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WORKING DOCUMENT

From:	Presidency
To:	Working Party of Financial Counsellors
Subject:	PSLF - Presentation by Presidency on the first political trilogue debriefing

Delegations will find attached a presentation given by the Presidency on the debriefing of the first political trilogue of the JTM third pillar- public sector loan facility at the Informal videoconference of the Financial Counsellors Working Party on 28 January 2021.

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Public Sector Loan Facility

- Debriefing of 1st Political Trilogue -

28 January 2021



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Summary



1. Introduction
2. Exchange of views on:
 - a. Objectives of the Facility
 - b. Budgetary aspects
 - c. Eligibility requirements
 - d. Work programs and selection of finance partners
 - e. Monitoring and reporting
3. Outcome and follow-up



Introduction



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Scene Setter



- First political trilogue: 26 January 2021
- Council premises
- Heads of delegations:
 - Council: PT Permanent Representative, Nuno Brito
 - EP: President of ECON Committee, Irene Tinagli
 - Rapporteurs: Johan Van Overtveldt and Henrike Hahn
 - EC: Commissioner Elisa Ferreira
- Agenda:
 - Working methods
 - Exchange of views on main points of disagreement

Introductory Remarks from Institutions



- Positive atmosphere
- Both co-legislators agreed:
 - MFF and JTF agreements provide a clear reference for negotiation
 - Strive a quick agreement (end of February/early March)
- Commission reminded:
 - First PSLF loans to be disbursed between end 2023 and early 2024
 - EIB loans will cover 30%-40% of overall project cost
 - PSLF grants will cover maximum 15% of grants
 - Administrative burden and set of constraints should be commensurate to an effective grant rate of 5-6% of the project cost



Exchange of views



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Objectives of the Facility



- Co-legislators agree on core objective
- EP would like to:
 - Include references (in article) to European Pillar of Social Rights and UN SDGs
 - Strengthen commitments towards a climate-neutral economy
- Commission agrees as general framing condition (not project-by-project)
- Council could go in this direction, adding framing only in recitals

Budgetary aspects



Additionality	- Agreement on financing only projects that do not generate a sufficient stream of own revenues to cover investment costs; to be worked at technical level.
Resources	- EP asks for budget increase; Council refuses. - EP asks for clarity on timing and significance of reflows; EC will present non-paper.
Technical assistance	- EP: extra support beneficiaries with lower capacity; - COM: 2% as ceiling for administrative costs of management of Facility, not ceiling for TA; InvestEU.
Conditionalities	- EP: references to climate target and compliance with fundamental values; - Council and COM: consistency with recent legislation; not to have in each project, avoid excessive burden.
Availability of Resources	- EP: extend to 2027 grants under pre-allocated national shares; - Council and COM: 2027 too far, but room for short extension of deadline; - COM: competitive calls only in 2028 would give wrong signals.

Eligibility requirements



Retroactivity	- EP: include ongoing viable projects that might be facing financing shortfalls. - Council and COM: cannot see how it would fit in PSLF framework
Partnership principle	- EP: include a reference to underline its importance. - Council and COM: no problem with principle, but matter for the JTF regulation.
Gender	- EP: eligibility requirement; asks COM guidelines for assessment. - Council and COM: principle ok; but not possible to assess project by project; projects gender-neutral or even male-specific.
Do no significant harm / no look-in effect	- EP: eligibility requirement. - Council: possible reference in recitals; similar to other cases. - COM: a general, non-binding reference can be useful.

Work programmes and selection of finance partners



- EP: delegated acts for both cases.
- Council and COM:
 - Disagree in both cases.
 - Available to work on adequate wording to be included in Regulation

Monitoring and reporting



Frequency

- EP: requests annual reporting from COM.
- Council: ok, if no excessive administrative burden for COM

Interim evaluation

- EP: bring forward to January 2024.
- COM: too early; Facility will have just started working by then.

External audits

- . EP: wants ECA to be designated as an external auditor
- Council; not impinge on ECA prerogatives
- COM: ECA and EIB have a special protocol

Disclosure of information

- EP: more “transparency”;
- Council and COM: sensitive information; avoid overburden COM

Key Performance Indicators

- EP: extensive additions to the indicators relating to employment, housing, population; data by gender and by region.
- Council: some indicators are out of the central scope of PLSF.
- COM: some indicators cannot even be properly assessed.



Outcome and Follow-up



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Outcome

- Council and COM: frequently aligned; some indications on possible areas for compromise; EP: just a reminder of position.
- Work to continue at technical level:
 - On identified in the preparatory phase as not politically sensitive (yellow on 4-column table)
 - On several further issues: definition of objectives, additionality, selection of other finance partners, provisions for less developed regions, monitoring and reporting, etc.
- Legal services to look into involvement of ECA in the external audit; COM to present non-paper on reflows.
- Recitals to be discussed later.

Next Steps

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29 January

1st technical trilogue
(poss. other in February)



11 February (tbc)

2nd Political trilogue



Date(s) tbc

Technical trilogue(s)



25 February (tbc)

3rd political trilogue.



THANK YOU FOR YOUR ATTENTION

PORTUGUESE PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION

