



## Investment Committee of the InvestEU Fund

Meeting no 9 of 10 November 2022

BECH Building B2/404  
European Commission, Luxembourg

# Conclusions

## UniCredit Bank S.A. – Romania InvestEU Member State Compartment (Uncapped guarantee)

INVEU-ICR-0066-2022 – SME and Sustainable Infrastructure window

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

Name of the promoter or financial intermediary	UniCredit Bank S.A.
Countr(ies) of implementation	Romania
Implementing partner	EIF

Unicredit Bank S.A. Romania has applied for an uncapped guarantee covering the following InvestEU Financial Products: (i) Sustainability Guarantee and (ii) SME Competitiveness Guarantee to be implemented under the Romania InvestEU Member State Compartment. The EIF aims at entering into a guarantee agreement with the Intermediary with the objective of:

- (i) improving access to finance for sustainable enterprises and support investments contributing to the green and sustainable transformation of the Romanian 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; and
- (ii) improving the competitiveness of enterprises by facilitating access to, and the availability of finance to SMEs, which are perceived by financial intermediaries as being high risk or lacking sufficient collateral.

### Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 10 November 2022 for the above-mentioned operation.

The Sustainability Guarantee Product, implemented under the Member State Compartment in Romania, whose eligibility criteria were designed in the spirit of the EU Taxonomy for Sustainable Finance as well as the Do No Significant Harm (“DNSH”) , are precisely adapted to the specific needs of the final recipients and can play a fundamental role in the decarbonisation of the economy.

Green lending by financial intermediaries to SMEs is at an incipient stage, particularly in Romania as it is perceived as riskier. Green technologies are typically more expensive and capex intensive (e.g., renewable energies, industrial energy efficiency, etc.) 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.



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According to the National Bank of Romania ("NBR") "Financial Stability Report", the outbreak of the COVID-19 pandemic took a heavy toll on all sectors of Romania's economic activity, triggering a significant increase of systemic risks to financial stability, similarly to developments in Europe and around the world. Access to finance for enterprises and the default risk for loans of the private sector are identified as some of the main risks to financial stability. In addition to the rise of economic uncertainty, the imposed containment measures have led to bottlenecks in supply chains and a sharp contraction in demand.

With respect to the SME financing market, persistent market gaps occur when viable projects or viable SMEs do not get the necessary financing from Financial Intermediaries due to e.g., information asymmetries, market fragmentation, transaction costs or the Financial Intermediary's risk aversion. Especially young firms face challenges due to a lack of track record on which the Financial Intermediary could rely for the purposes of risk analysis and taking of the financing decision. SMEs in Romania report insufficient collateral or other bank requirements, such as guarantees, as being most often the cause for not being able to obtain financing.

Additionality is deemed to be met as long as the Intermediary originates final recipient transactions which carry a higher risk profile than the risk generally deemed acceptable by such intermediary, inter alia by Implementing financing solutions in line with the enhanced access to finance measures which carry an increased risk profile (e.g., bespoke financing arrangements, targeting excluded segments, industries or geographies, etc.).