



Investment Committee of the InvestEU Fund

Meeting no 34 of 14-15 October 2024

Room Schuman, Foyer Européen

European Commission, Luxembourg

10 rue Heinrich Heine, L-1720 Luxembourg (Gare)

EIF SIW –Framework Operation #45 for Sustainability Guarantee Product (Multi-Country)

INVEU-ICR-0077-2024 – Sustainable Infrastructure Window (SIW), SME Window (SMEW); lead window: SMEW

Short description of the financing or investment operation and its objectives

Type of the financial intermediaries	Commercial banks, leasing companies, guarantee institutions, National Promotional Banks and Institutions
Type of final recipients	Natural persons, SMEs, (Small) Mid-Caps, housing associations
Country(-ies) of implementation	Several EU27 (and potentially OCTs) and/or Other Participating Countries (Norway/Iceland)
Implementing partner	EIF

The Sub-Projects under the present Framework Operation (5th Framework Operation for Sustainability Guarantee) 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.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 14 November 2024 for the above-mentioned operation.

As reported in a EIF 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 enough external financing to SMEs. This market failure, resulting in a sub-optimal equilibrium outcome is rooted in the existence of information asymmetries. This requires to build-up a new skill-set, particularly when targeting individuals and housing associations.

Green technologies are typically more expensive and capex intensive and typically require longer periods of repayment. In addition, green financing comes with additional complexities in terms of assessments and requirements for both the financial intermediaries and final recipients. Consequently, the origination of green financing comes with additional intricacies and therefore is less attractive than financing more established activities.

The InvestEU Sustainability Guarantee Product will alleviate the elements above by providing risk coverage for green lending and therefore incentivising financial intermediaries to provide debt financing in this area, supporting the market vis-a-vis the application of the EU Taxonomy



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for Sustainable Finance, particularly for small companies and individual s that require a proportionate approach.

Being the fifth framework operation under the sustainability guarantee demonstrates strong market demand for the InvestEU guarantee.