

Conclusions

EBRD Green Uncapped Guarantee Framework (MS-C Romania) **INVEU-ICR-0031-2023 – Sustainable Infrastructure Window (SIW)**

Short description of the financing or investment operation and its objectives

Type of the final recipients	<ul style="list-style-type: none"> Natural persons Special Purpose Vehicle/Project Company SMEs (including Micro Enterprises) Mid-Caps Large Corporates Public sector entities/ Public-sector type entities Mixed entities, such as public-private partnerships and private companies with a public purpose Non-for-profit organisations Housing associations
Countries of implementation	Romania
Implementing partner	European Bank for Reconstruction and Development (EBRD)

This operation - under the InvestEU Member State compartment (MS-C) - comprises uncapped unfunded portfolio guarantees provided by the EBRD to private commercial financial intermediaries (FIs) in Romania. The guarantees cover FIs' newly generated portfolios of eligible loans financing investments in sustainable transport and energy efficiency and renewable energy projects in buildings under the MS Compartment of InvestEU for Romania, contributing to energy savings and CO2 emission reductions. This helps to address the vital issue of carbon intensity of the economy of Romania and the energy crisis triggered by the Russian war on Ukraine.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 9 June 2023 for the above-mentioned operation.

The Framework Operation address a number of market failures, most notably the limited availability of financing resources designated for investments in buildings energy efficiency, by providing a risk sharing instrument to financial intermediaries (e.g. local banks, leasing companies) that are best placed to meet the investment financing needs, scale up and reach out to a multiple of financial beneficiaries, such as households and SMEs as well as finance larger companies that 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.

Conclusions

The Investment Committee recognised the additionality of the Framework Operation. 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 buildings sector and the transport sector. In addition, the opportunity to use the InvestEU first loss cover allows EBRD to structure and deploy a sustainability-dedicated portfolio risk-sharing product in Romania. By taking risk at the first loss level of the covered portfolios (“skin in the game”), under the InvestEU Green Uncapped Portfolio Guarantee EBRD takes risk that goes beyond its usual risk-taking capacity and risk-taking undertaking in EBRD’s existing portfolio risk sharing products.