

Conclusions

SC Climate Fund III, FCRE

INVEU-ICR-0101-2023 – Sustainable Infrastructure Window (SIW)

Short description of the financing or investment operation and its objectives

Financial Intermediary	SC Climate Impact Fund III, FCRE
Type of final recipients	Special purpose vehicle/project company, SMEs (including Micro Enterprise, Midcaps)
Countries of implementation	EU-27 with focus on Spain
Implementing partner	Instituto de Crédito Oficial (“ICO”)

The thematic fund focusses on investing in companies and infrastructures that promote the circular economy and energy transition. It will invest in areas active in circular economy infrastructure and bio-waste economy. Both sectors (i.e. energy transition and circular economy) are key to achieving the objectives set by the EU, enabling progress in the decarbonization of the economy and minimizing/valuing waste that is currently untreated and disposed of in landfills. The investment strategy is supported by a macroeconomic environment marked by growing governmental and social pressure to act in the fight against climate change.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 7 December 2023 for the above-mentioned operation.

The target companies usually have their asset base located in rural areas or areas with few job opportunities, thus ICO investment leads to a reactivation of the economy in rural areas and allows generating job opportunities both in the construction phase and in the operation phase of the infrastructures.

The investment operation addresses a principal market failure that is at the high end of the spectrum of its prevalence (significance) in the respective market. The Fund promotes equity or quasi-equity investments at the level of each Eligible Equity Final Recipient, which is an essential in facilitating the project financing structure of a capital-intensive infrastructure project, in particular projects in their early phase, and in some cases in the development phase.

The investment would not have been undertaken or would not have been undertaken to the same extent. The use of the InvestEU guarantee will allow ICO to double the amount invested in the proposed Fund than it is through its standard activities alone, considering its high inherent risk.

Conclusions

The invests through majority shareholdings with the objective of actively working together with technical partners to generate added value in the companies. ICO equity operations generates a strong catalytic effect for the Fund, needed to reach a viable size in a timely manner.

ICO will be one of the main investors in the Fund thereby providing a strong (i) market validation and (ii) signaling effect and helping the Fund manager attract additional public and private investors. It allows creating platform for Investments in companies that group assets and allow to consolidate and generate critical mass to become more competitive.