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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party of Financial Counsellors
Subject:	PSLF - Presentation by the Presidency on debriefing of 2nd political trilogue

Delegations will find attached the Presidency's presentation on the debriefing of the 2nd political trilogue for the Public Sector Loan Facility Regulation given at the Financial Counsellors Working Party meeting on 23 February 2021.

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Public Sector Loan Facility

- Debriefing of 2nd Political Trilogue -

23 February 2021



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Summary



1. Introduction
2. Exchange of views on:
 - a. Budgetary aspects
 - b. Eligibility requirements
 - c. Monitoring and reporting
 - d. Other issues
3. Outcome and follow-up



Introduction



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Scene Setter



- Second political trilogue: 12 February 2021
- EP premises
- Heads of delegations:
 - EP: Rapporteurs: Johan Van Overtveldt and Henrike Hahn
 - Council: Chair of FiCo WP, Rui Henrique Alves
 - EC: Commissioner Elisa Ferreira
- Agenda:
 - Agreement on technical work
 - Exchange of views on main points of disagreement



Exchange of views



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Budgetary aspects



Additionality	(agreed at technical level - EP proposal deleted)
Resources	- EC presented non-paper on reflows. - EP is not asking anymore for more resources, but still have concerns on financing; <i>possible outcome - political declaration.</i>
Technical assistance	- EP is still pushing for increase in envelope; - COM and Council: a political choice, a trade-off between funding projects and its technical preparation.
Conditionalities	- EP insists on references to climate target and compliance with fundamental values; Council and COM recalled: consistency with recent legislation; not at project level, avoid excessive burden. - COM to present proposal for horizontal recital/article.

Budgetary aspects (cont.)



Availability of resources

- Council and COM could agree with delaying the start of competitive calls by one year (January 2026).
- EP suggests June 2026.

Less developed regions

- Council and COM disagree with any change on the allocation key.
- Council suggested and EP agreed to work at technical level the lines on less developed regions and technical assistance, to be seen as package.

Transitional provisions

- EP understood Council's rationale, asked for some flexibility taking into account the slow rolling out of the Facility.

Eligibility requirements

Retroactivity	- EP: include ongoing viable projects that might be facing financing shortfalls. - Council: some openness, to be seen on the overall equilibrium
Partnership principle	- EP: include a reference to underline its importance. - Council and COM: no problem with principle, but matter for the JTF regulation => COM proposed wording for
Gender	- EP: could work with the word proposed by the Commission for horizontal principles; calls for an article. - Council: could consider wording in a recital => technical work.
Do no significant harm / no look-in effect	- COM: suggested an approach aligned with CPR. - EP: insisted on analysis at project level => Council and COM disagree. - Council: recalled its very red line regarding climate issues
Energy target	- COM: sympathy for the addition from Parliament. - Council: check with MS on the possible addition (also about "low carbon")

Monitoring and reporting

Evaluation	PUBLIC - EP: could accept current date and remove the reference to additionality, but wants reference to article 8 and taxonomy. - EP: include the respect of publicity obligations of EU financing in the final evaluation. - Council and COM: could accept this, provided that projects not financed are not included. - Text on ECA aligned with Treaty competences
External audits	
Disclosure of information	- EP: agreed to drop line 160. - Council and COM: opposed to disclosing information on projects not accepted to be financed (line 161).
Key Performance Indicators	- EP: open to drop some indicators (p.m. Council and COM recalled difficulties), but would maintain references to decarbonisation, environmental objectives and employment.

Other topics

- **Revision:**

- Commission explained its doubts on the technical feasibility that on top of a revision in 2025, having another one focusing on DNSH was overburdening the functioning of the scheme.
- EP could agree to deletion and work on a general review clause depending on drafting in Article 8.

- **Work programmes and selection of finance partners:**

- Continue work at technical level on the specification of criteria.
- Back to original EP amendment in line 128.

- **Recitals:**

- To be discussed later.
- Explore technical solutions for the horizontal principles (lines 22-26 and 36).
- COM to propose wording for lines 37 (amendment of JT Plans to include new territories) and 39 (monitoring financial viability of projects).



Outcome and Follow-up



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Outcome

- Some limited progress and further identification of lines to compromise
 - Especially in the areas dealt by rapporteur Mr. Overtveldt (*budgetary issues, monitoring and reporting*).
 - Much more difficult on the questions dealt by rapporteur Ms. Hahn (*especially climate issues and gender*).
- Council recalled its mandate and underlined that moved until its limits on climate issues.
- Council and COM still frequently aligned.
- Work to continue at technical level.
- COM to propose wording on several issues.

Next Steps

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18 February

Technical trilogue



24 February

Technical trilogue



4 March

(tbc)
Political trilogue



Next steps

- Technical trilogue 18 February
 - Commission made a proposal on a possible horizontal principles text.
 - Recitals and articles were identified to be part of the horizontal principles package
- A possible landing zone is being discussed
 - An article on horizontal principles allowing to “clean-up” the text, based on the CPR model
 - Deleting the related EP articles
 - Some references in review/assessment of the Facility
 - Streamlining EP’s recitals
 - Possible focus on less developed regions and technical assistance, to be seen as part of the overall package

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