



INVESTEU ADVISORY BOARD – RECOMMENDATIONS APPROVED ON 7 DECEMBER 2023

1. INTRODUCTION

Following the completion of the work of the three subgroups, this note presents recommendations to be issued to the InvestEU Steering Board for its consideration. In accordance with the explanatory note discussed at the Advisory Board meeting of 26 April 2023, the recommendations were prepared by the Advisory Board Secretariat under the supervision of the Chair and the Vice-Chair of the Advisory Board.

The recommendations were submitted to discussion and endorsed during the plenary session of the Advisory Board on 7 December 2023 (Item 6).

2. RECOMMENDATIONS

2.1. Social Infrastructure investment

Review of Investment Guidelines (IGs), InvestEU guidance documents or the design of financial products

- **Project aggregation:** The report identified that aggregating small projects into larger investment propositions so that they attain a critical size in the three sub-sectors - primary care, social and affordable housing and student accommodation - is key for channelling investments from multilateral financial institutions and national promotional banks as well as private investors into social infrastructure projects.
 - Based on the experience of investment platforms, the Commission could explore whether there is an interest among (potential) Implementing Partners (IPs) for launching a pan-European investment platform for social infrastructure. In case of interest, a technical seminar could be organised to explore the details.

InvestEU Advisory Hub services could be used to support the set-up of such investment platforms and the projects targeted.

- **Attracting private finance:** The report identified that project promoters from the non-profit or social enterprise sector as well as municipalities have limited financial resources to structure the project financing and/or to attract the private sector in developing such initiatives, including on the basis of availability based public private partnerships. In view of the low profitability and long life-cycle of such

projects, there is (with the exceptions of a few philanthropic organisations) no opportunity to raise such kind of patient capital on the market.

- The Commission together with the IPs could consider reviewing the Investment Guidelines (IGs) and/or analyse alternative products (or introduce some changes to the existing InvestEU financial products) with a view of targeting the above-mentioned project promoters as well as promoting the aggregation of such projects to attract adequate long term instruments.

Identification of best practices to select projects to be financed

- Exchange of best practices among (potential) IPs could contribute to scaling up investments as well as possibly bilateral and multilateral funding partnerships. In this regard, the Commission could develop a Toolkit covering one or more of the target areas to help design efficient intervention schemes and further promote repayable social finance.

Advisory services

- **Creation of collaborative platforms:** The (potential) IPs / Advisory Partners (APs) could explore the possibility to develop collaborative platform(s) between the public and private sector in the areas of primary care, social and affordable housing and student accommodation to promote the exchange of experience and good practices and support investment decision-making.
- The Commission together with IPs / APs could explore mechanism to promote the association of municipalities, regions or other relevant levels of public administration for undertaking investments in all three sub-sectors, where the lack of supply has been identified. This is certainly the case of social and affordable housing. In this regard, the Commission together with the IPs / APs could explore how to **enhance synergies between advisory services and generation of bankable projects** in the three sub-sectors under the InvestEU Fund. This should include projects that combine investments in infrastructure with the provision of ancillary services.
- The APs could consider undertaking a detailed review of the investment outlook in the primary care segment in addition to the six segments now being carried out by the Council of Europe Development Bank and funded by the InvestEU Advisory Hub. This would support the assessment of future investment priorities and the identification of potential investments.
- The APs could consider undertaking the review of standard and simple Public-Private-Partnerships methods with a view to promote their deployment.

2.2. Energy efficiency financing gaps

Review of Investment Guidelines (IGs), InvestEU guidance documents or the design of financial products

- The energy efficiency financing gaps report identified two areas that could be further addressed under InvestEU – deep renovation of residential buildings and guarantee schemes for contracting.
- Firstly, the ongoing revision of the Energy Performance of Buildings Directive includes the concept of ‘deep renovation’, which is defined as a renovation transforming a building into a nearly zero-energy buildings until 30.01.2030 or zero-emission building as of 30.01.2030. Deep renovations require higher investments costs compared to other types of renovations.
- Secondly, the InvestEU is well-placed to support guarantee schemes for contracting that can help to improve the offer of a full solution including the financing component. This can help lower the barrier for owners of (residential or commercial) real estate to implement energy efficiency projects in their buildings (one-stop-shop principle). Such contracting arrangements can help solve the owner-tenant problem. Guarantees help to reduce the risk for the installing firm or the bank that supports the installing firm.
 - The Commission together with the IPs could consider reviewing the IGs and/or analyse alternative products (or introduce some changes to the existing InvestEU financial products) with a view of targeting residential buildings stimulating their deep renovation and guarantee schemes for contracting.
- With a view to assess the necessity to develop new financial products or to adapt existing ones, (potential) IPs / APs could explore the possibility to **develop a collaborative platform to exchange views with market operators or collaborate with the European Energy Efficiency Financing Coalition** in the field of energy efficiency (energy service companies, heat networks, mortgage lenders, start-ups, etc.). The objective would be to share information and increase knowledge among IPs of the market operators’ needs.

Project identification

- The Commission could ask the IPs to consider developing tools that standardise assessment processes and support better aggregation of projects in energy efficiency, including, where relevant and in line with IP’s investment process, investments generating optimal costs savings. The EIB Green Gateway advisory platform supports financial intermediaries in originating, assessing and reporting on green investments and provides online tools, such as the EIB Green Eligibility Checker.

Identification of best practices to select projects to be financed

- Exchange of best practices among (potential) IPs could contribute to scaling up investments in **energy efficiency**. For this purpose, the section of the report on

best practices concerning InvestEU could be made publicly available. This may stimulate (potential) IPs to integrate energy efficiency aspects in their investments.

Advisory services

- **Greater recourse to advisory services:** Drawing on the experience of ELENA and the wider energy efficiency support under the InvestEU Advisory Hub, greater use of advisory services for energy efficiency at national and regional level should incentivise greater energy efficiency uptake at national level.

2.3. Gender equality

Proposals concerning the revision of the InvestEU Sustainability Proofing Guidance

- The Gender Equality report has identified that the wording of the certain parts of the InvestEU Sustainability Proofing Guidance ⁽¹⁾ should be strengthened. The Commission should therefore consider the suggestion made, during any future review of the Sustainability Proofing Guidance, as below:

The proposed change concerns section 2.4.3., as follows:

Minimum requirement (compulsory) for direct financing:

At the screening stage, the Implementing Partner should:

- *Identify the likelihood of the project having significant impacts that might affect women and girls disproportionately, or carrying risk of negative impact on gender equality or gender-based discriminatory social norms;*
- *Identify the likelihood of the project to have **significant** risks relating to gender discrimination and/or Gender-Based Violence and Harassment (GBVH) including i.e. past complaints relating to these aspects, negative media/NGOs coverage on the project and/or the project promoter;*
- *Consider the capacity of the project promoter to manage them appropriately in case of identified risks.*

If risks are identified, the Implementing Partner will together with the project promoter, undertake possible further assessments such as a Gender Analysis and introduce mitigation measures such as a Gender Action Plan.

If risks for discrimination on the grounds of sex are discovered at the screening stage, the Implementing Partner and the project promoter are to re-design the project.

For clarity and to summarize, the proposed changes are:

- 1) “significant” to be deleted, and
- 2) the following paragraph to be added:

⁽¹⁾ [Commission Notice – Technical guidance on sustainability proofing for the InvestEU Fund \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/Pages/infographic-technical-guidance-on-sustainability-proofing-for-the-investeu-fund.aspx)

“If risks for discrimination on the grounds of sex are discovered at the screening stage, the Implementing Partner and the project promoter are to re-design the project.”

Proposals concerning the revision of the InvestEU Scoreboard ⁽²⁾

- To strengthen the incentives to undertake investments under InvestEU that promote gender equality, additional points in the InvestEU scoreboard could be attributed to projects that have strong ratings under the voluntary positive agenda. To that extent, should the revision of the InvestEU Scoreboard be taking place, it is encouraged to clearly spell out gender as one of the elements in the social performance of the projects under the voluntary positive agenda.

Identification of best practices to select projects to be financed

- When designing financial products, the (potential) IPs shall take into consideration the examples shared in the **Gender equality report**. The Commission should consider how to encourage the IPs to mainstream the gender angle in financial products under all InvestEU four policy windows, taking into account experience with other EU programmes, as well as the best practices shared in the report.

These best practices could be grouped as follows:

- (1) Initiatives whose main focus is supporting gender investments, through targeted initiatives, which are based on specific criteria such as the Gender Smart Financing available under the InvestEU equity interventions developed by EIF under InvestEU;
- (2) Initiatives in the social and care sector, which carry a two-fold impact: (1) supporting the jobs creation and development in those traditional pink-economy sectors; and (2) increasing the participation of women in all sectors of the labour market and in consequence a more inclusive workplace; and
- (3) Initiatives in other sectors such as infrastructure, where alongside the primary investment (ex. rolling stock purchase, infrastructure construction and development), gender aspects are streamlined through the supplementary schemes aiming - as an example - at increasing women's workplace participation, safety in public transport.

Reporting

- The InvestEU Regulation does not set out mandatory reporting requirements for gender related aspects. It would be however desirable that the IPs, on a voluntary basis, agree to provide reporting on gender equality. The Commission, supported by the IPs, is in the process of developing a methodology on the gender-based reporting for all type of products (i.e. debt, equity and guarantee) implemented under the InvestEU Fund. Once agreed, the reporting indicators would be included

⁽²⁾ [Commission Delegated Regulation \(EU\) 2021/1702 of 12 July 2021 supplementing Regulation \(EU\) 2021/523 of the European Parliament and of the Council by setting out additional elements and detailed rules for the InvestEU Scoreboard.](#)

in the Methodology for InvestEU Key Performance and Monitoring Indicators, the revision of which will require adoption by the Steering Board. Regarding both, mainstreaming gender into operations under all policy windows, and the improved reporting, the expectation is that these measures would result in an upgrade of the InvestEU Programme (or part of it) from a score 0* score 1 or 2 the annual assessment ⁽³⁾ of tracking gender equality related expenditure in the EU budget under the 2021-2027 Multiannual Financial Framework.

Advisory services

- **Greater recourse to advisory services:**
 - The (potential) IPs/APs could rely to a greater extent on the experience of the InvestEU Advisory Hub in preparation of operations that feature and/or mainstream gender in operations under all policy windows.

2.4. Horizontal recommendations

Communication

- All three reports have identified the need to increase the communication and emphasise the importance of the three areas *vis-a-vis* (potential) IPs. Two channels can be used for this purpose.
 - First, given the rolling nature of the second call for expression of interest, the Commission could consider organising information sessions on various topics, including:
 - a) SISW and the relevant products, highlighting the need for social infrastructure investments notably for social and affordable housing in most regions of the EU. The session could engage IPs active under SISW and encourage sharing of experience.
 - b) Energy efficiency and the relevant products and projects targeted by the IGs, with exchange of information on best practices, such as those presented in the EEFG report.
 - c) Gender with a focus on sharing of best practices among (potential) IPs, with a two-fold effort: (1) activities under the SME policy window and Social Investment and Skills policy windows; and (2) integrating gender aspects into financial products and individual operations.
 - Second, the Commission could intensify its communication on the InvestEU support already allocated by the IPs to social infrastructure, energy efficiency and gender (*via* dedicated articles, press releases, video, etc.).
- In general, the Commission could take the opportunity of future InvestEU Advisory Board meetings to create a space for an exchange on the best practices and research done by IPs and APs on the three topics. IPs and APs are encouraged to come forward with suggestions for points for discussion.

⁽³⁾ [InvestEU - Performance \(europa.eu\)](https://europa.eu/investeu/performance)