just Transition Mechanism in Slovakia” implemented by PricewaterhouseCoopers (PwC). In Czechia, the assignment “Support to Czech Authorities in Improving Their Capacity to Implement Projects under Pillar III of the Just Transition Mechanism”, implemented by PwC as well, was financed by cohesion policy funds. The range of services included awareness raising and mobilisation of potential beneficiaries in TJTP regions, as well as publishing handbooks in national languages, as explained by the annual implementation report of the PSLF in

2023[48]. For example, support in Czechia included disseminating information about PSLF, reviewing and assessing project ideas from potential promoters and hands-on support for the PSLF grant application. Similar TSI technical support was also provided in Slovakia to support implementation of the JTM, including PSLF. Case studies confirm the importance of these services to prepare PSLF project proposals in Czechia. Coherence between these sources of technical assistance and advisory financed by the PSLF was supported by the involvement of the EIB in the assignments' monitoring meetings. In the case of Czechia, it is important to note that the EIB was also involved in the assignment's governance. According to interviews with potential beneficiaries and other national and regional public authorities, coordination between those external consultancy services and the advisory services under PSLF is very important to avoid duplicated efforts.

Interviews with stakeholders, including beneficiaries,  from Czechia indicate that awareness raising and communication activities which took place within the framework of PSLF advisory support and the other technical assistance assignments deployed by other consultants have contributed to increasing the knowledge about the PSLF.

***How did the EU intervention make a difference and to whom?***

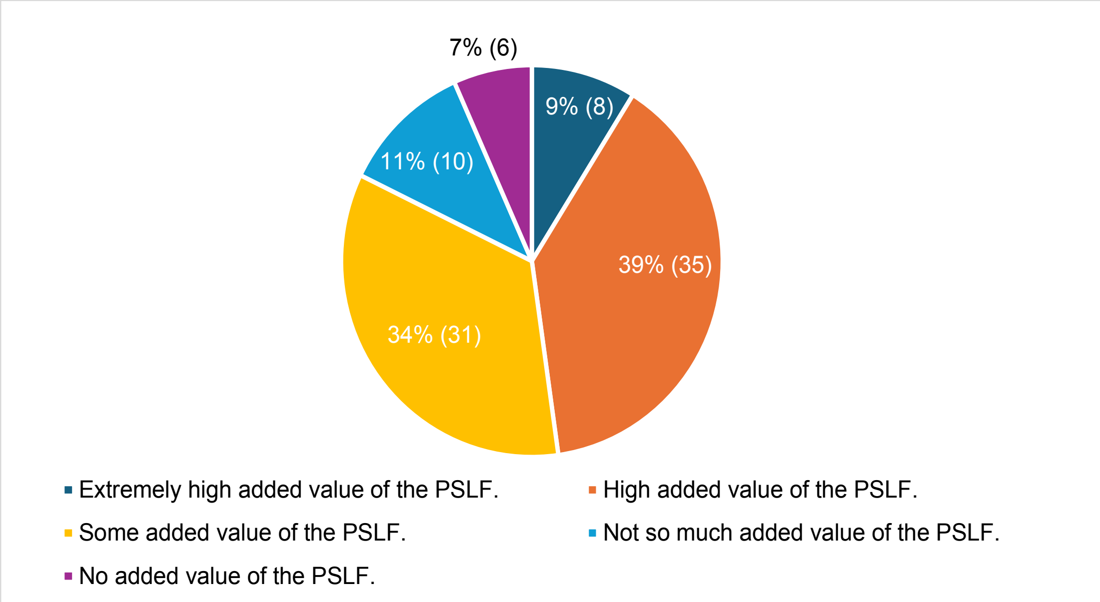
### 4.4. EU added value

This section covers the expected EU added value of PSLF in comparison to potential achievements by Member States on their own or other EU funding programmes with similar objectives.

According to the survey, PSLF is adding value. Figure 11 shows that 82% of the survey respondents (74 of 90) indicate that PSLF is creating at least some added EU value for the just transition, with 48% stating the added value was 'high' or 'extremely high' (43 responses).

[48] Report from the Commission to the European Parliament and the Council on the implementation of the public sector loan facility under the Just Transition Mechanism in 2023, COM(2023) 713 final, 21.11.2023, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52023DC0713

*Figure 11: The EU added value of the PSLF for the just transition in EU Member States*[49]




**Source**: Supporting Study. **Note**: The number of responses is in brackets.

The PSLF is also adding value by making additional resources available to address transition needs in just transition regions. For instance, in France, the high uptake of the Facility seems to be connected to the absence of alternative funding resources to support investments in rolling stock for urban mobility at the EU and national level. As confirmed by the Swedish PSLF beneficiary, the PSLF creates a new opportunity for local public entities to cover just transition investments which would not be possible only through their own resources at the local and national level. The Greek PSLF beneficiary stressed that project investments in the Western Macedonia region could not have materialised without the resources made available under the PSLF.

It is early to conclude about the effect of the PSLF grant on the likelihood that projects would materialise without PSLF support because of the limited number of grants awarded. But its effect ultimately depends on a combination of factors.

Firstly, PSLF grants covered between 5% and 18% of their respective total investment costs. It is assumed that higher rates of co-financing would lead to more substantial anticipated impacts on projects' materialisation. However, given the challenges in securing public resources for supporting just transition projects, the volume of individual grants is also crucial, even if they represent a lower percentage of the total investment costs. For instance,

[49] Low added value means that national/regional policies would fully pursue PSLF objectives, while high added value means that national/regional policies would not – or to a limited extent – pursue PSLF objectives in the absence of PSLF interventions.

although the PSLF grant covers only 5% of the total investment costs for the Marseille Tramway Extension project, the grant amounts to EUR 15 million, a significant funding gap.

Secondly, the grant is perceived by some PSLF stakeholders as a source of additional funding to increase the scope of an otherwise bankable project. In other words, some applicants could carry out their project without PSLF support, however, potentially unprofitable activities with a high social value would be dropped from the project without PSLF support.

Thirdly, in addition to the PSLF's co-financing role, PSLF advisory can, in certain cases, enhance project delivery by increasing the quantity, improving the quality, and accelerating the timeline of projects, all while addressing administrative capacity challenges by providing relevant expertise. Beyond merely creating a project pipeline, PSLF advisory has the potential to assist applicants in developing more effectively designed projects.

Fourthly, when assessing the EU added value of the PSLF, it is important to consider the extent to which retroactive co-financing is requested. Although the PSLF Regulation permits support for projects that have already commenced, the fact that these projects began prior to securing PSLF funding suggests that they might have been feasible without it. However, this assumption cannot be applied universally, as project implementation often deviates from initial plans. Factors such as underestimation of the initial budget, increased costs, reduced availability of other co-financing sources, or changes in the project's scope may arise, necessitating additional support.

Finally, PSLF co-financing can influence the timing of project implementation. The additional funding provided by the PSLF may enable project promoters to commence implementation earlier than they would have otherwise. Specifically, the PSLF grant offers immediate liquidity to beneficiaries, with an initial pre-financing payment of 70% of the grant amount disbursed after the grant agreement is signed. However, there could be a contradictory effect where project implementation is delayed due to the time required to apply for PSLF support, especially when compared to other funding sources that might be more readily accessible.

Additional insight into the PSLF and its added value can be obtained by comparing the scale of its projects with similar types of projects supported under other EU funding instruments. A comparative analysis with ERDF similar type of projects (exported via the Kohesio database) has been conducted. However, this comparison does not provide a clear trend in this regard. In comparison with ERDF, PSLF seems to provide funding for larger size mobility projects in France, and similar size projects in Poland and Greece. No similar projects were found in the Netherlands and Sweden, and the comparison was also not possible in Czechia.

***Is the intervention still relevant?***

### 4.5. Relevance

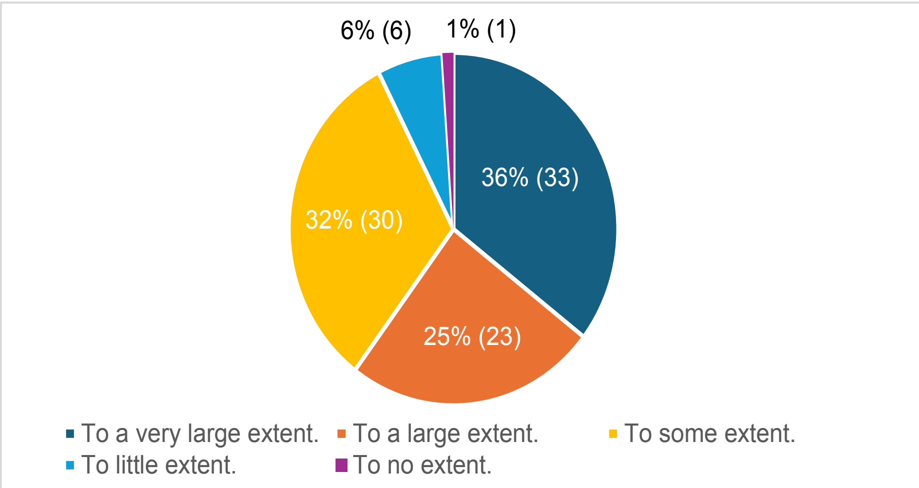
This section examines the relevance of the PSLF for just transition needs, its relevance in the context of the 2024-2029 Commission priorities, and adaptation to recent changes.

PSLF relevance for just transition needs

The PSLF Regulation provides support for a broad spectrum of public investments linked to the just transition, provided that the projects are consistent with TJTPs. Since the adoption of the PSLF Regulation in 2021, TJTPs are therefore the main factor driving the relevance of the PSLF for identified just transition needs. Most of them were adopted in 2022 and are currently being reviewed in the context of the mid-term review of cohesion policy programmes according to Article 18 of the Common Provisions Regulation[50]. The relatively recent adoption of the TJTPs combined with the currently ongoing mid-term review support the continued relevance of the PSLF to meet current needs.

A wide range of stakeholders were consulted concerning the relevance of the PSLF grant component to support a just transition in Member States.

*Figure 12: The extent to which the grant component of the PSLF is relevant to support just transition in EU Member States.*




**Source**: Supporting Study.

As shown in figure 12, for most respondents, the PSLF grant component is relevant. 36% of respondents (33 of 93), indicate PSLF is relevant ‘to a very large extent’ and 25% (23 of 93)

[50] Common Provisions Regulation, EU Regulation 2021/1060, Article 108(2), available at: https://eur-lex.europa.eu/eli/reg/2021/1060/oj/eng

'to a large extent'. 32% (30 of 93) reveal that PSLF is relevant 'to some extent', and 'to little extent' for 6 respondents, and 'to no extent' for only 1 respondent. Of the 93 respondents, 27 are implementing projects benefiting from PSLF or intend to submit a proposal. Of these 27, more than 50% say the grant component is relevant 'to a very large extent' and for 33% 'to a large extent'. Interviews show a wide consensus between institutional actors, national representatives and potential and actual beneficiaries that PSLF objectives are relevant.

As part of its Mid-term Review of the JTM, the EIB acknowledges the relevance and the soundness of the JTM legislative framework focussing on geographical vulnerability and sectoral relevance. The EIB is also committed 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.

PSLF Relevance with the 2024-2029 Commission priorities

Just transition policy sits at the crossroads of various EU policies and initiatives. The policy debate on the future of just transition support is intensifying, and increasing consensus seem to emerge on its relevance for the future. This is also reflected in Commission's 2024-2029 priorities. By funding projects that enhance public services and social infrastructure such as health, sports, and culture, the PSLF is expected to ensure that all citizens have an effective right to stay in the communities they call home. This objective, highlighted in the mission letter to Executive Vice-President for Cohesion and Reforms[51] Raffaele Fitto, is particularly crucial for regions most affected by the transition to a low-carbon economy, as it addresses their communities' evolving needs.

PSLF also delivers on the mission of the Executive Vice-President-designate for a Clean, Just and Competitive Transition[52] Teresa Ribera Rodríguez, by supporting a socially sustainable decarbonization in the regions which have traditionally been dependent on the fossil fuel industry. A flagship PSLF project exemplifying how a polluted industrial city can transform into a vibrant hub for the cultural and creative sectors is the Ostrava Concert Hall. The groundbreaking ceremony for this project was attended by Czech President Petr Pavel in July 2024, which underpinned the significance of the project for the entire region. In addition, 5 745 jobs (full-time equivalents, FTE) are expected to be created by the seven projects already signed under the PSLF. This underscores the economic relevance of the Facility in regions often characterised by economic decline and shrinking employment.

[51] President von der Leyen's mission letter to Raffaele Fitto (2024), available at: https://commission.europa.eu/document/download/a4d2cdf4-a055-419d-92f7-a161962d79dd_en?filename=mission-letter-fitto.pdf

[52] President von der Leyen's mission letter to Teresa Ribera (2024), available at: https://commission.europa.eu/document/download/33d74e86-3a17-472c-ba93-59d1606bbc20_en?filename=mission-letter-ribera_0.pdf

The implementation of the PSLF aligns closely with the political guidelines of the new Commission outlined by its President in July 2024, while advancing the long-term objectives established in the European Green Deal in 2019. The Commission has committed to maximizing public investment in close cooperation with EIB. The implementation of this blending facility is expected to provide valuable lessons for shaping EU investment policies in the post-2027 financial perspective.

The political guidelines also introduced the first-ever European Affordable Housing Plan, to be developed in partnership with the EIB. Notably, one of the inaugural PSLF-financed projects supports the construction of affordable housing in Skellefteå, Sweden, providing a solid foundation for this initiative.

The implementation of the PSLF is poised to support the competitiveness component outlined in the European Commission's political guidelines for 2024-2029. By providing targeted financial support to public sector entities, the facility aims to address the economic and social challenges arising from the transition towards climate neutrality, thereby fostering a more competitive and resilient European economy.

Central to the competitiveness agenda is the Clean Industrial Deal, which seeks to decarbonize industries and reduce energy costs, thereby creating quality jobs and enhancing the EU's industrial base. The PSLF can drive this transformation by financing projects that facilitate the adoption of clean technologies and sustainable industrial practices. Investments in infrastructure and energy efficiency, for example, will help industries reduce their carbon footprint and operational costs, aligning with the objectives of the Clean Industrial Deal.

Furthermore, the facility supports the broader goal of enhancing the EU's Single Market by enabling projects that improve digital and transport infrastructure, critical for boosting productivity and business growth. By financing projects that promote digitalization and innovation, the facility will aid in overcoming structural barriers to competitiveness. This aligns with the political guidelines' emphasis on using digital technologies to drive productivity and increase the EU's global competitiveness. Overall, the public sector loan facility serves as a crucial financial instrument in realizing the European Commission's vision of a competitive and sustainable European economy.

<u>Adaptation to recent changes</u>

Post-COVID-19 and in particular after the Russian aggression against Ukraine in 2022, an extended period of international and internal instability for Europe has affected the availability and price of raw materials and gas, with consequences for inflation, energy and construction. These changes have reinforced the importance of diversifying the economy and specifically the energy sector, increasing the relevance of the PSLF. Increased energy prices bring additional challenges to the green transition process with EU Member States facing additional pressure to provide sufficient affordable energy.

The European Court of Auditors Special Report on 'EU support to coal regions'[53] only briefly mentions PSLF in a description of the JTM. Its findings, however, hint at less relevance for instruments in coal regions as the Russian invasion of Ukraine may delay a coal phase-out. The Institute for European Environmental Policy however indicates that the Russian invasion of Ukraine may push Members States to reduce their reliance on fossil fuels, specifically gas.

The instability affecting PSLF beneficiaries therefore has contradictory effects on the relevance of the Facility. The same contradictory dynamics would apply to the relative increase of interest rates compared to the period between 2016 and 2022. The PSLF requires co-financing from public entities while the EU political and strategic agenda is challenged by fiscal sustainability due to higher interest rates and central bank interventions affecting all public policies. However, higher interest rates could also make the PSLF more relevant, given the fact that it is well positioned to offer attractive conditions compared to loans which could be negotiated with private banks at market rates.

Relevance of PSLF advisory services

The evaluation of the relevance of the advisory support under the Facility presents certain limitations. Notably, no prior impact assessment was conducted specifically for the advisory component, and beneficiary needs were not quantified at the outset.

Initially, evaluating the advisory component was particularly challenging due to the slow uptake of the Facility. At that stage, the demand for advisory support was limited, and its relevance and added value appeared less evident.

Encouragingly, demand for advisory services has increased. The increase in assignments indicates a positive trend, suggesting that the relevance of this support may be rising in parallel with implementation needs. While these findings are still preliminary, they provide early lessons on the relevance of the PSLF advisory support.

It is also widely recognised in research and policy documents that administrative capacity remains a persistent barrier to the timely and effective implementation of quality investments. In this context, advisory support can play a crucial role in helping public authorities and beneficiaries navigate complex application procedures and effective implementation. This is equally true for the PSLF, where its advisory services can support beneficiaries and public authorities in overcoming administrative capacity limitations and enhancing the quality and efficiency of PSLF project implementation.

[53] European Court of Auditors, Special Report 22/2022: EU support to coal regions – limited focus on socio-economic and energy transition, available at: https://www.eca.europa.eu/en/publications?did=62373

# 5. What are the conclusions and lessons learned?

## 5.1 Conclusions

**Effectiveness**

Since the launch of the multi annual call for proposals in July 2022 until 31 January 2025, 46 project proposals have been received, 30 out of these (65%) were found eligible and admissible, and 17 were selected for funding by the PSLF evaluation committee. The selected projects submitted are expected to mobilise approximately EUR 228 million in grants, corresponding to 17% of the grant component budget, and EUR 1.4 billion in total investments including the grants, the loans and additional sources of financing.

Eligible applications have been submitted by applicants from Greece, Sweden, France, Czechia, the Netherlands, Poland, Spain, Latvia and Ireland, but not from the remaining Member States. Several factors are affecting the uptake of the Facility which include, among others, the overlap with other financing sources offering better conditions for the same type of investments, the administrative capacity of public authorities, the availability of mature project pipelines, financial constraints of potential applicants and the ineligibility of projects benefitting from other EU funds since there is a condition under PSLF that PSLF project cannot receive support from other Union programmes.

Other challenges faced by PSLF potential beneficiaries relate to (i) the minimum threshold for EIB direct lending and (ii) the requirements for beneficiaries to obtain framework loans which can be a significant entry barrier for municipalities with small projects and limited administrative capacity preventing them from taking up a coordinating role. Different solutions and supporting measures by the Commission and the EIB have been undertaken to mitigate the situation.

The future uptake of the Facility is challenging to assess. While full grant budget absorption is unlikely to happen in the first call, the second call (2026-27) presents an opportunity. This is in particular the case since awareness about the PSLF has increased and national shares will no longer apply beyond 2025. However, the extent to which other EU and national funds are programmed or consumed will be a decisive factor in this regard.

The inclusion of the PSLF in the TJTPs framework has created a clear, understandable and formal reference for policy makers, national and regional authorities, and potential applicants. While TJTPs place less emphasis on the PSLF than the JTF, they establish a crucial just transition strategy that PSLF applicants should align with and refer to in their applications. In addition, TJTPs have created a first step of awareness raising about the PSLF in the eligible regions.

For signed projects, the grant has covered between 5% and 18% of the total investment costs, while the loan has accounted for between 31% and 73%. This suggests that the key factor driving the PSLF's value for beneficiaries is the structure of the EIB loan. Potential applicants will assess the interest rate, loan duration, financing amount, and the overall effectiveness of the EIB loan negotiation process in addressing their needs, compared to the terms offered by commercial banks. Although the PSLF is generally well-positioned to provide more favourable financing conditions by combining EIB loans with an EU grant, commercial banks often have the advantage of quicker loan processing, simpler procedures, and established relationships with public sector clients.

The advisory support provided by the EIB for the PSLF is delivered through the InvestEU Advisory Hub. By 31 January 2025, six assignments are ongoing, and one is completed covering a wide range of sectors including energy, mobility, environment and social investments. Although the PSLF advisory support is free of charge for its beneficiaries, the demand was initially low which is likely correlated to the overall limited uptake of the PSLF. Therefore, the impact of the InvestEU Advisory Hub cannot yet be assessed. Preliminary findings suggest, however, that the use of advisory support and technical assistance help increase the uptake of the PSLF and the quality of applications.

PSLF is a new instrument, therefore communication and information actions were key to promoting its uptake. The Commission, in close cooperation with CINEA and the EIB, raised awareness about the PSLF through many joint actions targeting several types of potential beneficiaries. Although various level of awareness raising are revealed, there is some evidence that communication about the PSLF has been effective.

Support for PSLF implementation and how much national authorities inform, communicate and promote opportunities under the PSLF varies by Member State that do it on a voluntary basis. National authorities seem to be involved in PSLF communication and implementation when they have sufficient administrative capacity and/or when they perceive PSLF to be relevant for them depending on the national context. Where national authorities support PSLF uptake, project applications seem to be mature and successful.

The horizontal principles referred to in Article 4 of the PSLF Regulation are integrated in the implementation and the management of the PSLF in several ways. The implementation of horizontal principles relies mainly on the declarations and commitments made by PSLF beneficiaries which are assessed during the evaluation of the proposals and during implementation via periodic reporting and on the spot missions. The EIB also appraise and monitor all projects and intermediated operations based on environmental, social and governance criteria. Only those activities that meet EIB's sustainability due diligence requirements are financed.

For some signed grant agreements, a clear gender mainstreaming approach is incorporated, while other types of projects signed under PSLF concern interventions that will not have a direct bearing on gender equality. The current level of implementation of PSLF projects however does not allow to carry out an impact assessment yet. In terms of the estimated number of jobs created by the PSLF for the signed grant agreements, 50% (2870 out of the 5745) are declared by applicants to be intended for women. In terms of the individuals which should be reached by the signed PSLF projects, 52% (1.237.232 out of 2.450.527) are estimated by beneficiaries to be women.

Concerning the contribution to environmental objectives, not all investments under the PSLF will directly contribute to CO2 reduction. The broad range of eligible sectors imply that some investment projects will concern climate action, and some will be climate-neutral or at least do no significant harm for others. Some just transition projects that do not lead to a direct reduction in CO2 emissions might still score high on environmental sustainability. Four out of the seven project supported by the PSLF declare that they will contribute to CO2 emissions reduction (estimated 135.805 tonnes per year CO2 reduction). The other projects supported under PSLF will have some environmental impact such as promoting circular economy and biodiversity.

An overall weakness of the PSLF monitoring framework is that the general objective, the specific objective and the KPIs do not currently have targets. This shortcoming is further addressed in annex VIII to the SWD, where targets are put forward for several of the PSLF's regulatory KPIs, including for the volume of grants awarded, the overall investment mobilised, the number of projects receiving financing under the Facility, greenhouse gas emission reductions and job creation.

**Efficiency**

The launch of the first call for proposals was delayed due to the delayed adoption of the TJTPs, which were a necessary condition for PSLF support to be awarded and the completion of several other preparatory steps. This has had a direct impact on the timing and efficiency of the PSLF implementation.

Another inefficiency may stem from the TJTP framework because potential applicants' needs might not be known in detail to JTF Managing Authorities and consequently their needs were not included in the section concerning PSLF in the TJTPs. This has created the need to amend the TJTPs in Sweden and Spain creating an additional layer of administrative burden for all parties involved.

The multiannual character of the call compared to an annual call has allowed to reduce the administrative burden caused by its management and ensure a predictable framework for all stakeholders. The timing of the submission deadlines, which are 4 months apart from each other on average, allows applicants to submit applications at regular intervals.

On the other hand, the separate application and reporting procedures for the grant and the loan are perceived as less efficient, compared to a single application for both the loan and the grant.

Analysis of PSLF implementation indicates that, on average, the evaluation of the grant has taken around two months, and that the adoption of the grant award decision has taken between 6 and 13 months. The length of the entire process is mostly affected by the maturity of the loan parameters at the time of submission of the grant application.

The information collected for this evaluation is not sufficient to confirm the expected simplification benefits related to the use of Financing Not Linked to Costs. The impact on administrative costs of the PSLF's simplification measures have not been estimated due to the limited number of applications received and grant agreements signed at this stage. However, FNLC and the high percentage of the total grant paid by the pre-financing payment seem to be highly appreciated by the PSLF beneficiaries so far.

PSLF implementation has benefitted from the network of cohesion policy managing authorities and implementing bodies which already exists in the Commission and from the EIB wide network of local offices which has also supported the efficient implementation of the PSLF.

While it is too early to project the value of the PSLF multiplier effect for the entire PSLF envelope, focusing on the seven awarded PSLF projects, the average ratio of investments and PSLF grant amount to 12, ranging from 5.5 for less developed regions to 21.3 for more developed and in transition regions.

**Coherence**

The coherence of the three JTM pillars is outlined in the TJTPs, though they provide limited details on the PSLF. While many Member States mention PSLF-eligible sectors, they often lack specification or clear synergies between pillars. Ultimately, coherence depends on submitted proposals rather than a predefined strategy, with the flexible TJTP framework allowing alignment to be assessed on a case-by-case basis. At the operational level, JTF implementation has usually been prioritised over PSLF.

Coherence between PSLF and RRF which provides funding for similar types of investments depends on the extent to which there is potential overlap and complementarity between the RRPs and TJTPs. The RRF also supports institutional reforms which may provide complementarities with the PSLF. The RRF is seen by potential applicants as a more attractive.

The EU funds under cohesion policy (ERDF, ESF+, and CF) also share overlapping sectoral eligibility with the PSLF, have more favourable funding conditions with higher grant co-financing rates and has required considerable efforts from Member State authorities striving to meet tight spending deadlines and reform requirements to access cohesion funds. Altogether, this has also influenced their coherence with PSLF creating both synergies but also competition between both instruments. When the attractiveness of different EU funding sources is analysed on the basis of their grant co-financing rates, PSLF is crowded out.

The overlap of different funding opportunities creates additional complexity for potential beneficiaries and coordinating entities as they must discern the most appropriate funding instrument for each investment and understand the functioning of the different EU funds.

PSLF can also overlap with national programmes, for example the overlapping fund with similar objectives in Germany which could partly explain the limited implementation of the PSLF in this EU Member State.

More generally, there is a mismatch between the allocated national shares and demand for the PSLF. While the full national shares of the Member States with the largest national shares remains available, other Member States, such as France which has exhausted its national share, could make use of additional resources from the PSLF.

In addition to the PSLF advisory support available under the InvestEU Advisory Hub, public entities in the concerned regions have recurred to several types of technical assistance paid by the Commission within the remit of other Union programmes such as TSI and JTP Groundwork. As some advisory and technical assistance initiatives are still ongoing and others have recently concluded, conclusions on the impact and complementarity of the initiatives cannot be reached at this stage. There is evidence that the awareness raising and communication activities which took place within the framework of PSLF advisory support and the other technical assistance assignments deployed by other consultants have contributed to increasing the knowledge about the PSLF.

**EU Added value**

Preliminary feedback suggests that PSLF is adding value by making additional resources available to address transition needs in just transition regions. It is creating a new opportunity for local public entities to cover just transition investments which would not be possible only through their own resources at the local and national level.

The impact of the PSLF grant on project materialization remains uncertain due to the limited number of grants awarded, but its influence is contingent upon several factors, such as the exact PSLF co-financing date or the volume of the grant. Moreover, the grant serves as additional funding to expand project scopes, potentially ensuring the inclusion of socially valuable but otherwise unprofitable components. PSLF advisory services enhance project delivery by improving quality and accelerating timelines, even addressing administrative constraints.

PSLF co-financing also impacts project timelines, offering immediate liquidity to begin projects earlier than otherwise possible. Nonetheless, applying for PSLF support might delay implementation compared to more accessible funding sources. Comparative analyses of

PSLF projects against similar projects funded by instruments like the ERDF reveal differences in project scale across countries but do not establish a definitive trend.

**Relevance**

The relatively recent adoption of the TJTPs combined with the currently ongoing mid-term review of cohesion policy (including TJTPs) support the continued relevance of the PSLF to meet current needs. Stakeholder engagement resulted in a wide consensus between institutional actors, national representatives and potential and actual beneficiaries that PSLF objectives are relevant.

The implementation of the PSLF aligns closely with the political guidelines of the new Commission outlined by its President in July 2024, while advancing the long-term objectives established in the European Green Deal in 2019. The PSLF is delivering on EU objectives ensuring that all citizens have an effective right to stay in the communities they call home and supporting a socially sustainable decarbonization in the regions which have traditionally been dependent on the fossil fuel industry.

## 5.2 Lessons learned

**Mismatch of national shares with potential beneficiaries' needs**

For the first call for proposals lasting until 2025, national shares were established following the budget allocation key defined for the JTF. This has affected the uptake and coherence of the PSLF with other funding sources, highlighting the limitations of not considering that demand for repayable financing could differ from the JTF allocation method. While the full national shares of MS with the largest national shares remain available, others could have made use of more resources. Additionally, in MS where the national share was the lowest, there was less incentive for MS and applicants to invest resources in supporting or developing applications to the PSLF.

**The PSLF has a limited capacity to support smaller projects**

While smaller projects are benefitting from PSLF support, including 5 projects receiving intermediated loans ranging from EUR 1.5 million to EUR 12 million, intermediated lending in only available in two MS. In other MS, the minimum loan amount is EUR 12.5 million, which is a substantial threshold for smaller projects, potentially exceeding their total funding needs. Framework loans offer the possibility to meet the loan size threshold by pooling multiple projects together, but this inherently increases the complexity of the application process, demanding coordination between multiple stakeholders or project beneficiaries. Smaller entities may not have the requisite experience or resources to undertake this level of coordination efficiently. Without the ability to break down loans into smaller sizes through financial intermediaries, smaller projects face exclusion from PSLF options.

A possible solution to high minimum loan size and coordination issues could be a higher engagement from NPBIs and a higher use of financial intermediation, however the PSLF must offer them adequate incentives to get involved. In any case, the selection of financing partners for future financial instruments must be closely aligned with the needs and profiles of potential beneficiaries. Particular attention should be given to engaging partners that have the institutional capacity and operational frameworks necessary to support smaller beneficiaries if they are targeted by the blending instrument. These partners should also possess in-depth knowledge of local financing conditions to ensure that support is tailored, relevant, and accessible.

**The PSLF's delivery model**

The delivery model of the PSLF provides several advantages that contribute to its appeal. One of the key strengths of the PSLF is its facilitation of direct access to European Union level funding for local public bodies capable of efficiently navigating the model. Furthermore, the PSLF employs a blended finance approach, combining EU grants with loans from the European Investment Bank (EIB) and additional funding sources. This method potentially amplifies the financial resources available to projects, with EUR 1 of PSLF grant bringing on average EUR 12 of investments.

However, the PSLF's dual-application structure, necessitating separate applications for grants and loans, renders the application process complex and time-consuming. The combined timing for the entire PSLF application process, from submission to the signing of final agreements, can extend up to an overall duration of 18 months, which might not be adequate for all beneficiaries' project implementation timeframes.

A system that would allow the EIB and the EC to reuse data submitted by applicants to each other could have potentially increased efficiency. Although this idea was explored by DG REGIO and the EIB during talks for the EC/EIB administrative agreement on implementing the PSLF, it was deemed impractical. This is mainly because both organisations operate under distinct rules, procedures, and processes that are not aligned.

For example, the EC's structured grant application process mandates that applicants submit forms by specific deadlines. These submissions are then evaluated based on established criteria, without further input from the applicants. On the other hand, the EIB's loan negotiation process is more flexible, lacking predetermined application deadlines and allowing for ongoing communication between the EIB and potential borrowers. Loan terms are shaped through negotiation rather than predetermined like EC grants, making automated data reuse significantly complex.

The data requirements and timelines differ between the EC and the EIB, as do the procedures and regulations regarding data acquisition and sharing. For instance, the EIB might already have data on certain projects before they are considered for PSLF support. Moreover, any data exchanged between the EC and EIB would have to comply with data protection laws and undergo quality control checks.

Although better data sharing between the EC and its financial partners should be explored for future financial instruments, establishing the necessary systems and processes would require substantial resource investment and must align with the planned rollout of the instrument.

In addition, it is advisable that the submission of the grant application only takes place after the loan has been signed, or at least after the loan request has been approved by the finance's partner responsible authority. While a project may still evolve during the negotiations between a project promoter and a finance partner, a grant application submitted to the EC cannot be subject to changes after its submission, making this sequence more efficient. However, it is important to note that this arrangement would mean the EC fully delegates the project filtering process to the finance partner. As a result, the EC might not become aware of certain projects it might have supported, as these projects could be filtered out by the finance partner's prioritisation process before they ever reach the EC.

A possible avenue for simplifying future blending instruments could be to calculate the grant amount based on the total project budget, rather than the loan amount as is done with the PSLF. Since the loan amount requested by a project promoter may change during negotiations with the finance partner, the EC may need to adjust the grant when it is calculated as a percentage of the loan. Calculating the grant based on the total project budget could eliminate the need for such adjustments, reducing the need for resource-intensive coordination between the entities managing the grant and loan components.

Alternative delivery models, in which a single entity manages the blended financing sources, could be explored for future financial instruments to streamline the application process and enhance the EU's added value. Although the costs for all parties involved in the PSLF have not been estimated, alternative models could result in higher expenses for the Commission. Unlike the PSLF, these alternative models might require the Commission to pay management fees to its partners.

Finally, both the grant and loan parameters must be carefully calibrated for any future financial instruments. The grant parameters should be proportionate to the nature and scale of the investments and in particular provide a meaningful incentive to apply for the instrument, while the loan parameters (interest rates, repayments conditions, loan negotiation process, etc.) should be attractive enough compared to market conditions in order to incentivise uptake.

**PSLF advisory support**

With Member States prioritising the use of funding offering higher grant co-financing over the repayable financing provided by the PSLF, demand for advisory services under the PSLF was initially limited. Only one advisory assignment has finalised, constraining the evaluation of the impact and the relevance of advisory accordingly. However, requests for advisory services have followed an upwards trend. The advisory component of the PSLF is carried out by the InvestEU Advisory Hub, established under the InvestEU Regulation. Although the interim evaluation of the InvestEU programme deemed it premature to fully assess the Hub's effectiveness, owing to many assignments still being underway and the limited availability of data, the final evaluation will be crucial in understanding the impact of the PSLF advisory. Cross-cutting analysis of advisory work led by the EIB across different mandates will provide deeper insight into the overall performance and EU added value of advisory services, including those under PSLF.

If current trends persist, the PSLF advisory is anticipated to have a limited impact on enhancing administrative capacity, considering the low demand for assignments explicitly aimed at this area. At present, requests for PSLF advisory services are centered around application support, market analysis, project identification, and investment planning.

For advisory assignments with a specific administrative capacity component, the final evaluation will have to analyse, on a case by case basis, if the assignments have allowed to introduce durable changes leading to an increase in the administrative capacity of beneficiaries. For other types of assignments, the InvestEU Advisory Hub monitoring framework will play a key role in assessing the PSLF advisory's overall effectiveness and added value.

**The PSLF's monitoring framework**

The implementation of the PSLF is demand driven and has a wide sectoral eligibility, therefore the precise type or projects and sectors by which it will "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" was not known at the time of the adoption of the PSLF Regulation, nor is it fully predictable now. Consequently, the co-legislators defined two cross cutting KPIs to measure the achievement of the PSLF's general objective which go to central elements of just transition: job creation and greenhouse gas emissions reduction. In turn, the specific objective of the facility to "increase public sector investments" is measured, in particular through KPIs related to the "overall investment mobilised."

A weakness of the PSLF monitoring framework is that the KPIs associated to the general objective and the specific objective do not currently have targets. This shortcoming is addressed in annex II to the SWD, where targets for the PSLF's regulatory KPIs are put forward.

The management of the loan component by the EIB could not be included in the scope of this evaluation. Specific aspects concerning the loan component are instead covered in the framework of this evaluation relying on evidence from the supporting study, as well as other evaluations undertaken by the EIB such as the EIB Mid-Term Review of the EIB Group support to the Just Transition Mechanism[54]. For future evaluations, the Commission and the EIB should explore possible ways how to jointly evaluate the Facility as a whole taking into account the legal framework and the applicable procedures and rules of both institutions. In the framework of this evaluation, the assessment of the simplification and administrative costs for beneficiaries and applicants was not carried out due to the early stage of implementation and the very limited number of beneficiaries and applicants involved in the PSLF to date. The results of such an assessment would have been based on a very reduced, unrepresentative sample. The current monitoring framework of the PSLF in place does not collect data about beneficiaries' costs. This analysis should take place in the context of the final evaluation rather than during the implementation phase, once a sufficient pool of applicants and beneficiaries is available.

The advisory component under the PSLF is implemented as part of the InvestEU Advisory Hub mandate, which is a joint EIB-EU programme established under the InvestEU Regulation. The effectiveness and EU added value of the InvestEU Advisory Hub as a whole has been assessed in the framework of the interim evaluation of the InvestEU programme (see here) concluding that it is too early to assess given that many advisory assignments are still in progress or in the pipeline. The early implementation stage, combined with the lack of availability of quantitative data on assignments, together with the limited time and budget available has restricted the depth of analysis of individual advisory Hub initiatives, including under the PSLF. The findings of the final evaluation of the InvestEU Advisory Hub will certainly be closely complementary to the final evaluation of the PSLF, providing an additional source of analysis on the added value of advisory. For example, the evaluation of all the work undertaken by the EIB across its multiple advisory mandates will allow for cross-advisory initiatives analysis. This would also offer better insight into the overall performance and added value of the InvestEU Advisory Hub as a whole, including the PSLF advisory services as an integral part. The monitoring framework put in place to capture the added value of the PSLF advisory is explained under Box 1.

The established indicators from the InvestEU Advisory Hub, such as expected mobilised investments and participants' satisfaction, will be fully used to measure the added value of advisory services. Continuous tracking of these indicators can yield insights into the

[54] EIB (2024) Mid-Term Review of the EIB Group Support to the Just Transition Mechanism (not published yet, but forthcoming).

effectiveness and impact of advisory support, thereby enhancing the overall evaluation of benefits derived from EU-funded initiatives.

**Gender impact**

The PSLF call for proposals currently lacks a reference framework for applicants concerning gender equality. To support applicants to improve their understanding of the Commission's expectations in terms of gender equality and to support the quality of their applications, additional measures towards promoting the implementation of gender equality will be taken within the framework of the second PSLF call for proposals which is now under preparation. The toolkit for just transitions regions with the title "considering gender in regional transformations"[55] which was recently developed by the Commission will provide guidance on managing the gendered impacts of the just transition at the local and regional level.

[55] European Commission (2023), Considering gender in regional transformations. A toolkit for just transition regions, available at: https://ec.europa.eu/regional_policy/sources/funding/just-transition-fund/toolkit-considering%20gender%20in%20regional%20transformations.pdf

## ANNEX I: PROCEDURAL INFORMATION

The European Commission conducted the interim evaluation of the PSLF required by 30 June 2025, in line with Article 17 of the PSLF Regulation. The Decide planning entry for the interim evaluation is PLAN/2023/2184.

The Call for Evidence was published on 'Have your say' on 02 February 2024 for a four-week period until 01 March 2024 for the general public to provide public feedback.

The evaluation was led by the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO). An interservice Steering Group (ISSG) was set up comprising a broad range of Commission Services: SG, DG REFORM, DG ECFIN, DG CLIMA, DG ENV, SJ, DG EMPL, DG GROW, DG ENER and CINEA. The ISSG was involved in all key steps of the evaluation and helped providing information and expertise while ensuring the quality, representativeness and credibility of the evaluation and its coherence with other related EU policies.

In particular, the ISSG was consulted several times:

- In December and January 2024 on the Call for evidence and the technical specifications of the supporting study;
- In May 2024 on the Inception Report of the supporting study;
- In October 2024 on the Intermediate Report of the supporting study;
- In November 2024 on the Draft Final Report of the supporting study;
- In January 2025 on the Final report of the supporting study;
- In March 2025 on the draft SWD and all its annexes
- In 2025[56] on the SWD and all its annexes

In line with the requirements set out in the Commission Better Regulation Guidelines, the interim evaluation examined the effectiveness, efficiency, relevance, coherence and EU added value of the PSLF.

[56] The exact date to be updated.

The evaluation relied on two main components:

1. In-house expertise and documentation about the functioning of the Facility. In addition, in-house consultation was carried out to collect input and feedback from staff within DG REGIO working in the geographical desk units which are also involved in the PSLF implementation. Counterparts working in the EIB and CINEA on the implementation of the PSLF were also consulted in the framework of this exercise.
2. A supporting study (i.e. the supporting study) awarded to a consortium of T33 Srl and Prognos AG. The service contract started at the end of April 2024 and ended in January 2025, covering a period of around 9 months. The analysis relied on literature review, stakeholder consultation (interviews and an online survey) and case studies. The quality of the report was assessed as good by the ISSG.

The interim evaluation of the PSLF was also subject to scrutiny by the Regulatory Scrutiny Board (RSB). An upstream meeting was held on 16 December 2024, followed by a meeting with RSB on 14 May 2025. The RSB gave a positive opinion on 16 May 2025, while providing recommendations for improving the report. The table below presents the RSB recommendations and the actions taken to address them.

*Table 1: RSB recommendations and actions taken to address them.*

| RSB recommendations. | Actions taken. |
|---|---|
| The report should improve the intervention logic to present more clearly the sequence of outputs, results and impacts and consider ways how to assess utilisation of supported infrastructure. | The intervention logic (Figure 3) and its accompanying text have been revised for greater clarity and precision. The updates now more accurately categorise inputs, activities, outputs, results, and impacts. Additional details and clearer wording have been incorporated where necessary. The design of the intervention logic has been modified to enhance readability, and the accompanying text offers a clearer understanding of its sequential flow. To assess the effectiveness of supported infrastructure, measuring its utilisation rate is prescribed as an evaluation method. |
| The report would benefit from a clearer presentation of the specific problems and challenges, arising from the transition to achieve the EU's 2030 climate target and climate neutrality by 2050 and how the PSLF is intended to help address them. | Section 2.1 has been further refined to offer a clearer depiction of the intervention's context and objectives. It now effectively outlines the specific problems and challenges associated with the transition toward achieving the EU's 2030 climate target and climate neutrality by 2050. Additionally, the |

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| | section provides a detailed explanation of how the Public Sector Loan Facility (PSLF) aims to address these challenges. |
| The report should clarify the rationale, intended use and added value of the proposed indicator targets in future implementation. | The rationale, intended use and added value of the proposed indicator targets in future implementation has been further described in Annex VIII. No specific methodology was required to establish the calculation of indicator targets because the results will be derived directly from existing, readily available data. |
| The report should explain the terminology and the methodology for the calculation of the PSLF 'multiplier effect'. It should assess the leverage of the grant component and of the Facility as a whole. The report should also explain whether/how the administrative costs, including the EIB costs, are taken into account. | The terminology and the methodology for the calculation of the PSLF multiplier effect are now described in section 4.2. It presents the combined EIB/EC leverage of the Facility as a whole and explains that administrative costs, including EIB costs, are not taken into account for its calculation. |
| The data needs regarding costs to beneficiaries and applicants should be reflected in lessons learned. | Data concerning beneficiaries and applicants' costs will be collected in the framework of the final evaluation. The report has been updated to clarify the underlying rationale to this approach. |
| The report should assess the feasibility and costs to streamline the dual (Commission and EIB) application process, including automated reuse of applicants' data. | Section 5.2 "lessons learned" has been updated to assess the feasibility and costs of streamlining the dual application process, including automated reuse of applicants' data. |
| The report should analyse the impact of advisory services and their potential for developing administrative capacity in target regions. | Section 5.2 "lessons learned" has been updated to provide information on the impact of advisory services, in particular concerning administrative capacity.<br><br>The evaluation of the impact and added value of the advisory services under PSLF is limited in this evaluation, given The reduced demand for advisory services under the PSLF. |

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| It should draw early lessons on the relevance for the needs of potential beneficiaries of advisory services. | The evaluation of the relevance of the advisory support under the PSLF is limited because only one of the six ongoing advisory assignments has finalised. Nevertheless, the relevance section and the lessons learned have been updated to reflect those early findings and lessons learned about PSLF advisory services. |
| Early lessons should be also developed on the EU-level approach to blending of grants and loans, to better inform future design and allocation to maximise return on every euro spent including the approach to 'socially valuable but otherwise unprofitable components' | Section 5.2 "lessons learned" has been updated to provide early lessons on blending and in particular to better inform future design of financial instruments.<br><br>The approach towards assessing the social value in the evaluation report is primarily anecdotal and based on qualitative information collected within the framework of the stakeholder consultation. Given the very limited number of implemented projects and beneficiaries, the development of a quantitative methodology was deemed premature and of limited practical value at this stage.<br><br>In this context, the report includes illustrative examples that demonstrate how PSLF grants can generate social value. For example, for a Dutch project, the PSLF beneficiary declared that the grant made it possible to increase the scope of the project by connecting additional social housing units to the district heating network. This component, which would not have been financially viable through repayable financing alone according to the applicant, illustrates how the PSLF can increase the social impact of projects. |

## ANNEX II. METHODOLOGY AND ANALYTICAL MODELS USED

**Overall approach**

This annex provides an overview of the evaluation methods used in this evaluation, alongside the challenges, limitations and the lessons learned for future evaluation of the instrument. This is followed by a list of references appearing in the SWD. The cut-off date of the data and information collection is 31 January 2025.

The evaluation was designed to respond to the evaluation questions based on a mix of qualitative and quantitative input obtained via the following methods:

- internal expertise and knowledge (via inhouse-documentation and consultation)
- Stakeholder consultation strategy (via semi-structured interviews, online survey and case studies)
- An analysis of the PSLF implementation data, supporting the qualitative information to the extent possible; and
- Triangulation of findings (an evaluation question was answered using various sources of collected information, expertise, data and stakeholder points of view)

**Overview of the evaluation methods**

The information and data were collected using the following tools:

*Internal expertise and knowledge*

Given the limited implementation of the PSLF, it was decided to rely significantly the in-house expertise of the PSLF team working within DG REGIO on implementation of the PSLF to carry out this evaluation. The collection of information and data was carried out internally, feeding into the supporting study and the Staff Working Document.

Inputs from staff working in the different geographical desk units of DG REGIO with extensive knowledge about the just transition situation across the different EU member states was also collected, in particular about the programming and implementation of other EU cohesion policy funding instruments. Staff working within the EIB and CINEA directly on the PSLF as implementing partners were also asked to contribute. Altogether, this provided meaningful insights into the early functioning, achievements and challenges facing the PSLF. The assessment of the cost and benefits related to the PSLF was also carried out internally via the information in-house.

*Supporting study*

The supporting study combined different activities which include:

**Document/literature review**

An extensive document and literature review has been carried out in the context of the supporting study. The review covered various sources of information, including legal and policy documents (e.g. European Green Deal Investment Plan, the Just Transition Mechanism, PSLF Regulation, PSLF Call Document, TJTPs, PSLF work programme, PSLF yearly implementation reports, etc.), academic studies and other relevant documents such as national, regional and local documents. The review and analysis informed the design, implementation and the performance of the PSLF. The review allowed the comprehensive understanding of key areas of the PSLF and informed the design and conduct of the survey and the semi-structured interviews. It was also used to inform the case studies. The list of key references is included below.

**Analysis of the implementation data**

An analysis of the data relating to the submitted, selected and signed PSLF projects was also carried out in the context of the supporting study. The analysis informed the output and early performance of the PSLF to the extent possible. It was based on a limited data set which was transmitted by the European Commission to the contractor including data on the submitted application by PSLF applicants, Evaluation Summary reports (ESRs), Rejection/approval letters, award decisions and grant Agreements with the beneficiaries, etc.

**Survey**

An online targeted survey was carried out in the context of the supporting study between 9 July 2024 and 13 September 2024. It was designed with questions gathering feedback and views about PSLF relevance, effectiveness, efficiency, coherence and its EU added value. It targeted different type of PSLF relevant stakeholders consisting of national, regional and local public authorities, other public and quasi-public organisations, private bodies (with a public mission), PSLF applicants and beneficiaries, European Commission representatives, European Investment Bank representatives, NPBIs, research and academia and third-party interest groups[57].

[57] Such as non-governmental organisations, trade unions, social partners

The survey was sent to a sample of around 750 potential respondents representing the type of stakeholders as summarized here-above[58]. Overall, 102 responses to the survey were received:

- 24 respondents from local public authorities;
- 15 from national public authorities;
- 14 from regional public authorities;
- 12 respondents representing the European Commission and/or CINEA;
- 8 respondents from the EIB;
- 7 respondents representing national promotional banks and institutions (NPBIs);
- 6 third-party interest groups, including NGOs and trade unions;
- 3 respondents representing applicant/beneficiary groups and other public or quasi-public organisations;
- 2 answers representing research and academia; and
- 1 answer representing a private body with a public service mission.

The highest participation came from Poland with 15 submissions, followed by Belgium with eleven and Romania with nine. France and Luxembourg each had seven submissions. Czechia, Slovenia, and the Netherlands are represented by five submissions each. Germany, Croatia, Italy, and Portugal each had four submissions. Spain had three, while Sweden had two. Cyprus, Denmark, Hungary, Ireland, and Greece are each represented by one submission.

The Commission acknowledges the non-representativeness of this sample and therefore conclusions based on it should be understood in this context. As outlined previously in the report, the pool of stakeholders capable of providing meaningful feedback on the PSLF is limited due to its novelty and initial stage of implementation. This is particularly true for EU Member States where the PSLF has not yet been implemented.

The sample is also partially self-selected. Most PSLF stakeholders could be identified by DG REGIO, which provided their contact information to the contractor in charge of the supporting study for interviews and surveys. DG REGIO intended for this sharing of contacts to be exhaustive and aimed to ensure no prioritisation of certain views over others. The contractor faced no restrictions regarding whom to contact. The challenge, instead, was to identify informed stakeholders which had the resources to be consulted. This limitation is connected to the broader challenge of evaluating a programme with limited implementation, but is expected to persist in the context of the final evaluation.

[58] A list of potential candidates was prepared by the contractor in cooperation with DG REGIO. It included contact points of DG REGIO's PSLF team with whom they have been in contact for PSLF design and implementation, contact points collected in the framework of the 2 PSLF days, contact points of managing authorities (publicly available), other relevant contact points recommended by the contractor based on previous stakeholder engagement.

It is important to highlight, also, that the data from the survey is not the sole source of information for the report. To enhance the diversity of perspectives, the report also incorporates information from other sources, including interviews with national, regional, and local actors, beneficiaries, and applicants, as well as a comprehensive literature review.

The survey used optional questions and skip logic to tailor questions based on responses. Consequently, the number of replies to specific questions varies across the survey. 88% of respondents (38 out of 43) answered that they were located in a TJTP territory, while 12% (5 out of 43) were not. Regarding the question 'To what extent are you familiar with the PSLF?' 16% of respondents (15 out of 96) were familiar 'to a very large extent', 26% (25 out of 96) 'to a large extent', 33% (32 out of 96) 'to some extent', 20% (19 out of 96) 'to little extent' and 5% (five out of 96) 'to no extent'. An overview of the main findings of the survey is represented in the synopsis report (as per Annex V).

**Interviews**

In the framework of the supporting study, a total of 39 interviews were conducted between 4 July and 11 November 2024. The interviews allowed to collect the views and perspectives from different types of stakeholders providing insights on overall issues related to the relevance, effectiveness, efficiency, coherence and EU added value of the PSLF.

In the first round of interviews (July - August 2024), 8 interviews were conducted with staff from the European Commission/CINEA working on the implementation of the PSLF. 8 interviews were carried out with staff from the EIB working on the implementation of the loan component of the PSLF (including the advisory component of the PSLF). In a second round (September-November 2024), interviews were carried out with 13 representatives from national, regional and local authorities involved in the design and implementation of the PSLF, of which 5 interviews were with PSLF beneficiaries. Over the whole period, 10 interviews were conducted with other stakeholders such as consultants [59].

The results of the semi-structured interviews provide meaningful and detailed insights in the functioning of the PSLF complementing insights from the survey. It gives also more information about the context in which PSLF operates, including administrative, fiscal and procedural challenges faced when applying for PSLF. The analysis also enriches and deepens the comparison of context-dependent factors in different Member States and regions as well as specific challenges faced by less developed regions. An overview of the main findings of the interviews is represented in the synopsis report (as per Annex V). Annex V of the supporting study presents the full results.

[59] Such as consultants who are involved in the technical assistance services related to PSLF and or NGOs closely following the implementation of the PSLF or helping with increasing the awareness about it.

**Case studies**

Five case studies collecting information, views and feedback about PSLF relevance, effectiveness, efficiency, coherence and its EU added value in Czechia, Romania Greece, Poland and France were carried out in the context of the supporting study. The 5 case studies were carefully collected based on the following considerations: (i) the level of PSLF comparing those countries with high (FR, EL, CZ) and low uptake (RO, PL), (ii) with high national shares under the PSLF, (iii) which received advisory support by the EIB or other type of technical assistance (RO, EL, CZ), (iv) with (potential) use of intermediated lending type of projects (CZ, FR).

Among those selected case studies, France have already fully consumed its national share under the PSLF, Greece has a framework loan project approved, and Czechia have submitted several projects which are selected for funding under PSLF. On the other hand, Poland and Romania present cases which have their national shares under PSLF still almost fully available. The national shares allocated to these Member States represent almost 50% of the PSLF grant budget. Greece and Czechia represent cases which have made use of advisory support either offered by the EIB or by other consultants in the framework of other technical instruments. A similar focus on advisory is also applied for Romania. Czechia also represents a case with use of intermediated projects.

The case study analysis uses a mix of evaluation tools, including literature review, semi-structured interviews with representatives from the selected EU Member States along other relevant other stakeholders, such as EIB representatives and technical assistance consultants. The case studies provide meaningful in-depth insights into local, regional and national context in which PSLF operates in the 5 selected EU Member States, alongside the nature of the submitted, selected and signed projects, types of applicants and sectors covered. The case studies are also accompanied by a cross-Member State analysis covering the following key areas of the PSLF:

1) Complementarity of EIB advisory support via the InvestEU advisory Hub and other technical assistance.
2) Complementarity between PSLF and other EU and national/regional funding opportunities.
3) Factors affecting PSLF uptake.
4) Awareness raising and communication activities.

An overview of the main findings of the case studies is represented in the synopsis report (as per Annex V). Annex V of the supporting study presents the full results.

**Challenges, limitations and lessons learned to inform future evaluation approaches**

The PSLF Regulation was adopted in July 2021. The PSLF call for proposals was launched on 19 July 2022. Since then, 7 grant agreements have been signed and 12 other PSLF projects are still under grant agreement preparation. It is therefore premature to fully assess their contributions to achieving PSLF general and specific objectives. The same applies to the advisory support available under the PSLF with only 1 assignment completed and 6 others just recently started and under implementation. This presents an important limitation of this interim evaluation which instead focuses on the analysis of initial activities and outputs of the Facility. Data on the results and the impacts of the PSLF are not available yet. This context has oriented methodological choices for the evaluation, excluding the possibility of defining a control group, or conduct macro-economic analysis.

The early stage of implementation also has an impact on stakeholder engagement. While the range and amount of stakeholders is potentially large given the eligibility requirements of the PSLF and its focus on just transition, in practice the relevant stakeholder population is limited. Most involved public entities must have the administrative capacity to gain familiarity with the PSLF while also managing other EU funds with larger resources such as cohesion policy funds or the RRF. Even less stakeholders other than those directly concerned by awarding or benefitting from PSLF support had the capacity to gain a granular knowledge of the PSLF allowing them to make a critical assessment of its implementation.

Knowledge about the Facility was largely generated by the Commission through its counterpart public authorities in the EU MS and by the EIB through the relation between EIB lending officers and their clients. This focused awareness raising about the PSLF on cohesion policy stakeholders accustomed to shared management and public entities with existing relations with the EIB. This generates a risk of stakeholder bias in terms of the PSLF being judged in contrast to shared management EU funding or other EIB lending rather than being judged on the basis of its own merits.

The specific nature of the PSLF as a blending instrument aimed at public sector entities in just transition territories suggests that its main stakeholders are the public sector authorities in those territories. However, given the limited administrative capacity of public authorities in these territories and in particular the limited resources they can allocate to the understanding and prioritising of certain sources of EU funding over others, it is perhaps more important for the PSLF to be visible and known by the actors which support public sector authorities and public service providers with the financial structuring of their projects. This includes national authorities, regional authorities, National Promotional Banks and Institutions and advisory initiatives. In addition, to public sector entities in just transition territories, these stakeholders were specifically targeted by the evaluation.

In this context, while the pool of PSLF stakeholders is expected to expand, it will remain limited and this will still be a challenge for the final evaluation. There is substantial consultation fatigue among PSLF stakeholders, which poses a significant challenge to effective engagement. In addition, those unfamiliar with the PSLF often perceived their input as insufficiently relevant, which further reduced their willingness to participate. Data obtained through surveys and interviews should therefore be triangulated with other sources of information, including a literature review. Other methods of stakeholder engagement should be considered as well.

To capture the effects of awareness-raising efforts more accurately on the target audience, the final evaluation could leverage existing just transition stakeholder forums, such as the Just Transition Platform or the Coal Regions in Transition initiative. Engaging with stakeholders through these channels can minimise additional administrative burdens and provide a more favourable context for consultation. For instance, organising a dedicated panel during a stakeholder meeting or conducting a brief survey at the beginning of a panel could be effective strategies.

Another limitation of this evaluation concerns the loan component of the Facility. The legal framework in the PSLF Regulation has not created an obligation for the EIB to be subject to Commission evaluations, and after negotiating the terms of implementing and managing the PSLF, the EIB has also not agreed to be subject to the Commission evaluations, nor to carry out a joint evaluation. In addition, the EIB manages the loan component with its own resources. Therefore, this evaluation does not assess how the EIB carries out its loan procedures, rules and policies. Instead, evidence regarding the functioning of the PSLF as a blending Facility, including the interaction between its EIB loan and EU grant component is collected on the basis of documents produced by the EIB, including , among others, the EIB Group Evaluation of EIB advisory activities in the European Union[60] and the EIB Mid-Term Review of the EIB Group support to the Just Transition Mechanism[61].

Given the broad scope of the 'just transition', the Facility's general and broad objectives are defined in broad terms. Instead, the success of the Facility will be measured in the light of its capacity to support public investments and their contribution to the transition process in the context of the above-mentioned territories.

**Data and methodology limitations**

| Methods | Limitations |
|---|---|
| Literature/document review | One limitation is that there are limited documents which provide direct and detailed feedback about the PSLF. This is due to the novelty of the PSLF. Instead, this evaluation collected rich information based on the literature resources that could be collected from academic studies and other relevant documents about the wider topic of the just and green transition. |
| Survey | A limitation is that the survey could not delve into many details about some specific aspects that would have require more detailed feedback given the wide range of stakeholders and the wide range of evaluation questions covered. To |

[60] Evaluation of EIB advisory activities in the European Union (2023), available at: https://www.eib.org/en/publications/20230211-evaluation-of-eib-advisory-activities-in-the-eu
[61] EIB (2024) Mid-Term Review of the EIB Group Support to the Just Transition Mechanism (not published yet, but forthcoming).

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| | accommodate this limitation, the specific feedback from interviews was asked to complement the general trends about the PSLF that were collected in the framework of the survey providing more the necessary explanations where relevant.<br><br>Even though the overall response rate to the survey was good, it is important to acknowledge that the size of each group of stakeholders varied. Another difficulty faced is the timing of the survey, which was published during the summer period, but this issue was mitigated by extending the deadline of the survey for a longer period. The consultation fatigue of the relevant authorities which receive a lot of such consultation requests is another factor which limited the response rate for the survey. Nevertheless, the overall response rate of the survey can be considered good providing useful insights into the PSLF. |
| Interviews | A difficulty faced with semi-structured interviews is that not all interviewees had deep knowledge and understanding about the PSLF. This is again natural given the novelty of the PSLF. |
| Case studies | The case study provides a deep dive into some selected Member States, however the difference in level of PSLF uptake between EU Member States concerned and the availability of limited number of stakeholders who could be interviewed especially in those Member States with very limited uptake of PSLF such as PL have constrained the depth of (cross-country) analysis of the case studies. |
| Analysis of the costs and benefits | The analysis of costs and benefits provides a partial analysis looking into the 'direct' costs and benefits that could be presented. Due to the early stage of implementation of the PSLF, many costs and benefits have not materialised yet. Even if materialised, it was not feasible to collect such evidence because it was either not quantifiable or because it was simply not possible to receive the data from the stakeholders involved due to their willingness, availability or other time and budget constraint. Therefore, this interim evaluation did not include a specific methodology to estimate the actual (administrative) costs and benefits related to PSLF implementation. A full cost-benefit analysis will be instead part of the final evaluation of the PSLF. |

While the pool of PSLF stakeholders is expected to expand, it will remain limited and this will still be a challenge for the final evaluation. Data obtained through surveys and interviews should therefore be triangulated with other sources of information, including a literature review. Other methods of stakeholder engagement should be considered, as explained in Box 3.

**List of references**

*The European Green Deal*

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Up to date data on Cohesion Policy Funds for each Member State is available at: Cohesion Open Data Platform - https://cohesiondata.ec.europa.eu/

## ANNEX III. EVALUATION MATRIX AND, WHERE RELEVANT, DETAILS ON ANSWERS TO THE EVALUATION QUESTIONS (BY CRITERION)

| | Evaluation questions | Judgement criteria | Indicators/descriptors |
|---|---|---|---|
| Effectiveness | EQ1. How successful has the PSLF been in (or progressing towards) achieving its objectives? | • Implementation progress of PSLF<br>• Extent to which implementation is successful | • Analysis of implementation data<br>• Output and results indicators<br>• Stakeholder feedback on PSLF implementation<br>• Case studies feedback on PSLF implementation in specific EU Member States |
| | EQ2. Does the Call for proposals adequately reflect the objectives and requirements of the PSLF Regulation? | • Comparison of PSLF Call for Proposals with the PSLF Regulation | • Analysis of the Call for Proposals<br>• Analysis of the requirements of the PSLF Regulation |
| | EQ3. Have less developed regions been able to access PSLF as much as transition and more developed regions? What factors have driven or hindered this?<br><br>EQ3.1 Are the measures designed to support PSLF implementation in less developed regions (i.e. bonus points, higher grant coverage and technical assistance) been effective?<br><br>EQ3.2 has administrative capacity been a hindering factor for PSLF uptake? | • Capacity of less developed regions to access PSLF<br>• Comparison with transition and more developed regions | • Internal expertise on factors influencing uptake in less developed regions<br>• Analysis of implementation data of less developed regions<br>• Analysis of relevant studies regarding administrative capacity of less developed regions<br>• Stakeholder feedback on factors influencing uptake in less developed regions<br>• Case studies feedback on factors influencing uptake in less developed regions in specific EU Member States |
| | EQ4. To what extent have PSLF potential beneficiaries and applicants been able to access the advisory support offered under PSLF by the EIB? | • Extent to which PSLF potential beneficiaries and applicants have been able to access PSLF advisory support by the EIB | • Internal expertise on advisory support by EIB<br>• Analysis of implementation data of PSLF advisory support by EIB<br>• Analysis of recent studies about advisory services of the EIB<br>• Stakeholder feedback about PSLF advisory services by EIB |

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| | | | • Case studies feedback about PSLF advisory services by the EIB in specific EU Member States |
| | EQ5. To what extent have the communication and information actions affected PSLF implementation?<br><br>EQ5.1. which communication and information channels have been most effective?<br><br>EQ5.2. to what extent have potential beneficiaries and applicants been able to receive answers to questions related to PSLF?<br><br>EQ5.3. How are the visibility obligations applied? | • Extent to which communication and information actions affect PSLF implementation | • Internal expertise on communication and information related to PSLF<br>• Analysis of communication and information related documents<br>• Stakeholder perception on information and communication related to PSLF<br>• Case studies feedback on information and communication related to PSLF in specific EU Member States |
| | EQ6. What internal and external factors can explain the difference in PSLF uptake between EU Member States? | • Internal and external factors explaining the difference in PSLF between EU Member States | • Analysis of relevant legal and policy documents related to PSLF<br>• Stakeholder feedback on factors explaining difference in PSLF uptake<br>• Case studies feedback regarding factors explaining difference in PSLF uptake in specific EU Member States |
| | EQ7. Has the inclusion of PSLF in TJTPs framework benefited its implementation? | • Benefits from PSLF inclusion in TJTPs | • Internal expertise on TJTPs<br>• Analysis of TJTPs<br>• Stakeholder perception on PSLF in TJTPs |
| | EQ8. To what extent can the objectives of PSLF still be achieved in time? | • Extent to which PSLF objectives can still be achieved in time | • Analysis of data implementation<br>• Analysis of relevant legal and policy documents |
| | EQ9. What are the expectations for PSLF project pipelines in the different EU Member States? | • Expectations of PSLF project pipelines in different EU Member States | • Internal expertise on PSLF project pipelines<br>• Analysis of relevant national and EU policy documents |

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| | | | • Stakeholder feedback on PSLF project pipelines |
| | EQ10. Are there any unexpected or unintended effects that have occurred, and which drove or hindered PSLF progress? | • Unexpected and unintended effects hindering PSLF progress | • Stakeholder feedback on effects hindering PSLF progress<br>• Case studies feedback on effects hindering PSLF progress in specific EU Member States |
| | EQ11. How have EU Member States been supporting PSLF implementation? | • EU Member States support to PSLF implementation | • Internal expertise of EU Member States support<br>• Stakeholder feedback on EU Member States support to PSLF<br>• Case studies feedback on EU Member States support to PSLF in specific EU Member States |
| | EQ12. To what extent has PSLF contributed to environmental objectives[62]? | • Contribution to environmental objectives | • Analysis of implementation data<br>• Case studies feedback on contribution to environmental objectives in specific EU Member States |
| | EQ13. To what extent is there a need to carry out gender impact assessment? | • Extent to which there is need for gender impact assessment | • Internal expertise of the gender aspect of PSLF<br>• Analysis of implementation data |
| | EQ14. To what extent are KPIs[63] allowing proper assessment of PSLF? | • Extent to which KPIs allow proper assessment of PSLF | • Internal expertise of PSLF KPIs<br>• Analysis of legal and policy documents |
| Efficiency | EQ15. To what extent are the costs appropriately sized to achieve the benefits?<br><br>EQ15.1 Are the available financial and human resources adequate to achieve the objectives? Are | • Extent to which costs are sized to achieve benefits<br>• Use and adequacy of financial and human resources | • Internal expertise of PSLF costs<br>• Cost-benefit analysis<br>• Stakeholder perception on use and adequacy of financial and human resources |

[62] art. 9 EU Regulation 2020/852
[63] Annex II PSLF Regulation

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| | they used in an optimal manner to deliver PSLF objectives? | | |
| | EQ16. What is the leverage ratio and multiplier of PSLF contribution? | • Leverage and multiplier of PSLF | • Analysis of implementation data |
| | EQ17. Have any inefficiencies been identified? What is the potential simplification and cost-reduction of the PSLF? | • Inefficiencies of PSLF<br>• Potential simplification and cost-reduction | • Analysis of legal and policy documents<br>• Feedback perception on inefficiencies<br>• Case studies perception on inefficiencies in specific EU Member States |
| | EQ18. How timely and efficient is the PSLF reporting and monitoring system? | • Efficiency of PSLF reporting and monitoring system | • Internal expertise of PSLF monitoring and reporting system<br>• Analysis of legal and policy documents<br>• Stakeholder perception on PSLF reporting and monitoring system |
| | EQ19. Is the application process well understood by potential applicants and conducive to submit high quality applications? | • Potential applicants' understanding of the application process<br>• Quality of the applications | • Analysis of the quality of applications<br>• Stakeholder feedback on the applicants' understanding of the application process |
| Coherence | EQ20. To what extent is PSLF coherent with other EU and national interventions and funding programmes that have similar objectives? | • PSLF coherence with EU funding programmes and interventions<br>• PSLF coherence with national funding programmes and interventions | • Internal expertise of PSLF coherence with other EU and national funding programmes and interventions<br>• Analysis of legal and policy documents<br>• Stakeholder perception of PSLF coherence with other EU and national funding programmes and interventions<br>• Case studies feedback on PSLF coherence with other EU and national funding programmes and interventions in specific EU Member States |

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| | EQ21. To what extent is PSLF coherent with other JTM Pillars (i.e. JTF and InvestEU just transition scheme)? | • PSLF coherence with other JTM Pillars | • Internal expertise of PSLF coherence with other JTM Pillars<br>• Analysis of legal and policy documents<br>• Stakeholder feedback about PSLF coherence with other JTM Pillars<br>• Case studies feedback about PSLF coherence with other JTM Pillars |
| | EQ22. To what extent does TJTP framework support coherence between investments supported under the JTM Pillars? | • TJTP framework support to coherence between JTM Pillars | • Internal expertise of TJTP framework<br>• Analysis of TTJPs |
| | EQ23. To what extent has technical support provided under other EU instruments and funds for the just transition have been complementary to advisory support services under PSLF by EIB? | • Complementarity of other technical support with EIB advisory services under PSLF | • Internal expertise of coherence between technical assistance for the just transition and EIB PSLF advisory services<br>• Analysis of policy documents<br>• Stakeholder perception of coherence between technical assistance and EIB PSLF advisory support |
| EU added value | EQ24. Would the objectives of PSLF be pursued in its absence? What is the expected added value of PSLF compared to what could be reasonably achieved by EU Member States on their own and/or by other available EU funding instruments? | • Expected added value of PSLF | • Analysis of implementation data<br>• Analysis of policy documents<br>• Stakeholder feedback on PSLF added value<br>• Case studies feedback on PSLF added value in specific EU Member States |
| | EQ25. Would projects financed by the PSLF materialise without the grant component of the PSLF? | • Expected added value of the grant of PSLF | • Analysis of implementation data<br>• Stakeholder feedback on added value of the grant<br>• Case studies feedback on added value of the grant in specific EU Member States |

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| Relevance | EQ26. To what extent is PSLF still relevant for the just transition needs of the TJTP regions? | • PSLF design in line with the needs of TJTP regions<br>• PSLF objectives in line with the needs of TJTP regions | • Internal expertise on PSLF relevance<br>• Analysis of TJTPs regarding PSLF<br>• Analysis of the relevance of the design and objectives of the PSLF<br>• Stakeholder perception on the relevance of the PSLF<br>• Case studies feedback on the relevance of PSLF in specific countries |
| | EQ27. How well adapted is PSLF to changes and developments that have emerged since its inception? | • PSLF adaptation to changes and developments emerging since inception | • Internal expertise on PSLF changes and developments that have emerged since inception<br>• Analysis of TJTPs and other recent studies about changes and developments that have emerged since inception<br>• Comparison of PSLF implementation with recent Commission Guidelines and priorities<br>• Stakeholder feedback on changes and developments regarding PSLF<br>• Case studies feedback on changes and developments regarding PSLF |
| | EQ28. Are PSLF beneficiaries able to make use of PSLF as a debt-based instruments? Is their capacity limited by factors such as pre-existing level of debts, national legislation or credit exposure with EIB/financial intermediaries? | • PSLF beneficiaries' ability to use PSLF as debt-based instruments | • Analysis of relevant literature (national legislation, debt levels, etc.)<br>• Stakeholder feedback on beneficiaries' capacity to make use of PSLF<br>• Case studies feedback on beneficiaries' capacity to make use of PSLF |

## Annex IV. Overview of benefits and costs

Following the Commission's Better Regulation Guidelines, this Annex aims to outline the actual costs and benefits of the PSLF programme and assess their proportionality. It should be noted that due to the early stage of implementation of the PSLF, many costs and benefits have not materialised yet. During the timeframe defined for this evaluation, none of the grant agreements that have been already signed had to report any results yet. Considering all limitations, this annex presents only a partial analysis looking into some 'direct' and administrative costs and benefits of the Facility that can be presented at this stage of implementation. A full cost-benefit will be part of the final evaluation.

In addition, it should be also noted that it was not feasible to quantify the administrative costs linked to the projects in the scope of this evaluation, nor it was feasible to quantify any simplification, burden reduction and cost savings (potential or achieved) at this stage of implementation due to the same reasons as explained above.

**Direct costs of the PSLF programme**[64]

Cost to the EU budget

Costs include mainly staff resources with 4 FTEs operating in the Commission's Directorate DG REGIO to implement the PSLF and 6 FTEs working at CINEA.

DG REGIO staff's activities relate to programme management, encompassing a range of tasks such as:

- Preparing the Facility's financing decisions and work programmes.
- Raising awareness about the PSLF and other communication and promotion activities.
- Evaluating proposals together with CINEA staff.
- Contributing to modifications of the TJTPs.
- Setting up agreements and liaising with CINEA and the EIB (lending and advisory) to implement the PSLF, including participation in the Policy Dialogues of the InvestEU Advisory Hub.
- Liaising with geographical units.
- Monitoring and reporting about the Facility's implementation, including Issuing the implementation report in accordance with Article 16 of the PSLF Regulation.

[64] Data January 2025

- Conducting evaluations in accordance with Article 17 of the PSLF Regulation.
- Financial management of the programme.

The overall staff costs within DG REGIO are calculated were EUR 1.038.728 over the period 2022-24.

The delegation of the PSLF implementation to CINEA and the allocation number of staff allocated to the agency were decided in 2020 following a dedicated cost-benefit analysis exercise. CINEA current staff resources amount to 5 operational and 1 management and support FTEs of which activities encompass a range of tasks related to calls for proposals management, such as:

- Preparation and publication of the PSLF Call for Proposals.
- Evaluation and selection procedure.
- Follow up of the Evaluation Committee and information of the Finance Partner.
- Information to applicants and preparation of the award decisions and individual Grant Agreements.
- Information to DG REGIO on the Grant Agreements signed.
- Amendments of Grant Agreements.
- Implementation of the Grant Agreements.
- Feedback to policy and synergies.
- IT support systems, including e-Grants and QlickSense.
- Raising awareness about the PSLF and other communication and promotion activities.
- Contribution to evaluation of the PSLF.

The decision to delegate the implementation of the PSLF to CINEA was taken on basis of the Commission's 2014-20 MFF experience which had demonstrated that Brussels based agencies worked efficiently and produced budgetary savings in the implementation costs of the programmes. In addition, CINEA would support DG REGIO which had limited experience in managing calls for proposals implemented in direct management.

It is important to note that the current number of FTEs remains under CINEA maximum allocation of staff (17 FTEs in 2024)[65] which was initially estimated and agreed from 2022 onwards. This is due to the limited and delayed uptake of PSLF and a lower number of grant agreements to manage compared to the initial estimation.

[65] An increasing number from 4 in 2021 to 31 in 2027 was agreed for the implementation of PSLF.

Next to staff related expenditure, the operating budget for CINEA also covers infrastructure and operating expenditure as well as other programme related support expenditure such as communication, translation and other costs. The overall budget which was contributed to CINEA over the past period 2021-24, including staff costs,  amounts to EUR 3.191 million.

Finally, the PSLF programme also entails a number of additional costs such as:

- Costs related to missions of PSLF staff.
- Costs related to onboarding eGrants.
- Costs related to communication and awareness raising activities.
- Costs related to other technical and administrative expenditure such as evaluation.

*Table 2: Other PSLF costs – budget utilisation*

| Cost item | Commitments (2022-24) |
|---|---|
| Missions | 54.300 |
| eGrants+SEDIA | 302.450 |
| Communication and awareness raising | 5.034 |
| Evaluation | 128.000 |

**Source**: European Commission.

<u>Administrative costs and burden for advisory and financing partner of the PSLF</u>

Regarding the advisory services delivered by the EIB under the InvestEU Advisory Hub, it is important to note that the costs of providing the advisory support are fully covered by the Commission. Hence, no additional costs are anticipated on the side of the EIB as the advisory partner.

Concerning the implementation of the loan component of the PSLF, all its costs are fully covered by the EIB. No fees are paid to the EIB for the implementation of the loan Facility. The internal rules and procedures of the EIB are not within the scope of this evaluation and thus the cost of the implementation of the loan component are not covered here.

The cost of the implementation of the loan component by the EIB's financial intermediaries, in particular NPBIs, was not collected either. This limitation stems from the fact that the period in which the study collected evidence (between end of April 2024 and end of October 2024) coincided with the submission of most intermediated lending PSLF projects which were submitted under the 6th (17 April 2024) and 7th cut-off date (19 April 2024). By the end of the study, these intermediated lending projects had only just been approved by the PSLF Evaluation Committee. None of these intermediated lending PSLF projects had been signed at the time of the analysis, and until today, they are still awaiting the approval of the loan component. As a consequence, the NPBI engagement was in very preliminary stages, making it too early to assess any outcomes or cost-related effects.

<u>Administrative costs and burden for applicants and beneficiaries</u>

Applicants and final beneficiaries of the PSLF invest effort, time and resources to prepare advisory requests and project and loan applications and to implement projects. This includes also reporting requirements in compliance with the legal obligations as set out in the grant and loan agreements of the related PSLF projects. Given the limited sample size of PSLF applicants and beneficiaries, the evaluation did not include a specific methodology to estimate the actual costs related to their involvement in the PSLF. Instead, this will be part of the future evaluation.

<u>Administrative costs and burden for MS administrations</u>

MS administrations invest effort, time and resources to help implement the PSLF. This support can range from raising awareness to identifying projects and project promoters and type of related activities. Given the limited scope of this evaluation, these costs have not been estimated at this stage of implementation. Instead, this will be part of the future final evaluation.

**Benefits of the PSLF programme**

This section provides a summary of the 'direct' benefits that can be observed at this early stage of implementation. While comprehensive KPIs data remains limited, preliminary evidence of the PSLF's reach is presented here, covering the period 2022-24. As previously noted, estimating the 'wider' benefits of the PSLF is not yet feasible and will be subject to the final evaluation.
Early evidence of the PSLF collected on the basis of the KPIs (as per Annex II of PSLF Regulation) is presented below:

- 7 projects have received PSLF financing.
- Four countries are concerned: Sweden (1), France (3), Greece (1), and Czechia (2).

- 3.450 million of people across Europe are expected to be reached by these projects.
- 5745 jobs are expected to be created following implementation of these projects.
- 135.805 metric tons per year is the expected reduction in $CO_2$ following implementation of these projects.

### Overview of costs and benefits

The table 3 below provides a summary overview of the costs and benefits that could be assessed at this stage of implementation. As previously explained, the evaluation can only provide an incomplete picture due the early stage of the implementation of the programme as well as non-availability of data.

*Table 3: overview of the costs and benefits*

| ***Table. Overview of costs and benefits identified in the evaluation*** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Citizens/EU society | | | Applicants/ Beneficiaries | | Finance partner (EIB) | | MS administrations | |
| | | Quantitative | | Comment | Quantitative | Comment | Quantitative | Comment | Quantitative | Comment |
| | **Administrative costs of implementing PSLF** | **Recurrent** | 10 FTEs + Other costs such as communication, evaluation and e-Grants | | | | | | | |
| | **Administrative costs of applicants and beneficiaries participation in the PSLF** | **One off** | | | Not estimated | Applicants and final beneficiaries invest effort, time and money to apply, implement, monitor and report on PSLF projects | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Administrative costs of finance partner (EIB)** | **Recurrent** | | | | | Not estimated | All costs are covered by the EIB (no fee agreement with the European Commission) | | |
| | **Administrative costs of MS administrations** | **Recurrent** | | | | | | | Not estimated | MS administrations spend effort, time and resources to support PSLF implementation. |
| | **<u>Benefits:</u>**<br>**Direct benefits** | **Short and long term** | 7 projects received financing<br><br>Around 3.450 mln people are expected to be reached.<br><br>Around 5745 jobs are expected to be created<br><br>Around 135.805 metric tons per year is the expected reduction in CO2 | | | | | | | |
| | **<u>Indirect benefits</u>** | **Long term** | Not estimated | | | | | | | |

| *TABLE. Simplification and burden reduction (savings already achieved)* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Citizens/EU society | | Applicants/ Beneficiaries | | Finance partner (EIB) | | MS administrations | |
| | Quantitative | Comment | Quantitative | Comment | Quantitative | Comment | Quantitative | Comment |
| **Use of Financing Not Linked to Costs** (direct compliance cost savings) | | | | | | | | |
| **Type: recurrent** | N/A. | The use of Financing Not Linked to Costs has no impact on citizens. | Not estimated. | The use of Financing Not Linked to Costs is positively perceived by French and Greek beneficiaries but no quantification has taken place. | Not estimated. | The use of financing not linked to costs to calculate the amount of the grant based on the loan amount improves the visibility of the EIB into the final allocation of co-financing sources for PSLF supported investments. | N/A. | The use Financing Not Linked to Costs has no impact on MS administrations. |

| *PART II: II Potential simplification and burden reduction (savings)* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Citizens/EU society | | Applicants/ Beneficiaries | | Finance partner (EIB) | | MS administrations | |
| | Quantitative | Comment | Quantitative | Comment | Quantitative | Comment | Quantitative | Comment |
| **Description: N/A** (none identified) | | | | | | | | |
| **Type: One-off / recurrent** (select) | N/A. | N/A. | N/A. | N/A. | N/A. | N/A. | N/A. | N/A. |

## ANNEX V. STAKEHOLDERS CONSULTATION - SYNOPSIS REPORT

The stakeholder consultation was based on a strategy that involved a public Call for Evidence (launched by the European Commission as part of the Better Regulation cycle), a targeted survey (through EU Survey), interviews and feedback collected during dedicated PSLF events.

*Table 4: Overview of the consultation strategy.*

| Consultation activity | Stakeholders targeted | Timing |
|---|---|---|
| Call for Evidence | Individual citizens, academic and research institutions, NGOs, consumer and social organisations, individual economic operators and representatives as well as public authorities. | 2 February 2024 - 1 March 2024; 2 responses |
| Survey | Different categories were targeted:<br>• National, regional and local public authorities;<br>• Other public or quasi-public organisations;<br>• Private bodies (with a public service mission);<br>• Applicants/beneficiaries;<br>• European Commission and/or CINEA;<br>• European Investment Bank (EIB);<br>• National and regional promotional banks and institutions;<br>• Research and academia;<br>• Third-party interest groups (non-governmental organisations, trade unions, social partners). | 9 July 2024 - 13 September 2024; 102 submissions |

| | | |
|---|---|---|
| Interviews | Three groups were interviewed:<br><br>• EU institutional actors;<br>• Beneficiaries, applicants and national, regional and local authorities;<br>• Other stakeholders. | 4 July 2024 - 11 November 2024; 39 interviews |
| Workshop ‘Translating just transition from plans into investments: combining grants, financing and advisory’ in the context of the European Week of Regions and Cities 2024[66] | Cohesion policy managing authorities, NGOs, academic and research institutions, staff from EU institutions, and other cohesion policy stakeholders. | 8 October 2024 |
| Session ‘Third Pillar of the Just Transition Mechanism – All You Want to Know’ in the context of the 10th Just Transition Platform Conference[67] | JTF managing authorities, NGOs, academic and research institutions, and other just transition relevant stakeholders. | 16 October 2024 |

**Source:** Supporting Study.

**Call for Evidence**

The Call for Evidence supported the preparation of the PSLF interim evaluation. It was open for feedback from 2 February 2024 to 1 March 2024. The Commission received only two responses which were unrelated to the topic of the consultation. One comment was removed as it did not comply with the European Commission's rules for publishing feedback and suggestions.

[66] European Investment Bank & European Commission (2024). Translating Just Transition from plans into investments: Combining grants, financing and advisory support. Workshop organised by the European Investment Bank and the European Commission in the European Committee of the Regions as part of the European Week of Regions and Cities. Background note. Retrieved from https://regions-and-cities.europa.eu/sites/default/files/webform/multimedia_center/42490/ewrc-session-outline_8-oct-2024_final.pdf (last accessed on 10 October 2024).

[67] See https://app.swapcard.com/event/10th-just-transition-platform-conference/planning/UGxhbm5pbmdfMjA1NDM0Ng== (last accessed on 10 October 2024).

**Overview of the survey findings**

**Relevance**

35% (33 out of 93) of the respondents indicated that the grant is relevant ‘to a very large extent’ for them. 25% (23 out of 93) accounts for ‘to a large extent’, while 32% (30 out of 93) indicated the grant to be relevant only ‘to some extent’. 6% (6 out of 93) of the respondents answered that the grant is relevant ‘to little extent’ and 1% (1 out of 93) ‘to no extent’.

Looking into stakeholders that could be eligible for support under the PSLF (including local/regional/national authorities, private bodies (with public mission), applicants and beneficiaries and other public/quasi-public organisations), the picture is even more favourable with 43% (24 out of 56) indicating it is relevant ‘to a very large extent’, while for 30% (17 out of 56) it is ‘to a large extent’. ‘To some extent’ has 18% (10 out of 56), ‘to little extent’ 7% (4 out of 56), and ‘to no extent’ 2% (1 out of 56).

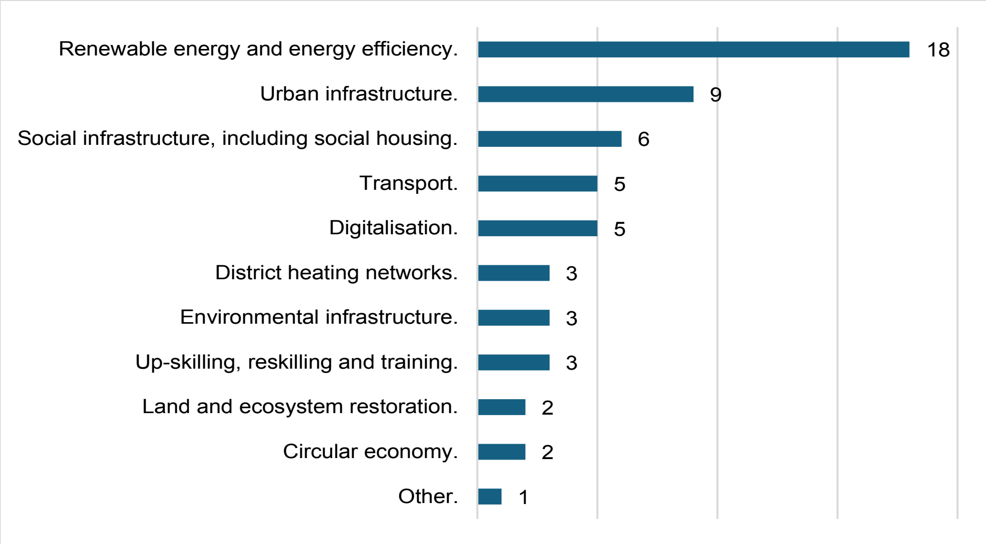
In comparison, the 20 responses from the Commission, CINEA and EIB were less optimistic. The category ‘to a very large extent’ saw 15% (3 out of 20). ‘To a large extent’ accounts for 20% (4 out of 20), while ‘to some extent’ includes 60% (12 out of 20). ‘To little extent’ was 5% (1 out of 20).

47% (27 out of 58) are either implementing projects benefiting from PSLF or intend to submit a proposal to a PSLF call. Of those 27 participants, more than 50% responded that the grant component is relevant ‘to a very large extent’ and for 33% ‘to a large extent’.

Figure 13 indicates that ‘renewable energy and energy efficiency’ projects are the most common, with 18 out of 27 respondents indicating they intend to implement or are implementing projects. ‘Urban infrastructure’ follows with 9 projects, followed by ‘social infrastructure, including social housing’ with 6 intended to be implemented or implemented. Other significant categories include ‘digitalisation’ and ‘transport’, each with 5 projects. There are fewer responses for ‘circular economy’ (2) and ‘land restoration’ (2).

For those not implementing projects or none are planned, many have indicated that they have limited capacity, high loan thresholds and that the application process is rather complex. Additionally, they find it difficult to manage large-scale projects due to their limited own budgets.

*Figure 13: areas in which stakeholders intend to implement or are implementing projects supported under PSLF*

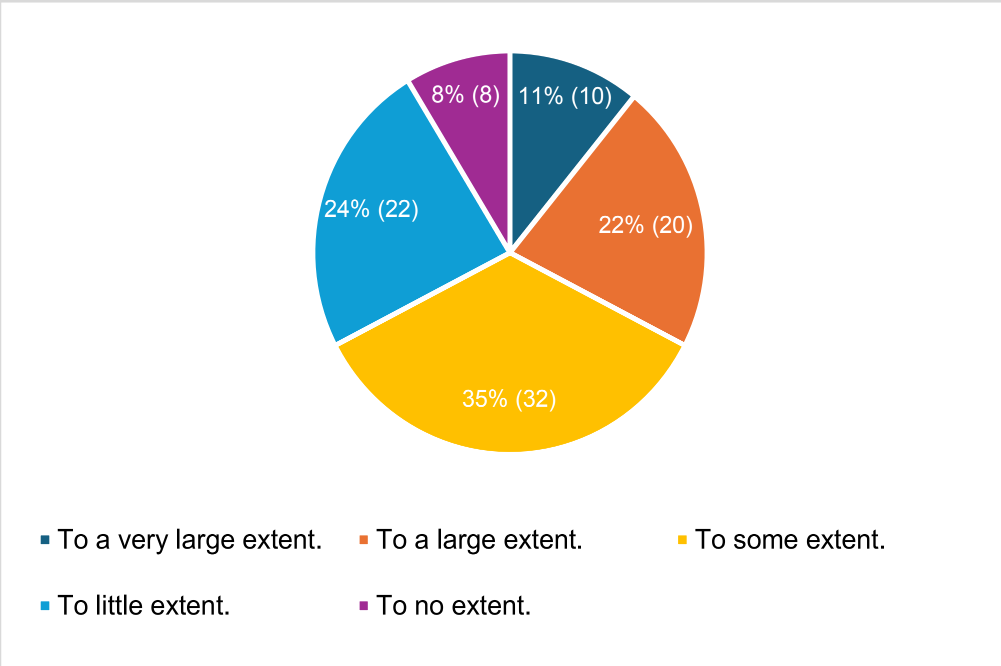



**Source**: Supporting Study.

**Effectiveness**

11% (10 out of 92) of the respondents answered that PSLF is effective in addressing the social, economic and environmental objectives of the transition 'to a very large extent', 22% (20 out of 92) 'to a large extent', 35% (32 out of 92) 'to some extent', 24% (22 out of 92) 'to little extent' and 8% (8 out of 92) 'to no extent'.

*Figure 14: the extent to which PSLF has been effective in addressing the challenges of the transition.*




**Source:** Supporting Study.

Looking into stakeholders that could be eligible for support under the PSLF (including local/regional/national authorities, private bodies (with public mission), applicants and beneficiaries and other public/quasi-public organisations), 21% (10 out of 48) of them indicated PSLF is effective 'to a very large extent', while for 27% (13 out of 48)) said it is effective 'to a large extent', 29% (14 out of 48) 'to some extent', 15% (7 out of 48) 'to little extent', and 8% (4 out of 48) 'to no extent'.

In comparison, the 20 responses from the Commission, CINEA and EIB were less optimistic. 15% (3 out of 20) account for 'to a large extent', 40% (8 out of 20) 'to some extent', 35% (7 out of 20) 'to little extent' and 10% (2 out of 20) 'to no extent'.

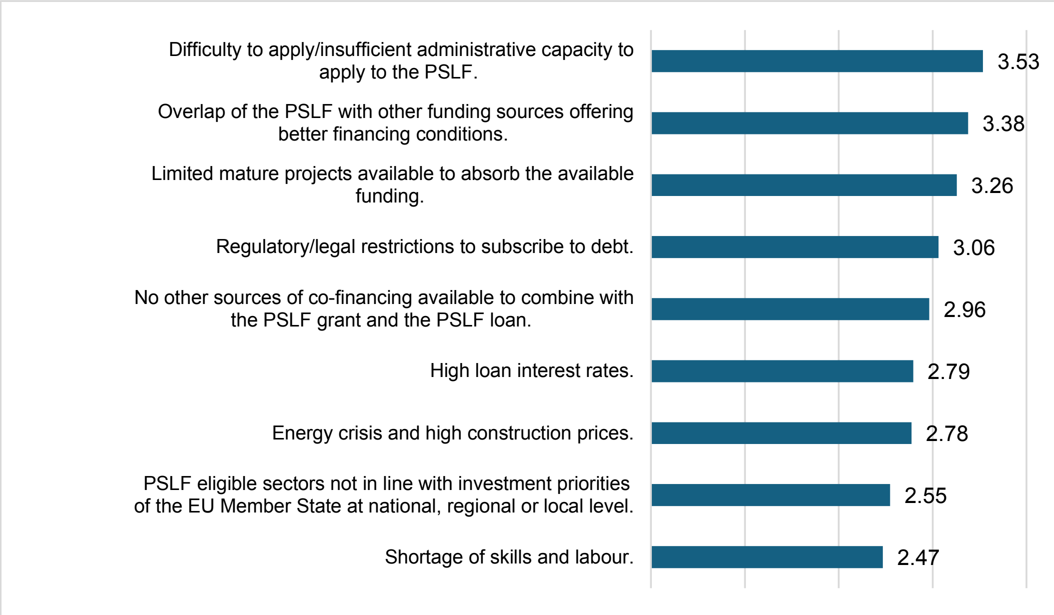
When the participants were asked to explain their assessment, the key points that were raised concerns the following:

- PSLF is seen as crucial for supporting just transition in regions aiming to reach climate objectives and for providing financial resources for the just transition.
- PSLF is essential for making investments feasible, particularly in negatively affected regions by the green transition
- 10% (7 out of 70) indicated that PSLF is needed for larger grants to reduce financial burdens on public authorities and better align with other funding sources.
- PSLF is less attractive compared to other EU funds.
-

Figure 15 shows the circumstances influencing the uptake of the PSLF. This includes among others ‘difficulty to apply/insufficient administrative capacity’ with a score of 3.53 in an index[68] created to compare the responses. This is followed by ‘overlap of the PSLF with other funding sources offering better financing conditions’ with 3.38. The item ‘limited mature projects available to absorb the available funding’ scores 3.26. ‘PSLF sectors not in line with investment priorities’ and ‘shortage of skills and labour’ seem to be less influencing factor for the uptake of PSLF with score of 2.55 and 2.47 respectively.

[68] The index rates how much each circumstance influenced the uptake of PSLF on a scale from one (‘to no extent’) to five (‘to a very large to extent’). Each response is rated from one (‘to no extent’) to five (‘to a very large extent’), and the sum is divided by the total number of responses.

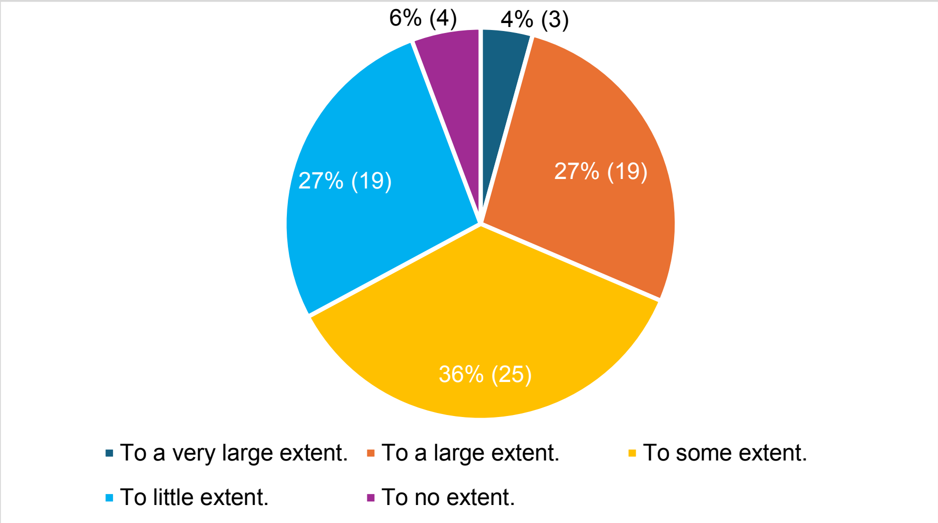
*Figure 15: The extent to which the uptake of the PSLF been influenced by evolving circumstances.*




**Source**: Supporting Study

Regarding the extent to which stakeholders feel informed about the PSLF, figure 16 shows that 27% (19 out of 70) responded ‘to a large extent’, 36% (25 out of 70) ‘to some extent’, and 27% (19 out of 70) ‘to little extent’, while 6% (4 out of 70) answered ‘to no extent’. Respondents from TJTP territories seem to be informed as much as those outside with 6% (2 out of 36) indicating they are informed ‘to a very large extent’, 19% (7 out of 36) ‘to a large extent’ and ‘to some extent’ accounts for 50% (18 out of 36).

*Figure 16: The extent to which respondents feel informed about the PSLF.*




**Source:** Supporting Study.

Most respondents (38 out of 69) received information about the PSLF from the European Commission and/or CINEA. This is followed by the EIB (25 out of 69), national authorities (13 out of 69), regional authorities (12 out of 69) and local authorities (10 out of 69) of EU Member States. A few respondents received information about the PSLF from other sources (5 out of 69) or from a third-party interest group (3 out of 69).

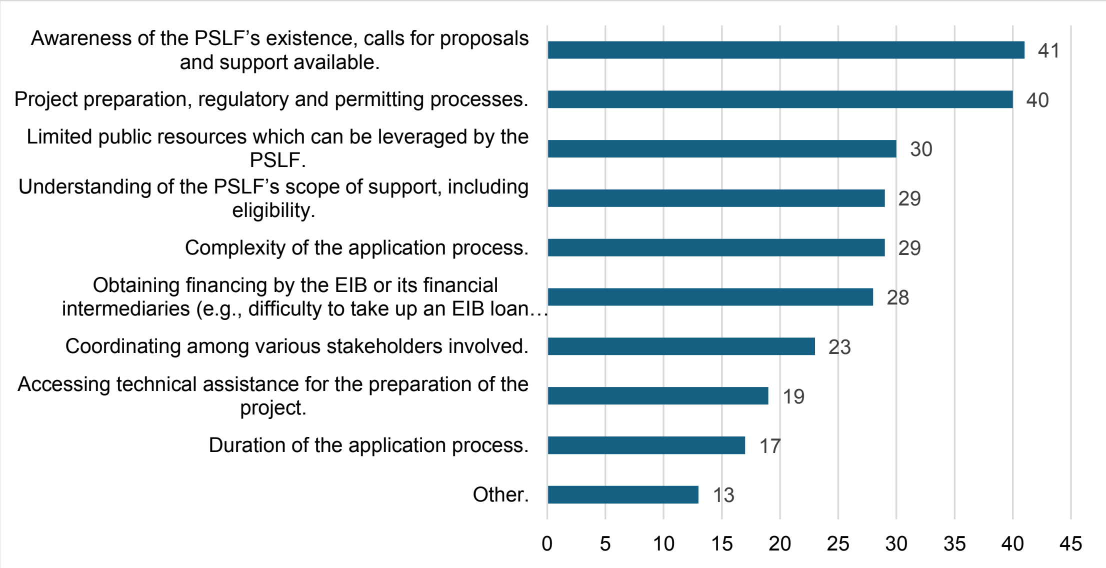
The information was mostly received through e-mails (44 out of 71), followed by meetings (33 out of 71), website/online material (30 out of 71), involvement in preparing the TJTP (21 out of 71), events (16 out of 71), and social media/newsletter (12 out of 71).

60% of respondents (37 out of 62) were aware of the advisory and technical assistance services available for PSLF, while 40% (25 out of 62) were not. Of the 24% (8 out of 34) who made use of advisory and technical assistance, it was mostly for 'project preparation and development' (4 out of 34), followed by 'project identification/generation' (2 out of 34) and 'other' (2 out of 34). Both 'financial structuring' and 'market development activities' were mentioned once each. Of the 8 who used the services, 25% (2 out of 8) were satisfied 'to a very large extent', while 50% (4 out of 8) and 25% (2 out of 8) were satisfied 'to a large' and 'to some extent'.

**Efficiency**

Figure 17 shows specific obstacles regarding the process to apply for the PSLF. 'Awareness about the PSLF, call for proposals, and support available' account for 41 responses, followed by 'project preparation, regulatory and permitting processes' (40) and 'limited public resources which can be leveraged by the PSLF' (30). 'Accessing technical assistance for the preparation of the project' and the 'duration of the application' are less of an obstacle with 19 and 17 responses respectively.

*Figure 17: obstacles regarding the application process of the PSLF*




**Source:** Supporting Study.

23% (19 out of 84) responded that such obstacles prevent them from applying for PSLF 'to a very large extent'. In comparison, 46% (39 out of 84) indicated 'to a large extent', 25% (21 out of 84) 'to some extent', 2% (2 out of 84) 'to little extent' and 4% (3 out of 84) 'to no extent'.

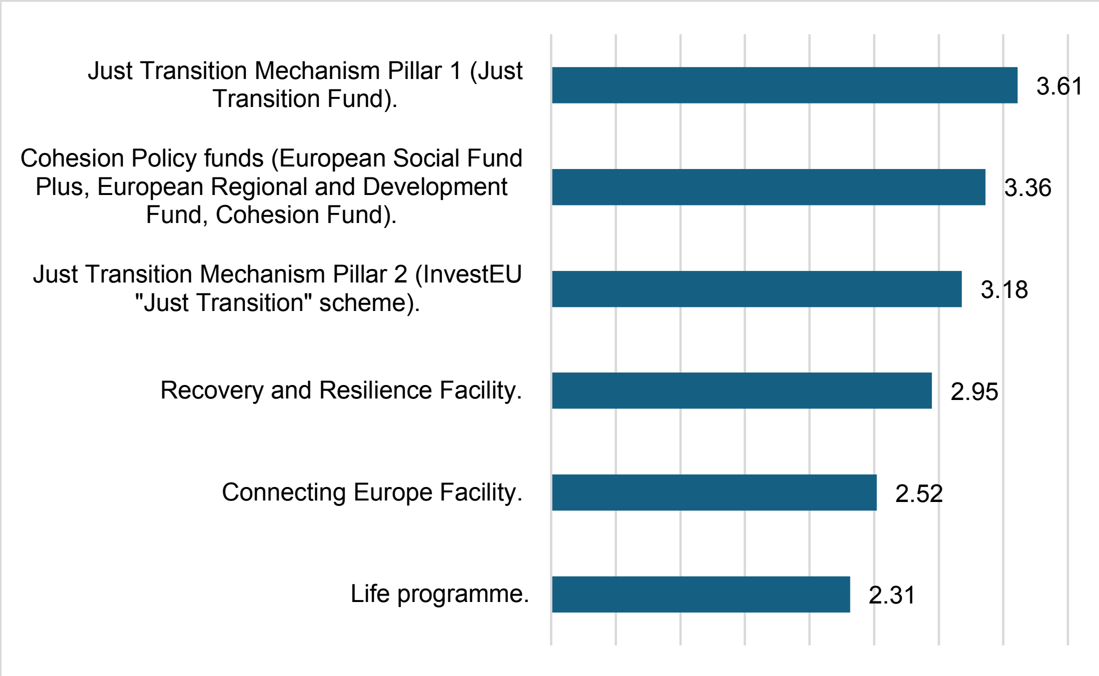
To improve PSLF implementation, the qualitative feedback emphasises the need for better integration between grant and loan components, simplified processes and clearer communication from the European Commission/CINEA. Suggestions also include expanding eligibility to more public entities, increasing the grant share and offering more training on the application process. Many respondents call for greater flexibility to accommodate smaller projects and to combine PSLF with other funds that share a similar objective. More local support from national and regional bodies with improved outreach and promotion of PSLF were also suggested.

**Coherence**

The index[69] to compare responses on synergies between PSLF and other EU instruments had a score of 3.61 for synergies with the 'Just Transition Mechanism Pillar 1 (Just Transition Fund)'. Following this, 'Cohesion Policy funds (European Social Fund Plus, European Regional and Development Fund, Cohesion Fund)' scored 3.36. The 'Just Transition Mechanism Pillar 2 (InvestEU 'Just Transition' scheme)' scored 3.18, 'Recovery and Resilience Facility' 2.95, while 'Other' scored 2.71. Fewer synergies exist with CEF (2.52), and LIFE (2.31).

[69] An index has been calculated that rates the synergies on a scale from one ('to no extent') to five ('to a very large to extent'). Each response is rated from one ('to no extent') to five ('to a very large extent'), and the sum is divided by the total number of responses.

*Figure 18: The extent to which there are synergies between the PSLF and the following EU instruments and funds at the intervention level[70].*




**Source**: Supporting Study.

**EU added value**

Figure 19 shows that 39% (35 out of 90) of the respondents indicated PSLF to have a 'high added value', 34% (31 out of 90) 'some added value', 11% (10 out of 90) 'not so much added value' and 7% (6 out of 90) 'no added value'.

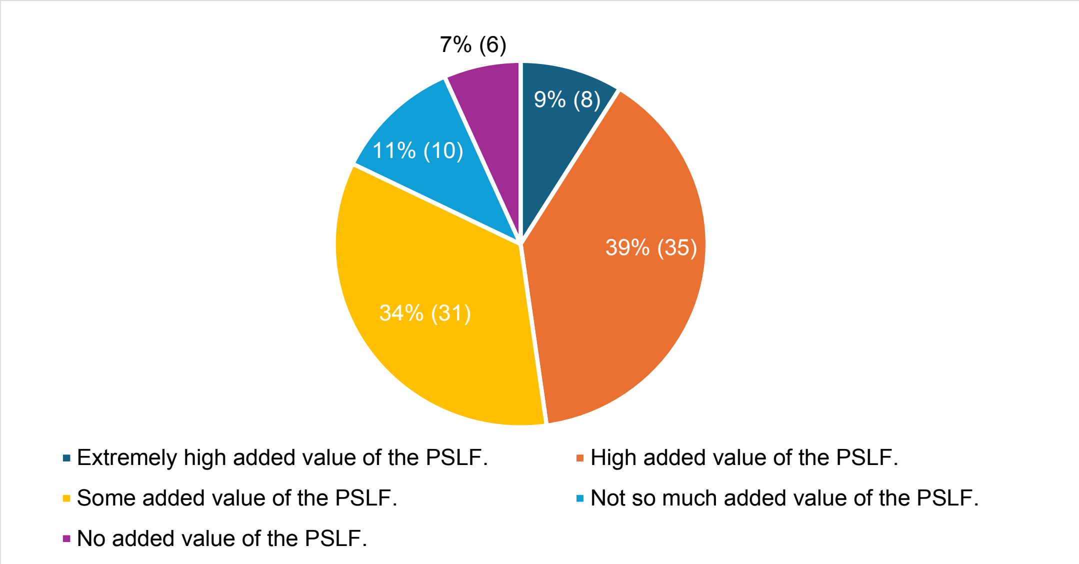
[70] Responses vary across the options, 67 referring to LIFE, 73 to CEF, 76 to RRF, 78 to JTM Pillar II, 82 to JTF, 83 to cohesion policy funds.

Looking into stakeholders that could be eligible for support under the PSLF (including local/regional/national authorities, private bodies (with public mission), applicants and beneficiaries and other public/quasi-public organisations), 12% (6 out of 50) of them replied there is an ‘extremely high added value of the PSLF’. In comparison, ‘high added value of the PSLF’ accounts for 32% (16 out of 50), ‘some added value of the PSLF’ includes 36% (18 out of 50), ‘not so much added value’ represents 12% (6 out of 50), and ‘no added value of the PSLF’ comprises 8% (4 out of 50).

30% (6 out of 20) of the responses from the Commission, CINEA and EIB reveal that PSLF add ‘high value’. In comparison, ‘some added value’ accounts for 45% (9 out of 20), with ‘not so much added value’ representing 15% (3 out of 20).

The survey indicates that PSLF has a high potential to support the transition towards EU climate objectives, especially for projects that otherwise would not be funded. However, the added value of the PSLF seem to be limited by administrative capacity, the lack of mature projects and alternatively by more attractive available funding sources.

*Figure 19: The EU added value of the PSLF for the just transition in EU Member States*[71]




**Source**: Supporting Study. **Note**: The number of responses is in brackets.

**Overview of the interview findings**

**Relevance**

Feedback suggests that PSLF is highly relevant for addressing just transition needs, particularly given the substantial investments needed to counter climate change (actors with EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). The PSLF is seen as a critical financial instrument to complement the limited financial resources available at the level of EU Member States (actors within EU institutions). Moreover, it is seen as an instrument which can diversify the sources of funding available at the EU level (actors within EU institutions).

[71] Low added value means that national/regional policies would fully pursue PSLF objectives, while high added value means that national/regional policies would not – or to a limited extent – pursue PSLF objectives in the absence of PSLF interventions.

It was confirmed that the scope of support is broad enough to cover PSLF objectives in line with the objectives of the European Green Deal (actors with EU institutions, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). This is also proved by the scope of the PSLF projects which were received so far aiming at among others reducing CO2 emissions, diversifying the economy of just transition regions, and retaining young people in those regions by creating jobs and making those regions more attractive for them (actors with EU institutions, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society).

It was also noted that the PSLF is relevant, though its uptake varies significantly across the different Member States (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). This depends among others on their progress on just transition (actors with EU institutions, other third-party actors such as consultants and civil society).

Stakeholders also pointed out the limited fiscal capacity of the public sector and country-specific rules and procedures for taking on additional debt that generally restricted the use of debt-based instruments like PSLF (actors with EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). While PSLF could be attractive for larger municipalities or entities with more experience in handling loans, smaller municipalities might struggle to meet the requirements due to financial and administrative constraints (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). The responses highlight the diversity of municipalities, particularly in Romania and Poland (other third-party actors such as consultants and civil society). Some municipalities can access financial markets and may find PSLF irrelevant, while others, especially those in transition and less developed regions, seek simpler options for project support (actors with EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Some beneficiaries, applicants and other authorities indicated that they however prefer support from JTF due to its simpler application process, higher grant coverage and lower own contribution.

Several stakeholders pointed out that PSLF can be relevant for several types of investments (beneficiaries and applicants, other third-party actors such as consultants and civil society). However, the complex application process and the related conditions, including repaying loans, can discourage potential applicants (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Targeted outreach and informative campaigns could help increase awareness and understanding of the PSLF, making it a more appealing instrument for municipalities (actors with EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society).

Respondents generally agree that the relevance of PSLF has not significantly changed since its inception (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). It was suggested however that PSLF may become more relevant once the funding available from other sources such as JTF is absorbed (actors within EU institutions, EIB, other third-party actors such as consultants and civil society). PSLF seems also relevant for local public sector bodies, particularly in Member States that have less resources of EU funding available (actors within EU institutions, EIB, beneficiaries and applicants). PSLF being implemented in direct management enables local public bodies to access PSLF directly at EU level (actors within EU institutions, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society).

**Effectiveness**

Interviews confirm a slow and challenging start of PSLF implementation (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Many stakeholders note that it is too early to assess results due to the early stage of implementation (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Few projects are signed and many of them have just recently started implementation (actors within EU institutions). Some stakeholders highlighted that the disbursement of funds has been significantly lower than anticipated.

The separate application processes required for the PSLF EIB loan component and PSLF European Commission grant component have led to some confusion and delays for submitting project proposals which can discourage potential applicants, especially those with limited administrative capacity (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Institutional actors highlight that detailed evaluation of applications is critical to ensuring the quality of projects and the soundness of funding decisions, as many applications have had difficulty in demonstrating the ability to repay the loan (actors within EU institutions, EIB).

The example of France with very high PSLF uptake gives an indication that more developed regions can access PSLF funding more easily (actors with EU institutions, EIB). Another challenge which was highlighted is the administrative capacity of applicants (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). In particular, small regions struggle with their administrative capacity to be able to apply for PSLF (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Other stakeholders reported that small entities often lack the human resources and financial expertise needed to engage effectively with a blending mechanism like PSLF (EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Therefore, they may prefer other types of funding instruments which they are familiar with rather than navigating the novelty of PSLF (EIB, national, regional and local actors, other third-party actors such as consultants and civil society).

The language of the documents and limited maturity of project pipelines were identified as other challenges for the uptake of the PSLF (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). For instance, the interview with the authority from Croatia highlighted the limited project pipeline to address just transition needs, but also the availability of funding from other EU sources which limited their engagement with PSLF (national, regional and local actors).

Beneficiaries, applicants and Member State authorities also pointed to limited fiscal capacity of the public sector and country-specific rules and procedures for taking on additional debt that generally restricted the use of debt-based instruments like PSLF (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society).

Stakeholders have highlighted the availability and accessibility of advisory services either by the EIB or other sources as crucial for increasing effectiveness of PSLF (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Efforts such as developing handbooks in own language were appreciated (beneficiaries and applicants, other third-party actors such as consultants and civil society). It was suggested that support should be available at all times and is crucial for in particular smaller size entities (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society).

**Efficiency**

Interviews confirm that the separate application process for the EIB loan component and the European Commission grant component is perceived as less efficient by some stakeholders (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). The option of one-stop-shop was considered during negotiations of the administrative agreement between the European Commission and EIB but was not found feasible (actors within EU institutions, EIB).

The use of financing not linked to costs and pre-financing of project costs has lightened the administrative workload for the European Commission/CINEA and was appreciated by the beneficiaries of the PSLF (actors within EU institutions, beneficiaries and applicants). Another element which was highlighted is that CINEA is using fewer human resources than initially expected due to limited implementation (actors within EU institutions).

Some applicants submitted project proposals with low quality which resulted in the need to revise and resubmit their proposals which have also affected the efficiency of the implementation (actors within EU institutions, EIB). The need for clear guidance and dedicated support to fill in the application form was highlighted in this regard (actors within EU institutions, EIB, beneficiaries and applicants, other third-party actors such as consultants and civil society).

The time required to complete applications was highlighted, particularly in relation to the expiry of national shares by the end of 2025 after which grants will be awarded on a 'first come first served' basis (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). This could result in a competitive atmosphere for applicants where only a limited number of projects can secure funding (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society).

Beneficiaries in Greece and France already anticipate a positive assessment of the monitoring and reporting requirements of the PSLF due to the FNLC conditions which do not require them to report on the related project costs (actors within EU institutions, beneficiaries and applicants). However, the separate reporting and monitoring for the EIB loan component and the European Commission grant component are anticipated to be less efficient by the same beneficiaries (beneficiaries and applicants).

The role of the EIB advisory services and other type of technical assistance deployed has been highlighted in improving the knowledge about the grant application process and thus improving the quality of the project proposals basis (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Prior experience with other EU funding instruments has been identified as another factor which has helped beneficiaries progressing with their project proposals (actors within EU institutions).

**Coherence**

The provided feedback reveals a complex landscape of overlaps, synergies and challenges. PSLF objectives are to some extent similar and overlapping with the JTF, CF, ERDF and RRF. Therefore, projects may struggle to determine the most suitable funding source (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society).

Interviews also suggest that PSLF competes with other EU funding resources that provide more favourable conditions. Among others, the higher coverage of EU grants, greater familiarity with application procedures, etc. were highlighted (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). Some stakeholders reported that some managing authorities find JTF easier to access and administer than PSLF, resulting in a preference for the former (other third-party actors such as consultants and civil society).

Interviews highlighted that while some Member States have a more flexible approach towards the eligible areas of support for PSLF in their TJTPs, others have been more precise in identifying the sectors eligible for funding under PSLF, such as the Netherlands, ensuring complementarity between the three JTM Pillars (actors within EU institutions, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society).

Stakeholders also pointed out the challenge that PSLF cannot be combined with other sources of funding (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants). The involvement of consultants for advisory and technical assistance services has helped potential applicants to prepare applications for PSLF (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society). In practice, different forms of advisory support have joined forces through joint events and training to coordinate and enhance the support provided for the PSLF (beneficiaries and applicants, other third-party actors such as consultants and civil society).

**EU added value**

Institutional actors recognise significant advantages of providing support through an EU-level blending instrument like PSLF (actors within EU institutions, EIB). This includes more resources for just transition territories that might otherwise lack access to adequate funding (actors within EU institutions, EIB). The EU's role helps to address investment gaps in specific areas, particularly for projects related to just transition (actors within EU institutions, EIB). PSLF is noted for its flexibility and place-based approach, enabling a targeted response to the unique needs of territories most affected by transition, particularly decarbonisation and climate adaptation (actors within EU institutions, EIB). This is highlighted as a key advantage over national or regional solutions, which may not always adequately consider the local context (actors within EU institutions, EIB).

The evaluation of project proposals by institutional actors raises the standard of projects due to the rigorous requirements for applying (actors within EU institutions, EIB). The grant enhances attractiveness compared to national funding options, which may lack similar incentives (actors within EU institutions, EIB, beneficiaries and applicants). There is recognition of the complexity introduced by the blending mechanism itself and by having multiple, partly overlapping funding sources and instruments at EU level (actors within EU institutions, EIB, national, regional and local actors, beneficiaries and applicants, other third-party actors such as consultants and civil society).

Beneficiaries, applicants and Member State authorities recognise the PSLF added value and indicate that it complements other EU, national and regional sources, filling gaps where those may not be applicable or attractive (national, regional and local actors, beneficiaries and applicants). In addition, some respondents hope that projects funded through PSLF could be models for other regions, showcasing the use of blended finance and inspiring additional local and regional projects (actors within EU institutions, EIB, other third-party actors such as consultants and civil society). Experience from navigating the PSLF process is considered valuable for institutions with limited knowledge of blended finance models. This is expected to contribute to capacity building and a more comprehensive understanding of how to manage complex financial instruments (actors within EU institutions, EIB, beneficiaries and applicants, other third-party actors such as consultants and civil society).

Interviews acknowledge the PSLF's EU added value to channel resources to the just transition regions (actors within EU institutions, EIB, beneficiaries and applicants, other third-party actors such as consultants and civil society). They welcome the emphasis on small public authorities, municipalities instead of regional centres, which are prevalent in just transition territories. PSLF can drive local engagement and ensure a wider range of stakeholders can access funding, enhancing the local impact of EU investments (actors within EU institutions, EIB, beneficiaries and applicants, other third-party actors such as consultants and civil society).

**PSLF events**

Two PSLF dedicated events, i.e. ‘Translating just transition from plans into investments: combining grants, financing and advisory’ and ‘Third Pillar of the Just Transition Mechanism – All You Want to Know’ took place on 8 October 2024 and 16 October 2024 respectively and delivered additional feedback about the functioning of the PSLF.

The speakers highlighted the importance of thorough project preparation. In addition, effective good collaboration with different entities involved was also mentioned as a crucial factor, alongside a long-term planning to ensure the economic and financial sustainability of investments. PSLF added value has been confirmed and lies in supporting economic diversification of the regions. In addition, the session also underscored the role of advisory services for improving understanding about the application process and raising awareness about the PSLF. In addition, the added value of the PSLF for funding all these projects have been highlighted. Also, a good preparation of the project with the help of PSLF advisory services or other available technical assistance has been stressed.

**Overview of the case study findings**

**PSLF case study Czechia**

The review of the sectors covered by the TJTP ensures a wide eligibility of potential projects under the Facility. The broad range of areas of intervention covered in the Czech TJTPs appears to be in line with just transition needs in Czechia. However, regional and local authorities may have difficulties to access the PSLF mainly depending on their fiscal (debt) situation.

The feedback about funding opportunities under the PSLF varied among the CZ project promoters, with some more interested than others. The grant can help smaller authorities become more familiar with blended financial instruments such as the PSLF. Other programmes with higher funding rates are however considered more attractive.

Czechia has the most PSLF submitted projects to date. This uptake has been facilitated by EIB intermediate lending. Stakeholders from Czechia informed that additional projects are in the pipeline with the perspective of absorbing the entire national grant allocation by end 2025. The projects are expected to address social, economic and environmental challenges deriving from the transition.

Czechia has requested advisory support from the EIB via the InvestEU advisory Hub available under the PSLF as well as from other consultants via other EU funded technical assistance (at the request of Czech Ministry of Environment) which has been helpful for the uptake of PSLF. In particular, guidance in the national language which was developed to inform and guide potential beneficiaries about PSLF has been effective. The latter is one of factors which explain the PSLF uptake in Czechia.

The communication efforts undertaken in Czechia are considered to be effective. Evidence shows that all stakeholders from Czechia feel informed about PSLF. All Czech stakeholders indicated the European Commission, CINEA and the EIB as their main sources of information, and others referred to communication under the technical assistance financed by the Commission.

Municipalities in the three TJTP regions seem to have different perceptions of their role in the green transition which might have influenced their PSLF uptake. For instance, in Karlovy Vary region stakeholders seem less engaged in the transition, whereas in the Usti region municipalities emphasised stronger involvement. In Moravia-Silesia, municipalities viewed the transition as focused on larger industries, with their role being limited.

Czech stakeholders seem to have a good understanding of the application process of the PSLF.

Respondents from Czechia believe there are stronger synergies of PSLF with cohesion policy funds and RRF. Synergies are less with the InvestEU 'Just Transition' scheme, CEF and LIFE. Submitted projects from Czechia seem to complement support from JTF.

It was stressed that national and regional sources do not support large-scale investments as much as PSLF, indicating that PSLF closes a funding gap in Czechia.

**PSLF case study France**

The six French TJTPs have approached the areas of intervention for PSLF differently. The areas of intervention covered by the French TJTP for PSLF seem in line with the objectives and ambitions of the regions. The PSLF seems highly relevant in France for green and sustainable mobility and transport.

As shown by implementation, there is a high interest in France for PSLF. One factor explaining this high uptake could be the high interest rates in general in France making the EIB loans attractive. Another element is that PSLF financing enables local authorities to support large investments in sectors such as transport that are expected to have a long-term impact for the just transition in France. Potential beneficiaries seem to be able to access debt-based instruments without any significant barriers. The factors highlighted the most which could explain the high uptake of PSLF in France relate to administrative capacity in the authorities and their experience of applying for other EU or national funding resources. Moreover, France had a project pipeline ready for PSLF.

Most awareness raising initiatives about PSLF were local, promoted by the Commission and coordinated by the country. French beneficiaries underline the streamlined information and awareness raising by regional authorities. In addition, communication and regular exchanges with the EIB, Commission and CINEA during the application process were also positive. Communication and awareness raising also contributed to PSLF high uptake in France.

French beneficiaries initially faced challenges with unclear monitoring and reporting requirements, but since PSLF projects have started, the processes have become more transparent. They also consider the application process to be complex, but well understood. Complexity is mostly due to the separate application procedures for the loan and grant components which makes PSLF less efficient. Collaboration between several city departments was crucial to the successful grant application.

PSLF seems to be coherent with other EU and national funding instruments. The French partnership agreement under EU cohesion funds excludes renewed rolling stock which made PSLF a coherent instrument to fill this gap. The project in Nantes seems also coherent with CEF and Horizon Europe programme.

In France, PSLF has added value with high uptake, which is also due to a lack of alternative funding resources to support investments in rolling stock.

**PSLF case study Greece**

The scope for PSLF in Greek TJTPs is broad and allows for a wide variety of projects. The higher grant rate of PSLF of 25% applied to almost all Greek TJTPs provides an additional incentive for potential beneficiaries to apply for PSLF.

Greek potential beneficiaries seem to face challenges when using debt-based instruments such as PSLF. This is mainly due to their existing debt which makes it difficult to obtain additional loans. In addition, the central ministry must approve projects before applying for EU funding instruments like PSLF. While this coordination requirement can add an additional layer of administrative complexity, it can also bring some benefits such as reinforced support and exchanges of information ensuring coordinated projects.

There is interest in framework loan projects under PSLF in Greece, but this requires considerable coordination among multiple potential beneficiaries and sometimes projects with different level of maturity under one framework loan. It seems these obstacles are preventing and delaying potential beneficiaries in Greece from applying.

PSLF uptake in Greece is limited but encouraging. Some factors that explain PSLF uptake in Greece relate to limited administrative capacity in the regions. In addition, as explained above, applying for an EU funding instrument requires coordination and approval from the central authorities, which also affects uptake of the Facility. However, with the first awarded project under PSLF, the EIB and the central authorities have built a partnership which is expected to facilitate further uptake in Greece. More projects from Greece should be submitted by the next PSLF planned cut off dates. These projects are being prepared with JTP Groundwork support.

The application for the grant component was perceived as efficient and accessible by the Greek interviewees. Despite the possibility of applying in Greek, they decided to submit it in English which might have influenced the quality of the application. The advisory support could answer questions regarding the application which helped them. Even though the project is still in an early implementation phase, monitoring and reporting related to the grant component are perceived as efficient by the beneficiary. This is especially due to the FNLC condition as actual costs of the project do not need to be reported. Another measure which makes the PSLF work efficiently is the 70% grant pre-financing in the first year of the project. Therefore, monitoring and reporting requirements under PSLF are perceived as relatively simple compared to other EU funding instruments.

Greek stakeholder consultations suggest that RRF and PSLF are coherent. While RRF is managed centrally, PSLF is a funding opportunity for local beneficiaries. Also, Greek national funds seem to be coherent with PSLF as they generally finance smaller projects, while PSLF can support considerably larger projects. For projects with similar objectives, JTF is generally preferred since it has a higher grant intensity. However, JTF in Greece has narrower areas of implementation compared to the TJTP, suggesting opportunities for synergy between JTF and PSLF.

Coordination between the different types of technical assistance support being deployed in Greece is key to avoid duplicated efforts.

The added value of PSLF for Greece is confirmed since it can support larger projects addressing just transition needs compared to national support. There is no substitute for PSLF at the local and regional level. The Greek beneficiary stressed that projects in the Western Macedonia region could not materialise without additional PSLF resources.

**PSLF case study Poland**

PSLF uptake has been limited in Poland, with only one Polish project selected for funding but withdrawn. There are several reasons which might explain the limited uptake in Poland. One aspect is the lack of awareness of the PSLF and its functioning, but also the limited capacity of regions to deal with different EU funds being implemented in the same period. National and local Polish authorities stressed that they are focused on implementing RRF and cohesion policy funds including JTF. The latter have higher grant rates and tighter deadlines. Another factor is that PSLF projects cannot receive support from other EU programmes, preventing PSLF from being combined complementing other EU funding sources.

In addition, although borrowing has increased over recent years in Poland[72], it seems local authorities have little interest in taking up loans and using blended instruments such as PSLF. Some already have significant debts preventing them from taking up additional loans. Moreover, there is no possibility of integrating smaller intermediated projects (as in Czechia) as the conditions for a financial intermediary in Poland are not yet in place. There also seems to be little interest from commercial banks to finance potential beneficiaries in the just transition regions. Additional barriers and costs related to the local currency might also contribute to less incentive for smaller municipalities to take up loans. The possibility of framework loans under PSLF has been investigated but it was not deemed suitable.

The timing of PSLF implementation is less coherent with the implementation of other EU funding sources such as JTF and RRF in Poland. The strict deadlines for RRF with the need to start the cohesion policy programming period and higher grant rates diverted attention from PSLF for local and regional actors.

There are mixed opinions on the EU added value of PSLF in Poland. Some Polish stakeholders argue that PSLF seems challenging to access and not well-suited for financially constrained smaller public entities in Poland.

**PSLF case study Romania**

The TJTP review confirms the areas of intervention are in line with transition needs which are also in line with the plans for green transition in Romania. All Romanian TJTP regions are less developed and therefore can receive a grant of 25% of the loan amount under the PSLF generating some interests, but without tangible results yet.

There are no PSLF proposals submitted or awarded yet in Romania. Some factors could explain the limited uptake of PSLF there. Existing transition needs do not always translate in a strategic approach and therefore often do not lead to concrete projects. Potential public beneficiaries tend to plan projects according to available funds, rather than creating a pipeline of projects ready for financing. Moreover, RRF and cohesion policy are more attractive than PSLF and thus prioritised. Other issues such as existing debt also affect beneficiaries’ ability to take up additional loans and therefore their ability to use PSLF. For sectors such as transport and energy, public services are performed by state-owned companies which are already heavily indebted. Other factors that can influence the uptake of PSLF in Romania are the limited administrative capacity of the less developed regions involved and their need to deal with multiple projects funded by other EU or other national resources.

[72] For instance, the EIB committed over EUR 100 million of framework loans to local authorities in the TJTP eligible territories over 2022-2024.

There is a high awareness of PSLF in Romania thanks to multiple awareness raising and communication efforts. The role and efforts undertaken by the Ministry of Finance which is facilitating PSLF implementation are complementary and useful to increase uptake in Romania.

Romania is receiving advisory support under the InvestEU Advisory Hub; however, the 2 assignments have just recently started. It is also promising that the advisory assignment is helping to identify eligible intermediated projects.

Romanian stakeholders highlighted that the application process is considered more complicated than a simple grant, because PSLF requires a separate application process for the grant and the loan.

A significant challenge to identifying demand for PSLF is that it must compete with the substantial grant financing available for infrastructure investments under EU Cohesion Policy funds and the RRF. In terms of complementarity with JTM pillars, it appears that JTF has also been prioritised over PSLF due to its higher funding rates. Projects initially directed towards JTF financing could benefit from Pillar III, though the two pillars cannot be combined.

Romanian stakeholders highlighted that the just transition needs are significant, making an additional source of funding like PSLF potentially beneficial for Romania. PSLF could be an opportunity to decentralise the just transition allowing local authorities to be directly involved in this process.

**Cross-country analysis**

PSLF demonstrates coherence with EU and national funding in Czechia, France, and Greece by complementing other funding sources and addressing gaps. In Czechia, it serves as an additional funding source for smaller projects, leveraging national programmes. However, in Poland and Romania, other EU funds are preferred due to higher funding rates and shorter implementation timelines.

The uptake of Public Sector Loan Facility (PSLF) in countries like Czechia, Greece, Poland, and Romania is influenced by several factors:

1. Limited borrowing capacity: smaller public entities often face challenges in borrowing and using debt-based instruments like PSLF.
2. National requirements, for example, in Greece, the central ministry's project approval requirement adds complexity but offers benefits like coordinated projects and information sharing.
3. Project size: the larger size of PSLF projects have been highlighted as a barrier. Framework loans, which bundle smaller projects, have been effective in Greece but face coordination challenges elsewhere. In Czechia, intermediate lending facilitated PSLF smaller projects.
4. Perceptions about the green transition: varied regional perceptions of their roles in the green transition impact engagement with PSLF.

5. Advisory and Technical Assistance: Support initiatives have helped potential beneficiaries understand PSLF and identify projects, boosting uptake in countries like Czechia and Greece.

6. Administrative Capacity: High administrative capacity and familiarity with EU funding in France support PSLF uptake. Limited administrative capacity in Romania and Poland hampers PSLF uptake

Overall, the mix of the PSLF awareness raising and communication activities seem useful suggesting that further awareness-raising and communication efforts could help increase PSLF uptake. Coordination between different advisory support provided under PSLF is key to avoid duplications and ensure coherence.

## ANNEX VI. SUPPORTING STUDY

See separate annex.

## ANNEX VII. LIST OF PSLF SELECTED PROJECTS (INCLUDING BOTH AWARDED AND UNDERGOING EIB DUE DILIGENCE) AND ADVISORY ASSIGNMENTS

*Table 5: List of PSLF selected projects (including both awarded and undergoing EIB due diligence)*

| | Submission deadline | Region/<br><br>Territory | Description of the project | Sector | Status | Budget | Type of loan | Estimated CO2 reduction<br><br>(tonnes per year) | Estimated Job creation | Estimated Persons reached |
|---|---|---|---|---|---|---|---|---|---|---|
| CZ | 20 September 2023 | Moravian-Silesian | **Title of the project**: Ostrava Concert Hall.<br><br>The subject of the project is the construction of the Ostrava Concert Hall with world-class acoustics and a capacity of up to 1300 seats. This project will support the development of cultural infrastructure and contribute to the revitalisation of Ostrava, a former mining city which still maintains the traditional production of steel. The establishment of a new cultural venue will strengthen the city's attractiveness to both its inhabitants and visitors. It will support the region's broader plans aiming at the socio-economic transformation of the region. | urban infrastructure, urban renewal and regeneration, energy efficiency | Grant agreement signed | **Total costs**: EUR 115.5 mln (100%)<br><br>**EIB loan**: EUR 84 mln (73%)<br><br>**PSLF grant**: EUR 21 mln (18%)<br><br>**Own financing**: EUR 10.5 mln (9%) | Standalone project (investment loan) | N/A | 32 | 151 200 |
| CZ | 17 April 2024 | Usti nad Labem | **Title of the project:** Modernisation of selected parts of railway infrastructure in the Ústí nad Labem Region.<br><br>The project, aims to reconstruct the following three railway infrastructure sections:<br>• A railway line in Litoměřice, including construction of noise | sustainable mobility | Grant agreement signed | **Total costs**: EUR 12.4 mln (100%)<br><br>**EIB loan**: EUR 9.4 mln (76%) | Standalone project (Investment loan) | N/A | 0 | 165 860 |

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| | | | barriers and a fly-over in Libochovany;<br>• A railway bridge in Usti nad Labem;<br>• A railway bridge in Teplice.<br><br>The project will help ensure the operability of crucial railway lines for daily commuting in the Usti nad Labem region. It will enhance the quality and safety of both passenger and freight railway transport while reducing noise pollution caused by railway transport by 4-6 decibels. | | | **PSLF grant**: EUR 1.6 mln (13%)<br><br>**Own financing**: EUR 1.4 mln (11%) | | | | |
| SE | 19 April 2023 | Väster-botten | **Title of the project**: Sustainable and Affordable Housing for the New Green Industry and Society (SHERIS).<br><br>The project will address the growing housing need of the Skelleftea municipality by supporting the construction of 7 housing complexes with around 750 energy-efficient affordable housing units. The housing programme will mainly target the incoming workers of the new battery gigafactory Northvolt as well as students, refugees and people with low income or special needs. | housing, energy efficiency | Grant agreement signed | **Total costs**: EUR 141.8 mln (100%)<br><br>**EIB loan**: EUR 71 mln (50%)<br><br>**PSLF grant**: EUR 10.6 mln (7%)<br><br>**Own financing**: EUR 60,2 mln (43%) | Framework loan (loan scheme) | N/A | 1000 | 44 000 |
| FR | 20 September 2023 | Pays de la Loire | **Title of the project**: The Sustainable Mobility Infrastructures for Low Emissions and qualitative Service (SMILES).<br><br>The project consists of improving sustainable transport infrastructure in Nantes by: | sustainable mobility | Grant agreement signed | **Total costs**: EUR 405 mln (100%)<br><br>**EIB loan**: EUR 200 mln (50%) | Standalone project (investment loan) | 21 000 | 106 | 1 672 420 |

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| | | | • Upgrading and renovating 3 tram lines.<br>• Renewing the tram fleet (46 new vehicles).<br>• Constructing a technical and operational centre and multimodal relay/exchange hub.<br>• Developing 38 km of cycling paths.<br><br>The results of the project will improve the performance and quality of the tram network, develop inter-modality, diversify the public transportation offer and reduce road congestion. | | | **PSLF grant**: EUR 30 mln (7%)<br><br>**Own financing**: EUR 175 mln (43%) | | | | |
| FR | 19 April 2023 | Hauts de France | **Title of the project**: MEL in GREEN Mobility (Greenmo).<br><br>The project will target various parts of the Lille Metropolitan area public transport infrastructure. It covers the modernisation of the tram network through the replacement of 30 trams, the roll out of 42 hydrogen-powered buses and the improvement of platforms, depots and other related transport facilities. It will also support the development of an ambitious cycling plan and related infrastructure to improve safety for cyclists. | sustainable mobility | Grant agreement signed | **Total costs**: EUR 420,5 mln (100%)<br><br>**EIB loan**: EUR 210 mln (50%)<br><br>**PSLF grant**: EUR 31.5mln (7%)<br><br>**Own financing**: EUR 179 (43%) | Standalone project (investment loan) | 90 155 | 4 332 | 1 182 250 |
| FR | 19 April 2023 | Provence-Alpes-Côte d'Azur | **Title of the project**: Marseille Tramway Extension project (ETNS1).<br><br>The project aims to:<br>• Extend the North-South tramway line of Marseille by 6.2 km. | sustainable mobility | Grant agreement signed | **Total costs**: EUR 320 mln (100%) | Standalone project (investment loan) | 16 000 | 75 | 84800 |

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| | | | • Construct storage, maintenance, and technical buildings for rolling stock.<br><br>• Carry out landscape works around the infrastructure and the new tramway stations.<br><br>The project will improve the performance and the quality of the tram network in Marseille, strengthen the quality and diversity of the public transport services in the area, offering an alternative to private cars, encouraging soft mobility and behavioural changes for the local and regional citizens towards a more sustainable urban mobility. | | | **EIB loan**: EUR 100 mln (31%)<br><br>**PSLF grant**: EUR 15mln (5%)<br><br>**Own financing**: EUR 205 mln (64%) | | | | |
| EL | 19 April 2023 | Western Macedonia | **Title of the project:** Socioeconomic Transition of Western Macedonia.<br><br>The project brings together 15 projects in six municipalities (Argos Orestikou, Kozani, Kastoria, Florina, Eordaia and Grevena), related to:<br>• 8 – energy efficiency<br>• 1 – road infrastructure<br>• 2 – health care<br>• 1 – culture<br>• 1 – tourism | energy efficiency, renewable energy, public utilities, social infrastructure, health, transport, road | Grant agreement signed | **Total costs**: EUR 80.5 mln (100%)<br><br>**EIB loan**: EUR 58 mln (72%)<br><br>**PSLF grant**: EUR 14,5 mln (18%)<br><br>**Own financing**: EUR 8 mln (10%) | Framework loan (loan scheme) | 8 650 | 200 | 150 000 |

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| **Total for awarded projects** | | | | | | **Total costs**: EUR 1 495.7 mln (100%)<br><br>**EIB loan**: EUR 732 mln (49%)<br><br>**PSLF grant**: EUR 124.2 mln (8%)<br><br>**Own financing**: EUR 639.1 mln (42%) | | **135 805** | **5 745** | **3 456 275** |
| NL | 19 April 2023 | Zuid-Limburg | **Title of the project**: Mijnwater scale up Masterplan phase 1.<br><br>The project will support the Dutch green energy supplier Mijnwater in the development of its innovative 5th-generation heating and cooling grid in the Zuid-Limburg area. | sustainable district heating and cooling | Grant agreement in preparation | **EIB loan requested**: EUR 90 mln<br><br>**PSLF grant requested**: EUR 13.5 mln | Standalone project (investment loan) | **Not available yet | | |
| CZ | 17 April 2024 | Moravia-Silesia | **Title of the project**: Student dormitory - University of Ostrava - increasing the quality and expanding capacity of affordable student housing. | education, social infrastructure | Grant agreement in preparation | **EIB loan requested:** EUR 12 mln | Intermediated lending | | | |

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| | | | The project will expand the student housing by building an additional dormitory with 332 beds, including 6 places for people with special needs and 8 apartments for families with children. | | | **PSLF grant requested**: EUR 3 mln | |
| CZ | 17 April 2024 | Usti nad Labem | **Title of the project:** “Peace Square Postoloprty.”<br><br>The project will improve infrastructure in the historical town centre. Reconstruction of roads, pavements and upgrade of street lighting. | sustainable tourism, urban regeneration | Grant agreement in preparation | **EIB loan requested:** EUR 2.2 mln<br><br>**PSLF grant requested**: EUR 0.5 mln | Intermediated lending |
| CZ | 17 April 2024 | Usti nad Labem | **Title of the project**: Renovation of the historical part of Podmokly - stage D.<br><br>The project will revitalise the historical part of the Podmokly neighbourhood. Landscaping including the adaptation of terrain, creation of green spaces, extension and upgrade of pavements, creation of cycle paths and parking areas, creation of new recreational areas such as sports grounds and multifunctional spaces, upgrade of street lighting, re-organisation and re-furnishment of a commercial street. | urban regeneration, sustainable mobility, sustainable tourism | Grant agreement in preparation | **EIB loan requested:** EUR 2.3 mln<br><br>**PSLF grant requested**: EUR 0.58 mln | Intermediated lending |
| CZ | 17 April 2024 | Usti, Děčín | **Title of the project:** EPC Děčín.<br><br>The project will contribute to energy Performance Contracting (EPC) measures on 16 public buildings (schools, cultural and sport facilities) - Areas of intervention: Heating, lighting and water management. | energy efficiency, sustainable water management | Grant agreement in preparation | **EIB loan requested:** EUR 1.5 mln<br><br>**PSLF grant requested**: EUR 0.39 mln | Intermediated lending |

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| CZ | 17 January 2024 | Usti nad Labem | **Title of the project**: Usti nad Labem Public Transportation.<br><br>The project will a) purchase of around 6000 LED street light lamps to replace the outdated sodium-vapour ones; b) Construct an energy-efficient building for trolleybus drivers adjacent to an administrative building, including a daycare facility for the employees' children. | sustainable mobility, energy efficiency | Grant agreement in preparation | **EIB loan requested:** EUR 1.7 mln<br><br>**PSLF grant requested**: EUR 0.43 mln | Intermediated lending | |
| CZ | 19 September 2024 | Karlovy Vary | **Title of the project**: Reconstruction of selected passenger buildings in the Karlovy Vary Region.<br><br>The project will reconstruct three train stations in the towns of Bečov nad Teplou, Františkovy Lázně and Cheb. | sustainable mobility, urban infrastructure, renovation and conversion of buildings | Grant agreement in preparation | **EIB loan requested**: EUR 39.5 mln<br><br>**PSLF grant requested**: EUR 9.8 mln | Standalone project (investment loan) | |
| CZ | 19 September 2024 | Moravia-Silesia | **Title of the project**: Reconstruction of selected passenger buildings in the Moravian-Silesian Region.<br><br>The project will reconstruct two train stations in the towns of Ostrava-Vítkovice and Kopřivnice. | sustainable mobility, urban infrastructure, renovation and conversion of buildings | Grant agreement in preparation | **EIB loan requested**: EUR 14.2 mln<br><br>**PSLF grant requested**: EUR 3.5 mln | Standalone project (investment loan) | |
| CZ | 19 September 2024 | Usti nad Labem | **Title of the project**: Reconstruction of selected passenger buildings in the Usti nad Labem Region.<br><br>The project will reconstruct passengers' buildings in 3 train stations (Lovosice, Bohemia, Roudnice nad Labem). | sustainable mobility, urban infrastructure, renovation and conversion of buildings | Grant agreement in preparation | **EIB loan requested**: EUR 38 mln<br><br>**PSLF grant requested**: 9.5 mln | Standalone project (investment loan) | |

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| ES | 19 September 2024 | Galicia | **Title of the project**: PROYECTO CHUAC (Centro Hospitalario Universitario A Coruña).<br><br>The project will expand and modernise the public Centro Hospitalario Universitario A Coruña (new CHUAC hospital) by constructing new buildings and refurbishing existing buildings according to contemporary energy efficiency standards, and by modernising its medical facilities and equipment. | Social infrastructure, health | Grant agreement in preparation | **EIB loan requested**: EUR 450 mln<br><br>**PSLF grant requested**: 59.3 mln | Standalone project (investment loan) | |
| **Total for selected projects still undergoing EIB due diligence** | | | | | | **EIB loan**: EUR 651.4 mln<br><br>**PSLF grant**: EUR 100.5 mln | | |

**Source**: European Commission

*Table 6: List of PSLF advisory assignment under the Invest Advisory Hub*

| Assignment name | Final beneficiary | EU Member State | Type of support | Sector of assignment | Start date | Status |
|---|---|---|---|---|---|---|
| Support to the implementation of decarbonisation of the electricity | public authorities | EL | capacity Building | energy, mobility | 02 July 2024 | in progress |

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| supply in Just Transition insular regions in Greece. | | | | | | |
| PSLF - Supporting energy transition in the transport infrastructure in Campo de Gibraltar. | public authorities | ES | project advisory | energy,<br><br>environment,<br><br>mobility | 11 September 2024 | in progress |
| PSLF support for A Coruna Hospital, Spain. | public authorities | ES | project advisory | social investments | 08 August 2024 | completed, 30 November 2024 |
| Transition of the Maritsa East Complex. | public authorities | BG | project advisory | Environment | 13 February 2024 | in progress |
| Electrica Group Financial Model. | corporates | RO | capacity Building | Energy | 22 May 2024 | in progress |
| PSLF support to Usti nad Labem, Czechia. | public authorities | CZ | capacity building | energy;<br>mobility;<br>social investments | 24 November 2024 | in progress |
| Public Sector Loan Facility JTM Romania. | public authorities | RO | Market development | cultural, creative sectors and media; digital connectivity infrastructure;<br>energy;<br>environment; | 26 July 2023 | in progress |

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| | | | | industrial site rehabilitation; mobility; research, development and innovation; social investments; tourism. | | |

**Source**: European Commission.

## ANNEX VIII. PSLF MONITORING AND REPORTING FRAMEWORK

**Reporting and monitoring of advisory assignments**

Advisory funded under the PSLF is implemented by the EIB in the framework of the InvestEU Advisory Hub. As such, advisory assignments are launched, managed and monitored in line with the InvestEU Advisory Hub's rules and procedures.

All proposed assignments with an estimated cost of above EUR 500,000 must be submitted by the EIB to the Commission for prior approval. The information package includes the advisory request, beneficiary identification, estimated delivery cost, implementation period and eligibility within the PSLF.

The EIB delivers an annual technical report on its implementation of advisory in the InvestEU Advisory Hub framework, including the PSLF. In addition, it delivers semi-annual reports focused on data and KPIs. The following KPIs are monitored for the PSLF advisory assignments:

- Number of advisory assignments.
- Start/end date of the advisory assignments.
- Type of final beneficiary.
- Member State of assignment.
- Type of support.
- Sector of assignment.
- Budget of the assignment.
- Expected mobilised investments as a result of the received advisory support for projects supported.
- Project maturity and progress to financing/ investment stage.
- Follow-up on investment/ financing status of completed advisory assignments.
- Estimated contribution to the greenhouse gas reduction of the projects receiving advisory support, where relevant.
- Estimated reduced energy consumption and/or energy produced from renewable energy sources (RES) for projects that received advisory support, where relevant.
- Estimated contribution to the NOx emission reduction, modal shift and saved time for projects that received advisory support, where relevant.
- Number of capacity building activities by type.
- Participants' satisfaction in capacity building activities.
- Number of final beneficiaries, people trained and training days delivered by type of final beneficiary.

- Number of awareness raising events by location and number of participants registered and attending.
- Participants’ satisfaction in awareness-raising events.

Finally, the EIB updates monthly the InvestEU Advisory Hub Management Information System (MIS), which is a databased on ongoing advisory assignments. It contains the following data:

- Status of Assignment
- Start Date of Assignment
- End Date of Assignment
- Report Date
- Final Beneficiary
- Assignment Name
- Assignment Description
- Budget Utilisation
- Type of Support
- Eligible Area
- Countries

**Reporting and monitoring of projects after grant signature**

The management of the PSLF calls for proposals, the preparation and signature of grant agreements and the management of grant agreements, including reporting and monitoring, is delegated to CINEA.

CINEA employs a structured approach to monitor and report on its projects, guided by Grant Agreements (GA) based on the EC’s model grant agreement for lump sums. They serve as the legal basis for project implementation. The Grant Agreement includes several annexes which outline the Description of the Action, and an Annex for KPIs. The whole process from evaluation of proposal to GA preparation as well as monitoring and payments are done through the Commission’s grant management system ‘e-Grants’.

Reporting requirements are divided into continuous and periodic reporting in e-Grants:

- Continuous reporting involves yearly technical reports on project progress, which are not linked to payments, in addition to continuously updating eGrants with information on deliverables, milestones, risks, indicators and any other relevant documents due during project implementation. Beneficiaries are responsible for updating the continuous reporting on-line in e-grants.
- Periodic Reporting involves submitting a detailed periodic report that combines both a technical and financial part. It is linked to payments. The technical part includes structured tables and a narrative section that addresses any differences in planned versus actual project progress, such as delays or budget overruns. The financial part consists of individual financial statements for each beneficiary and a summary financial statement. After assessment of the final period report, a final payment is processed, that can correspond to the amount requested by the beneficiary or a lower amount in case of Work Packages not fully completed.

In this context, the monitoring of the PSLF's Key Performance Indicators (KPIs) as listed in the Regulation is crucial, allowing for comparisons between planned indicators at the submission stage and those achieved during the project's reporting stage.

*Box 1: PSLF Key performance indicators*

1.Volume of grants awarded

2. Volume of loans signed
   2.1 Individual loans
   2.2 Loan schemes

3. Overall investment mobilised, divided as follows
   3.1 Amount of private financing mobilised
   3.2 Amount of public financing mobilised

4.Number of projects receiving support, broken down by
   4.1 Country
   4.2 NUTS 2 region
   4.3 Just transition territory supported

5. Number of projects receiving financing under the Facility

6. Number of projects by sector
   6.1 Transport
   6.2 Social infrastructure
   6.3 Public utilities (water, wastewater, district heating, energy, waste management)
   6.4 Direct support to facilitate the transition towards climate neutrality (renewable energy, decarbonisation, energy efficiency)
   6.5 Environmental objectives
   6.6 Urban infrastructure and housing
   6.7 Others

7. Greenhouse gas emission reductions, where relevant

8. Job creation, where relevant

In addition to these KPIs, specific indicators are defined for each project based on its particular goals. However, these indicators cannot be aggregated at the level of the PSLF given that the precise type of projects and sectors the PSLF will support was not known at the time of the adoption of the PSLF Regulation, nor is it known now. Monitoring an extensive list of every possibly relevant KPI is burdensome and it is not possible to anticipate which indicators in the list will finally provide a possibility of aggregation generating meaningful data on the achievement of the PSLF's objectives.

Finally, an on-site visit typically occurs once per project at its end, to verify that the results of the projects as defined in the GA have been achieved.

**Monitoring of the achievement of the PSLF's objectives**

The overall monitoring of PSLF activities, outputs, results and impact is based on the intervention logic presented as Figure 3 in the main body of this document. Specific outputs and results are measured via the PSLF KPIs.

An overall weakness of the PSLF monitoring framework is that PSLF's KPIs as listed in box 1 do not currently have targets. Given that this mid-term evaluation is an opportunity to inform and improve the final evaluation, including regarding the effectiveness of the monitoring framework, KPI targets are put forward in Table 7. They are not formulated in the legal base of the Facility and are meant to capture specific elements related to the implementation of the Facility.

*Table 7: KPI targets*

| KPI | Target | Comments |
|---|---|---|
| 1. Volume of grants awarded. | Targets proposed:<br><br>(a) EUR 1.3125 billion of grants awarded.<br><br>(b) 100% of the PSLF budget available for grants awarded. | The target is to allocate entirely the budget available for grants under the PSLF, in order to achieve its highest possible impact within the limits of the resources available.<br><br>The target is measured both as (a) the current budget of the PSLF for grants after its reduction from EUR 1.4595 in the context of the MFF Review and (b) as the full allocation of the available budget for grants.<br><br>The distinction is made given that the final budget available for grants under the PSLF will depend on the amount of reflows from financial instruments made available for the PSLF. |
| 2. Volume of loans signed<br>2.1 Individual loans<br>2.2 Loan schemes | No targets are put forward. | Loans are provided by the EIB in line with its rules, policies and procedures. The EIB has not put forward a target for the volume of its PSLF |

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| | | related lending, and the EC does not have the authority to put forward a target on behalf of the EIB. |
| 3. Overall investment mobilised, divided as follows<br>3.1 Amount of private financing mobilised<br>3.2 Amount of public financing mobilised | No targets are put forward. | Setting a target could be misleading due to the variance in investment mobilisation across regions. Based on the current parameters of the Facility's implementation, regions where PSLF beneficiaries receive the maximum possible combined financing from the European Investment Bank (EIB) and the European Commission (EC)—up to 90% of investment costs—will have the lowest overall multiplier effect, which equates to 5.5. In contrast, other regions can receive EIB/EC financing up to 57% of investment costs, yielding a higher multiplier of 13.3. Consequently, the investment mobilised will be influenced by the regional distribution of supported projects and the share of investments covered by sources other than the combined EIB/EC support.<br><br>Setting targets for this KPI could inadvertently skew priorities. Instead, the focus of the PSLF is to facilitate a balanced approach that addresses region-specific needs without enforcing misleading performance goals. |

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| | | Regarding the distribution of private versus public financing mobilised, the PSLF has no specific targets concerning this allocation. Thus, setting targets for the exact amounts of private or public financing would lack justification. |
| 4.Number of projects receiving support, broken down by<br>4.1 Country<br>4.2 NUTS 2 region<br>4.3 Just transition territory supported | No targets are put forward. | For the purpose of this KPI, "support" should be understood as advisory support.<br><br>No targets have been defined for the specific number of projects receiving advisory support from the PSLF, given that there is no basis to consider that a certain number of projects, countries, NUTS 2 regions or just transition territories would be more impactful/in line with the PSLF's objectives than another.<br><br>The quality of advisory assignments will be monitored in line with the advisory assignments KPIs defined previously, such as "Project maturity and progress to financing/ investment stage" or "Follow-up on investment/ financing status of completed advisory assignments". |
| 5. Number of projects receiving financing under the Facility | Targets proposed:<br><br>(a) Projects are financed in at least 50% of EU MS. | In line with KPI 4, no targets have been defined for the specific number of projects receiving financing from the PSLF, given that there is no basis to consider that a certain number of projects |

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| | (b) At least 25% of the projects receiving financing under the Facility benefit less developed regions. | is more impactful/in line with the PSLF's objectives than another.<br><br>However:<br><br>- a target is proposed concerning the percentage of MS in which PSLF financing is received, to reflect the co-legislators' decision to ensure that all Member States are able to benefit from the grant component of the PSLF via the definition of national shares. If, upon full implementation, only a minority of Member States receive support from the PSLF, the Facility's objectives might still be achieved. However, the indicator target would quantify this limited contribution across the majority of Member States, highlighting an important finding.<br>- A target is proposed concerning the percentage of projects receiving financing under the Facility which benefit less developed regions, to reflect the co-legislators' decision to prioritise projects benefitting less developed regions. If, upon full implementation, less than a |

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| | | quarter of projects concern less developed regions, the Facility's objectives might still be achieved. However, the indicator target would quantify this limited contribution, highlighting an important finding. |
| 6. Number of projects by sector<br>6.1 Transport<br>6.2 Social infrastructure<br>6.3 Public utilities (water, wastewater, district heating, energy, waste management)<br>6.4 Direct support to facilitate the transition towards climate neutrality (renewable energy, decarbonisation, energy efficiency)<br>6.5 Environmental objectives<br>6.6 Urban infrastructure and housing<br>6.7 Others | No targets are put forward. | The implementation of the PSLF is demand driven and has a wide sectoral eligibility, therefore the precise type of projects and sectors by which it will "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" was not known at the time of the adoption of the PSLF Regulation, nor is it known now.<br><br>There is no basis to consider that a certain distribution per sectors is more impactful/in line with the PSLF's objectives than another. |
| 7. Greenhouse gas emission reductions, where relevant | Target proposed:<br><br>At least 50% of projects contribute directly to the achievement of the Union's 2030 climate and | In line with the comments made for KPI 6, the precise type of projects and sectors which will be financed by the PSLF is not known, therefore there is no basis to estimate their potential for greenhouse gas emission reduction. |

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| | energy targets and the objective of climate neutrality in the Union by 2050. | However, a target is proposed concerning the percentage of projects financed by the Facility which contribute to greenhouse gas emission reductions to reflect the co-legislators' decision to prioritise projects that contribute directly to the achievement of the Union's 2030 climate and energy targets and the objective of climate neutrality in the Union by 2050.<br><br>The target is set at 50% to assess whether a majority of supported projects contribute to these objectives. If these targets are not met upon full implementation of the Facility, the objectives of the Facility might still be achieved, but the indicator target would highlight its limited contribution to environmental sustainability. |
| 8. Job creation, where relevant | Target proposed:<br><br>At least 50% of projects financed by the Facility directly contribute to job creation. | In line with the comments made for KPI 6, the precise type of projects and sectors which will be financed by the PSLF is not known, therefore there is no basis to estimate their potential for job creation.<br><br>However, a target is proposed concerning the percentage of projects financed by the Facility which contribute to job creation.<br><br>The target is set at 50% to assess whether a majority of supported projects contribute to this objective. If the target is not met upon full |

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| | | implementation of the Facility, the objectives of the Facility might still be achieved, but the indicator target would highlight its limited contribution to job creation. |