

Conclusions

Framework Operation #37 for Sustainability Guarantee Product (Multi-country)

INVEU-ICR-0113-2023 –Sustainable Infrastructure Window and SME Window (SIW-SMEW)

Short description of the financing or investment operation and its objectives

Type of the financial intermediaries	Commercial banks, alternative lenders, leasing companies and NPBIs
Type of final recipients	Natural persons, SMEs, Small Mid-Caps and housing associations
Country(-ies) of implementation	Sub-Projects are expected to materialize across Member States (and potentially OCTs) and other Participating Countries (Iceland/Norway).
Implementing partner	EIF

The Sub-Projects under this Framework Operation aim to support financial intermediaries that should 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 primarily on financing 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 6 December 2023 for the above-mentioned operation.

In terms of **market gap**, and as reported in a recent Elf study, nearly one in three SMEs report severe difficulties in accessing finance. 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:

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