Guidance Note

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Project title:	**JASPERS support to Poland - JTF**
Subject:	Guidance on projects allocation to the three Pillars of JTM
Country(s)	**Poland**
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Glossary:

CCS	carbon capture and storage
CPR	Common Provisions Regulation
DH	district heating
EC	European Commission
EE	energy efficiency
EIB	European Investment Bank
ETS	Emission Trading Scheme
EU	European Union
EURI	EU Recovery Instrument
GDP	gross domestic product
ICT	information and communication technology
JT	Just Transition
JTF	Just Transition Fund
JTM	Just Transition Mechanism
MA	Managing Authority
MBT	mechanical biological treatment
MFF	Multiannual Financial Framework
MICE	meetings, incentives, conventions and exhibitions
MS	Member State
NGEU	Next Generation EU
NJTP	National Just Transition Plan
NPB	national promotional banks
NUTS	nomenclature of territorial units for statistics
PIC	project investment cost
PSLF	Public Sector Loan Facility
RDF	refuse-derived fuels
R&D	research and development
R&I	research and innovation
RE	renewable energy
TA	technical assistance
SME	small and medium enterprise
TJTP	Territorial Just Transition Plan

Disclaimer

Provided that many specific JTM implementation arrangements are underway, at this stage, the present document may only be considered as a brainstorming exercise. In due time, when final decisions are taken by competent authorities, the note will be revised and only then will it have the explicit character.

1. Introduction

The document aims at providing guidance to Polish JT regions and project promoters on how to optimally qualify their projects to particular pillars of JTM.

The transition to a climate-neutral and circular economy constitutes one of the most important policy objectives for the union. In order to be successful, the transition has to be fair and inclusive to be socially acceptable for all. The aim of the JTM is to mitigate the adverse effects of the climate transition by supporting the most affected territories and workers concerned and to promote a balanced socio-economic transition.

It is important to note that JTM is not supposed to be a tool for a transition to a climate-neutral economy as such, and its role in the transition of the energy sector in particular is in principle meant to be rather limited, in exchange JTM should focus on the mitigation of the adverse effects of the transition.

2. Pillar I

<u>About Pillar I</u>

Pillar I of the JTM consists of Just Transition Fund, offering grants to eligible projects. The grant financing rates are set at 50% (more-developed regions), 70% (transition regions) and 85% (less-developed regions) of project investment cost, depending on the cohesion classification of the region where the project is located. In case of Polish JT regions, 85% rate would apply for Slaskie and 70% rate for Dolnoslaskie and Wielkpolskie regions.

Some EUR 3.5 bn of EU resources were made available in Poland under JTF. This amount was further topped up with the national contribution of EUR 563.5 m.

JTF is the most important, and the largest JTM pillar, in terms of EU contribution. The role of the JTF is to contribute to enabling regions and people to address the social, employment, economic and environment impacts of the transition towards climate-neutral economy. In principle, the JTF may be seen as acting along four key axes: economic transformation, social transformation, spatial transformation and energy transformation.

<u>Beneficiaries</u>

The eligible beneficiaries of the JTF have not been precisely defined in the JTF regulation, thus in principle, any type of public or private law body, as defined in the Common Provisions Regulation, qualifies.

Eligibility

JTF should only support activities that:

- are directly linked to its specific objective of enabling regions and people to address the social, employment, economic and environmental impacts of the transmission towards the Unions 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050, based on the Paris Agreement,
- and which contribute to the implementation of the TJTP.

In geographical terms, only operations in eligible JTF regions at NUTS 3 level qualify. Annex D to European Semester has defined 3 regions to be eligible in Poland: Slaskie Region, Dolnoslaskie Region (Walbrzych Sub-region), Wielkoposkie Region (Konin Sub-region). The Polish government postulates that three other regions should also be considered eligible by the EC (Lodzkie, Malopolskie, Lubelskie), as well as the Zgorzelecki Sub-region of Dolnoslaskie Region.

In sectoral terms, the eligibility is defined as follows:

- Productive investments in SMEs (…),
- Investments in creation of new firms (...),
- Investments in research and innovation activities (...),
- Investments in deployment of technology, systems and infrastructure for clean energy (…),
- Investments in renewable energy (…) and energy efficiency (…),
- Investments in smart and sustainable local mobility (…),
- Rehabilitation and upgrade of DH networks (…),
- Investments in digitalisation (…),
- Investments in regeneration and decontamination of brownfield sites, land restoration (…),
- Investments in enhancing circular economy (…),
- Upskilling and reskilling of workers and jobseekers,
- Job-search assistance to jonseekers,
- Active inclusion of jobseekers,
- Technical Assistance,
- Other activities in education and social inclusion,
- Productive investments in non-SME: necessary for the implementation of the TJTP; contributing to transition targets; necessary for job creation; not leading to relocation,
- Operations falling under Annex I of ETS: necessary for the implementation of TJTP.

The following sectors are excluded:

- Nuclear power,
- Tobacco,
- Undertakings in difficulty,
- Fossil fuels.

Territorial Just Transition Plans

A TJTP is a prerequisite for tapping into JTF resources. A TJTP should specifically describe the type of operations envisaged and their expected contribution to alleviate the impact of the transition. The TJTP should also include indicative lists of productive investments in non-SMEs, as well as a list of investments falling under Annex I of the ETS directive, as long as they are supposed to be supported by the JTF.

State Aid

JTF resources are under shared management between the EC and the MS thus the State Aid rules apply.

Implementation modalities

The JTF will be implemented under shared management. The MA will roll out JTF at national level. The JTF resources will be governed by Operational Programmes. The projects to be supported will be identified in the call-for-projects procedure that will be organised by competent Implementing Bodies, some pre-identified, strategic projects may be selected outside the call-for-projects procedure. The approval of projects will be carried out at Implementing Bodies level.

A TA package has been made available for the regions and project promoters. The package is composed of:

- JASPERS support dedicated to technical capacity building of the regions, screening of projects and to the preparation of key projects to be supported by JTF.
- World Bank support dedicated to investments in non-SME and to rehabilitation of brownfield sites.
- PwC support dedicated to the preparation of TJTP.

Furthermore, TA is an activity that is eligible for funding under JTF.

Implementation timeline

The CPR N+3 rule applies to JTF resources with the final decommitment by end of 2029 , with the exception of the part of the resources coming from the EURI, where the expenditure needs to be certified by the end of 2026.

3. Pillar II

About Pillar II

The InvestEU programme consists of an EU guarantee provisioned to the Implementing Partners. The role of the guarantee is to enable the Implementing Partners to engage in the operations with higher risk profile, which they wouldn't be able to finance otherwise in the absence of the guarantee. The financing provided to the beneficiaries under InvestEU programme should in principle have preferential terms compared to those offered otherwise in the market.

Pillar II (JT Scheme) of the JTM constitutes a horizontal scheme across four policy windows of the InvestEU programme. There is no dedicated budget specifically allocated for Pillar II of the JTM. In case a project qualifies to any of the four windows and happens to be located in JT region, it will be reported as a Pillar II project. The regulation does not set any objectives in terms of how many projects or what share of the overall facility should have a JTM tag. The terms of JT Scheme funding should in principle not be any different than the terms of standard InvestEU funding, all things being equal.

The EU has earmarked EUR 26.2 bn as a financial guarantee for the purpose of the InvestEU programme, which is expected to leverage EUR 372 bn in investments. There are no specific country allocations neither under the InvestEU nor under JT Scheme. Projects will be dealt with under first-come, first-served principle.

The EU guarantee may be used towards risk coverage for the following types of financing provided by the implementing partners:

- loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement, including subordinated debt, or equity or quasi-equity investments, provided directly or indirectly through financial intermediaries, funds, investment platforms or other vehicles to be channelled to final recipients;
- funding or guarantees by an implementing partner to another financial institution enabling the latter to undertake financing referred to in the point above.

Beneficiaries

The eligible beneficiaries comprise natural or legal persons including:

- Private entities,
- Public-sector entities,
- Mixed entities,
- Not-for-profit organisations.

Whilst the guarantee is accessible to all, this pillar of JTM is mainly addressing private promoters financing needs.

Eligibility

In geographical terms, JT regions qualify. Furthermore, projects in other territories are eligible, in case these projects would provide benefits to eligible regions (for instance, infrastructure projects that improve the connectivity of the JT regions may be covered). Investments supported under Pillar II must be in line with sectors eligible for support under Annex II to the Regulation establishing the InvestEU Program and approved under the TJTP.

Investments addressing social, economic, environmental challenges deriving from transition process, across four windows are eligible:

Sustainable Infrastructure:

- Energy sector,
- Sustainable transport infrastructure,
- Environment and resources,
- Digital connectivity infrastructure,
- Sustainable space infrastructure,
- Sustainable tourism infrastructure,
- Offshore development for decarbonisation,
- Strategic investment in critical infrastructure.

R&D and Digitalisation:

- Industrial deployment,
- Recycling and manufacturing facilities for production of ICT,
- Healthcare,
- Defence.

SME:

- Addressing market failures,
- Supporting underserved economic sectors,
- Speeding up adjustment to structural changes,
- Financing solutions helping achieving the objectives,
- Transfer of best practices.

Social Investments and Skills:

- Education,
- Training.

The InvestEU Fund shall not support:

- activities which limit individual rights and freedoms or that violate human rights,
- in the area of defence activities, the use, development, or production of products and technologies that are prohibited by applicable international law,
- tobacco-related products and activities (production, distribution, processing and trade),
- activities excluded from financing pursuant to the relevant provisions of the Horizon Europe Regulation: research on human cloning for reproductive purposes; activities intended to modify the genetic heritage of human beings which could make such changes heritable; and activities to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer,
- gambling (production-, construction-, distribution-, processing-, trade- or software-related activities),
- sex trade and related infrastructure, services and media,

- activities involving live animals for experimental and scientific purposes insofar as compliance with the European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes,
- real estate development activity, such as an activity with a sole purpose of renovating and re-leasing or re-selling existing buildings as well as building new projects; however, activities in the real estate sector that are related to the specific objectives of the InvestEU Programme as specified in Article 3(2) and to the areas eligible for financing and investment operations under Annex II, such as investments in energy efficiency projects or social housing, shall be eligible,
- financial activities such as purchasing or trading in financial instruments. In particular, interventions targeting buy-out intended for asset stripping or replacement capital intended for asset stripping shall be excluded,
- activities forbidden by applicable national legislation,
- the decommissioning, operation, adaptation or construction of nuclear power stations,
- investments related to mining or to the extraction, processing, distribution, storage or combustion of solid fossil fuels and oil, as well as investments related to the extraction of gas. This exclusion does not apply to:
    - projects where there is no viable alternative technology,
    - projects related to pollution prevention and control,
    - projects equipped with carbon capture and storage or carbon capture and utilisation installations, industrial or research projects that lead to substantial reductions of greenhouse gas emissions as compared with the applicable EU ETS benchmarks,
- investments in facilities for the disposal of waste in landfill. This exclusion does not apply to investments in:
    - on-site landfill facilities that are an ancillary element of an industrial or mining investment project and where,
    - it has been demonstrated that landfilling is the only viable option to treat the industrial or mining waste produced by the activity concerned itself,
    - existing landfill facilities to ensure the utilisation of landfill gas and to promote landfill mining and the reprocessing of mining waste.
- investments in mechanical biological treatment (MBT) plants. This exclusion does not apply to investments to retrofit existing MBT plants for waste-to-energy purposes or recycling operations of separated waste such as composting and anaerobic digestion,
- investments in incinerators for the treatment of waste. This exclusion does not apply to investments in:
    - plants exclusively dedicated to treating non-recyclable hazardous waste,
    - existing plants, where the investment is for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such investments do not result in an increase of the plants' waste processing capacity.

For the part of the Pillar II that EIB will implement, EIB sector policies (see Annex 2) and exclusions[1] will apply.

Territorial Just Transition Plans

The TJTP should set out the sectors and eligible areas that will be supported by the InvestEU in the regions.

State Aid

Resources available under Pillar II do not constitute State aid, however, State Aid might be involved in financial products supported by the InvestEU Fund[2].

Implementation modalities

The InvestEU programme will be implemented by Implementing Partners of the EC. The EIB acts as one of the Implementing Partners and the EC has allocated 75% of the facility to the EIB. The EIB will implement InvestEU either directly or in collaboration with NPB.

InvestEU guarantee under the EIB shall follow the general lending rules and policies of EIB financing. Therefore, investments are subject to the current due diligence process of the EIB. A loan covered with InvestEU guarantee will first be appraised by EIB services, and before an operation is approved by the governing bodies of the EIB (Management Committee, Board of Directors), the Investment Committee of the InvestEU programme will first need to examine and verify the financing proposals.

TA will be available from the InvestEU Advisory HUB for projects qualifying within the same four policy windows considered under the InvestEU guarantee. The TA can be provided directly to project promoters by the advisory services of the EIB or by any other Advisory Partners which may have agreement with the EC under InvestEU. The TA will be offered free of charge to public sector entities and at a charge to private sector entities. The scope of the TA to be provided will be rather wide, and eventually agreed with the EIB under the terms of adequate bilateral agreement[3].

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[1] Excluded Activities (eib.org)

[2] See in particular section 16 in CL2014R0651EN0040010.0001.3bi_cp 1..1 (europa.eu) and ANNEX 2 of note_en.pdf (europa.eu)

[3] According to the InvestEU Regulation, the InvestEU Advisory Hub shall in particular:
(a) provide a central point of entry, managed and hosted by the Commission, for project development assistance under the InvestEU Advisory Hub for public authorities and for project promoters;
(b) disseminate to public authorities and project promoters all available additional information regarding the investment guidelines (…);
(c) where appropriate, assist project promoters in developing their projects (…);
(d) support actions and leverage local knowledge to facilitate the use of InvestEU Fund support across the Union and contribute actively where possible to the objective of the sectorial and geographical diversification of the InvestEU Fund by supporting implementing partners in originating and developing potential financing and investment operations;
(e) facilitate the establishment of collaborative platforms for peer-to-peer exchanges and the sharing of data, knowhow and best practices to support project pipeline and sector development;

Blending Pillar II financing with JTF resources and other EU funds

Pillar II may be blended with JTF and other EU funds, both grants and financial instruments without particular restrictions[4], meaning that it may be simply treated as commercial funding.[5] State Aid rules have to be considered when blending Pillar II with JTF and other EU funds.

As far as TA is concerned, in principle, projects funded under Pillar II should seek the assistance through InvestEU Advisory HUB as a single entry point, without recourse to TA available under other programmes.

Implementation timeline

InvestEU timeline applies:

- for NGEU resources (approximately 57% of the resources available for InvestEU), the Investment period ends on 31 December 2023; the EURI regulation stipulates that counterparts shall approve 60% of transactions by end 2022 and 100% by end 2023,
- for the budgetary resources stemming from the MFF, the Investment Period ends on 31 December 2027.

As regards the call for expression of interest related to implementing partners other than the EIB Group, the intention is to allocate 70% of the overall InvestEU Guarantee in the first call launched on 30 April 2021 (with two stop dates) and the remaining 30% in a second and possibly in a third call, tentatively foreseen in 2023 and 2024 respectively.

4. Pillar III

About Pillar III

Pillar III of the JTM consists of Public Sector Loan Facility. The facility will focus on supporting public sector investments achieving measurable impact in addressing transition challenges.

(f) provide proactive advisory support with respect to the establishment of investment platforms, including cross-border and macro-regional investment platforms and investment platforms that bundle small and medium-sized projects in one or more Member States by theme or by region;
(g) support the use of blending with grants or financial instruments funded by the Union budget or by other sources in order to strengthen synergies and complementarities between Union instruments and to maximise the leverage and impact of the InvestEU Programme;
(h) support capacity building actions (…);
(i) provide advisory support for start-ups, especially when they seek to protect their research and innovation investments by obtaining intellectual property titles, such as patents.

[4] According to InvestEU Regulation, financing and investment operations covered by the EU guarantee which form part of the blending operation combining support under InvestEU Regulation with support provided under one or more other Union programmes or covered by the EU ETS Innovation Fund shall:
(a) be consistent with the policy objectives and comply with the eligibility criteria set out in the rules of the Union programme under which the support is decided;
(b) comply with InvestEU Regulation.
Blending operations that include a financial instrument that is fully financed by other Union programmes or by the EU ETS Innovation Fund without the use of the EU guarantee under this Regulation shall be consistent with the policy objectives and comply with the eligibility criteria set out in the rules of the Union programme under which the support is provided.

[5] https://ec.europa.eu/commission/presscorner/detail/lt/memo_19_2135

Some EUR 1.5 bn has been put aside from the EU budget for the grant part of the PSLF, with EUR 305 m available in Poland (the country allocation is only available until 2025). PSLF will take the form of loans blended with investment grants. The investment grant will not exceed 15% of the loan provided, or 25% of the loan provided in regions with GDP per capita not exceeding 75% of the EU-27 average. In Slaskie the co-financing rate will thus correspond to 25% of the loan, while in Dolnoslaskie and Wielkpolskie Regions to 15% of the loan.

Beneficiaries

The eligible beneficiaries of the PSLF consist of public sector legal entities including public law bodies or bodies governed by private law entrusted with public service mission. Eligible entities may include, inter alia:

- Local authorities,
- Public institutions,
- Municipal companies,
- Private law bodies, publically owned, such as water or energy utilities.

Eligibility

In geographical terms, JT regions qualify. Furthermore, projects in other territories are eligible, in case these projects would provide benefits to eligible regions.

Eligible projects shall achieve a measurable impact, and include output indicators where appropriate, in addressing 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 and benefit territories identified in a territorial just transition plan, even if the projects are not located in those territories. The eligible projects should not generate sufficient stream of own revenues to cover their investment costs, in order to prevent the replacement of potential support and investment from alternative resource.

The following sectors are excluded:

- Nuclear power,
- Tobacco,
- Undertakings in difficulty,
- Fossil fuels.

Projects under Pillar III should not receive support under any other Union programme. Nevertheless, the projects may also receive advisory and technical assistance support from other Union programmes for their preparation, development and implementation.

PSLF will be implemented by the EIB, therefore, EIB sector policies (see Annex 2) and exclusions[6] will apply.

Territorial Just Transition Plans

[6] Excluded Activities (eib.org)

The TJTP should set out the sectors and eligible areas that will be supported by the PSLF in the regions.

State Aid

Resources available under Pillar III do not constitute State aid, however, blending them with other (non-EU) funds or financial instruments might need State Aid clearance.

Implementation modalities

The loan financing element of PSLF will be implemented by the EIB (although it should be possible to extend the PSLF to enable other finance partners to provide the loan component, where additional resources for the grant component become available or where it is required for the correct implementation of the PSLF).

EIB will most likely make the financing available in the form of investment loans (larger individual operations) or framework loans (aggregation of smaller projects). Under an investment loan[7], the financing will be provided to a single, predefined project or a predefined investment programme consisting of a number of projects, which will be large enough to justify the individual operation (typically around EUR 25 m in lending volume). Under a framework loan[8], the EIB would finance a group of smaller investments promoted by a single local authority. The framework will define the objectives and the criteria that the projects to be funded, not predefined at loan signature stage, would need to meet. The framework will allow for a wide range of JT eligible activities to be supported.

Each loan will be appraised and approved by the services of the EIB following a standard procedure. The grant part of the PSLF will be approved by the EC, where the appraisal and the approval of the grant may by delegated to an independent third party. The grant award will be subject to obtaining a loan from the EIB for the project.

A TA package worth EUR 35 m is under preparation at the EIB. The TA will be provided by in-house EIB experts with the support of consultants to be recruited by the EIB, where required. The TA will be dedicated to the entities aggregating the projects (local authorities) in order to build their capacity for the implementation of the facility, as well as to the beneficiaries preparing their funding applications under the PSLF (at least EUR 10 m, particularly in less-developed regions).

The agreement between the EC and EIB on PSLF is still under negotiation thus, the implementation modalities may still change.

Implementation timeline

In principle, PSLF is established for a period of seven years, aligned with the duration of the MFF (2021-2027). The country allocations for PSLF are only available until 2025.

The grant funding under PSLF will be awarded in the calls-for-project procedures, with each call having its application deadline. The project implementation deadline will be determined

[7] Loans for the public sector (eib.org)
[8] Framework loan for the public sector (eib.org)

in the grant agreement signed between the beneficiary and the EC, and the grant agreement will entail some conditions for disbursement, based on implementation milestones, as set out in Article 12 of PSLF regulation.

5. Investment priorities in The Polish TJTP

The section below presents an overview of the investment priorities included in the draft JTP.

National Just Transition Plan

The NJTP sees the objectives of the JTM in the following three strands:

- Social transition – with actions focusing on education, training, reskilling and upskilling (Pillar I).
- Economic transition – with actions focusing on creating jobs in existing and new enterprises (Pillar I, II and III).
- Environmental transition – with actions focusing on clean energy, circular economy, regeneration of brownfield sites, adaptation to climate change and clean transport (Pillar I, II and III).

Slaskie TJTP

The investment priorities under Pillar I include:

- Economy strand:
    - Innovative and low-emission economy,
    - Diversified and resource/energy-efficient economy,
    - Strong regional and local economy.
- Environment strand:
    - Balanced energy sector based on alternative energy sources,
    - Effective use of brownfield areas for economic, environmental and social purposes,
    - Effective system reinforcing mobility in the post-mining sub-regions.
- Citizens strand:
    - Attractive and effective education system and upskilling,
    - Attractive and effective system for enhancing of employment,
    - Comprehensive system for supporting the citizens and healthcare,
    - Effective system for managing socially responsible transformation in post-mining sub-regions.

The investment priorities under Pillar II include:

- Digitalisation in enterprises,
- Tourism, culture, heritage,
- Business services,
- MICE,
- R&D in clean energy,
- Hydrogen and other alternative fuels,

- Circular economy,
- Energy infrastructure (notably gas, DH, RE, EE),
- Rehabilitation of brownfield areas,
- Sustainable urban development, (notably urban rehabilitation, social and educational infrastructure),
- Preserving identity and cultural heritage (notably industrial heritage),
- Water and wastewater infrastructure,
- Projects supporting metropolisation and globalisation of the economy,
- Start-ups,
- Nanotechnology,
- Supporting the development of creative businesses,
- Education infrastructure.

The investment priorities under Pillar III include:

- Climate neutrality,
- Infrastructure for alternative energy sources, waste energy, harnessing mining waters,
- DH,
- EE,
- Energy storage,
- Transmission and distribution networks,
- Roads,
- Sustainable mobility,
- Railways,
- Regeneration of urban areas, rehabilitation of contaminated areas,
- Education infrastructure,
- Social infrastructure, including social housing,
- Technology centres,
- Digitalisation,
- Waste management, reuse, recycling,
- Water management,
- Smart city.

<u>Dolnoslaskie (Walbrzyski sub-region) TJTP</u>

The investment priorities under Pillar I include:

- Economy strand:
    - Energy and technology audit advisory,
    - Supporting SMEs,
    - Supporting spa industry and tourism (private sector),
    - Supporting SMEs operating in clean energy sector,
    - Investments in new enterprises,
    - Investments in R&D,
    - Supporting interactions between SMEs and R&D,

    - Investments in R&D centres,
    - Investments in non-SMEs, aiming at climate neutrality,
    - Creating technology hubs,
    - DH infrastructure,
    - Supporting SPA industry and tourism (public sector).
- Living space strand:
    - Regeneration rehabilitation, decontamination of brownfield areas,
    - Preserving water resources,
    - Underground water level forecasting,
    - Flood prevention infrastructure,
    - Investments in waste water plants,
    - Urban regeneration,
    - Sustainable transport,
    - Preserving identity and cultural heritage,
    - Tourism,
    - Waste management.
- Citizens strand:
    - Supporting employees losing jobs,
    - Upskilling, reskilling
    - Mitigating energy poverty,
    - Supporting energy communities.

The investment priorities under Pillar II and Pillar III include:

- SME in tourism and SPA industry,
- Investments in R&D and innovation,
- Sustainable investments in large enterprises and municipal companies in transport, RE, EE, digitalisation, waste management, circular economy, innovation in environment and climate,
- Energy and technological audits advisory,
- Technology hubs and business incubators,
- Regeneration, rehabilitation, decontamination of brownfield areas by large enterprises,
- Sustainable water management,
- Low emission public transport,
- RE, distributed generation, and hydrogen,
- Fighting against energy poverty,
- Supporting energy communities and RE clusters,
- Investments in gas infrastructure by large enterprises,
- Energy storage,
- Power and DH networks,
- Investments in technology centres of large enterprises aiming at reskilling and upskilling.

Wielkopolskie TJTP

The investment priorities under Pillar I include:

- Development of zero-mission, dynamic, circular economy strand:
    - Supporting employees losing jobs,
    - Supporting new entrants to labour market,
    - Supporting starting up of new companies,
    - Reskilling and upskilling,
    - Supporting investments in SME,
    - Supporting digitalisation,
    - R&D infrastructure
    - Supporting start-ups,
    - Promotion of the region,
    - Internationalisation of enterprises,
    - Digitalisation of public services,
    - Productive investments in non-SMEs,
    - Vocational education,
    - Employment advisory,
    - Supporting entrepreneurship amongst students,
    - Development of higher education,
    - Supporting RE,
    - EE in buildings,
    - Mitigation of energy poverty,
    - Supporting EE in enterprises,
    - Demonstration projects related to passive buildings,
- Ensuring integrated and high-quality living space strand:
    - Regeneration, rehabilitation and decontamination of brownfield areas,
    - Repurposing of brownfield areas,
    - Creation of digital database of brownfield areas,
    - Restoring water resources,
- Active citizens strand:
    - Social inclusion,
    - Awareness raising related to transformation,
    - Nursing services,
    - Urban regeneration,
    - Improving social services,
    - Preserving identity and heritage,
    - Developing tourism,
- Productive investments in non-SMEs strand:
    - Development of a production line for a hydrogen bus,
    - Development of a facility for production of electrolysers,
    - Development of matrasses recycling plant.

The investment priorities under Pillar II and Pillar III include:

- Investments in EE, energy infrastructure, DH networks, RE, hydrogen,
- Decarbonisation of energy-intensive sectors,
- Transport infrastructure,
- Sustainable urban and rural development,
- Tourism, culture, heritage,
- Development and implementation of digital technologies and services,
- Development of sustainable bio-economy, including agriculture and food industry,
- Circular economy,
- Implementing new technologies in enterprises,
- R&D, innovation and technology transfer,
- Regeneration, rehabilitation, decontamination of brownfield areas,
- Social infrastructure including social housing and healthcare.

6. Analysis

<u>Strengths and weaknesses of JT Pillars</u>

The table below presents some strengths and weaknesses of JT Pillars.

	Pillar I	**Pillar II**	**Pillar II**
Pros	• High grant intensity • Can be combined with other EU support • Any type of beneficiary qualifies	• No State Aid – certain conditions apply • Wide sectoral scope of support • Can be combined with other EU support • Can go beyond eligible regions	• No State Aid – certain conditions apply • Wide sectoral scope of support • Can go beyond eligible regions
Cons	• Subject to State Aid • Limited sectoral scope of support • Part of resources needs to be allocated relatively quickly	• No grant available • Only for riskier operations	• Low grant intensity • Only available in combination with a loan • Only for the public sector • Cannot be combined with other EU support • Country allocations available till 2025

<u>Examples of sectors and areas that qualify and do not qualify for support under three JT Pillars</u>

The tables below present examples of sectors and areas that specifically qualify and do not qualify for support of three JT Pillars.

Examples of sectors and areas that qualify	
Pillar I	• Economic transformation ○ Productive investments in SME

	○ Productive investments in non-SME, with conditions ○ Creation of businesses ○ R&I, digitalisation ○ Circular economy ○ Smart and sustainable mobility • Social transformation ○ Reskilling, upskilling, training, education ○ Assistance to and inclusion of job-seekers ○ Child and elderly care facilities • Spatial transformation and environment: ○ Regeneration and decontamination of brownfield sites • Energy transformation: ○ EE ○ RE ○ DH ○ Clean energy ○ In sectors covered by ETS: biogas, hydrogen, electrification of furnaces, CCS in industry
Pillar II	• Investments implemented by: social housing companies, universities, hospitals, utilities, publicly owned companies, private companies • Certain fossil fuel projects e.g. gas infrastructure, pollution prevention, CCS, under conditions[9] • Certain waste management projects e.g. incinerators and landfills, under conditions[10] • Real-estate with energy efficiency or social housing dimension • Cross-regional projects
Pillar III	• Investments implemented by local authorities and public sector entities and by companies operating under private law entrusted with public service in sectors that are not explicitly mentioned as eligible under Pillar I: healthcare, tourism, sports, culture, heritage, roads, social housing, municipal buildings, urban regeneration, water and wastewater management, certain waste management projects • Investments implemented by local authorities and public sector entities and by companies operating under private law entrusted with public service in sectors that are explicitly mentioned as eligible under Pillar I: R&D, clean energy, RE, EE, DH, sustainable mobility, digitalisation, rehabilitation of brownfield sites, circular economy, upskilling, reskilling, assistance and inclusion of workers and jobseekers, child and elderly care facilities • Cross-regional projects

[9] Note that EIB sector policies will also apply, where EIB acts as Implementing Partner (see Annex 2)
[10] Note that EIB sector policies will also apply, where EIB acts as Implementing Partner (see Annex 2)

Examples of sectors and areas that do not qualify	
Pillar I	• Public sector investments in healthcare, tourism, sports, culture, heritage, roads, social housing, municipal buildings, urban regeneration, water and wastewater management (unless they qualify as investments in creation of new firms leading to job creation; or as part of a programme aiming at regeneration and decontamination of a brownfield site or at land restoration, repurposing; or as activities aiming at social inclusion) • Fossil fuels • In sectors covered by ETS: decarbonisation of power generation, CCS in power generation, combustion optimisation, heat recovery, fuel switch to RE, co-incineration, refining of mineral oils and LNG related investments • Certain waste management projects e.g. landfills, incinerators • Cross-regional projects
Pillar II	• Investments directly implemented by local authorities and public sector entities with good financial standing • Where EIB acts as Implementing Partner – sectors excluded from EIB financing • Where EIB acts as Implementing Partner – projects not aligned with EIB sector policies
Pillar III	• Private sector investments • Fossil fuels • Where EIB acts as Finance Partner – sectors excluded from EIB financing • Where EIB acts as Implementing Partner – projects not aligned with EIB sector policies

<u>JASPERS comments to Polish JTP</u>

- It appears that eligibility of investment priorities identified for the support of Pillar I in TJTP might be disputed (e.g. public sector investments in water sector, urban regeneration, tourism, cultural identity and heritage, healthcare - unless they qualify as investments in creation of new firms leading to job creation; or as part of a programme aiming at regeneration and decontamination of a brownfield site or at land restoration, repurposing; or as activities aiming at social inclusion).
- To be noted that Pillar II will only support riskier operations, thus, the promoters with sound risk profile, if any, might in general not qualify (e.g. local authorities).
- Funding under Pillar III will only be available in combination with the EIB loan, where the most likely EIB product offered will consist of a framework loan that will aggregate a number of smaller projects that are altogether large enough to justify an EIB operation. The list of sectors and areas should therefore be wide enough (both investments eligible and non-eligible under Pillar I) to fit as many potential eligible projects as possible, in order to achieve the financing volume required under an EIB operation.

- The eligibility criteria under Pillar II and Pillar III are somewhat more flexible and less restrictive than under Pillar I, allowing more projects and actions to qualify. The description of sectors and areas could thus try to take advantage of this fact.
- Fossil fuels are excluded from support under Pillar I and III. Pillar II offers some flexibility, but quite restrictive EIB sector policy applies on top. Eventually, in terms of gas infrastructure, only clean gases infrastructure may turn out to be eligible, otherwise small gas boilers in households or SMEs and high-efficiency cogeneration might qualify.
- Concerning waste management, circular economy aligned projects are only eligible under Pillar I, while under Pillar II and III, other, less ambitious waste management projects could in principle qualify too, provided that EIB sector policies are complied with as well.

7. Conclusion

In JASPERS opinion, **Pillar I** should be used to fund the top priorities of the transition regions, including large, strategic, key infrastructure projects, and these should be in principle the investments aiming at economic transformation, social transformation, spatial transformation and energy transformation. The economic transition dimension should aim at creating and preserving jobs and focus on supporting SMEs, and non-SMEs (conditions apply) – particularly those that need to transition their business models away from fossil fuels, creation of new businesses and at helping the existing business in becoming more competitive. The social transformation dimension should aim at supporting people in finding their way around in the transformed labour market. The spatial dimension aims at making the better use of the post-industrial sites available and repurposing them for other uses, particularly though not exclusively, for making them available to investors who will create jobs. Finally, the energy transformation means investments in clean energy, energy efficiency, renewable energy and district heating, where two key factors include fighting against energy poverty and protecting or creating jobs; note that other, more important tools in terms of financing volume are and will be available under Green Deal to carry out the energy transition.

Important to highlight is that large part of Pillar I resources (ERI allocation representing 57% of the overall amount) needs to be allocated and spent rather quickly (certification by 2026), thus reasonable efforts must be taken to use these resources timely.

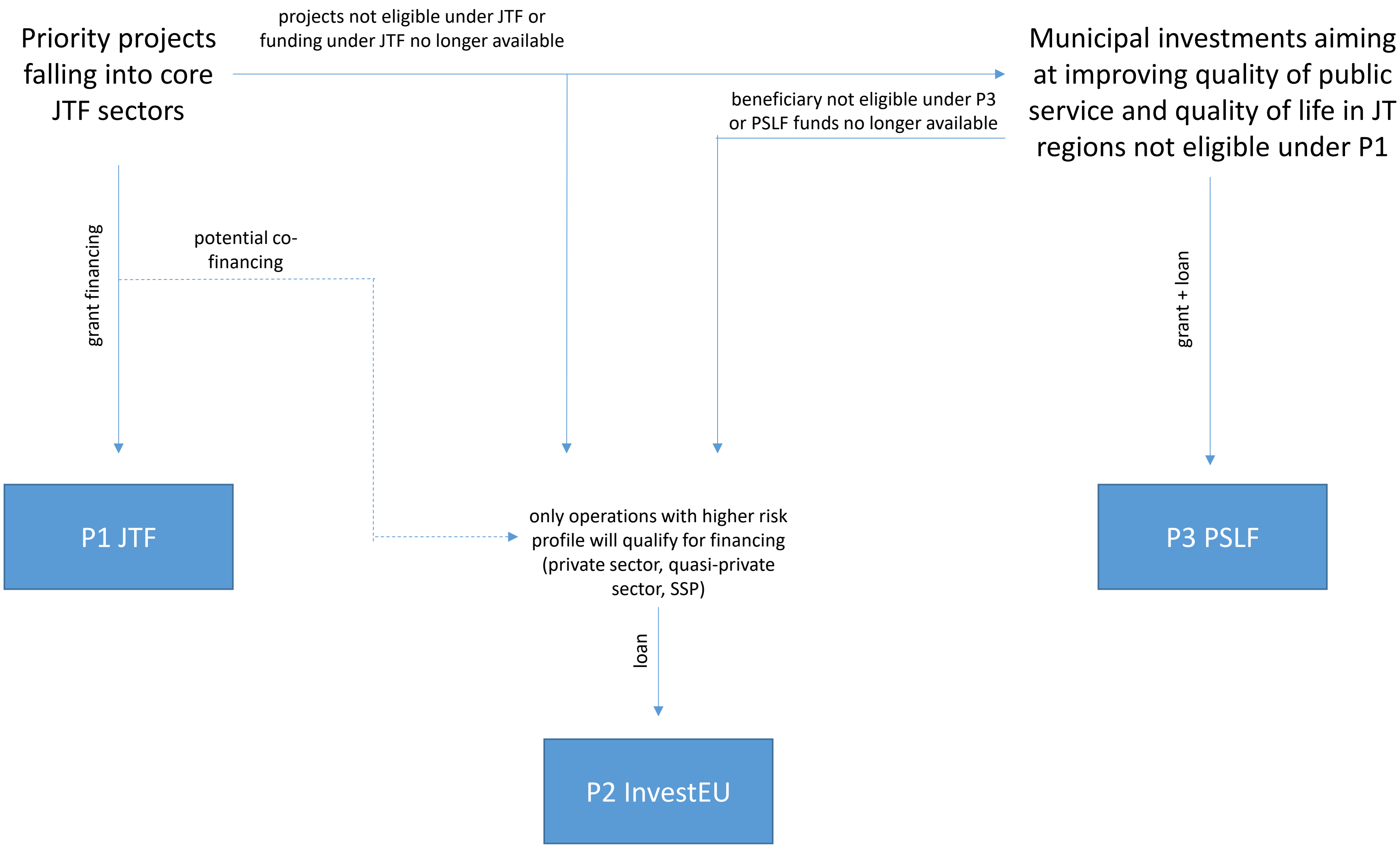
Pillar II appears to be the most selective in terms of admissibility, as it would only support operations with certain specific risk profile, these would typically be investments in the private sector or quasi-private sector. Pillar II does not include any grant funding and is only available under the form of loans and other repayable assistance. Pillar II could be potentially used as co-financing for projects benefiting from grant support under Pillar I. Pillar II can support projects that have the risk profile required, which are at the same time not eligible under Pillar I and III, or in case the funding under those pillars is no longer available. The beneficiaries of Pillar II would typically be the entities such as social housing companies, universities, hospitals, utilities, publically owned companies, private companies, where in addition the banking sector may act as financial intermediary.

Pillar III is dedicated to public sector entities, notably local authorities (e.g. municipalities, cities, regions), public institutions, municipal companies, and to entities under private law entrusted with a public service (e.g. water utilities, energy utilities). Our expectation is that Pillar III will typically be implemented by the EIB using framework loans. These loans will be provided to an entity (e.g. city, region) that will aggregate smaller eligible projects that do not need to be pre-identified at loan signature stage. The projects would need to meet certain criteria to qualify for funding. These will be defined under the framework. PSLF will be a convenient tool for financing different type of municipal investments. PSLF will be able to finance those investments that might not qualify for support under the Pillar I, notably public sector investments that are not explicitly mentioned as eligible in the JTF regulation, such as investments in healthcare, tourism, sports, culture, heritage, roads, social housing, municipal buildings, urban regeneration, water and wastewater management, certain waste management projects. At the same time, in order to ensure the flexibility of the instrument, the PSLF could also finance municipal investments in sectors that are explicitly mentioned as eligible under Pillar I such as R&D, clean energy, RE, EE, DH, sustainable mobility, digitalisation, rehabilitation of brownfield sites, circular economy, upskilling, reskilling, assistance and inclusion of workers and jobseekers, child and elderly care facilities.

Important to highlight is that country allocation will only be available until 2025, thus reasonable efforts must be taken to allocate these resources timely.

The following figure presents the likely **decision chart** the authorities or project promoters could use to decide to which Pillar of the JTM their projects could adhere. The first choice would obviously be to go for Pillar I, as the support offered is the most attractive. Some projects benefiting from Pillar I could potentially be co-financed with loans rolled-out under Pillar II at the same time. In case a project does not qualify for the support of Pillar I as it does not meet the eligibility criteria, or the funds under Pillar I are no longer available, the support under Pillar II and III could be considered. The second most attractive from of support is PSLF, however, only public sector projects can qualify for funding. In case of private law entities, not entrusted with a public service, Pillar III is not an option, thus only Pillar II remains viable, under the condition that the operation has the risk profile required for the support of Pillar II.

To be noted that the chart does not take into account the availability of other forms of funding present in the market, which include inter alia the resources of: Recovery and Resilience Facility, ESIF (regional and national level), other EU funds (e.g. Modernisation Fund), national funds and private funds. With these taken into account, the exercise becomes much more complex. There is clearly a certain synergy and complementarity between JTM and the other funds, as well as there is a certain overlap and the risk of cannibalising of one funds against the others. The Table 4 of NJTP presents an overview of such synergies and complementarities between JTM and other funds (see Annex 3 for more details).


Priority projects falling into core JTF sectors
projects not eligible under JTF or funding under JTF no longer available
Municipal investments aiming at improving quality of public service and quality of life in JT regions not eligible under P1
beneficiary not eligible under P3 or PSLF funds no longer available
grant financing
potential co-financing
grant + loan
P1 JTF
only operations with higher risk profile will qualify for financing (private sector, quasi-private sector, SSP)
P3 PSLF
loan
P2 InvestEU

8. References

- Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy
- Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund
- 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
- European Parliament legislative resolution of 24 June 2021 on the proposal for a regulation of the European Parliament and of the Council on the public sector loan facility under the Just Transition Mechanism COM(2020)0453 – C9-0153/2020 – 2020/0100(COD)COMMISSION DELEGATED REGULATION (EU) supplementing Regulation (EU) 2021/523 of the European Parliament and of the Council by setting out the investment guidelines for the InvestEU Fund C/2021/2633 final, Brussels, 14 April 2021
- Commission Notice on Technical guidance on sustainability proofing for the InvestEU Fund C(2021) 2632 final, Brussels, 14 April 2021
- Support to the preparation of the Territorial Just Transition Plans in Poland, PwC, May 2021
- Krajowy Plan Sprawiedliwej Transformacji, July 2021, Ministry of Climate and Enviornment(draft)
- Regionalny plan sprawiedliwej transformacji Województwa Slaskiego 2030, August 2021, UM Wojewodztwa Slaskiego (draft)
- Terytorialny plan sprawiedliwej transformacji Województwa Dolnośląskiego 2021-2030 subregion walbrzyski, June 2021, UM Wojewodztwa Dolnoslaskiego (draft)
- Regionalny plan sprawiedliwej transformacji Wielkopolski Wschodniej, Konin, June 2021 (draft)
- Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis
- EIB Group Climate Bank Roadmap 2021-2025, November 2020, EIB Group

Annex 1. JTM Pillars overview.

	P1 - JTF	P2 - InvestEU	P3 - PSLF
Type of support	Grant 70/85% PIC	Guarantee for the implementing partner	EIB loan with 15/25% investment grant
Budget for PL	EUR 3.5 (+0.56) billion	No country allocation	EUR 305 million
Beneficiaries	Not specified	Natural or legal persons including: Private entities Public-sector entities Mixed entities Not-for-profit organisations	Public sector legal entities: public law bodies or bodies governed by private law entrusted with public service mission
Geographical eligibility	Eligible NUTS3	Eligible NUTS3 as well as other territories provided that projects provide benefits to eligible NUTS3 regions	Eligible NUTS3 as well as other territories provided that projects provide benefits to eligible NUTS3 regions
Sectoral eligibility	Productive investments in SMEs Creation of new firms R&I Clean energy RE, EE Smart and sustainable local mobility DH networks Digitalisation Regeneration and decontamination of brownfield sites Circular economy Upskilling and reskilling of workers and jobseekers Job-search assistance to jobseekers Inclusion of jobseekers TA Other activities in education and social inclusion Productive investments in non-SME: necessary for the	Only operations with higher risk profile qualify Investments addressing social, economic, environmental challenges deriving from transition process, across four windows: <u>Sustainable Infrastructure</u> • Energy sector • Sustainable transport infrastructure • Environment and resources • Digital connectivity • Sustainable space infrastructure • Sustainable tourism infrastructure • Offshore development for decarbonisation • Strategic investment in critical infrastructure <u>RI and Digitalisation</u> • Industrial deployment • Recycling and manufacturing facilities for production of ICT • Healthcare	Projects achieve measurable impact in addressing social, economic, environmental challenges deriving from transition process Projects do not generate sufficient stream of own revenues EIB lending policies apply

	implementation of the TJTP; contribute to transition targets; necessary for job creation; do not lead to relocation. Annex I of ETS: necessary for the implementation of TJTP	• Defence <u>SME</u> • Addressing market failures • Supporting underserved economic sectors • Speeding up adjustment to structural changes • Financing solutions helping achieving the objectives • Transfer of best practices <u>Social Investments and Skills:</u> • Education • Training EIB lending policies apply	
Specific exclusions	Nuclear power Tobacco Undertakings in difficulty Fossil fuels	<u>Excerpt:</u> • Defence • Tobacco • Real estate • Nuclear power • Fossil fuels with exceptions • Landfills with exceptions • MBT • Waste incineration with exceptions	Nuclear power Tobacco Undertakings in difficulty Fossil fuels
Prerequisites TJTP	Indicative list of productive investments in non-SME (operations and enterprises) with gap analysis demonstrating that job losses in the absence of investment, would exceed the expected number of jobs created List of operations falling under Annex I ETS with justification that they contribute to climate neutral economy and lead to substantial reduction in GHG going	Sectors and areas envisaged need to be specified in TJTP	Sectors and areas envisaged need to be specified in TJTP

	substantially below benchmarks and provided they are necessary for protection of significant number of jobs		
State Aid	yes	No – certain conditions apply	No – certain conditions apply
Combining other support	yes, subject to SA rules	yes	no
Implementing Body	MA	EIB; potentially other Implementing Partners such as NPBs (e.g. Bank Gospodarstwa Krajowego)	EIB; potentially other Finance Partners
Delivery mechanism	Shared management	Central management	Central management
Implementation modalities	Call-for-Projects procedure or selection of pre-identified, strategic projects	Financing will be enrolled by EIB and operations approved by InvestEU Investment Committee	Loans with grants will be enrolled by EIB; EIB will approve loans; EC will approve grant
TA	JTF-funded JASPERS, World Bank, PwC	InvestEU Advisory HUB will offer a wide range of support to projects and promoters as part of the InvestEU programme – no dedicated JTM TA budget	EIB will roll-out an adequate TA package
Timeline for implementation	N + 3 Final decommitment by 2029 EURI part to be certified by 2026	Investment period ends on 31 December 2023 for EURI part and on 31 December 2027 for MFF part	2021-2027 National envelops available till 2025

Annex 2. Sectors supported by the EIB Group according to Climate Bank Roadmap

Table A: Energy

Supported	Power generation	▪ Renewable power generation and combined cooling/heat and power (CCHP, CHP) which meet the Emission Performance Standard, EPS (250 gCO_2/kWh_e). For biogas/biomass, sources are sustainable. ▪ Power generation using abated fossil fuels or low-carbon energy sources which meet the EPS. Gas-fired power plants that blend low-carbon gas and meet the EPS on average over the economic life. ▪ Waste-to-energy that meets the EPS and applies principles of waste hierarchy. Recovery of industrial waste gas or heat for electricity and/or heat production.
	Energy networks	▪ Electricity transmission and distribution infrastructure, with the exception of direct connection of power plants with emissions exceeding the EPS. ▪ Digitalisation, smart grid, batteries, demand management and flexible response investments. ▪ Rehabilitation of district heating and cooling networks, if (i) the DH/DC system meets the definition of efficient DH/DC in the EU Energy Efficiency Directive (using at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat); or (ii) there is a viable decarbonisation plan for the DH/DC system that can meet the definition of efficiency and the project does not increase GHG emissions from the system on an annual basis. ▪ New DH/DC networks or substantial extensions of existing DH/DC networks if (i) they meet the criteria for efficient DH/DC defined in the EU Energy Efficiency Directive, and (ii) there will be no increase in absolute GHG emissions from coal, peat, oil or non-organic waste on an annual basis. ▪ Distributed off-grid systems and micro-grids; small-scale renewable fossil fuel hybrid generation which meet the EPS. ▪ Production, storage and transport of low-carbon gaseous, liquid and solid energy carriers, including related infrastructure. ▪ Gas network infrastructure planned for the transport of low-carbon gases, including the rehabilitation and adaptation of existing gas infrastructure; smart meters intended to reduce gas consumption.
	Heating and cooling	▪ Heating and cooling technologies using electricity, renewable or low-carbon fuels and/or combined cooling/heat and power (CCHP, CHP) plants (see criteria for power generation). ▪ Gas boilers and micro CHP for buildings complying with minimum energy efficiency criteria, defined as A-rated or with efficiency of 90% or better. ▪ Peak/reserve boilers operating on natural gas (or oil, if gas is not available), as a necessary part of a renewable energy plant (e.g. biomass or concentrated solar power, CSP), or a DH/DC system that is supported by the EIB (see criteria for energy networks). ▪ Any boiler operating on natural gas (or oil, if gas is not available) when it is a necessary part of a supported industrial activity (see criteria for Table B: Industry and Table E: Bioeconomy) and meets the harmonised efficiency reference value for dedicated heat production[67] in application of Energy Efficiency Directive 2012/27/EU. ▪ Other non-boiler technologies to produce heat using natural gas (or oil, where gas is not available) when it is a necessary part of a supported industrial or agricultural activity.
	Energy efficiency	▪ Investments to improve the energy performance of public lighting. ▪ Energy efficiency of industrial facilities and SMEs, if primarily motivated by energy savings and will not increase the capacity of the facility significantly i.e. if the overall GHG emissions of the facility will not increase as a result of the project. In other words, any increase in emissions resulting from the increase in capacity needs to be fully offset by emissions savings from energy efficiency measures within the existing capacity. ▪ Energy savings must be defined on the basis of an energy audit, compliance with a white certificate scheme, a list of measures set up by the EIB or other transparent and proportionate method acceptable to the EIB.
	Innovation	▪ Research, development, demonstration, and commercialisation of innovative low-carbon energy technologies, including renewables, carbon capture and storage (CCS), nuclear fission and fusion, renewable energy conversion and storage and all related ICT solutions.
Not supported		▪ Coal mining, processing, transport and storage. ▪ Oil exploration and production, refining, transmission, distribution and storage. ▪ Natural gas exploration and production, liquefaction, regasification, transmission, distribution and storage[68]. ▪ Large-scale heat production for district heating based on unabated oil, natural gas, coal or peat, with the exceptions shown in heating and cooling above. ▪ Coal/peat/oil (if natural gas is available) used for industrial heat production. In the case of the use of these energy sources within energy-intensive industries, please refer to criteria in Table B.

67 Heat generation resulting in a product (heat) that could be sold/used separately, meaning that this does not apply for example to furnaces, dryers or wider industrial processes.

68 For the avoidance of doubt, under the EIB Energy Lending Policy, the Bank can approve gas infrastructure projects included under the 4th list of Projects of Common Interest co-financed with EU budget resources until the end of 2021.

Table B: Industry

Supported	RDI	All EIB-eligible projects, except those mentioned under the 'non-supported' section, including for example: ▪ Low-carbon technology and products, energy and resource efficiency, circular business models and non-GHG related topics (e.g. safety, industry 4.0, lightweighting, etc.), including demonstration and first-of-a-kind projects. ▪ EV or PHEV powertrains - the latter up to 2025 and only on the electrified components. ▪ Powertrain-neutral components e.g. safety or greening aspect (active/passive safety, automation, connectivity, telematics, lightweighting of exterior/interior/structure, etc.). ▪ Marine: disruptive and low-carbon technologies, other energy efficiency technologies (including lightweight, aerodynamics, etc.), and non-powertrain components (including safety, functionality and advanced digital technologies). ▪ Civil aviation: disruptive technologies[69] and alternative fuels; and non-powertrain components focusing on areas other than energy efficiency (primarily safety). ▪ Digitalisation projects.
	Manufacturing - non-ETS sectors	▪ All EIB-eligible projects, <u>except</u> those mentioned under the 'not supported' section.
	Energy-Intensive Industries (EII)/ETS sectors	▪ Low-carbon technologies i.e. electrification, shift to hydrogen or biomass/biogas/bioliquid as a fuel or feedstock, CCS/CCU, other low-carbon technologies (e.g. electrochemical production, replacement of carbon-intense virgin raw materials with low-carbon intense recycled raw materials, thermal energy storage). ▪ Transitional technologies: implementation of technology that will enable an easy shift to the use of hydrogen or biomass/biogas/bioliquid as a fuel or feedstock when available. For the avoidance of doubt, investment in traditional high-carbon processes is not supported – see bullet below. ▪ Modernisation: energy efficiency, resource efficiency/circular economy and pollution prevention projects in line with the respective EIB eligibility criteria[70] if the economic life does not run beyond 2035. ▪ In the specific case of fully electrified processes implemented outside the EU, involving a significant increase in national power demand (e.g. new primary aluminium capacity), it will be required to source power in line with the Bank's EPS.
Not supported	EII/ETS sectors	▪ Greenfield or substantial expansions of EII production predominantly based on traditional high-carbon processes without accompanying abatement technology such as CCS or recourse to renewable energy sources. This would include investments in e.g. greenfield conventional coke-based blast furnace (BF/BOF) primary steel production, fully fossil-based production of chemicals and plastics, fossil-based nitrogen fertiliser synthesis, production of ordinary Portland cement clinker unless the project includes a suitable decarbonisation technology (such as CCS or CCU).
	RDI and associated manufacturing	▪ Products dedicated exclusively to the coal, oil and gas sectors including transport/exploration/use/storage. ▪ Internal combustion engine (ICE) passenger vehicles, ICE powertrains for passenger cars and dedicated components. ▪ Ships and conventional aircraft using carbon-intensive fuels (i.e. HFO, MDO, MGO, kerosene) and dedicated components. ▪ Fossil-based power generation, and dedicated components not compliant with the EIB ELP (e.g. gas turbines)

69 Includes hybrid and full electric architectures; technologies to enable hydrogen-powered aircraft; ultra-efficient aircraft architectures and propulsion systems targeting a very significant (25%+) improvement in energy efficiency in new generation aircraft.

70 As per Table A, the EIB eligibility criteria for EE require that the project is shown to be primarily motivated by energy/resource savings and will not increase the capacity of the facility significantly, i.e. the overall GHG emissions of the facility may not increase as a result of the project. In terms of pollution prevention, we refer to the existing EIB E&S standards that require compliance with Best Available Techniques (BAT) as defined under the European Industrial Emissions Directive. The BAT concept is a key policy tool to prevent and control industrial emissions, thus ensuring a high level of environmental and human health protection. For the circular economy, dedicated guidance is available in the EIB CE guidance, where carbon neutrality is a key guidance screening criteria. These eligibility criteria, in addition to the 2035 lock-in limitation, ensure alignment with the DNSH criteria for climate mitigation currently proposed for the EU

Table C: Transport

Supported	Mobile assets for transport services[71]	• Zero direct emission mobile assets (including non-motorised transport). • Mobile assets[72] (including all land transport vehicles) that meet the 'Significant Contribution' threshold under the EU Taxonomy[73]. For MBILs and similar intermediated products (see Part II) the following exceptions are made: – Passenger vehicles, light commercial vehicles (LCV) and heavy duty vehicles (HDV) that meet the DNSH threshold[74]. (This is currently proposed at equal or less than 95 g/CO_2 per km per vehicle for cars, 147 g for LCV, and for HDV it is specific direct CO_2 emissions per kilometre equal or below the reference CO_2 emissions of all vehicles in the same sub-group)[75]. – Mobile assets will be deemed to be 'supported' if, for these assets, no criterion has yet been established under the EU Taxonomy. • Any mobile asset powered solely by advanced biofuels (biofuels as per Renewable Energy Directive (RED) II with low ILUC (indirect land-use change) risk) [76], or sustainable synthetic fuels. • LNG-fuelled ships. • Measures and retrofits that bring demonstrable environmental, safety and security improvements (excluding mid-life retrofits that significantly extend the physical life of the asset) are eligible for all types of fleet. • Transport mobile assets (or components thereof) where there is an overriding public interest (environmental, safety and security), crisis response, etc.
	Infrastructure	• Infrastructure and equipment for active mobility (walking and cycling) [77]. • Infrastructure that is required for zero direct emission transport (e.g. electric charging points, hydrogen fuelling stations or electric highways) [78]. • Intelligent Transport Systems and other investments supporting efficiency improvements and transport demand management. • Rail infrastructure. • Other public transport infrastructure (metro, BRT, LRT, etc.). • Inland waterways. • Port infrastructure. • Road safety. • Infrastructure investments where there is an overriding public interest (environmental, safety and security, resilience, accessibility), unplanned security, accessibility requirements, emergency rehabilitation of existing infrastructure, crisis response, etc. • Rehabilitation of road infrastructure.

71 This table covers mobile assets for transport services (trains, road vehicles, ships, etc.). These assets are mobile assets for all types of transport. Mobile assets not for the purpose of transport are not included. These are, for instance, machinery for construction works, agriculture/forestry mobile assets, etc.

72 The maritime and the aviation sector and other transport segments are not yet fully covered under the EU Taxonomy. The EIB will assess alignment with any new criteria in these sectors should they be adopted in due course by the EU.

73 The proposal for the EU Taxonomy from the Technical Expert Group (TEG) will be followed until the EU Taxonomy is in place. Under the current proposal (TEG Report), the relevant threshold for public transport is 50 g CO_2 per passenger kilometre, falling to zero after 2025. Technical guidance will be provided on how to demonstrate compliance until the EU Taxonomy is in place. After 2025, and without prejudice to the outcome of the review in three years, the threshold of 50 g CO_2 per passenger kilometre may be kept for longer for certain regions outside the EU.
For passenger cars and LCVs the threshold is equal to or less than 50 g CO_2 per passenger kilometre.
For freight transport the threshold CO_2e emissions per tonne kilometre (gCO_2e/tkm) are 50% lower than the average reference value defined for HDVs (Heavy Duty CO_2 Regulation).
See paragraphs 6.1-6.3 and 6.5-6.9 (p.327, 330, 332, 339, 343, 346/7, 350, 353) of the Technical annex to the TEG final report on the EU Taxonomy, March 2020.

74 HDV vehicle sub-groups where no "reference CO_2 emissions" are yet available will be deemed to be supported.

75 See paragraphs 6.5 and 6.6 (p.556, etc.) of the Technical annex to the TEG final report on the EU Taxonomy, March 2020.

76 See paragraphs 6.6-6.9 (p.343, 347, 350 and 353) of the Technical annex to the TEG final report on the EU Taxonomy, March 2020.

77 See paragraphs 6.4 and 6.10 (p.335 and 356) of the Technical annex to the TEG final report on the EU Taxonomy, March 2020.

78 See paragraphs 6.6-6.9 (p.343, 347, 350 and 353) of the Technical annex to the TEG final report on the EU Taxonomy, March 2020.

		• Large[79], new road capacity infrastructure meeting EIB eligibility criteria, including passing a cost-benefit test with the EIB carbon price, consistent with national and EU level infrastructure planning, as well as for alternative fuel infrastructure. Within the European Union, the alternative fuel infrastructure plans will be assessed on a country basis, in line with the relevant EU requirements[80]. Outside the European Union, the assessment will likewise be undertaken on a country basis. Countries without widespread access to reliable electricity would not be expected to plan electric charging infrastructure at this stage. For small road infrastructure investment schemes, a cost-benefit analysis is not required if these investments are for: – *Urban street projects* under multi-scheme loans that support the implementation of Sustainable Urban Mobility Plans (or equivalent) or urban development/regeneration plans acceptable to the EIB, and – *Road projects* under multi-scheme loans implemented in the context of an Integrated Regional Development programme or other similar national plans acceptable to the EIB to ensure a balanced territorial development. • Improving existing airport capacity through safety and security projects, rationalisation and explicit decarbonisation measures (including related investments such as air traffic management, only if not related to capacity expansion).
Not supported		• Vehicles and infrastructure dedicated to the transport and storage of fossil fuels (dedicated vessels and railcars, coal and oil terminals, LNG bulk breaking facilities, etc.). Dedicated is defined as built and acquired with the explicit intention to predominantly transport or store fossil fuels over the life of the project. • Maritime vessels[81] using only conventional fuels (i.e. HFO, MDO, MGO). • Conventionally-fuelled aircraft. • Airport capacity expansion.

Table D: Buildings

Supported	New buildings	<u>Inside the EU:</u> Complies with national energy standards defined by the Energy Performance of Buildings Directive (EPBD). <u>Outside the EU:</u> Achieving international or best local construction standard. Using a green building certification (e.g. EDGE, LEED, BREEAM or equivalent) ensures the buildings are amongst the best built in the country and are least likely to pose a risk of lock-in. This general approach to buildings includes education, research, cultural buildings and medical infrastructure. In the event of any misalignment, these particular cases will be assessed on a case-by-case basis.
	Renovation	<u>Inside the EU:</u> Complies with national energy standards defined by the Energy Performance of Buildings Directive (EPBD). <u>Outside the EU:</u> Major renovation (exceeding 25% of the surface area or 25% of the building value excluding land) requires cost optimal energy performance level identified by an energy audit or equivalent. Non-major renovation (of less than 25% of the surface area or 25% of the building value) does not pose a lock-in risk.
Not supported		▪ Buildings associated with the extraction, storage, transportation or production of fossil fuels.

[79] The terms ''large'' and ''small'' are used to denote projects with an investment cost of greater than, or less than, €25 million respectively.

[80] Including but not limited to Directive 2014/94/EU of 22 October 2014, as may be subsequently revised, on the deployment of alternative fuels infrastructure, for instance, complying substantially with the conditions in Article 3 (Adoption of a National Policy Framework for the development of the market segment as regards alternative fuels in the transport sector and the deployment of the relevant infrastructure).

***Table E: Bioeconomy*[82]**

Supported	▪ Investment in nature and biodiversity conservation and restoration. ▪ Investment in subsectors[83] such as sustainable forestry and sustainable, resilient agricultural land management, and erosion control (LULUCF). ▪ Development and production of sustainable biomaterials and bioenergy. ▪ Activities along the agricultural and fishery value chains that focus on (as compared to best industry, low-carbon standards/benchmarks)[84,85]: – Sustainable production on existing agricultural land, focusing on reducing the GHG footprint and increasing carbon sequestration. – Reducing wastage and maximising resource efficiency along the whole value chain from farm to fork. – Upgrade of agricultural and food by-products or residues into higher value food, feed, biomaterials or bioenergy. – Production of proteins from more sustainable and/or innovative sources or production systems with a lower carbon footprint (e.g. fish, algae, insects) with a focus on animal welfare. ▪ Rural infrastructure (e.g. modernisation of irrigation schemes) and machinery promoting resource efficiency, waste minimisation and/or low/neutral carbon intensity.
Not supported	▪ AFOLU/LULUCF investments and/or other projects that aim to produce or make use of agricultural or forestry products associated with unsustainable expansion of agricultural activity into land that had the status of high carbon stock and high biodiversity areas (i.e. primary and secondary forest, peatlands, wetlands, and natural grasslands) on 1 January 2008 or thereafter[86]. ▪ Biomaterials and biofuel production that make use of feedstocks that can serve as food or compromise food security. ▪ Export-oriented agribusiness models that focus on long-haul[87] air cargo for commercialisation (i.e. investments dependent on the long-haul, intercontinental air-cargo shipment of fresh, perishable agricultural goods). ▪ Meat and dairy industries based on production systems that involve unsustainable animal rearing and/or lead to increased GHG emissions as compared to best industry, low-carbon standards/benchmarks[88].

82 The EIB aligns with the European Commission bioeconomy strategy 2018 in its sector definition for agriculture/bioeconomy by including the primary sector and its value chains.

83 Agro-forestry projects typically rely on production factors such as heavy farm/forest machinery that have to operate in potentially remote locations. Projects should incorporate lowest possible carbon technology (including renewable fuel fleet options), to the extent that such technologies are commercially available and it is technically/economically feasible.

84 Please note that criteria established for heat generation (Energy: Table A) and in industrial processes (Industry: Table B), as well as energy efficiency would be equally applicable to agro-industry from farm to fork, except for specific derogation for developing countries.

85 For agrifood value chain projects in countries with vulnerable food supply systems, benchmarking of GHG emissions of agro-industry projects on local instead of international best standards is possible on a case-by-case basis. This would apply in particular to smallholder and agriculture microfinance schemes or agrifood industries that target local demand and may involve derogation of general carbon footprint thresholds related to power and heat generation established in this bioeconomy section and under the industry and energy tables above.

86 The cutoff date is set to be consistent with the one recommended under the EU Taxonomy DNSH criteria for agriculture and forestry.

87 Following Eurocontrol's definition, long-haul is taken to be longer than 4 000 kilometres.

88 Investments in the meat and dairy industries considered by the Bank for finance should demonstrate improved GHG efficiency through, for example, alignment with the EU Taxonomy criteria in agriculture, the promotion of eco-efficient animal management systems or the promotion of grass and other lignocellulose-centred feeding regimes for ruminants.

Table F: Water and waste

Supported	Water, wastewater, and flood management ▪ New or rehabilitation of water treatment, water distribution, wastewater treatment, wastewater collection, non-revenue water reduction; flood management and protection, coastal protection, sludge digestion. ▪ Desalination projects that are demonstrably the last resort option to address water security issues (due to overriding public interest). The EIB will further investigate with the promoter during the appraisal process means to limit as much as possible the GHG emissions impact. Solid waste management ▪ Infrastructure and equipment for collection and transport of waste, including vehicles with priority given to low and zero-carbon technology (where both technically feasible and economically viable). Vehicles with fossil-fuel technology shall meet EU Taxonomy criteria for DNSH. ▪ Material recovery facilities for separately collected recyclable waste. ▪ Facilities processing pre-sorted materials for recycling with demonstration of net GHG emission reduction for energy-intensive processes (e.g. certain types of chemical recycling). ▪ Biological treatment and recovery facilities for separately collected biowaste. ▪ Mechanical biological treatment (MBT) plants are generally aligned, with the exception of plants specifically configured to produce refuse-derived fuel (RDF) or solid recovered fuel (SRF) where the following criteria apply for the associated energy recovery facilities: – waste incineration plants or power plants must meet the EPS (250 g CO_2/kWhe); – industrial facilities must demonstrate a net GHG emission reduction compared to displaced fuel. ▪ Waste incineration plants meeting EPS and applying principles of waste hierarchy. ▪ Permanent closure and remediation of landfills or dumpsites, including landfill gas abatement and control system (methane utilisation where economically viable, otherwise flaring). ▪ New sanitary landfills or landfill cells under the following conditions (in the EU only until 2023): – implementation of landfill gas abatement and control system; – landfill included as part of an integrated waste management project achieving an overall net GHG emission reduction compared to relevant scenario. ▪ Remediation of contaminated sites for subsequent renaturation or in preparation for further economic use.

Table G: Urban and regional

Supported	▪ Urban and regional investment programmes, urban development/regeneration projects following sectors' criteria (when relevant: buildings, energy, mobility, etc.) in line with carbon-neutral strategies (when existing). ▪ Disaster prevention and preparedness, and recovery.

Table H: Information and communication

Supported	▪ Development and deployment of latest technology ICT infrastructures, including satellites. ▪ ICT technology that enables the deployment of low-carbon scenarios (such as smart grids) are leading to proven improvement of energy efficiency, or are used for climate-specific applications. ▪ Implementation of data centres; for hyperscale data centres in countries with non-aligned power systems, electricity needs to be sourced in line with the Bank's EPS. ▪ RDI of ICT equipment and components. ▪ Manufacturing of low carbon-related ICT equipment and components. ▪ Earlier generation ICT infrastructure deployment, including satellites, to increase the availability of digitalisation services in underserved areas.

Table I: Human capital

Supported	• All EIB-eligible projects, except those not supported (see below).
Not supported	• Public research activities or supporting equipment and infrastructure that are directly and exclusively related to unabated fossil fuels. • Investments not complying with the criteria for buildings set out in Table D.

Annex 3. Synergies and complementarities between JTM and other funds (Table 4 of NJTP).

		CEL INTERWENCJI	(1) Sprawiedliwa transformacja społeczna – rynek pracy i społeczności regionów węglowych			(2) Skuteczna transformacja gospodarcza – dywersyfikacja sektorów		(3) Modelowa transformacja środowiskowa na rzecz gospodarki zeroemisyjnej					
		KIERUNEK DZIAŁANIA	(1.1.)	(1.2.)	(1.3.)	(2.1.)	(2.2.)	(3.1.)	(3.2.)	(3.3.)	(3.4.)	(3.5.)	(3.6.)
Fundusze Europejskie	Mechanizm Sprawiedliwej Transformacji	1. filar I: FST	X	X	X	X	X	X	X	X	X	X	X
Fundusze Europejskie	Mechanizm Sprawiedliwej Transformacji	2. filar II: InvestEU				X	X	X	X	X	X	X	X
Fundusze Europejskie	Mechanizm Sprawiedliwej Transformacji	3. filar III: EBI				X	X	X	X	X	X	X	X
Fundusze Europejskie	Programy operacyjne	FENG				X	X						
Fundusze Europejskie	Programy operacyjne	FEnIKS				X	X	X	X	X	X	X	X
Fundusze Europejskie	Programy operacyjne	POWER	X	X	X								
Fundusze Europejskie	Programy operacyjne	Regionalne Programy Operacyjne	X	X	X	X	X	X	X	X	X	X	X
Fundusze Europejskie	Programy operacyjne	POPC				X	X						
Fundusze Europejskie	Programy operacyjne	TPST	X	X	X	X	X	X	X	X	X	X	X
Fundusze Europejskie	Krajowy Plan Odbudowy												
Fundusze Europejskie	Programy europejskie	LIFE						X	X	X	X	X	X
Fundusze Europejskie	Programy europejskie	Horyzont Europa	X	X	X	X	X	X	X	X	X	X	X
Fundusze Europejskie	Programy europejskie	Fundusz Modernizacyjny						X	X	X	X		
Fundusze Europejskie	Programy europejskie	Fundusz Innowacyjny						X	X	X	X		
Fundusze Europejskie	Programy europejskie	Fundusz Badawczy Węgla i Stali						X	X	X	X		
fundusze krajowe	Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	Czyste Powietrze, STOP SMOG						X	X				
fundusze krajowe	Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	Mój Prąd						X	X				
fundusze krajowe	Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	Nowa Energia						X	X	X			
fundusze krajowe	Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	Ciepłownictwo Powiatowe, Polska Geotermia Plus						X	X				
fundusze krajowe	Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	…											
fundusze krajowe	Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	ESCO						X	X	X			

prywatne źródła finansowania	Polski Fundusz Rozwoju	GreenHub				X	X	X	X	X	X	X	X
		pozostałe (BGK)	X	X	X	X	X	X	X	X	X	X	X
	zielone obligacje					X	X	X	X	X	X	X	X
	obligacje zrównoważone		X	X	X	X	X	X	X	X	X	X	X
	obligacje rozwojowe		X	X	X	X	X	X	X	X	X	X	X
	obligacje korporacyjne					X	X	X	X	X	X	X	X
	obligacje komunalne		X	X	X	X	X	X	X	X	X	X	X
	Partnerstwo Publiczno-Prywatne		X	X	X	X	X	X	X	X	X	X	X
	...												