



Investment Committee of the InvestEU Fund

Meeting no 27 – 29- 30 April 2024

Online

FRAMEWORK OPERATION #43 FOR SUSTAINABILITY GUARANTEE - Romania InvestEU Member State Compartment

INVEU-ICR-0030-2024 – Sustainable Infrastructure Window (SIW) and SME Window (SMEW)

Short description of the financing or investment operation and its objectives

Type of the financial intermediaries	Mostly commercial banks
Countries of implementation	Romania
Implementing partner	EIF

The Framework Operation will cover Sub-Projects which will, in turn, aim to enhance 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.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 29 April 2024 for the above-mentioned operation.

This Sustainability Guarantee Product, implemented under the Member State Compartment (MS-C) in Romania, represents the first guarantee product in support of the green transition of small enterprises and individuals, to be implemented by EIF in Romania. The identified main market failures preventing energy efficiency investments include:

- High commercial interest rates;
- Lack of collateral;
- Small project sizes resulting in high project development and transaction costs
- Grant dependency - beneficiaries prefer to delay investments waiting for grants to become available;
- Low awareness among financial institutions to invest in energy efficiency.

The Sub-Projects that will form part of this Framework Operation are, therefore, expected to support financial intermediaries which in turn would support final recipient transactions aimed at covering the market gap driven by the inability for target final recipients to show sustainable market practices, due to increased costs and risks and thus, end up being excluded from traditional capital markets.



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Additionality is met via each Sub-Project as long as financial intermediaries originate final recipient transactions, which carry a higher risk profile than the risk generally deemed acceptable by such intermediary, e.g., in the form of targeting final recipients of lower creditworthiness.

The debt financing support to targeted final recipients shall be provided tt under more favourable terms, compared to the standard credit and collection policies of financial intermediaries. The measures include, but are not limited to, improvement in financing tenors, pricing conditions, collateral requirements and other.

The Framework Operation shall contribute to achieving the investment objectives established in the Recovery and Resilience Plan ("RRP") such as supporting access to finance for energy efficiency and renewable energy improvements in enterprises and the residential and buildings sectors, thus contributing to climate action and environmental sustainability.