

Just transition towards climate neutrality – Council agrees its position on new public sector loan facility



Just Transition Mechanism

The EU institutions are working to address the social and economic consequences of the transition process towards the EU's 2030 climate targets and the objective of EU climate neutrality by 2050.

Member states' EU ambassadors today agreed the Council's position on a new public sector loan facility to be created under the Just Transition Mechanism to support public sector investment in the regions that are most affected in the transition towards a climate neutral economy due to their carbon-intensive economies and lesser capacity to deal with the challenges of the transition.

The new public sector loan facility will provide €1.5 billion in grants from the EU budget to allow finance partners to support projects addressing the challenges of the transition process. As finance partner, the European Investment Bank is expected to provide €10 billion in loans, which are expected to mobilise up to €25-30 billion in investments to help the most affected regions identified in member states' just transition plans.

In its position, the Council suggests some limited changes to the Commission's proposal presented in May. Most notably, the Council specifies that the facility should not support activities excluded from the scope of support under the Just Transition Fund. This includes investments related to nuclear power stations, tobacco products and fossil fuels, according to the Council's position on this fund. In addition, the Council's position includes the possibility for projects receiving support under the facility to also receive advisory and technical support from other EU programmes.

The Council's position agreed today will guide the presidency in negotiations with the European Parliament.