

## Conclusions

### **Increase of Framework Operation #14 for Sustainability Guarantee (ref. INVEU-ICR-0050-2022)**

**INVEU-ICR-0058-2022 – SME + Sustainable Infrastructure window**

#### **Short description of the financing or investment operation and its objectives**

Name of the promoter or financial intermediary	Natural persons, SMEs, Small Mid-Caps, Housing associations
Countr(ies) of implementation	Multi-country. Sub-Projects are expected to materialise primarily, but not exclusively, in Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain and Sweden.
Implementing partner	EIF

Increase of Framework Operation #14 INVEU-ICR-0050-2022 for Sustainability Guarantee approved by the Investment Committee on 7 July 2022.

This Framework Operation aims to support Sub-Projects that in turn target to finance the green and sustainable transformation of the European economy, specifically 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 20 October 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. Thus, such investments, undertaken by SMEs and individuals, are generally perceived by banks as being high risk. The SME market also suffers from fragmentation and comparatively high transaction costs and information asymmetries.

Additionality shall be deemed to be met in all those cases where a financial intermediary originates final recipient transactions addressing new financing needs which normally were not covered by financial intermediary within their standard lending practice (i.e. sustainable investments for SMEs and natural persons) or not to the same extent which may entail as well a higher risk profile than the risk generally deemed acceptable by such intermediary. Additionality will be also achieved via the implementation of financing solutions in line with the enhanced access to finance measures described in the InvestEU Call for Expression of Interest published on EIF's website.

## **Conclusions**

The crowding-in mechanism can be seen in the way the EIF extends (counter-) guarantees to financial intermediaries which will in turn provide debt financing to eligible final recipients, while retaining a tranche of the risk. As a result, the intermediary will always provide further financing in addition to InvestEU.

The Investment Committee acknowledged the high demand for this financial instrument in the market and welcomed its support for SMEs' and individuals' sustainable and green investments.

In line with the previous framework operation, it is expected that the leverage effect will be indicatively 12x for capped guarantees and 5.5x for uncapped, while the multiplier effect 16x for capped and 8x for uncapped. Further to the increase, the estimated number of targeted financial recipients is c. 3700, of which c. 3000 expected to be enterprises and c. 700 individuals.