

Sustainable Europe Investment Plan

The Sustainable Europe Investment Plan and Just Transition Mechanism represent the investment pillar of the European Green Deal.

➤ **Sustainable Europe Investment Plan**

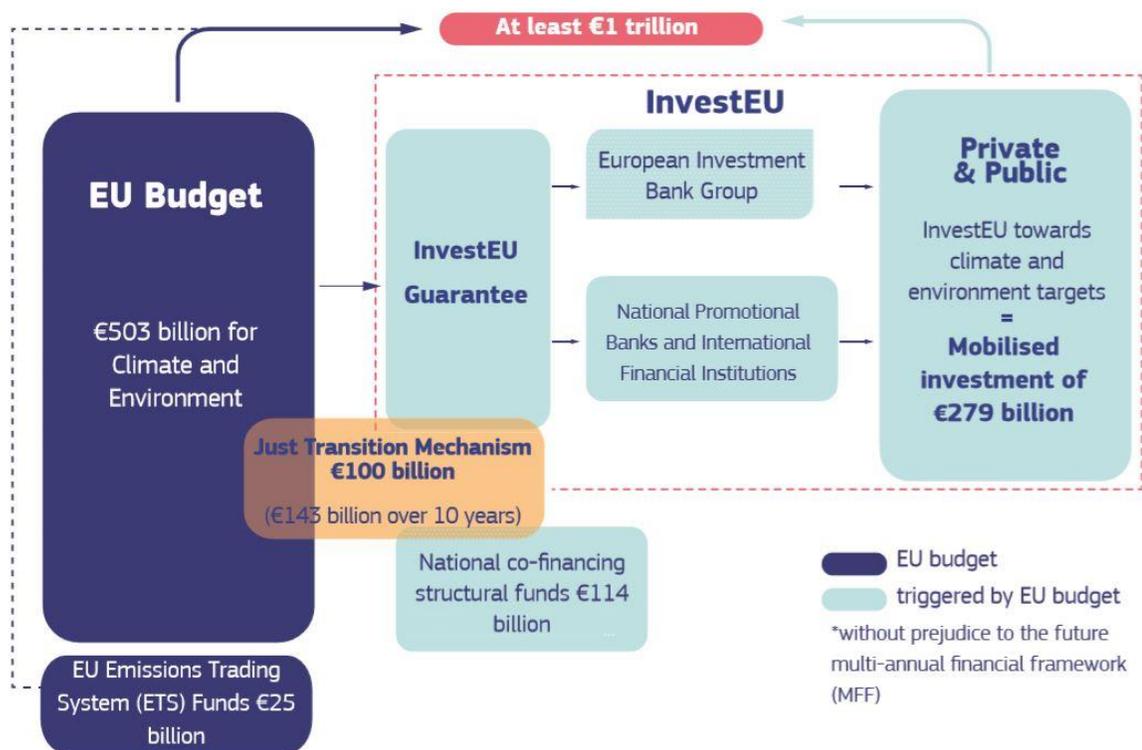
Meeting ambitious targets set by the EU to reduce carbon emissions and become the first continent to lead a climate neutral economy by 2050 requires a strong public and private investment. Under current established targets of carbon emissions for 2030 set at 40% reduction compared to 1990 levels, to meet this condition alone, it is estimated that the EU requires investments of Eur260 billion a year. To meet the European Green Deal objectives, the EU is required to raise an estimated Eur1 trillion investment over the next decade.

The Sustainable Europe Investment Plan provides the different pathways on how to achieve this ambitious goal. This will be done through a set of mixed policies and actions, which among others include:

- setting benchmarks for disbursements of funds from all EU programmes to address climate issues (25% equalling to Eur503billion);
- an InvestEU programme that follows on the success of the European Fund for Strategic Investments to use public money for the mobilisation of private investment (leverage of Eur279billion);
- a Just Transition Mechanism to help communities that will be mostly affected by the Green Deal Agenda (Eur114billion); and
- EU's own resources such as funds raised through auctions from mechanisms such as the Emissions Trading Scheme (Eur25billion).

This is explained graphically in the figure shown below on page 2.

WHERE WILL THE MONEY COME FROM?



*The numbers shown here are net of any overlaps between climate, environmental and Just Transition Mechanism objectives.

But there are other measures that the Sustainable Europe Investment Plan shall undertake. The European Investment Bank for instance has already committed it will gradually increase its selectivity of green project so that by 2025 its share of green investment would reach 50% of its annual lending portfolio and therefore become a **Climate Bank**.

The EU is shaping the way investments are classified in order to for private investors to be able to determine whether the economic activity they are about to invest in is sustainable or otherwise. A recent agreement has been achieved at EU level on a Regulation that establishes a framework to facilitate sustainable investment, also known as the **EU Taxonomy**.

Project promoters will also be able to benefit from technical assistance through the **InvestEU Advisory Hub** to identify, prepare, develop, structure, procure and implement sustainable projects.

The **European Semester** process will continue providing a framework that identifies investment priorities and barriers in each EU member state.

➤ **Just Transition Mechanism**

While all regions in the EU will require to make changes to meet their climate objectives, some regions will be impacted more than others. For this reason, the Commission as a core part of the Sustainable Europe Investment Plan, has dedicated a special strand for a Just Transition Mechanism. This is divided into three components: (i) a Just Transition Fund, whereby a proposal for a Regulation for its establishment has already been published; (ii) an InvestEU dedicated Just Transition Scheme; and (iii) a Public sector loan facility by the European Investment Bank.

The **Just Transition Fund** will be attributed Eur7.5billion from the EU budget and leveraged to Eur30-50 billion by member states' contributions by investing in projects addressing carbon intensive sectors such as power generation and transport, but also on re-skilling and environmental regeneration.

The **InvestEU Fund** will leverage private investment of Eur45billion through public guarantees in projects related to the economic diversification of regions, social infrastructure and skills. Project promoters will also be eligible for technical support to evaluate their eligibility as well as the viability of their projects from the EU Advisory Hub.

Finally, the European Investment Bank will provide a **public sector loan facility** for up to Eur25-30 billion in investments to support the transition to climate neutrality with projects in the area of energy and transport infrastructures, energy efficiency measures and renovation of buildings and social infrastructures.

➤ **The local context**

Malta will be required to make its own transition to reduce its carbon emissions and meet climate objectives. Large scale investments are undoubtedly required. The Sustainable Europe Investment Plan provides a framework of opportunities for both Government and private investors to undertake projects that could be revolutionary in several sectors of our economy. Technical assistance is also made available and is free of charge. Malta's take-up of funding under the European Fund for Strategic Investment in the last 5 years has been negligible. This new framework therefore presents a new opportunity to implement projects that continue stimulating and diversifying our economy in a more climate-friendly manner.

For questions or more detailed information please contact EU Affairs Manager Daniel Debono and Senior Advisor Mark Seychell from the Malta Business Bureau's Brussels Representative Office on infobrussels@mbb.org.mt

