InvestEU Scoreboard[1]

Presentation of the financing or investment operation:

Implementing Partner: European Investment Fund (EIF)

Name of the Operation: Framework Operation for the Climate & Infrastructure Funds Product

Type of approval: Framework Operation

Type of Financial Intermediaries: Financial Intermediaries established in EU27, OCT and/or Iceland and Norway with strategies pursuing any of the Target Areas under the Climate & Infrastructure Funds Product, in line with the respective investment preferences.

Type of Final Recipients: Special Purpose Vehicles/Project Companies, SMEs, Mid-Caps, Mixed entities, such as public-private partnerships (PPPs) and private companies with a public purpose.

Other types of Final Recipients not selected above may be financed by the Financial Intermediary but will not be counted towards the Minimum Eligible Allocation (as defined in the InvestEU GA).

Country(-ies) of implementation of the operation: Via this Framework Operation, EIF expects to be able to achieve a relatively broad geographical coverage across Member States as well as potentially Norway and Iceland (InvestEU eligible countries).

Under the pipeline under assessment to date, final recipients are provisionally being targeted in all EU-27 countries, Norway and Iceland and a number of funds have a more targeted investment strategy on the CEE, the Nordics, the Baltics and Western Europe.

Short description of the financing or investment operation:

The purpose of the present Framework Operation is to invest through funds in backbone infrastructure in energy, transport, space, critical raw materials, environment, digital connectivity, social infrastructure.

Financial Intermediaries are expected to invest the majority of their capital in new/greenfield projects or refurbishment or expansion of existing assets.

The present Framework Operation, in continuation to previous ones, is intended to cover a broad array of Target Areas and strategies, with a focus on first-time and emerging teams and the intention to address underserved geographies, sectors, including space, critical raw materials, and some “riskier” strategies like green hydrogen, storage, digital infrastructure (notably data centers).

Several envisaged operations will target MEICs and possibly Just Transition Regions.

The purpose of the Sub-Projects that will form part of this Framework Operation is to contribute to the implementation of the EU Green Deal, the Regulation (EU) 2019/2089 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks, the EC

[1] This Scoreboard of indicators reflects the information presented to the InvestEU Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Circular Economy Action Plan, and the Waste Framework Directive. The Sub-Projects may furthermore contribute to the Urban Agenda of the EU and the 2030 Climate Action Objectives, as set out in the respective National Energy and Climate Plans (NECPs), in line with the "Fit for 55" legislation package, as well as to the recent communication "REPowerEU of the EU Commission, as a Joint European Action for more affordable, secure and sustainable energy" to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition.

Public Statement

Eligible areas for the operation in accordance with Annex II to the InvestEU Regulation:

Item 1 of Annex II of the InvestEU Regulation:

the development of the energy sector in accordance with the Energy Union priorities, including security of energy supply, clean energy transition and the commitments taken under the 2030 Agenda for Sustainable Development and the Paris Agreement

Item 2 of Annex II of the InvestEU Regulation:

the development of sustainable and safe transport infrastructures and mobility solutions, equipment and innovative technologies in accordance with Union transport priorities and the commitments taken under the Paris Agreement

Item 3 of Annex II of the InvestEU Regulation:

environment and resources

Item 4 of Annex II of the InvestEU Regulation:

the development of digital connectivity infrastructure, whether physical or virtual

Item 12 of Annex II of the InvestEU Regulation:

social investments, including those supporting the implementation of the European Pillar of Social Rights

The following additionality items considerations apply to the Framework Operation.

Item (b) of Annex V A (2) to the InvestEU Regulation:

Support provided through equity and quasi-equity or through debt with long tenors, pricing, collateral requirements or other conditions not sufficiently available on the market or from other public sources

The investments will be in the form of equity, which will in turn allow the underlying funds to promote equity investments at the level of each underlying investment, which is an essential element in supporting greenfield infrastructure investments.

Whilst there is a well-developed market for existing infrastructure assets with an operational track record, there is a significant funding gap for market players that have the capacity to take an active role in the development and structuring of new infrastructure assets in the area of green energy transition, sustainable transport, digital transformation or social infrastructure.

Underlying funds may address, and in some cases are specifically targeting, the market gap at project development stage, where investments are entailing higher risks that are often well beyond the risk-appetite of private investors.

Underlying funds may also target higher technology risks beyond a level normally accepted by private investors.

Item (c) of Annex V to the InvestEU Regulation:
Support to operations that carry a higher risk profile than the risk generally accepted by the implementing partner's own standard activities or support to implementing partners in exceeding own capacity to support such operations

The use of the EU Guarantee allows the EIF to invest a substantially higher amount in the proposed Sub-Projects than it would have been able to do through its standard activities alone considering its high inherent risk.

Item (e) of Annex V A (2) to the InvestEU Regulation:
Support that catalyses or crowds in additional private or public financing and is complementary to other private and commercial sources, in particular from traditionally risk-averse investor classes or institutional investors, as a result of the signalling effect of the support from the InvestEU Fund

EIF's commitment is hence expected to have a strong catalytic effect helping to enlarging and diversifying the investor base of the underlying funds forming the Sub-Projects of this Framework Operation.

Item (f) of Annex V A (2) to the InvestEU Regulation:
Support through financial products not available or not offered to a sufficient level in the targeted countries or regions due to missing, underdeveloped or incomplete markets.

The underlying funds also may invest and in some cases are explicitly targeting sustainable infrastructure in underserved geographies, such as CEE and Southern European Countries – especially for nascent markets such as social and digital infrastructure.

The EU is today a frontrunner on **renewable energy** and has already taken significant measures to boost its use. Across the EU, the share of renewable energy in final energy consumption has increased from 9.6% in 2004 to 19.7% in 2019. In 2024, nearly 47%of the EU's electricity comes from renewable sources. Notwithstanding this, European investment in climate change mitigation is still insufficient, and the gap between Europe's climate objectives and realised climate investment is growing. According to the European Commission's latest impact assessment, investments in the continent's energy system would need to rise from an average of 1.3% of GDP per year over the last decade, to 2.8% of GDP over the next decade if the European Union is to meet its goal of cutting greenhouse gas emissions by 55% by 2030[2].
In the **renewable energy space**, the funds have the ability to deploy less proven technologies and assume market risk. With the general transition of the renewable energy market from proven technologies and feed-in tariffs to PPAs, Contracts for Difference or immediate price risk, there is a growing demand for equity capital, which by now is not sufficiently addressed by private investors.

[2] Cf. EIB Investment Report 2020/2021, p. 6 ff

A number of funds may also target investments in **energy efficiency**. This is a sector with massive funding demands (and an immediate contribution to the clean energy in general, and, more specifically, the current issues around security of energy supply faced by European countries). Nonetheless, not many funds in the market have yet the capacity to build financing models around energy efficiency, given that such projects do not immediately generate cash flows but rather benefit from savings.

Investments in **clean transport infrastructure** account for 17% of the European Union's total investments in climate mitigation. More transport integration and city planning, better transport management and intermodal terminals would also help mitigate climate change. Nevertheless, investment in this sector is stagnating and efforts must be stepped up to facilitate the switch to less carbon-intensive modes of transport[3].

In the **digital transformation sector**, there are strong regional disparities in the perceived adequacy of municipal infrastructure investment. A lack of digital infrastructure is seen as a major obstacle for investment by 16% of EU firms, vs. only 5% in the United States. There is also some evidence that digital adoption by firms is higher in municipalities that have better digital capacities and infrastructure[4]. The digital infrastructure sector is also characterised by significant fragmentation in Europe with market failures leading to underinvestment in new and upgrading of existing infrastructure, due to significant investment costs, particularly in scarcely populated regions, and uncertain revenue flows.

In the **social infrastructure sector,** investments would address several market failures while generating significant positive externalities. Investments in the health sector will address the provision of health services for eradicable or communicable diseases, antimicrobial resistance and other transnational areas considered as a Global Public Good and generate positive externalities that benefits society at large and the broader economy, as well as addressing the incompleteness of information regarding the provision of health services. In the education sector, investments will address the incomplete markets for the provision of skills, which lead to a mismatch between skills demand and skills supply, while creating positive externalities through the provision of education which benefits society at large and the broader economy, mainly in terms of literacy level, skills development and upgrading. Finally, in the social and affordable housing sector, investments will address social inclusion as well as a more equitable access to housing for low- and medium-income households, while potentially supporting other public policy goals such as energy efficiency or economic, social, and territorial cohesion.

In the **land remediation** space, the funds will invest in projects that will frequently address incomplete information on status of contaminated sites, in particular in regard to hydrogeological and contamination status, as well as financial market failures related to the reluctance to accept brownfield sites as collateral for loan financing since the risks linked to the contamination and remediation outcome are difficult to evaluate. Finally, these investments will bring brownfields back into productive use, hence generating positive externalities in the form of an improved quality of the neighbouring living environment as far as water and soil are concerned. The redevelopment of urban brownfields into sustainable neighbourhoods will also entail more efficient use of water, sustainable waste management and public transport.

The above underlines that there is a **significant need within the EU for investment to finance new infrastructure assets, or to finance renovation or growth and decarbonisation of existing assets**. Such investments need to be carried out by market players that have the capacity to develop and construct

[3] Cf. EIB Investment Report 2021/2022 p. 92
[4] Cf. EIB Investment Report 2020/2021, p. 10

infrastructure assets. All infrastructure funds under this Framework Operation target greenfield or other form of significant capital expenditure for infrastructure investments and take such active role in the area of green energy transition, sustainable transport, digital transformation, social infrastructure and environment and resources. EIF's screening and due diligence process includes an assessment of the financial intermediary which should confirm this capacity based on a solid track record of the fund manager or, in case of first-time teams, of the individuals in charge of investments. This includes solid and proven technical skills in the targeted sectors, financial structuring, asset management, as well as the ability to pro-actively manage ESG matters according to EIB Group and InvestEU standards (Sustainability Proofing).

All funds are expected to make greenfield or expansion investments, i.e., will take equity risk at **construction stage,** i.e., invest at a point in time in the underlying assets when there is no secured cash income yet. Some of the underlying funds specifically address the market gap at **project development stage**, where investments are entailing higher risks that are often well beyond the risk-appetite of private investors.

The underlying funds may also invest in, and in some cases are explicitly targeting, sustainable infrastructure in **less developed regions**, notably Southern Europe and CEE.

The following market failures are specifically addressed by the Framework Operation:

Item (e) of Annex V A (1) to the InvestEU Regulation:
Exposure to higher levels of risks in certain sectors, countries or regions beyond levels that private financial actors are able or willing to accept, including where the investment would not have been undertaken or would not have been undertaken to the same extent because of its novelty or because of risks associated with innovation or unproven technology.

Such higher levels of risks exist in the Sub Projects under this Framework Operation, notably by targeting one or more of the following:

Higher Risk Levels targeted by Sub Projects	
(a) less developed sectors often not targeted by infrastructure funds	
(b) Less proven technologies	
(c) less developed regions in the infrastructure fund market	
(d) less developed financing models	
(e) market risks	
(f) development and/or significant construction risk	

Item (f) of Annex V A (1) to the InvestEU Regulation:
New or complex market failures or sub-optimal investment situations in accordance with point (a)(iii) of Article 9 (1) of the InvestEU Regulation.

In terms of targeted sectors, the following market failures are expected to be addressed by the underlying funds:

1. **Clean Energy Transition**

Energy projects contribute to the reduction in negative carbon emissions and pollution externalities (emissions of CO2, NOx and SO2), and to improving energy market efficiency and integration. The underlying funds' targeted investments contribute to climate change mitigation objectives and to security of supply by reducing dependency on energy imports. Investments in innovative grid technologies (such as storage) contribute to learning-by-doing and thus drive down costs over time – a positive externality.

The underlying funds will provide new low carbon energy generation capacity in a sector characterised by incomplete markets (illiquid intraday markets, limited forward/hedging, lack of scarcity and transmission pricing), predominantly relying on market-based remuneration schemes (selling on the spot and/or supplying clients through PPAs), thereby contributing to support the market integration of renewable energy projects.

The energy efficiency market, in particular for residential buildings, is beset by asymmetric information. Through saving demand for electricity and heat, energy efficiency projects reduce carbon externalities, as well in most cases air pollution and other negative externalities.

2. **Sustainable Transport**

Sustainable transport technologies often involve high initial costs and risks, which can deter private investment. At the same time many sustainable transport solutions are still in the early stages of market entry, making it difficult to attract investment due to uncertainty and lack of established demand. The underlying funds will provide additional investments under this Target Area.

In the sustainable transport sector, the underlying funds may contribute to developing the market for the deployment of alternative fuel vehicles and associated infrastructure, which is subject to network economies. It may also support the shift of traffic to more sustainable transport modes and reduces related negative transport externalities.

Such investments support EU and national transport objectives, notably in e-mobility engineering and infrastructure including electric vehicles, charging points and in general all related services, equipment and enabling infrastructure. The investments will also support further the liberalisation process of the railway sector in line with EU policy objectives.

The underlying funds may also provide financing in situations where growth and modernisation of infrastructure is constrained by sub-optimal ownership and capital structure and/or outdated/insufficient management resources.

3. **Digital Connectivity**

The investments expected to be made by the underlying funds may lead to the deployment of innovative and secure telecommunication technologies and thus generate positive externalities by enabling more users to benefit from improved and safe access to ultrafast broadband services, enabling innovative digital services. These investments generate further externalities to other sectors of the economy by supporting innovation and competitiveness. These externalities are not fully captured by the investment revenues, a market failure leading to underinvestment. Moreover, such investments may address the typical market failures leading to underinvestment in infrastructure, due to significant investment costs, particularly in scarcely populated regions, and uncertain revenue flows. The market outcome would be that these areas would not be covered with very high-capacity networks and the inhabitants would be excluded from the benefits of digitalisation.

Investments in innovative telecommunication infrastructure, such as the upgrade and renewal of the core and transport network as well as the construction and modernisation of secure data centres, face high business and financial risk due to significant investment costs and uncertain revenue flows, which leads to delayed availability of services, with significant economic costs for the consumers. The underlying funds may accelerate the deployment of innovative and secure telecommunication technologies and address a market failure of underinvestment in secure data centres. Thus, they may generate positive network externalities by enabling more users to benefit from improved, faster and safe access to information and innovative digital services.

4. **Environment and Resources**

In the bioeconomy sector, investments expected to be made by the underlying funds may target the production of energy from agriculture residues, thereby addressing (i) the failure in financial markets for SMEs and/ or Mid-Caps arising from limited access and/or high cost of financing charged by creditors/ investors as a result of information asymmetries, lack of collateral and imperfect screening and monitoring; (ii) market failures caused by sub-optimal investment in low greenhouse gas emission energy production that originates high pollution levels leading to climate change. Low carbon technologies contribute towards increasing security of supply by reducing dependency on energy imports. Security of supply can be considered as a public good. Underlying funds may contribute to “extend the life” and use of existing biogenic resources, thus reducing the negative externalities associated with the production process of goods and services, such as air, soil and water pollution.

In the waste sector, expected investments made by underlying funds in projects implementing material recovery/recycling and other circular economy technologies and business models may result in more efficient resource use and reduced waste generation, incineration and landfilling, which will reduce climate change impact and pollution externalities. By supporting new market players active in these fields, the underlying funds may complete missing links in the value chain for bio-waste and recyclable material recovery and recycling of waste. Therefore, underlying funds may substantially contribute to the transition to a more circular economy in line with the EU priority objectives on Waste and the EU Circular Economy Action Plan.

In the wastewater sector the underlying funds may help addressing the problem of industrial wastewater pollution, by ensuring that the needed investments are undertaken and operated by a qualified player, so that the final customer doesn’t need to anticipate the whole investment and redirect resources from its core business. The most important economic benefits, non-market externalities, of water sector projects that may be financed by the funds are: (i) avoided public health costs, (ii) environmental benefits of improved water quality, and (iii) the benefits of enabling socio-economic developments in the areas served by the underlying funds.

The land remediation sector is considered an incomplete market that does not cater for certain demand segments or leads to supply-demand mismatch and/or incomplete information, e.g., regarding contaminated sites history. Investments made by the underlying funds are expected to contribute to the EU 2020 Roadmap to a Resource Efficient Europe and the European Green Deal, aiming at a no "net land take" by 2050 and sustainable resource use.

5. **Social Infrastructure**

In this sector, investments by the underlying funds are mainly expected to be made in student housing and education. In this regard, underlying funds may help create positive externalities through the provision of

facilities around education which benefits society at large and the broader economy, mainly in terms of literacy level and skills development and upgrading. Underlying funds may also invest in other social infrastructure assets which will benefit society. Potentially, investments may also focus on other sectors such as social and affordable housing, education, and health, which typically address incomplete markets that either do not cater for certain demand segments, or lead to supply-demand mismatch, or incomplete information, e.g., conditions or the provision of health services. In addition, investments in these sectors would in general generate significant positive externalities that benefit society at large and the broader economy.

Even if equipped with strong credentials and based on a credible investment strategy, first-time or emerging managers are generally confronted with a difficult fundraising environment. Many institutional investors do not invest in such funds as a general principle. Fund managers seeking to establish more risky or more innovative strategies than in previous vintages are equally confronted with difficulties in fundraising.

-

With respect to the benefits generated by the operation for the final recipients, it is worth highlighting in particular the following key features that are expected to be applicable across all Sub-Projects: (i) the provision of equity financing; (ii) the contribution to the diversification of funding sources for final recipients; (iii) financing in local currencies; (iv) the longer holding period (within up to 25 years term of the fund); and
(v) the transfer of experience, know-how and network by the financial intermediary to portfolio companies, in particular with regards to ESG matters.

Most of the Sub-Projects will be managed by first time or emerging teams that typically face challenges in fundraising due to a higher perception of risk by other institutional and/or private investors. In light of the current fundraising environment resulting from the geopolitical situation and economic downturn, even established teams have faced severe fundraising challenges since H2/2022. As such all of the Sub-Projects rely on EIF's meaningful commitment to reach a viable and/or optimal fund size that will enable them to better execute on their investment strategies, provide financing and serve policy goals.

From a longer-term perspective, investments by the Sub Projects in infrastructure assets in less established markets or based on less proven technologies or more innovative financing models will also benefit the overall financing ecosystem as, if successful, they will serve as a proof of their economic viability and hence a blueprint for subsequent investments going forward.

Pillar 3 - Market failure or sub-optimal investment situation addressed by the financing or investment operation **(Excellent)**

Pillar 4 - Financial and technical contribution by the implementing partner **(Very Good)**

Pillar 5 - Impact of the financing or investment operation **(Very Good)**

Pillar 7 - Complementary indicators[5]

Key characteristics	**Expected as of time of submission**	**Comments**
Leverage Effect (at target fund sizes)	Indicatively on average c. 8.8x	Preliminary estimation
Multiplier Effect (at target fund sizes)	Indicatively on average c. 26.4x	
Expected amount of investment mobilized	Indicatively c. 15.1bn of EIF investment expected to be mobilized at the level of final recipients of the Sub-Projects	
Estimated number of targeted final recipients	Indicatively c. 120-180	
Investment supporting climate objectives	Yes	
Investment supporting environmental objectives	Yes	
Investment supporting digitalization	Yes	

ESG aspects

Within the due diligence process, EIF assesses the financial intermediaries' environmental, climate and social risk management procedures and the capacity to screen, assess and manage environmental, climate and social risks associated with its business activity, including the presence and quality of an Environmental and Social Management System (ESMS).

[5] The InvestEU methodology is used in order to calculate figures presented in this document. Such figures are of indicative nature only and presented at the level of the Framework Operation.

- The EIF will, during the time of investment, monitor the following matters:
    - Economic benefits (including LCOE/H for power and heat projects, quantified CO2 economic benefits and other social/environmental externalities);
    - Main environmental, climate and social risks/impacts, and mitigation measures;
    - Actual performance of the main environmental, social and economic impact indicators;
- ESMS - dedicated person: Fund Managers of all Sub-Projects will be requested to designate a responsible ESG expert, to manage the environmental and social activities and aspects and maintains and operates an appropriate environmental and social management system.
- ESG - external communication: Fund Managers will be requested to implement a procedure for external communication allowing for receiving and registering communication from the public regarding environmental, climate and social issues, including making available ESIA studies publicly available.