

Conclusions

**Increase of Framework Operation #20 for Climate and Infrastructure Funds Product (Multi-country) Ref. INVEU-ICR-0008-2023
INVEU-ICR-0061-2023 – Sustainable Infrastructure Window & Social Investment and Skills Window**

Short description of the financing or investment operation and its objectives

Financial intermediaries	Financial Intermediaries established in EU27 with strategies pursuing any of the Target Areas under the Climate & Infrastructure Funds Product
Final recipients	Special Purpose Vehicle / Project Company, SMEs (including Micro Enterprise), Mid-Caps, Mixed entities such as PPPs and private companies with a public purpose
Countries of implementation	EU-27
Implementing partner	EIF

The Framework Operation aims at investing through funds in backbone infrastructure and industrial ecosystems in energy, transport, environment, digital connectivity and social infrastructure. Sub-Projects under this Framework Operation will predominantly target projects in the area of renewable energy generation, energy efficiency, clean mobility and digital infrastructure, but will also include investments in remediation of industrial land and social infrastructure.

Global Assessment and rationale for approval

The Investment Committee (IC) of the InvestEU Fund approved the use of the InvestEU guarantee on 12 October 2023 for the above-mentioned operation.

The investments will be in the form of equity, which will in turn allow the underlying funds to invest equity or quasi-equity at the level of each underlying project, which is an essential element in supporting greenfield infrastructure.

Whilst there is a well-developed market for existing infrastructure assets with an operational track record, there is a significant funding gap for market players that have the capacity to take an active role in the development and structuring of new infrastructure assets. All infrastructure funds under this Framework Operation target primarily greenfield or other form of capital expenditure for infrastructure investments and take such active role in the area of green energy transition, sustainable transport, digital transformation or social infrastructure.

Underlying funds may address and in some cases are specifically targeting the market gap at project development stage, where investments are entailing higher risks that are often well beyond the risk-appetite of private investors.

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Underlying funds may also target sectors with higher risks beyond a level normally accepted by private investors. This includes technology risks (e.g., in the area of sustainable aviation where technologies are yet to be proven economically viable at scale).

The increase of the Framework Operation addresses a certain number of **market failures** in targeted sectors. In regard to the **clean energy transition**, the underlying funds' targeted investments contribute to climate change mitigation objectives and to security of supply by reducing dependency on energy imports.

In the **sustainable transport sector**, the underlying funds may contribute to developing the market for the deployment of alternative fuel vehicles and associated infrastructure. They may also support the shift of traffic to more sustainable transport modes and reduces related negative transport externalities. Such investments support EU and national transport objectives, notably in e-mobility engineering and infrastructure including electric vehicles, charging points and in general all related services, equipment and enabling infrastructure.

In terms of **digital connectivity**, the investments may generate positive externalities by enabling more users to benefit from improved and safe access to ultrafast broadband services. Investments in **innovative telecommunication infrastructure** address a market failure of underinvestment in secure data centres. Thus, they may generate positive network externalities by enabling more users to benefit from improved, faster and safe access to information and innovative digital services.

In the **bioeconomy sector**, investments address (i) the failure in financial markets for SMEs and/or midcaps arising from limited access and/or high cost of financing charged by creditors/investors as a result of information asymmetries, lack of collateral and imperfect screening and monitoring; (ii) market failures caused by sub-optimal investment in low greenhouse gas emission energy production that originates high pollution levels leading to climate change.

In the **waste sector**, investments made in projects implementing material recovery/recycling and other circular economy technologies and business models may result in more efficient resource use and reduced waste generation, incineration and landfilling. In the **wastewater sector** investments may help addressing the problem of industrial wastewater pollution, so that the final customer doesn't need to anticipate the whole investment and redirect resources from its core business.

In the **social infrastructure sector**, investments are mainly expected to be made in student housing and education, which may benefit society at large and the broader economy, mainly in terms of literacy level and skills development and upgrading.

EIF's commitment is expected to have a strong catalytic effect helping to enlarging and diversifying the investor base of the underlying funds forming the Sub-Projects of this Framework Operation.