

Conclusions

EBRD InvestEU Green Uncapped Guarantee Framework **INVEU-ICR-0009-2023 – Sustainable Infrastructure Window**

Short description of the financing or investment operation and its objectives

Name of financial intermediaries	Financial institutions, including commercial banks and leasing companies.
Type of the final recipients	Natural persons Special Purpose Vehicle / Project Company SMEs (including Micro Enterprise) Midcaps Large Corporate Public sector entities/ Public-sector type entities Mixed entities, such as PPPs and private companies with a public purpose Non-for-profit organisations Housing associations.
Countries of implementation	EBRD 12 EU Countries of Operations: Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia (“EU12 CoOs”).
Implementing partner	European Bank for Reconstruction and Development (EBRD)

The Framework Operation will comprise 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 residential 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 EU guarantee on 24 March 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).

Conclusions

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, lower credit risk margin or longer tenors. The product thus ultimately enables the expansion of green financing in the residential 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. Final recipients, such as households and SMEs as well as finance larger companies, 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.