



Investment Committee of the InvestEU Fund

Meeting no 32 of 10-11 October 2024

Room Schuman, Foyer Européen

10, rue Heinrich Heine, L-1720 Luxembourg (Gare)

Increase of Framework Operation #37 for Sustainability Guarantee Product (Multi-country) (Ref. INVEU-ICR-0113-2023)

INVEU-ICR-0065-2024 – Sustainable Infrastructure Window (SIW), Small and Medium Enterprises Window (SMEW)

Short description of the financing or investment operation and its objectives

Type of financial intermediaries	Commercial banks, alternative lenders, leasing companies and NPBIs
Type of final recipients	Natural persons, SMEs (including Micro Enterprise), Small Mid-Caps, Other: housing associations
Country of implementation	EU27 and/or Iceland/Norway
Implementing partner	European Investment Fund

The Framework Operation will cover Sub-Projects which in turn will aim to enhance access to finance for sustainable enterprises and support investments contributing to the green and sustainable transformation of the European economy.

The Sub-Projects forming part of this Framework Operation will focus on primarily on investments targeting climate change mitigation i.e. renewable energy, energy efficiency, zero & low emission mobility and green ICT.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 11 October 2024 for the above-mentioned operation.

In terms of market gap, many SMEs with economically viable projects cannot obtain the necessary financing from financial institutions, as they tend to be reluctant to extend uncollateralised credit to SMEs, even at high interest rates. The SME financing gap exists as the market is not able to supply a sufficient amount of external financing to SMEs.

For sustainable and green projects and investments, this is even more acute given the complexities inherent to the thematic (e.g., constant technology developments, evolving regulatory framework, etc.). In addition, financial intermediaries have very different levels of green financing expertise. This requires to build-up a new skill set, particularly when targeting individuals and housing associations.

Additionality will be met via each Sub-Project as the financial intermediaries will originate final recipient transactions addressing new financing needs with higher risk profile than the risk generally deemed acceptable by such intermediary, inter alia:

- in the form of targeting final recipients of lower creditworthiness; or



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- Implementing financing solution in line with the enhanced access to finance measures described in the InvestEU Call for Expression of Interest published on EIF's website, and which carry an increased risk profile (e.g. bespoke financing arrangements, targeting excluded segments, industries or geographies, etc.).

The increase of the Framework Operation #37 addresses the above-mentioned market failures, with regard to the targeted thematic, such as the SME financing gap as well as complex sustainable and green investments/projects. This increase will aim to enhance access to finance for sustainable enterprises and support investments contributing to the green and sustainable transformation of the European economy.

The increase is, therefore, critical to ensure continuity to the appraisal process and avoid stop-and-go situations, as the requested guarantee amount under the Sustainability Guarantee Product is substantially exceeding the available overall resources under the product.