

Conclusions

Framework operation #18 for Sustainability Guarantee Product

INVEU-ICR-0070-2022 – SME + Sustainable Infrastructure Window

Short description of the financing or investment operation and its objectives

Type of the promoter or financial intermediary	Commercial banks, alternative lenders, guarantee institutions, National Promotional Banks or Institutions
Country(-ies) of implementation	Under this Framework Operations, Sub-Projects are expected to materialise in several Member States (and potentially OCTs)
Implementing partner	EIF

Sub-Projects under this Framework Operation aim to support financial intermediaries that in turn should provide debt financing to SMEs, Small Mid-Caps, natural persons and housing associations (depending on the target group(s) elected by the intermediary operating in the areas of climate mitigation and adaptation, transition to a circular economy, water resources, pollution prevention and control, protection and restoration of biodiversity and ecosystem and investments in the development or adoption of sustainable and organic agricultural practices.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 8 December 2022 for the above-mentioned operation.

A sub-optimal investment market situation is observed as access to funding for sustainable investments is difficult given the inherent complexities. Such investments, undertaken by SMEs and individuals are generally perceived by banks as being high risk. The SME market also suffer from fragmentation and comparatively high transaction costs and information asymmetries.

Additionality shall be deemed to be met via each Sub-Project as long as financial intermediaries originate final recipient transactions which carry a 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
- Implementing financing solution in line with the enhanced access to finance measures and which carry an increased risk profile (e.g. bespoke financing arrangements, targeting excluded segments, industries or geographies, etc.).

The Investment Committee acknowledged the high demand for this financial instrument in the market and welcomed its support for SMEs sustainable and green investments. The Investment Committee also encouraged enlarging the geographic scope.