

Conclusions

Green Uncapped Guarantee Framework II

INVEU-ICR-0068-2023 – Sustainable Infrastructure (SIW)

Short description of the financing or investment operation and its objectives

Final intermediaries	Financial institutions, including commercial banks and leasing companies, operating in the EBRD EU countries of operation
Final recipients	Natural persons, Housing Associations, SMEs, Mid-Caps, Large Corporates, Special Purpose Vehicles / Project Companies, Public sector entities /Public-sector type entities, Mixed entities, Non-profit organisations.
Countries of implementation	EBRD 12 EU Countries of Operations (“EU12 CoOs”): Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia
Implementing partner	European Bank for Reconstruction and Development (EBRD)

The Framework Operation comprises uncapped unfunded portfolio guarantees provided by the EBRD to private commercial Financial Institutions in the EU12 CoOs. The guarantees will cover FIs’ newly generated portfolios of eligible loans financing investments in sustainable transport and sustainable (energy efficiency and renewable energy) projects in buildings under the EU Compartment of InvestEU, contributing to energy savings and CO2 emission reductions. This will help to address the vital issue of carbon intensity of the economies of the EU12 CoOs and energy sovereignty.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 10 November 2023 for the above-mentioned operation.

The Framework addresses common market failures in the selected countries such as high energy intensity, high upfront cost and difficult access to advanced environmentally friendly technologies, lack of incentives for sustainable solutions and limited consideration of climate risks (transitional risk and physical risks).

The Investment Committee recognised additionality of this operation as FIs will be required to transfer the benefit of credit enhancement they obtain through the EBRD guarantee in improved loan conditions offered to end-borrowers e.g. through lower collateral requirements,



Investment Committee of the InvestEU Fund
Meeting no. 20
8-10 November 2023

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lower credit risk margin or longer tenors. The product thus ultimately enables the expansion of green financing in the building and transport sectors.

The operation will also address the issue of limited availability of financing resources designated for financing these areas by providing a risk-sharing instrument to financial intermediaries. Financial intermediaries are best placed to meet the investment financing needs, scale up and reach out to a multitude of final recipients, such as households and SMEs, as well as finance larger companies, that could act as interest aggregators to implement sustainable energy projects in the residential sector, bringing energy saving benefits to a large number of residents, or deliver impact through sustainable transport projects.