Conclusions

Green Developer Financing Programme
INVEU-ICR-0061-2022 – Sustainable Infrastructure window

Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary
Framework operation: EU private companies, including listed or privately-owned SMEs and Mid-Caps.

Countries of implementation
EU-27

Implementing partner
EIB

The proposed Framework Operation provides structurally subordinated Framework Loans ("FL") to EU-based small and medium-sized private sponsors and players (the "Developers"). Each Sub-Project is in the form of a FL to an EU-based Developer operating in sectors contributing to Paris Agreement's objectives (e.g. renewable energy ("RE"), energy efficiency ("EE") and green mobility). The Developer of each Sub-Project FL utilises the proceeds to invest in new small and medium sized projects with a Climate Action impact.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 20 October 2022 for the above-mentioned operation.

The EIB contribution will directly support small and medium size Renewable Energy ("RE") and Energy Efficiency ("EE") promoters to accelerate the implementation of relevant investments in the EU, including in EIB Cohesion Priority Regions (encompassing less developed and transition regions, as defined by the EU cohesion policy map). The proposed operation aims to address the imbalance faced by small and medium green mobility, RE and EE project players to access on-balance sheet lending by bridging the equity gap of these entities.

The operation has a very good ESG impact as it contributes to the development of the energy efficiency, renewable energy and heat sector in accordance with the Energy Union priorities, including the 2030 and 2050 climate and energy frameworks and by doing so reduces carbon emissions and air pollution negative externalities.

It delivers positive outcomes in job creation, social and health benefits to local communities and an improvement of the purchasing power of EU households. Finally, it expands financial support to new EIB clients and new markets by offering a new financing structure complementing the Bank's usual financing channels (project finance, bank intermediated lending). The proposed EIB financing would address the underlying market failure and send a positive signal to the market regarding the commitment of the borrower to the energy transition which is even more important in the current market turmoil generated by the COVID-19 pandemic. The underlying projects to be financed via this structure will benefit from customized terms which demonstrate the EIB's tailored approach to the client.

The Investment Committee welcomed the framework operation’s good and positive signal to smaller projects and developers across Europe who are less capitalised than larger competitors, such as utility companies, and who rely mostly on internally generated own equity.