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1. INTRODUCTION, PURPOSE AND SCOPE OF THE REPORT

In 2020, the Commission created a Just Transition Mechanism (JTM) as part of the European Green Deal Investment Plan[1], to make sure that no groups or regions are left behind in the transition to a climate-neutral economy. The primary goal of the mechanism is to provide support to the most affected regions and people and help them alleviate the socio-economic costs of the transition. The JTM consists of three pillars: (1) the Just Transition Fund, (2) a dedicated Just Transition scheme under the InvestEU Programme, and (3) the public sector loan facility (PSLF or 'the Facility').

This fifth annual implementation report[2], prepared in compliance with Article 16(3)[3] of Regulation (EU) 2021/1229[4] ('the PSLF Regulation'), focuses on the third pillar. It aims at providing information on the progress made so far in the implementation of the PSLF.

The present report is cumulative from the start of the implementation of the PSLF until 19 June 2026. The remaining part of the year 2026 will be reported in the next report in accordance with the PSLF's reporting obligations.

The report provides information on (i) the results of the first PSLF call for proposals, the first cut-off date of the second call for proposals and the total cumulative absorption of the budget, (ii) technical assistance, and (iii) the next steps.

1.1. Legal and budgetary framework of the public sector loan facility under the Just Transition Mechanism

The PSLF was established by Regulation (EU) 2021/1229 on 14 July 2021.

The general objective of the PSLF is to address serious social, economic and environmental challenges deriving from the transition towards the EU 2030 climate and energy targets and the objective of climate neutrality in the EU by 2050 at the latest, set out in Regulation (EU) 2021/1119[5], for the benefit of the EU territories identified in the territorial just transition plans (TJTP)[6].

The specific objective of the PSLF is to leverage public sector investment that addresses the development needs of the territories identified in the TJTP. It does so by facilitating the financing

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1 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Sustainable Europe Investment Plan-European Green Deal Investment Plan – COM(2020) 21 final, 14.1.2020.

2 The first implementation report was submitted to the European Parliament and the Council on 7 February 2023, the second report on 21 November 2023, the third one on 30 September 2024, and the fourth one on 6 October 2025.

3 According to Article 16(3) of the PSLF Regulation, "*by 31 October of each calendar year, starting with 2022, the Commission shall issue a report on the implementation of the Facility. That report shall provide information on the level of implementation of the Facility with respect to its objectives, conditions and performance indicators*."

4 Regulation (EU) 2021/1229 of the European Parliament and of the Council of 14 July 2021 on the public sector loan facility under the Just Transition Mechanism (OJ L 274, 30.7.2021).

5 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021).

6 As defined in Article 11 of Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021).

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of projects that do not generate sufficient streams of revenues to cover their investment costs, thereby avoiding the crowding out of potential support and investment from alternative resources.

Support is available for a wide range of investment. The PSLF can support investment in renewable energy and green and sustainable mobility, the promotion of green hydrogen, efficient district heating networks, public research, digitalisation, environmental infrastructure for smart waste and water management and public health initiatives.

The PSLF can also support sustainable energy, energy efficiency and integration measures, including renovations and conversions of buildings, urban renewal and regeneration, the transition to a circular economy, land and ecosystem restoration and decontamination, taking into account the 'polluter pays' principle, and biodiversity, as well as up-skilling and re-skilling, training and social infrastructure, including care facilities and social housing[7].

The PSLF Regulation provides a total maximum budget of EUR 1.525 billion of EU support for the grant component of the PSLF (including technical assistance and advisory support). This total budget was reduced by EUR 150 million in 2024 as a consequence of the revision of the 2021-2027 Multiannual Financial Framework (MFF) and by EUR 175 million in 2025 following the adoption of the omnibus Regulation (EU) 2025/2005[8] aiming to strengthen the InvestEU programme. After these redeployments, the maximum budget available for the PSLF is EUR 1.2 billion.

Under the PSLF, loans provided by the European Investment Bank (EIB) as finance partner are combined with grants provided by the EU to support projects submitted by public sector bodies following a call for proposals. The EIB will provide up to EUR 6 billion for the loan component of the PSLF. The EIB offers three types of loans under the PSLF: investment loans (stand-alone projects financed directly by the EIB), framework loans (also called loan schemes, directly financing a set of pre-determined projects) and intermediated loans, financing smaller projects through EIB's financial intermediaries.

The grant component, implemented by the Climate Infrastructure and Environment Executive Agency (CINEA), takes the form of financing not linked to costs and its amount is determined as a fixed percentage of the loan. This percentage amounts to 15%, or 25% if the project is located in a less developed region[9]. Consequently, the awarding of a grant depends on the approved financing by the EIB or its financial intermediaries[10]. The first call for proposals, which remained open until the end of 2025, divides the available budget into national shares, based on the ratios of the Just Transition Fund ('JTF') allocations. The second call for proposals, serving the period 2026-2027, bundles any unused national allocations, without national shares.

2. IMPLEMENTATION OF THE PSLF

2.1. Results of the first PSLF call for proposals (2022-2025)

Under this call, launched on 19 July 2022, 73 proposals have been submitted, of which 56 were declared eligible and 45 have been selected for funding by the PSLF evaluation committee. The results for each cut-off date in the call are displayed in Annex 1. According to information provided in the grant agreements and in the applications selected for funding for those where the agreement is not yet signed, an estimated amount of EUR 482 million will be granted by the Commission.

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7 See Recital (6) of the PSLF Regulation.

8 Regulation (EU) 2025/2005 of the European Parliament and of the Council of 16 December 2025 amending Regulations (EU) 2015/1017, (EU) 2021/523, (EU) 2021/695 and (EU) 2021/1153 as regards increasing the efficiency of the EU guarantee under Regulation (EU) 2021/523 and simplifying reporting requirements.

9 See Article 11 of the PSLF Regulation.

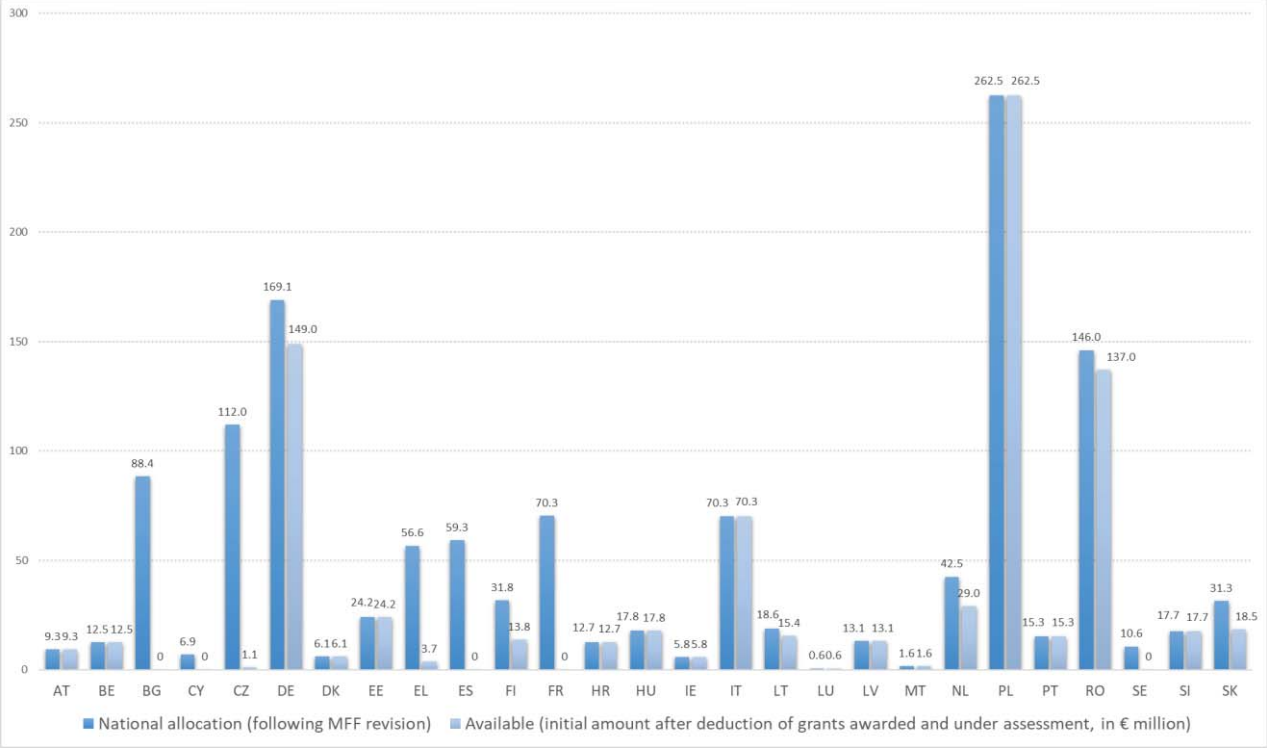
10 Article 18 of the JTM Model Grant Agreement, available on portal Funding & tenders (europa.eu).

As of June 2026, 26 project grant agreements had been signed (see more details in Section 2.4), corresponding to approximately EUR 337.5 million in EU support under the grant component of the PSLF. These grants are combined with financing provided by the EIB, amounting to approximately EUR 1.9 billion in loans. In addition, the supported projects mobilise further financing at project level, including contribution from national, regional and local public resources and, where applicable, private sources of financing. Altogether, the signed operations are expected to mobilise investment exceeding EUR 3.2 billion.

These results confirm, in line with the findings of the interim evaluation[11], the leverage role of the grant component within the Facility. By complementing EIB lending, the grant support helps to make public sector investment financially viable in territories covered by the Fund and contributes to additional financing at project level.

National shares for Bulgaria, Spain and France have been fully allocated, while those for Sweden, Cyprus and Czechia have been almost fully allocated.

Figure 1 National shares and their consumption by grants awarded or under assessment[12]



As the PSLF was a new instrument, awareness-raising activities played a key role during the implementation of the first call. In an initial phase, uptake remained limited, reflecting the novelty of the Facility, the complexity of combining an EU grant with EIB lending relative to traditional EU grants, and the different borrowing capacities and administrative conditions of potential beneficiaries across Member States. These elements were also identified by the interim evaluation as factors affecting the pace and geographical distribution of uptake under the first call. The Commission, in cooperation with the EIB, carried out targeted communication efforts to increase

11 European Commission, *Study to support the interim evaluation of the Public Sector Loan Facility (PSLF) – Final Report*, Publications Office of the European Union, Luxembourg, 2025. DOI: 10.2776/8746618.

12 National allocations reflect adjustments following the MFF revision 2021-2027. Available amounts represent the remaining national budgets, after deduction of grants awarded or under assessment at the time this report was written.

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visibility, improve stakeholders' understanding of the Facility and support potential beneficiaries throughout the application process.

All Member States were approached and offered dedicated information sessions presenting the main features of the PSLF and the application process. Additionally, communication efforts focused on potential beneficiaries across a wide range of sectors related to public services, including through engagement with Brussels-based associations and sectoral networks.

These activities were complemented by continuous communication through events, meetings, publications, social media and targeted materials, as well as by advisory support provided by the EIB, which contributed to the development of a pipeline of mature projects. Evidence of increased awareness is reflected not only in the evolving uptake of the Facility, but also in the growing number of project promoters engaging with the Commission and its partners to seek guidance on the PSLF.

Over time, these activities supported the development of a stronger pipeline of applications towards the end of the first call and into the launch phase of the second call.

2.2. Second PSLF call

The second call for proposals of the PSLF was launched in October 2025. The call is open to all Member States on a competitive basis, without pre-allocated national allocations, and covers 2026–2027. An Info Day was organised on 14 November 2025 following the launch of the call.

Its first cut-off date, set on 27 January 2026, attracted a high level of interest. 30 proposals were submitted by applicants from 10 Member States (DE, FR, CZ, CY, EL, ES, IE, IT, RO, SE), with a cumulative grant request of EUR 1.24 billion. Following the admissibility and eligibility assessment of these proposals, 21 proposals were judged admissible and eligible. These proposals, submitted by applicants from 6 Member States (CY, CZ, EL, ES, FR, SE), represent a total requested contribution of approximately EUR 783 million.

All 21 admissible and eligible proposals underwent a technical evaluation by the Commission. Of these, 18 proposals successfully passed the evaluation thresholds, corresponding to a total requested grant amount of EUR 633 million. Three proposals, requesting EUR 150 million in total, were not selected due to insufficient scores against one or more award criteria.

In line with the rules in the call, proposals were ranked based on their evaluation scores. Where scores were equal, priority was given, in descending order, to (i) projects located in less developed regions, (ii) those contributing directly to EU climate and energy targets, and (iii) those promoted by applicants with established decarbonisation plans.

The final number of proposals to be funded, as well as those to be placed on the reserve list, will depend on the available budget, as further detailed in Section 2.3.

2.3. Total cumulative implementation

The total requested grant amount of EUR 633 million for the successful proposals under the 2nd call exceeds, at this stage, the remaining budget available following the 1st call (EUR 354.92 million). The actual consumption of the budget earmarked after the selection decision will depend on several factors, including the actual amount of EIB loans signed and the alignment on the scope of proposals included in the grant applications.

In this context, the first seven projects on the ranking list can already be funded. The remaining eleven projects selected by the Evaluation Committee will be placed on a reserve list, pending the availability of future EFSI reflows.

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In addition, next submission deadlines will also be determined on the basis of the availability of future EFSI reflows.

2.4. Projects financed by the PSLF

The supported projects reflect the broad scope of eligible actions under the PSLF Regulation and are aligned with the objectives of the JTM. In particular, investment focuses on: sustainable mobility, which represents the largest share of signed grants (approximately EUR 131.8 million), including railway modernisation, tramway extensions and zero-emission transport systems; energy efficiency and energy infrastructure, such as district heating networks and upgrades to electricity systems; urban renewal and regeneration, including public infrastructure modernisation; social infrastructure, such as schools, healthcare facilities and housing; and water and waste management infrastructure. A detailed list of projects financed so far can be found in Annex 2.

At this stage, five projects have already been fully implemented, providing concrete examples of project delivery under the Facility. These include one sustainable urban mobility project in France, to extend a tramway line, and four projects in Czechia, covering railway infrastructure modernisation, urban regeneration, energy performance improvements and social infrastructure.

Regarding the type of loan corresponding to the twenty-six signed grant agreements, 21 of the projects are stand-alone investment loans and 5 are based on a loan scheme[13]. In June 2025, the first grant agreement linked to an intermediated loan provided from EIB resources by the National Development Bank in Czechia was signed.

The PSLF Regulation requires the Commission to report on the following Key Performance Indicators (KPIs): reduction of CO_2 emissions, number of jobs created and number of persons reached. Based on information submitted by PSLF beneficiaries, CO_2 emissions savings are estimated to be 204 621 tonnes annually. The projects financed by this facility are expected to generate 11 577 jobs and benefit over 7 million people by addressing regional development needs. A chart showing the aggregated KPIs, structured according to Annex II of the PSLF Regulation, is in Annex 3.

3. ADVISORY SUPPORT

EIB Advisory services are available under the InvestEU Advisory Hub for the preparation, development and implementation of eligible projects[14]. Until 19 of June 2026, advisory assistance in support of the PSLF has been provided to beneficiaries in Austria, Bulgaria, Cyprus, Czechia, Denmark, Finland, France, Germany, Greece, Ireland, Romania, Spain, Slovakia and Sweden[15] amounting to EUR 22.5 million. The list of advisory assignments can be found in Annex 4.

The EIB Advisory services support is scoped and adapted to the specific needs of individual project promoters, and ranged from overall guidance in identifying suitable projects and upstream support for preparing investment programmes, to project development advice and application support for PSLF grants. In addition, the EIB has been engaged in dissemination, scoping and screening activities in order to identify and support projects which could benefit from financing under the PSLF.

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13 For the avoidance of doubt, projects receiving EIB financing under an intermediated loan are treated as standalone projects.

14 See more details in Section 2.1.4 of the first PSLF implementation report and Section 2.2 of the second PSLF implementation report.

15 Some of the advisory activities in Cyprus, Greece and France were launched before the PSLF was in place and so were funded from other sources, such as the European Investment Advisory Hub (Greece) and the InvestEU Advisory Hub's Sustainable Infrastructure Window (Cyprus and France).

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EIB advisory has boosted the demand for PSLF support through five workstreams:

i. **Direct advisory support** to individual promoters and borrowers of stand-alone investment loans, through a broad range of advisory services on the preparation and implementation phases, including assistance with grant applications;

ii. **Capacity building support** for non-banking institutions, typically acting as aggregators of smaller sized projects, to develop administrative and operational capacity to effectively screen, select, prioritise, monitor or otherwise coordinate a number of sub-projects;

iii. **"Indirect" advisory support** to end-beneficiaries of intermediated or framework loans through standardised support packages scoped to improve the proposals' soundness and compliance with applicable lending policies;

iv. **Market development advisory** at Member State level to identify potential demand for PSLF support and establish whether the available PSLF financial products are suitable;

v. **Screening, scoping and dissemination** to promote the use of the facility, identify and prioritise suitable projects and provide overall guidance on the PSLF grant applications.

On top of the services offered by the EIB through the InvestEU Advisory Hub, consultancy services were deployed by the Commission at the request of Czechia, Greece and Slovakia, with the aim of raising awareness about the PSLF and identifying and developing project proposals. The technical assistance for Czechia was provided by the Commission and support to Slovakia is provided under the Technical Support Instrument (TSI)[16]. A wide range of services are provided under both contracts, including awareness raising, mobilisation of potential beneficiaries in the TJTP regions and screening of project ideas.

Greece benefitted from broader support under the TSI for the implementation of all three JTM pillars. It also requested support under the JTP Groundwork[17] for project identification and the subsequent preparation of project proposals to be submitted for PSLF funding in the Peloponnese region.

The Commission and the EIB participate in the monitoring of the implementation of consultancy assignments, to ensure they dovetail with other advisory activities in beneficiary Member States.

4. NEXT STEPS

Next submission deadlines will be decided following the availability of EFSI reflows for the Facility.

5. CONCLUSIONS

The public sector loan facility is an instrument that seeks to ensure that the transition to a climate-neutral economy happens in a just and socially sustainable way, given the key role of the public sector in addressing market failures.

The first and second PSLF calls for proposals have been launched, and the Facility's budget is close to being entirely implemented, with more potential projects under preparation. This evolution should also be seen in light of the implementation lessons identified by the interim evaluation. Initial

16 TSI - How it works - Reforms and Investments - European Commission

17 Inforegio - Just Transition Fund (europa.eu).

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uptake was affected by the novelty of the Facility, the complexity of combining EU grant support with EIB lending relative to non-blended EU grants, different borrowing and administrative capacities across Member States and public promoters, and the availability of other funding sources. At the same time, the evaluation highlighted that increased awareness, advisory support and progressive development of a mature project pipeline were expected to support stronger demand over time. In this context, advisory services have played an important role in helping potential beneficiaries identify suitable projects, improve project maturity and navigate the requirements of the Facility.

By 19 June 2026, the PSLF evaluation committee had selected a total of 63 project proposals representing an estimated grant amount of approximately EUR 1.1 billion and a corresponding loan amount of approximately EUR 5.5 billion. 26 grant agreements have been signed in total, and the implementation of the corresponding projects has started.

The Commission, in cooperation with the EIB, will continue to work towards maximising the potential of the PSLF during the second call. The next submission deadline will be decided following the availability of the EFSI reflows.