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EVALUATION

InvestEU interim evaluation

{SWD(2024) 229 final}

Table of contents

Abbreviations

Term or acronym	Meaning or definition
AECM	European Association of Guarantee Institutions
AI	Artificial Intelligence
AP	Advisory Partner
BDB	Bulgarian Development Bank
BGK	Bank Gospodarstwa Krajowego
CDC	Caisse des Dépôts et Consignations
CDP	Cassa Depositi e Prestiti
CDPE	Cassa Depositi e Prestiti Equity
CEB	Council of Europe Development Bank
CEE	Central and Eastern Europe
CINEA	European Climate, Infrastructure and Environment Executive Agency
CPF	Common Provisioning Fund
DG ECFIN	Directorate-General for Economic and Financial Affairs
DNSH	Do No Significant Harm principle
EAPB	European Association of Public Banks
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EFSI	European Fund for Strategic Investments
EIAH	European Investment Advisory Hub (established under EFSI)
EIB	European Investment Bank
EIC	European Innovation Council
EICF	EIC Fund, the deep tech early-stage direct equity VC fund under the EIC accelerator
EIF	European Investment Fund
EIPP	European Investment Project Portal

EIT	European Institute of Innovation and Technology
ELENA	European Local Energy Assistance
ELTI	European Long-Term Investors Association
ESIF	European Structural and Investment Funds
EU	European Union
EU-C	EU compartment
FI	Financial intermediaries
FTTP	Fiber to the Premises
GA	Guarantee Agreement (between the Commission and an Implementing Partner)
IC	Investment Committee
ICT	Information and Communication Technology
ICO	Instituto de Credito Oficial
IFI	International Financial Institutions
InvestEU MIS	InvestEU Management Information System
IP	Implementing Partner
IPE	Investment Plan for Europe
JTM	Just Transition Mechanism
JTS	Just Transition Scheme
KMI	Key Monitoring Indicator
KPI	Key Performance Indicator
MFF	Multiannual Financial Framework
MFI	Microfinance Institutions
MoU	Memorandum of Understanding
MS	Member State(s) of the European Union
MS-C	Member State compartment
NGEU	NextGenerationEU
NIB	Nordic Investment Bank

NPBI	National Promotional Bank(s) or Institution(s)
NRB	Národní Rozvojová Banka, a.s.
PMV	Participatie Maatschappij Vlaanderen NV
RIDW	Research, Innovation and Digitalisation window
RRF	Recovery and Resilience Facility
RRP	Recovery and Resilience Plan
R&D	Research and Development
SAFE	Survey of Access to Finance of Enterprises
SDG	Sustainable Development Goals
SISW	Social Investment and Skills window
SIW	Sustainable Infrastructure window
SME	Small and Medium-sized Enterprises
SMEW	SME window
STEP	Strategic Technologies Europe Platform
TA	Technical Assistance
VC	Venture Capital

1. INTRODUCTION

1.1. PURPOSE AND SCOPE OF THE EVALUATION

According to Article 29 of the Regulation establishing the InvestEU Programme[1] (the "InvestEU Regulation"), the European Commission (EC) has to submit to the European Parliament and the Council an independent interim evaluation report on the InvestEU Programme by 30 September 2024. It includes the functioning of the InvestEU Fund, the use of the EU guarantee, the activity of the InvestEU Advisory Hub as well as of the InvestEU Portal. The assessment covers the four policy windows supported by the InvestEU Fund: the Sustainable Infrastructure window (SIW), the Research, Innovation and Digitisation window (RIDW), the SMEs window (SMEW), and the Social Investment and Skills window (SISW).

The evaluation has been performed against the criteria of relevance, effectiveness, efficiency, EU added value and coherence, and focuses in particular on:

- The use of the EU guarantee;
- The fulfilment of the European Investment Bank (EIB) Group's obligations under points (b) and (c) of Article 11(1) – requiring support to the InvestEU Fund's implementation – and of the budgetary allocation for InvestEU Hub's advisory initiatives provided for in point (d)(i) of the first subparagraph of Article 11(1) of the InvestEU Regulation;
- The allocation of the EU guarantee provided for in Article 13(4)-(5) of the InvestEU Regulation;
- The implementation of the InvestEU Advisory Hub; and
- Article 8(8) of the InvestEU Regulation requesting at least 60% of the investment under the SIW to contribute to the Union objectives on climate and environment.

The evaluation also considers how the inclusion of the Implementing Partners (IPs) and Advisory Partners (APs) in the implementation of the InvestEU Programme has contributed to the reaching of the InvestEU targets as well as of the EU policy goals, especially with regard to added value and the geographical and sectorial balance of the supported financing and investment operations. The evaluation assesses the application of sustainability proofing pursuant to Article 8(5) of the InvestEU Regulation and the focus on SMEs reached under the SME window referred to in point (c) of Article 8(1) of the InvestEU Regulation.

The geographic coverage of the evaluation comprises the 27 European Union (EU) Member States (MS), including projects involving entities located or established in one

[1] Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30) (https://eur-lex.europa.eu/eli/reg/2021/523/oj). The InvestEU Regulation entered into force on 26 March 2021, with retroactive application from 1 January 2021.

or more MS that extend to one or more third countries. The evaluation covers data and results from the start of the Programme through to 31 December 2023.

Both the external evaluation report and this Staff Working Document have been prepared according to the European Commission's Better Regulation Guidelines[2] and the Interinstitutional Agreement on Better Law-Making.[3]

The conclusions and lessons learned from the evaluation will serve to assess the extent to which the InvestEU Programme is achieving its objectives. The conclusions may also inform future European Commission legislative proposals related to investment support instruments.

1.2. METHODOLOGY APPLIED

The evaluation is based, *inter alia*, on an independent study carried out by an external service provider (ICF SA), and is published as a Staff Working Document on the European Commission website.[4] Primary data was from the broadest possible variety of sources, including a sample of the InvestEU Fund operations, the InvestEU Advisory Hub assignments and the InvestEU Portal projects, and the views beyond those directly involved in and benefiting from the intervention; secondary data was obtained from existing reports, studies, and literature relevant to the evaluation subject. The analysis of this information was conducted using quantitative and qualitative methodologies (such as portfolio analysis, surveys and macrosimulation), as appropriate, to evaluate the application of the InvestEU Regulation in light of the evaluation criteria.

The overlaps between these data collection tools and methodologies lend robustness to the analysis, allowing for horizontal triangulations (e.g., between contribution analysis and interview results) and vertical validations (e.g., between portfolio analysis and case studies' "deep dives"). Such an approach serves multiple purposes:

- Triangulation: elaborating, cross-checking or clarifying results across methods;
- Developmental: using the results from one method to develop the use of other methods; and
- Expansion: extending the depth and breadth of enquiry by using different methods for different enquiry components.

Yet, some limitations exist. Firstly, the broad scope of the evaluation, relative to the resources and time available, inevitably constrained the depth and breadth of the research that could be undertaken. Secondly, the provisional and at times unrepresentative nature of the information collected – inevitable for a recently started new programme – posed challenges to the interpretation of the evidence at this early stage of the implementation.

[2] Better regulation: guidelines and toolbox (https://commission.europa.eu/law/law-making-process/planning-and-proposing-law/better-regulation/better-regulation-guidelines-and-toolbox_en).

[3] Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016Q0512(01)&from=EN).

[4] The external evaluation report is also published on the same website.

Thirdly, the difficulty in organising large-scale surveys of counterparts and final recipients and financial intermediaries (due to practical challenges relating to assembly of contact details, obtaining consent and survey fatigue) meant that the targeted consultations had to be reorganised. Finally, confidentiality considerations prevent from disclosing private and commercially sensitive information on financing characteristics and activities of identifiable entities and projects. Conditional on these limitations, the Commission believes the analysis and the results of the evaluation are robust and reliable.

2. WHAT WAS THE EXPECTED OUTCOME OF THE INTERVENTION?

2.1. DESCRIPTION OF THE INTERVENTION AND ITS OBJECTIVES

In the second half of the 2010s, the fading economic disruptions brought about by the financial and sovereign crises, together with the policy responses at both national and EU level, notably through the Investment Plan for Europe (IPE), launched in 2015, contributed to a gradual catching up of EU investment with its trend and to a loosening of the financial constraints plaguing EU SMEs and mid-caps. Yet, persistent market gaps holding back investment were still observed in different policy areas.

Research and Development (R&D) investment and digital infrastructure investment gaps: The EU underinvested in R&D compared to its major competitors.[5] More precisely, the share of business R&D in total R&D expenditure is higher in the United States (73%), China, Japan and South Korea (78% to 80%) than in the EU (at 67%).[6] Moreover, by 2020, 37% of European firms had still not adopted any digital technologies, compared with 27% in the United States.[7]

Financing gaps and investment obstacles for SMEs: SMEs face greater financing obstacles than larger firms, including higher rejection rates for bank loans and higher borrowing costs. The 2020 Survey on the Access to Finance of Enterprises (SAFE)[8] reported a deterioration in the availability of bank loans and credit lines, with SMEs particularly affected (Figure 1).

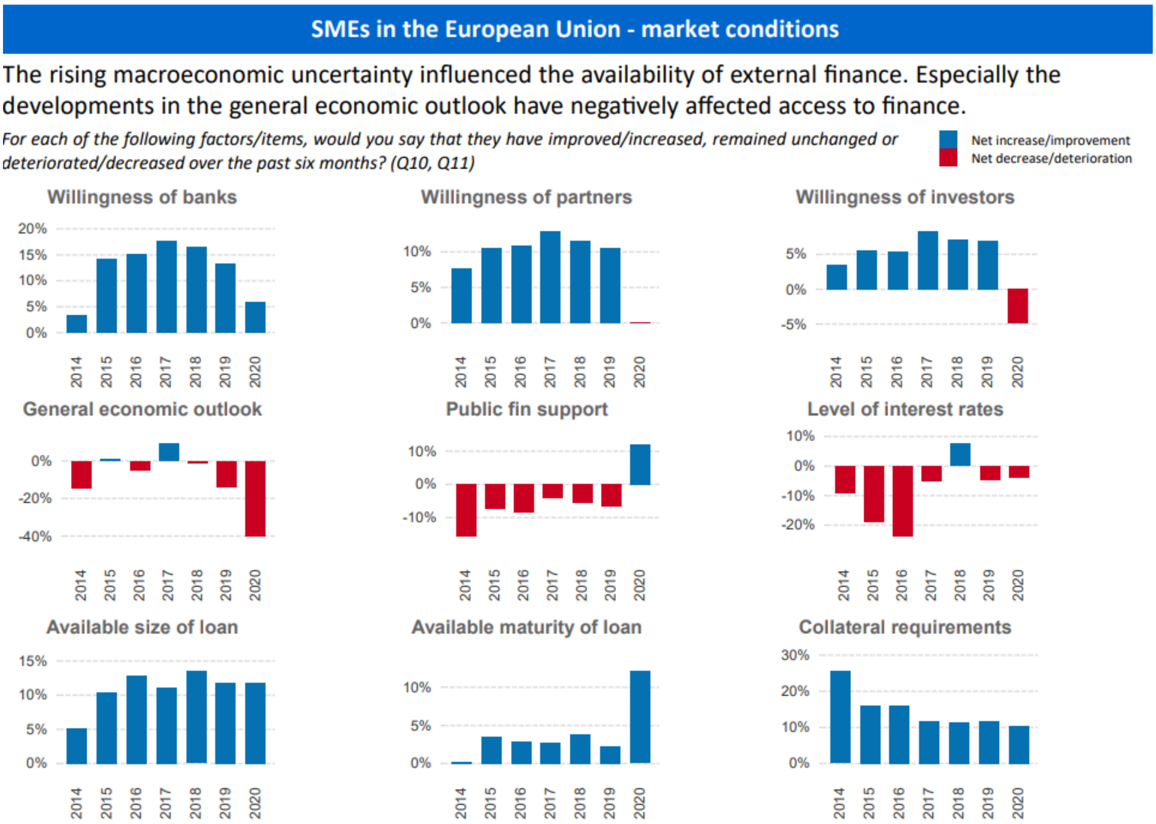
[5] Gross domestic expenditure on R&D in the EU is stagnating around 2% over recent years, while the United States, Japan and South Korea invest 2.8 %, 3.3 % and 4.2% respectively. China, at 2.1%, has also recently overtaken the EU. Business R&I intensity in the EU stands at 1.3% compared to almost 2% for the United States and nearly triple that for South Korea, at almost 3.5%. A part of a set of articles, based on Eurostat publication on this theme is available on the website SDG 9 - Industry, innovation and infrastructure (https://ec.europa.eu/eurostat/statistics-explained/index.php?title=SDG_9_-_Industry,_innovation_and_infrastructure).

[6] EIB, Building a smart and green Europe in the COVID-19 era. Investment Report 2020/2021, 2021 (https://www.eib.org/en/publications/investment-report-2020).

[7] Idem.

[8] European Commission, Survey on the Access to Finance of Enterprises 2020 (https://ec.europa.eu/docsroom/documents/43869/attachments/1/translations/en/renditions/native).

Figure 1 - EU SMEs' access to finance conditions - 2020



Source: SAFE 2020.

Green transition and sustainable infrastructure investment gaps: In 2019, European investment in climate change mitigation increased gradually. However, the gap between Europe's climate objectives and realised climate investment grew, as since 2016, climate change mitigation investment has declined marginally as a percentage of GDP and overall investment.[9] According to the EIB estimates, the overall investment gap in transport, energy and resource management infrastructure reached a yearly figure of EUR 270 billion.[10]

Social investment gaps: In 2017, the investment gap for micro-enterprises was estimated through the Survey on Access to Finance of Enterprises in the euro area [11], and amounted to between EUR 33 billion and EUR 81 billion. Since social enterprises constituted around 10% of EU businesses, the financing gap for social enterprises was approximately lying between EUR 3 billion and EUR 8 billion. In 2017, a significant social infrastructure investment gap of EUR 100 to 150 billion per annum was also estimated. Projected over the period from 2018 to 2030, the cumulative shortfall is estimated at

[9] Idem.

[10] See EIB, Restoring EU competitiveness, 2016 (https://www.eib.org/en/publications/restoring-eu-competitiveness). The estimates, until 2020, include investments in modernising transportation and logistics, upgrading energy networks, increasing energy savings, renewables, improving resource management, including water and waste.

[11] European Central Bank, Survey on the Access to Finance of Enterprises in the euro area − April to September 2017, (https://www.ecb.europa.eu/pub/pdf/other/ecb.accesstofinancesmallmediumsizedenterprises201711.en.pdf?beb1832df4af9efa945a%205a1f7b99eeb7).

approximately EUR 1.5 trillion.[12] As regards skills development, there were very large gaps in terms of apprenticeship-type training across the EU.[13] Overall, the average annual company spending on apprenticeships in the EU was around 0.5% of their annual labour costs.[14] In 2018, about one firm out of five in the EU reported underinvestment in training.[15]

In 2019, aggregate investment in the EU grew around 3% from a year earlier, outpacing growth in real GDP. The rate of investment at the end of 2019 was above its long-term average in all areas of Europe except Southern Europe. However, the outbreak of the Covid-19 pandemic in Europe in mid-March 2020[16] had immediate and dramatic consequences for investment, which contracted precipitously, along with other economic activities, as a direct result of lockdown restrictions.

As a response to the challenges posed by the legacies of the financial and sovereign debt crises, and following the successful implementation of the IPE, in 2018 the Commission put forward a proposal[17] for a single EU investment support mechanism for internal action for the 2021-2027 Multiannual Financial Framework (MFF): the InvestEU Programme. Following a revised Commission proposal in 2020 to cater for the socio-economic consequences of the Covid-19 pandemic (e.g. by strengthening the focus on the strategic investments), the InvestEU Regulation was adopted by the co-legislators in March 2021. The Programme aims at contributing to stimulate public and private sector investment, job creation, social resilience, inclusiveness, economic growth, and innovation in Europe by addressing market failures or suboptimal investment situations through investment and financing support and advisory services.

InvestEU provides crucial support to companies and ensures a strong focus of investors on the Union's medium- and long-term policy priorities, such as the European Green Deal, the digital transition and greater resilience. The design of the Programme aligns with the Sustainable Development Goals (SDGs), notably by contributing to the achievement of the Union's 2030 climate target, with a technical assistance to support the development of sustainable infrastructure projects in the EU and to scale up small and scattered projects, a commitment to dedicating a minimum of 30% of its overall financial envelope to climate-relevant activities, and 60% of funds under the SIW to climate or environmental objectives.

As per Article 3 of the InvestEU Regulation, the InvestEU Programme aims at supporting the Union's policy objectives of sustainable and inclusive growth, including,

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[12] Fransen et al., Boosting Investments in Social Infrastructure in Europe. European Economy Discussion Paper 074, 2018 (https://economy-finance.ec.europa.eu/system/files/2018-01/dp074_en.pdf).

[13] Most of this type of training is performed in a small number of countries (notably Germany, contributing around 50% of all EU company spending on apprenticeships). Annual company spending on apprenticeships is estimated to stand at around 1% of their annual labour costs, or around EUR 30 billion; see: Eurostat, Labour Cost Survey, 2012.

[14] Idem.

[15] EIB, Retooling Europe's economy, Investment Report 2018/2019, 2019 (https://www.eib.org/en/publications/investment-report-2018).

[16] COM(2020) 403 final

[17] COM(2018) 439 final

inter alia, the competitiveness, the environmental sustainability, and the social resilience of the Union as well as the integration of the EU capital markets and the strengthening of the Single Market. Specifically, the Programme aims at the following specific objectives:

- Promote financing and investment operations supporting sustainable infrastructure;
- Promote financing and investment operations supporting research, innovation and digitisation;
- Increase the access to and the availability of finance for SMEs and, in duly justified cases, for small mid-cap companies; and
- Increase the access to and the availability of finance to social enterprises, promote financing and investment operations supporting social investment and skills and develop and consolidate social investment markets.

The InvestEU Programme consists of a single investment support framework, which integrates previous EU-level budgetary guarantee[18] and financial instruments[19] as well as advisory programmes/initiatives.[20] It addresses investment, financing and advisory needs in numerous EU policy areas following a market-based and demand-driven approach. The Programme is a centrally managed framework for financing EU investment priorities and builds on its predecessor, the IPE. This novel feature is referred to as the **umbrella framework**, which enables targeting specific policy areas, cross-sectoral needs as well as emerging priorities. It also improves complementarity between different EU investment financing and advisory instruments by avoiding duplications and overlaps.

The Programme is structured into three different components. The first component is the **InvestEU Fund**, which is expected to mobilise more than EUR 372 billion of additional investment across the EU. This is possible thanks to the EUR 26.2 billion EU guarantee (i.e., the EU compartment), provisioned at 40% by NextGenerationEU (NGEU) (in view of the recovery role of the Programme) and by the MFF 2021-2027 budget. The EU guarantee underpinning the InvestEU Fund is implemented indirectly by the Commission relying on selected financial institutions, referred to as Implementing Partners, with outreach to financial intermediaries, where applicable, and final recipients across EU geographies and sectors.

The InvestEU Fund targets EU added-value priority projects and promotes a coherent approach to financing EU policy objectives. It is supporting investment towards specific objectives through four policy windows[21]:

- The Sustainable Infrastructure window, which comprehends a EUR 9.9 billion EU guarantee;

[18] The EFSI, the first pillar of the IPE.

[19] See list in Annex IV of the InvestEU Regulation.

[20] European Investment Advisory Hub (EIAH); European Local Energy Assistance (ELENA); InnovFin Advisory; Horizon2020 Energy Efficiency - Project Development Assistance; Connecting Europe Facility through JASPERS, Connecting Europe Facility Programme Support Actions; EASI Technical Assistance; Islands Facility; Smart Specialisation Platform for Industrial modernisation; City Facility; Natural Capital Financing Support Facility; European Energy Efficiency Fund Technical Assistance; and Private Finance for Energy Efficiency (PF4EE) Expert Support Facility.

[21] As per Article 8 of the InvestEU Regulation.

- The Research, Innovation and Digitisation window, which comprehends a EUR 6.6 billion EU guarantee;
- The SME window, which comprehends a EUR 6.9 billion EU guarantee; and
- The Social Investment and Skills window, which comprehends a EUR 2.8 billion EU guarantee.

All policy windows also envisage financing and investments aimed at supporting activities of strategic importance to the Union, in particular in view of the green and digital transition, of enhanced resilience and of strengthened strategic value chains. As per Article 8 of the InvestEU Regulation, a Just Transition Scheme (JTS) has been established horizontally across all policy windows to implement pillar 2 under the Just Transition Mechanism (JTM).[22]

The Programme includes an EU compartment and a Member State compartment (MS-C). The EU compartment addresses Union-wide or MS specific market failures or suboptimal investment situations in a proportionate manner. Operations supported have a clear Union added value. Simultaneously, the MS-C allows MS and regional authorities, via their MS, to contribute a share of their resources from the funds under shared management to the provisioning of the EU guarantee and to use the EU guarantee for financing or investment operations to address specific market failures or suboptimal investment situations in their own territories, including in vulnerable and remote areas such as the outermost regions of the Union, as to be set out in the contribution agreement, in order to achieve objectives of the funds under shared management. The MS-C also gives MS the possibility of contributing other funds, including own resources or those made available under the Recovery and Resilience Facility (RRF),[23] to the provisioning of the EU guarantee, and of using the EU guarantee for financing or investment operations for the purposes laid down in the contribution agreement, which should include, where relevant, the purposes of measures under a Recovery and Resilience Plan (RRP). This, *inter alia*, allows for capital support for SMEs that were negatively affected by the COVID-19 crisis and were not already in difficulty in State aid terms at the end of 2019. MS can also contribute with own funds to the MS-C. Operations supported by the InvestEU Fund through either EU or MS compartments should not duplicate or crowd out private financing or distort competition in the internal market.

Furthermore, Iceland and Norway have made use of the possibility of contributing to the EU compartment to support investments in their territory.

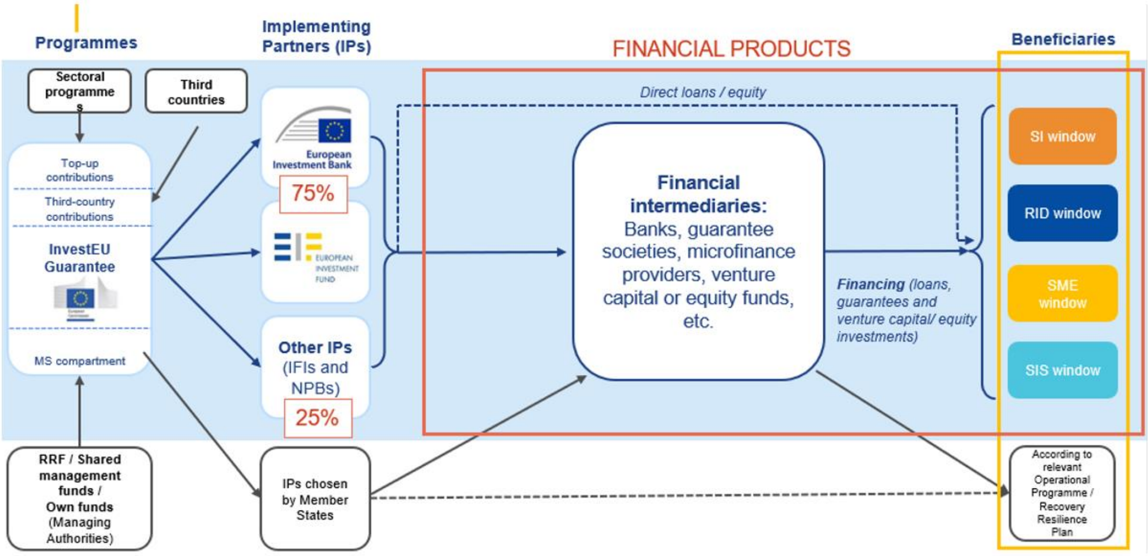
The InvestEU Fund operates by providing an EU guarantee of EUR 26.2 billion, that will back the financial products provided by the Implementing Partners. It is expected to mobilise more than EUR 372 billion of public and private investment, which represents an expected multiplier effect of 14.2 times the EU guarantee. Every six months, IPs report to the Commission on supported financing and investment operations, with key

[22] See European Commission, The Just Transition Mechanism : making sure no one is left behind; (https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism_en)

[23] See Regulation (EU) 2021/241.

performance and monitoring indicators[24] including the leverage and multiplier effect achieved as well as the investment mobilised.

Figure 2 - The InvestEU Fund delivery chain



Source: European Commission

Moreover, additional investment support from the Union budget (e.g., grants and/or repayable resources that comply with the policies objectives and eligibility criteria of the EU sectoral programme) can be incorporated through blending operations[25] supported by different EU programmes and funds. This feature makes it more efficient to combine the InvestEU guarantee support with EU grants and financial instruments from sector-specific initiatives, like the EU Emissions Trading Scheme (ETS) Innovation Fund.[26]

The diagram in Figure 2 illustrates the functioning of the InvestEU Fund.

The second component of the programme is the **InvestEU Advisory Hub**, an advisory support mechanism for the development of investable projects and access to financing, the provision of related capacity building and market development support. The three types of advisory support provided by the InvestEU Advisory Hub can be grouped as follows:

- Support to the identification, preparation, development, structuring, procurement and implementation of investment projects;
- Enhancement of the capacity of promoters and financial intermediaries to implement financing and investment operations; and
- Support to awareness raising and market studies, and ex ante assessments for investment areas that show a clear market gap.

[24] As per Annex III of the InvestEU Regulation.

[25] As per Article 6 of the InvestEU Regulation.

[26] The Innovation Fund was established by Article 10a(8) of Directive 2003/87/EC to support across all Member States innovation in low-carbon technologies and processes.

The InvestEU Advisory Hub is demand driven and includes advisory initiatives spanning across all InvestEU policy windows. It consolidates and replaces 13 previous separate centrally managed EU advisory programmes and provides advisory services to public and private project promoters, including technical assistance to SMEs (e.g. Advisory for Innovative Projects and Small Businesses) and to cities and municipalities (e.g. InvestEU ELENA – Energy Efficiency projects) but also more upstream support, such as capacity building and market development, contributing to the development of the InvestEU investment pipeline and its geographical and sectoral diversification.

The third component is the **InvestEU Portal**, which promotes investment opportunities within the Union, Iceland and Norway through publicity and visibility actions for pre-selected and pre-assessed investment project proposals. The Portal connects project promoters to investors worldwide, allowing them to reach investors they may not have access to otherwise. It continues the work of the European Investment Project Portal (EIPP) and serves as an online marketplace for project promoters to find more financing options.

A novel feature of the InvestEU Programme is its **open architecture**. The EIB Group remains a privileged partner under the Programme, responsible for delivering 75% of the EU budgetary guarantee and of the Advisory Hub budget. However, for the first time, the Programme is also open to Regional or National Promotional Banks or Institutions (NPBIs) as well as International Financial Institutions (IFIs).

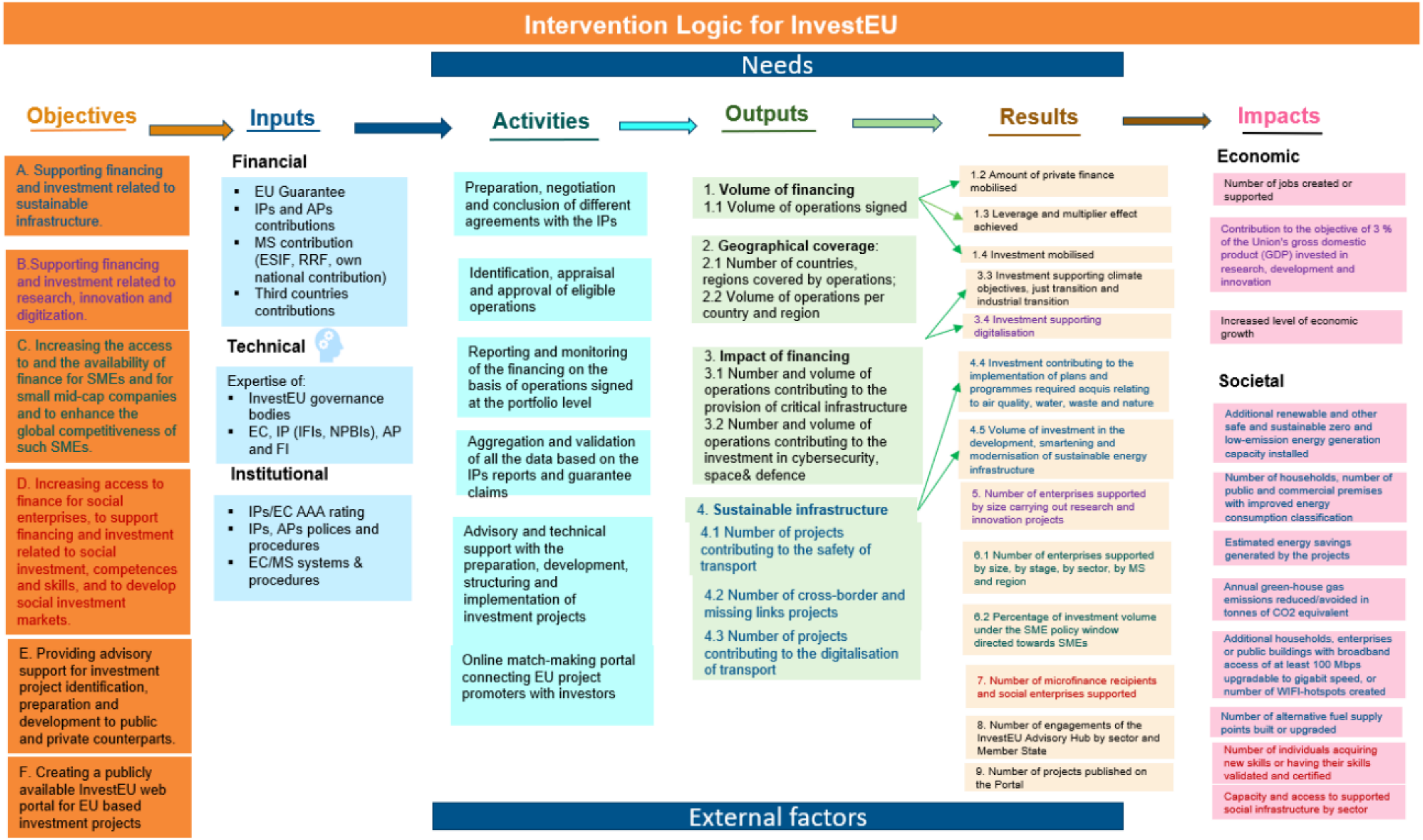
The **financial envelope** for the InvestEU Programme is EUR 11.2 billion. These funds come from NextGenerationEU (EUR 6.1 billion) and the MFF budget and reflows (EUR 5.1 billion). Out of the amount of EUR 11.2 billion, EUR 10.5 billion will be used for the provisioning of the InvestEU budgetary guarantee.[27] In addition, EUR 430 million has been allocated to the InvestEU Advisory Hub, the InvestEU Portal and accompanying measures.

Figure 3 illustrates the Theory of Change, underlying the intervention logic of the Programme.

Critical assumptions underpinning the InvestEU Fund include the need for well-designed financial products to address market needs, targeting investments in alignment with EU policy areas, and a robust pipeline of high-quality investment opportunities. The impact pathways of the Advisory Hub rely on the assumptions of well-designed and targeted support, ownership and use of advisory outputs, and visibility and accessibility of advisory services. The assumptions critical to the Portal's impact pathways include the quality of listed projects, investor willingness and capacity to invest, quality of project information, confidence in data security, and active use by both project promoters and investors. These assumptions are essential for achieving the intended impact of the interventions.

[27] The EU guarantee of EUR 26.2 billion of the InvestEU Programme is provisioned in the EU budget at 40%, meaning that EUR 10.5 billion of the EU budget is set aside to cover calls made on the guarantee.

Figure 3 - Intervention logic of InvestEU



Based on these assumptions, the logic of the intervention runs as follows: using financial, technical and institutional resources, the InvestEU Fund increases through financial products the risk-bearing capacity of the IPs, allowing them to engage in new, higher-risk financing support for several sectors (e.g., transport, energy, digital and R&D) and groups (e.g., SMEs) which are ridden by market failures or suboptimal investment situations.

Such financial products – implemented either directly or indirectly through financial intermediaries or special vehicles – fund additional investments by the beneficiary sectors or groups. These investments, flanked by the InvestEU Advisory Hub's and the InvestEU Portal's investment facilitation, will produce specific outputs, results and impacts, as measured through the InvestEU key performance and monitoring indicators.[28] More generally, these investments will produce additional goods and services, generating higher economic growth and employment in the EU. External factors refer to the contextual factors or conditions that can influence the implementation and outcomes of the intervention. These can include political, economic, social, technological, and environmental factors, as well as stakeholders' interests and dynamics. Understanding and addressing external factors is critical for designing and implementing effective interventions that can adapt to changing circumstances.

2.2. POINT(S) OF COMPARISON

Whenever possible, this evaluation assesses the results against various points of comparison. This is naturally done in the assessment of effectiveness, but it is also present in the assessment of EU value added and of the additionality of InvestEU. The points of comparison used include:

- Comparison over time ("before-and-after analysis") – assessment of results in comparison to an earlier period (e.g., evolution over time);
- Comparison across space – assessment of results in comparison to similar situations in the same period (e.g., geographical distribution); and
- Comparison across states of nature ("counterfactual analysis") – Since a full-fledged micro-econometric analysis in this case was not feasible, the results of a model-based macro-economic simulation through the RHOMOLO-EIB[29] model are presented.

[28] As per Annex III of the InvestEU Regulation.

[29] This model, developed by the JRC, provides information on the 276 EU regions' economies, disaggregated into several economic sectors. It also simulates spatial interactions between regional economies, captured by trade matrices for goods and services, income flows, factor mobility and knowledge spillovers. The model provides support to EU policy makers showing the macroeconomic effects of a wide range of investments and policies (e.g., human capital, research, development and innovation) at regional and sectorial level, on variables such as GDP, income, consumption, investments and savings.

3. HOW HAS THE SITUATION EVOLVED OVER THE EVALUATION PERIOD?

3.1. EVOLUTION OF THE SITUATION

Following the launch of InvestEU, Russia's unprovoked military aggression against Ukraine from February 2022 has had a profound impact on the European economy, triggering an unprecedented energy crisis for the EU, with reverberating effects on costs and prices. Growth stagnated in 2023, and firms' expectations worsened. As a consequence, the EU had to pivot its strategic stance on investment policy.

In 2023, EU businesses, households, and governments invested EUR 3.8 trillion (22.2% of GDP). However, this current level of investment is inadequate to meet the policy objectives and societal needs. To reach Europe's net-zero targets,[30] maintain competitiveness, and ensure a secure future, annual investment must increase by at least 25%, reaching an amount in the order of EUR 5 trillion per year between now and 2030. Implementing the EU Green Deal and the REPowerEU plan, which aims at reducing EU dependency on Russia's fossil fuels, requires additional annual investments of about EUR 620 billion,[31] most of which will have to be shouldered by the private sector.

Firms' borrowing costs increased from January 2022 to October 2023 from 1.4% to 5.3%[32], with firms remaining pessimistic about the evolution of the availability of external financing. With borrowing costs that reached a ten-year peak, bankruptcies have been on the rise again since early 2022. Net interest expenses increased significantly, from near zero at the beginning of 2022 to over 2% of GDP by mid-2023.[33] Financial constraints and access to finance remain pressing issues, particularly for SMEs (Figure 4). Over the past two years, private equity and venture capital investments have declined after a robust 2021. In 2022, Europe's private equity investments dropped by 16% to EUR 127 billion.[34] Higher funding costs and a restricted supply pose a threat to innovation, with many innovative firms facing reduced access to funding.[35] A major issue reported by more than half of the firms[36] is the lack of skilled workers. This challenge, coupled with an aging population, highlights the need to address labour supply issues to enhance future growth.

[30] See EU 2050 long-term strategy webpage (https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2050-long-term-strategy_en).

[31] European Commission, Strategic Foresight Report, 2023 (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A52023DC0376).

[32] EIB, Investment Report: Transforming for competitiveness, 2024 (https://www.eib.org/en/publications/online/all/investment-report-2023-2024).

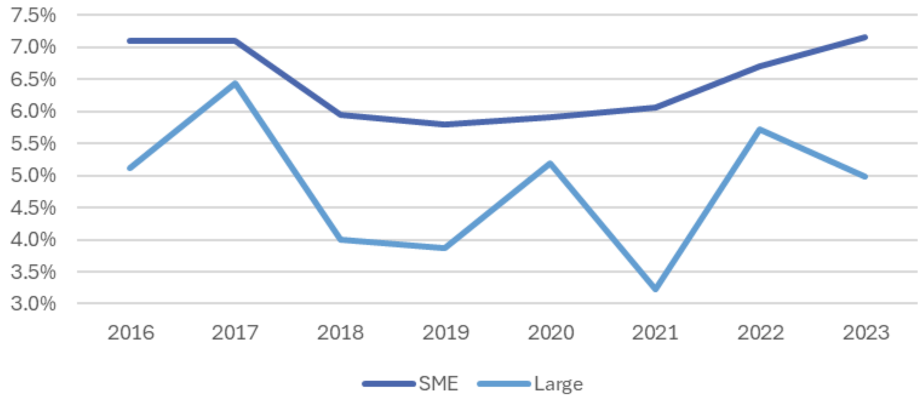
[33] Idem.

[34] Idem.

[35] These difficulties also affect agricultural enterprises, which – according to the most recent EIB fi-compass survey – recorded a considerable increase of the financing gap, reaching EUR 62 billion in 2022.

[36] EIB, The annual EIB Group Survey on Investment and Investment Finance (EIBIS), (https://www.eib.org/en/publications-research/economics/surveys-data/eibis/index.htm?sortColumn=startDate&sortDir=desc&pageNumber=0&itemPerPage=10&pageable=true&la=EN&deLa=EN&tags=5bf8095afa70f13f9d3b51b3&ortags=true&orSubjects=true&orCountries=true).

Figure 4 – Proportion of SMEs vs large firms that are finance constrained in the EU



Source: Elaboration of data from the EIB Investment Survey (https://data.eib.org/eibis/graph)

Following the closure of the first call for expression of interest on 1 October 2021, **Guarantee Agreements (GAs)** amounting to a total of EUR 26.16 billion have been signed with 16 IPs as of end-2023 (the cut-off date of this evaluation). The 16 IPs (see Table 1) are composed of:

- Five IFIs: EIB, European Investment Fund (EIF), European Bank for Reconstruction and Development (EBRD), Council of Europe Development Bank (CEB), Nordic Investment Bank (NIB);
- Nine NPBIs from seven MS:[37] Cassa Depositi e Prestiti Equity (CDPE, Italy), Caisse des Dépôts et Consignations (CDC, France), Instituto de Credito Oficial (ICO, Spain), Cassa Depositi e Prestiti (CDP, Italy), Bank Gospodarstwa Krajowego (BGK, Poland), Bpifrance (France), Invest-NL (Netherlands), Garantiqa (Hungary) and Participatie Maatschappij Vlaanderen NV (PMV, Belgium); and
- Two additional IPs – Bulgarian Development Bank (BDB, Bulgaria) and Národní Rozvojová Banka, a.s. (NRB, Czech Republic) – which are exclusively involved in the implementation of the MS-C.

To implement MS-C contributions, adjust eligibility criteria to better target Net-Zero Industry Act objectives, and to add blending operations (including top-ups), 18 amendments[38] to the existing Guarantee Agreements have been signed until end-2023.

[37] Italy, France, Spain, Poland, Netherlands, Hungary and Belgium.

[38] These included: (1) Amendment of GA with the EIB and the EIF - Green Premium Agreement (Catalyst); (2) Amendment and Restatement of GA with the EIF n. 1 – Romania MS-C; (3) Amendment and Restatement of GA with the EBRD n. 1 – Romania MS-C; (4) Amendment and Restatement of GA with the EBRD n. 2 - Greece MS-C; (5) Amendment of GA with the EIB and the EIF – HERA Invest Agreement; (6) Amendment of GA with the EIF MS-C Schedule No 2 – Finland; (7) Amendment of GA EIF MS-C Schedule No 3 – Bulgaria; (8) Amendment Agreement with EIF. MS-C Schedule No 5 – Greece; (9) Amendment and Restatement GA n. 2 - EBRD MS-C Schedule No 1 – Greece; (10) Amendment Agreement with the EIF MS-C Schedule No 4 – Malta; (11) Amendment and Restatement GA with the EIB and the EIF n. 2; (12) Amendment and Restatement GA with ICO n. 1 - Marguerite 3; (13) Amendment and Restatement GA with CDPE n. 1 - Marguerite 3; (14) Amendment and Restatement GA with CDC n. 1 - Marguerite 3; (15) Amendment and Restatement GA with CDP n. 1; (16) Amendment and Restatement GA n. 3 with the EIB and the EIF; (17) Amendment GA with the EIB and the EIF – Green Premium Agreement (Catalyst) amendment n. 1; and (18) Amendment GA with the EIB and the EIF - EDF top-up.

Table 1 - Allocation of the InvestEU guarantee across IPs

IP	Geographical coverage of EU Member States	GA signature date	InvestEU guarantee	Blending top-up[39]	EFTA	MS-C	Guarantee allocation to IP	Share of total guarantee allocation	Peak deployment year***
EIF	EU-27	7 March 2022	11 568 772 356	308 159 472[40]	183 183 687	1 420 952 952	13 481 068 467	52%	2024
EIB	EU-27	7 March 2022	8 045 460 198	300 000 000[41]	183 183 687	-	8 528 643 885	33%	2026-2027
EBRD	Central Europe, Baltic States, Cyprus and Greece	14 December 2022	610 000 000	-	-	141 784 150	751 784 150	3%	2025
Bpifrance	France	27 April 2023	500 000 000	-	-	-	500 000 000	2%	2025-2026
CDP	Italy	16 February 2023	495 250 000	-	-	-	495 250 000	2%	2023
CDC	France	20 December 2022	372 500 000	-	-	-	372 500 000	1.4%	2023
CDPE	Italy	7 October 2022	372 000 000	-	-	-	372 000 000	1.4%	2023
BGK	Poland	20 April 2023	277 784 000	-	-	-	277 784 000	1.1%	N/A
Garantiqa	Hungary	7 August 2023	273 900 000	-	-	-	273 900 000	1.1%	2026
NIB	Nordic and Baltic States	12 December 2022	114 000 000	-	-	-	114 000 000	0.4%	2025

[39] The amounts for blending top-up provided here refer to the committed amount as of end-2023 (not the total indicative amount included in the GAs).

[40] Amount already committed. The total EIF top-ups amount to EUR 871 million, including all indicative amounts from the signed GAs.

[41] Amount already committed. The total EIB top-ups amount to EUR 520 million, including all indicative amounts from the signed GAs.

IP	Geographical coverage of EU Member States	GA signature date	InvestEU guarantee	Blending top-up[39]	EFTA	MS-C	Guarantee allocation to IP	Share of total guarantee allocation	Peak deployment year***
InvestNL	Netherlands	4 August 2023	210 000 000	-	-	-	210 000 000	0.8%	2025
CEB	EU-27 excluding Austria	28 November 2022	159 125 000	-	-	-	159 125 000	0.6%	N/A
ICO	Spain	14 February 2023	156 250 000	-	-	-	156 250 000	0.6%	2025
PMV	Flanders (Belgium)	14 December 2023	70 000 000	-	-	-	70 000 000	0.3%	2024
BDB	Bulgaria	7 November 2023	-	-	-	125 000 000	125 000 000	0.5%	N/A
NRB	Czechia	20 December 2023	-	-	-	80 000 000	80 000 000	0.3%	N/A
TOTAL			**23 225 041 554**	**608 159 472**	**366 367 374**	**1 767 737 102**	**25 967 305 502**	**100%[42]**	

Source: DG ECFIN

[42] The presented individual shares sum up to 100.5% due to rounding.

Since the end of 2023, one additional GA was signed with Banco Português de Fomento (BPF) and the GA with BDB was amended to include the EU compartment. The Commission and the EIF also amended the GA to include an Export Credit Guarantee Facility to support exports by European companies to Ukraine. The EBRD GA was amended to include a Financial Product supporting exploration of Critical Raw Materials.

In addition, as of end-December 2023, **Advisory Agreements** had been signed with six partners (EIB, EBRD, CEB, CDP, CDC and Bpifrance) alongside a Memorandum of Understanding (MoU) with CINEA of a grand total of EUR 374 million of EU contribution whereof EUR 69.8 million were utilised by end of 2023.

Following Russia's full-scale invasion of Ukraine and its impact on the EU, the selected applicants under the first call for expression of interest under the InvestEU Advisory Hub were invited to submit or adapt their proposals to include measures mitigating the new social and economic circumstances. As a result, three new dedicated advisory initiatives by three partners (EBRD, CEB and Bpifrance) for a total of EUR 21.6 million were submitted and included in the relevant Advisory Agreements.

3.2. CURRENT STATE OF PLAY

By end-2023, the total volume of approved **InvestEU Fund supported operations** for all compartments amounted to EUR 42.9 billion whereof EUR 19.2 billion (44.8%) were signed.[43,44] Out of the EUR 20.03 billion approved for the SIW from nine IPs, agreements were signed for EUR 6.7 billion (33.4%) by five of these IPs. In the RIDW, EUR 3.5 billion were signed out of the EUR 7.3 billion approved and involved five out of the eight IPs (47.9%). For the SMEW, EUR 7.9 billion were signed by a single IP from the total EUR 12.9 billion approved from three IPs (61.2%). Lastly, within the SISW, three IPs signed for EUR 1.1 billion out of the EUR 2.7 billion (40.7%) approved from five IPs (Table 2).

After three years since the InvestEU Regulation became applicable, InvestEU has mobilised EUR 204.81 billion of investments based on operations approved by end of 2023 (EUR 217.57 billion including the operations financed under the MS compartments), whereof EUR 130.81 billion is expected to originate from private sources (EUR 140.86 billion including the MS-C operations). The investment mobilised by end of 2023 relates to approved operations with a total volume of: EUR 20.0 billion under the SIW, EUR 12.9 billion under the SMEW, EUR 7.3 billion under the RIDW, and EUR 2.7 billion under the SISW.

[43] Of the EUR 19.2 billion signed operations, EUR 2.2 billion originate from the MS-C.

[44] As of end-April 2024, the total volume of approved operations reached EUR 44.28 billion, out of which EUR 22.08 billion are already signed.

Table 2- Volume of approved and signed operations by IP and Policy Window

Volume of Approved Operations by IP and by Policy Window (EUR m)
Total EUR 42.88 billion

Approved Operations Amount (EUR m) Policy Window	EIB	EIF	CEB	CDC	EBRD	CDP	NIB	CDPE	ICO	BGK	BPI France	Garantiqa	InvestNL	Total
SIW	12,303.67	4,627.12	0.00	67.00	1,945.23	434.00	298.80	100.00	174.50	80.00	0.00	0.00	0.00	19,530.32
RIDW	4,958.96	1,492.42	0.00	0.00	0.00	160.00	51.50	520.00	0.00	40.00	10.20	0.00	53.75	7,786.83
SMEW	0.00	11,770.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.80	1,048.00	0.00	12,859.18
SISW	810.00	1,172.22	370.42	100.00	0.00	256.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,708.64
Total	**18,072.63**	**19,062.14**	**370.42**	**167.00**	**1,945.23**	**850.00**	**350.30**	**620.00**	**174.50**	**120.00**	**51.00**	**1,048.00**	**53.75**	**42,885.0**

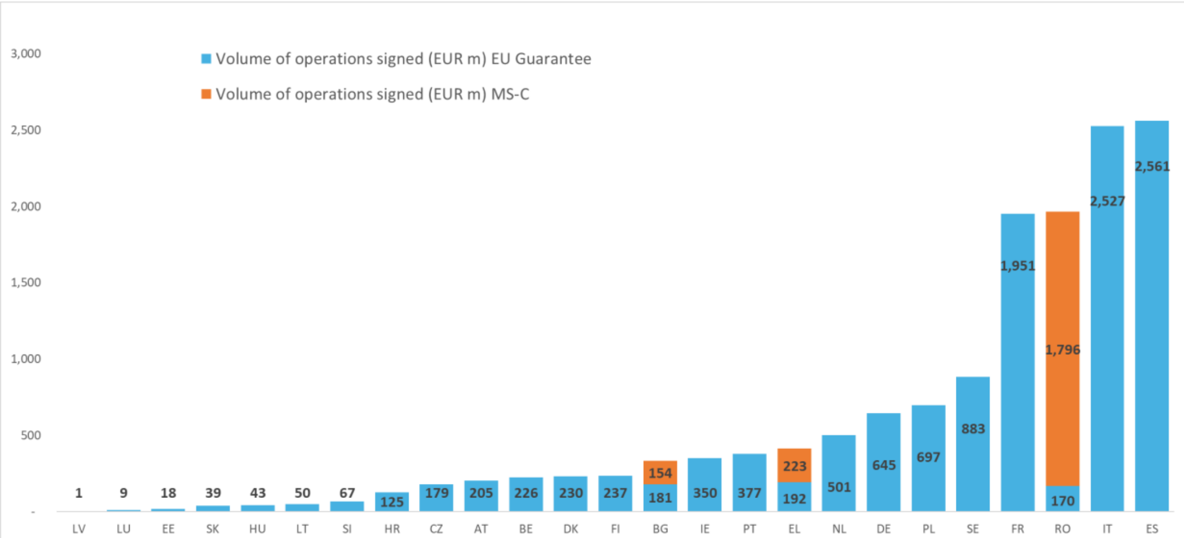
Volume of Signed Operations by IP and by Policy Window (EUR m)
Total EUR 19.20 billion

SIGNED Operations Amounts (EUR m) Policy Window	EIB	EIF	CEB	EBRD	NIB	CDPE	InvestNL	TOTAL
SIW	4,655.30	1,812.78	0.00	10.60	86.10	100.00	0.00	6,664.78
RIDW	1,850.20	1,136.54	0.00	0.00	1.50	520.00	35.75	3,543.99
SMEW	0.00	7,891.15	0.00	0.00	0.00	0.00	0.00	7,891.15
SISW	440.00	442.20	214.50	0.00	0.00	0.00	0.00	1,096.70
Total	**6,945.50**	**11,282.67**	**214.50**	**10.60**	**87.60**	**620.00**	**35.75**	**19,196.62**

Source: DG ECFIN

The operations approved cover the 27 EU MS across all general objectives set out in Article 3(1) of the InvestEU Regulation. The geographic breakdown of signed operations (Figure 5) shows that the volume of signed operations, which cover at least 25 MS and totalled EUR 19.20 billion, was predominantly distributed to Spain (EUR 2,561.1 million), Italy (EUR 2,527.1 million), Romania (EUR 1,965.4 million), and France (EUR 1,950.9 million) whereas 23% of this volume remains unallocated.[45]

Figure 5 - Volume of signed operations by country, EU-C and MS-C, as of end-2023 (EUR million)

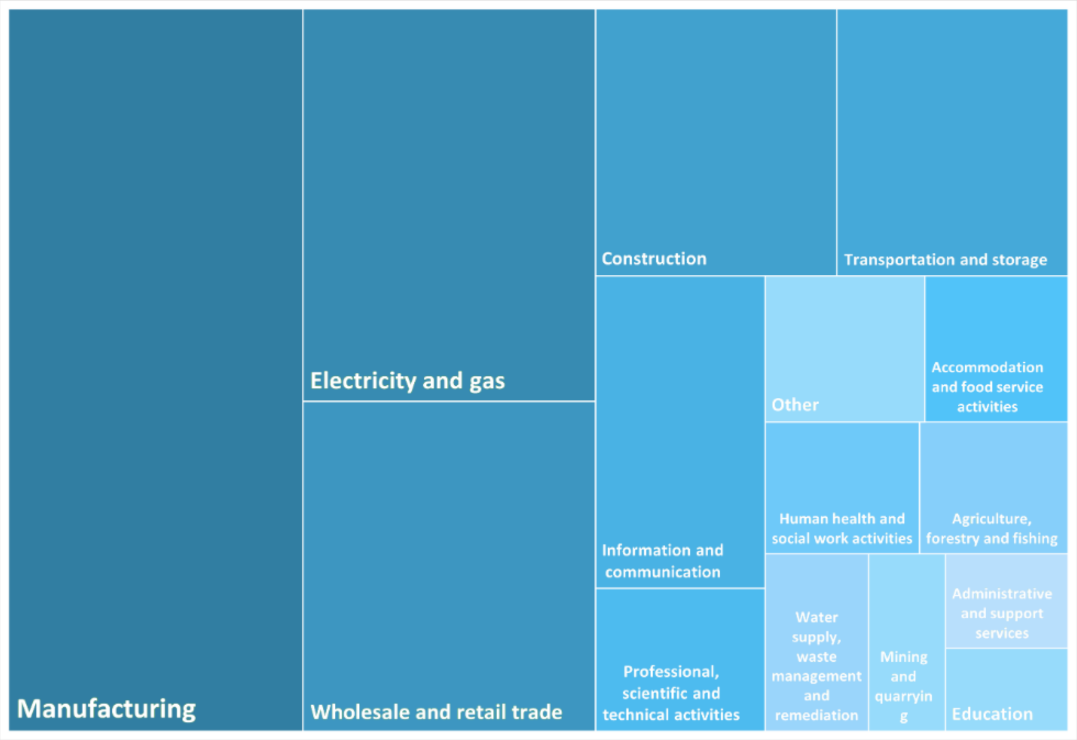


Notes: Total of EUR 19.2 billion includes EUR 4.6 billion not allocated to a specific country; Based on the Fund Manager's location or target portfolio distribution to account for pan-European players.
Source: DG ECFIN

The allocation of signed operations across the NACE sectors is presented in Figure 6.

[45] These figures refer to both the EU and MS-C. The volume of signed operations under the MS compartments amounts to EUR 1.80 billion from Romania, EUR 0.22 billion from Greece, and EUR 0.15 billion from Bulgaria.

Figure 6 - Volume of signed operations by NACE sector, as of end-2023 (EUR million) ()

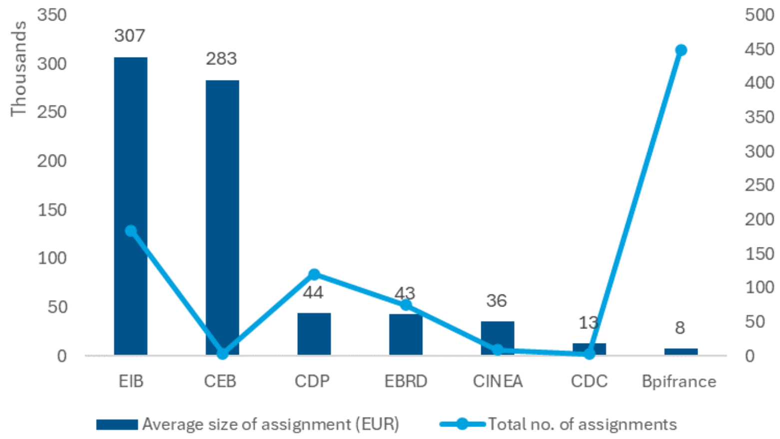


Note: Under the NACE category *Electricity and gas*, InvestEU operations relate exclusively to clean energy.
Source: DG ECFIN

The **InvestEU Advisory Hub** acts as a central entry point for public authorities, project promoters and financial intermediaries seeking advisory support and technical assistance. At the end of 2023, Advisory Agreements had been signed with six partners, including three IFIs (EIB, EBRD, CEB) and three NPBIs (CDP, CDC and Bpifrance) alongside an MoU with CINEA of a grand total of EUR 374.4 million of EU contribution whereof EUR 69.8 million were utilised by end-2023. The EIB currently accounts for 71% of the total advisory budget allocation, which also includes top-ups from other EU programmes.

The seven APs have proposed and developed 27 advisory initiatives targeting different areas and beneficiaries and may either provide all three types of support (project advisory, capacity building and market development) or focus on a specific one. They support the development of a robust pipeline of investment projects in each policy window across specific target sectors (environment, energy efficiency, social sectors, digital transformation) and clients (public and private sector). The number and average size of assignments being delivered as well as the budget utilisation vary considerably across the APs.

Figure 7 - Average size and number of assignments, by AP (as of end-2023)



Source: DG ECFIN

Advisory Hub assignments cover all 27 MS, although certain countries have received more concentrated support, often through the involvement of NPBIs. The portfolio predominantly consists of single-country assignments, which constitute 96% of the total number of assignments and 75% of the budget utilisation.

Table 3 - InvestEU Portal statistics

Year	Total number of projects submitted	Total number of projects published	Share of projects published	Number of visitors	Number of views
2021	358	196	54.75%	14,694	27,985
2022	893 (+ 535)	630 (+ 434)	70.55%	26,730	57,253
2023	1,536 (+ 643)	1,098 (+ 468)	71.48%	30,705	57,616

Source: DG ECFIN

Since the launch of the InvestEU Programme, a total of 1,536 projects were submitted to the **InvestEU Portal** by the end of 2023. The total number of projects published on the Portal has significantly increased with an overall growth of 138%. The total estimated cost of the projects published on the InvestEU Portal amounts to EUR 15 billion whereof 99% were submitted by private promoters. The number of visitors and views significantly increased between 2021 and 2022 and continued to grow between 2022 and 2023.

4. EVALUATION FINDINGS (ANALYTICAL PART)

This section is based primarily on the evaluation report prepared by the independent consultant, which the Commission deems sufficiently analytically robust and evidence based considering the cut-off date of end-2023. It outlines the main findings of the evaluation regarding the effectiveness, efficiency, relevance, EU value added and coherence of each component of the InvestEU Programme. It also addresses cross-cutting issues such as the open architecture and the umbrella framework. Unless otherwise stated, all figures quoted are sourced from the independent evaluation report.

4.1. THE INVESTEU FUND (INCLUDING THE EU GUARANTEE)

The InvestEU Fund, including the EU guarantee, represents a significant contribution to the EU's efforts to stimulate public and private investment and foster economic growth. This section examines the results of this intervention, the impact it has had, and its ongoing relevance.

4.1.1. To what extent was the intervention successful and why?

This section assesses the extent to which the InvestEU Fund is on track to deliver on its two primary goals: (i) mobilising investment and (ii) enhancing access to finance for SMEs and mid-caps (including micro and social enterprises).

It also examines whether the InvestEU Fund has contributed to the green and digital transition, and to other wider objectives such as institutional change and market development. In assessing the effectiveness of the Fund, the evaluation takes a critical look at the additionality of the InvestEU financing, including any evidence of crowding-out effects. Finally, this section examines the efficiency and coherence of the InvestEU Fund.

4.1.1.1 Effectiveness of the InvestEU Fund and of the EU Guarantee

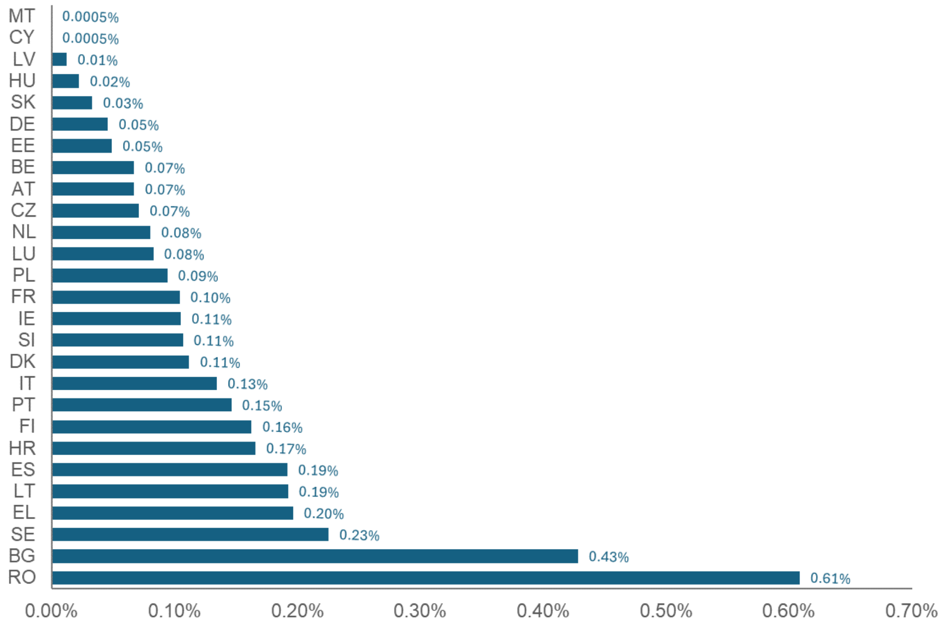
This section will evaluate the effectiveness of the Fund and of the EU guarantee, in reference to their policy objectives.

Effectiveness in mobilising investment

The Programme is on track to mobilise a significant volume of public and private investment. Based on the operations approved as of end-2023, the InvestEU Fund is estimated to mobilise around EUR 218 billion, with EUR 141 billion expected from private sources (equal to nearly 65% of the total mobilised investment). For the EU compartment alone, after only three years of implementation, the Fund is estimated to mobilise EUR 204.81 billion against an expectation of EUR 372 billion by 2028, with an anticipated multiplier effect of 14.76. The volume of investment mobilised is set to increase as deployment of the EU guarantee will be completed. Despite methodological challenges affecting this early estimation, survey on project promoters confirms the crowding-in effect of the InvestEU guarantee, particularly by signalling the quality of the projects to other investors.[46] On the contrary, the evidence of a crowding-out effect from the InvestEU financing is limited.[47]

The InvestEU signatures currently cover 25 MS (multi-country signatures not included), ensuring not only a wide **geographical coverage**, but also an allocation of financing – in terms of GDP – focused on MS with less developed financial markets: on a relative basis, Lithuania (0.19% of GDP) and Croatia (0.17% of GDP) rank among the top recipients of the InvestEU financing originating from the EU compartment (in terms of signed operations). Romania, Bulgaria and Greece also rank among the top recipient MS of InvestEU financing, but this is largely explained by their respective contributions to the MS compartment of InvestEU.

Figure 8 - InvestEU Fund: Volume of signed InvestEU operations as a percentage of GDP



Note: EUR 4.6 billion of unallocated operations have been imputed based on the allocation keys used for the RHOMOLO-EIB model inputs.

Source: DG ECFIN.

In fact, **investments align strongly with most EU's policy objectives** and initial investments include several examples of operations with **high impact potential**, such as renewables production, energy efficiency and advanced geothermal energy systems, hydrogen-powered steel production, or cutting-edge battery manufacturing systems.

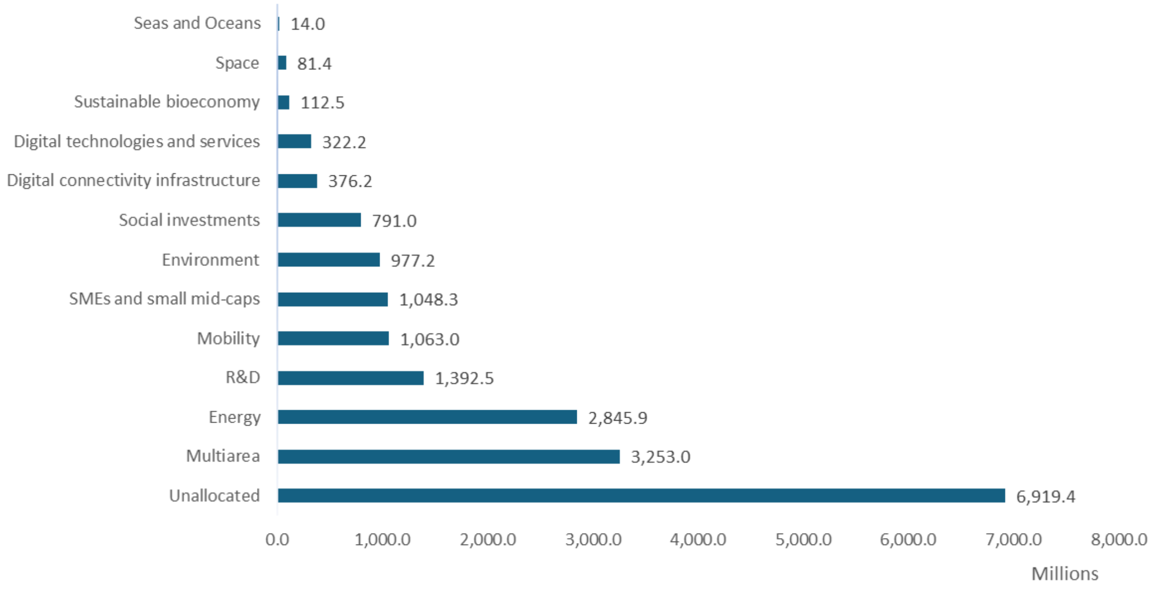
Figure 9 illustrates the distribution of signed operations by eligible area. While the allocation appears balanced across the main sectors, a great share of the operations is unallocated,[48] or addresses more than one eligible area (Multiarea).

[46] See Annex V – Stakeholders consultations, V.4.4.3

[47] See Annex V – Stakeholders consultations, V.4.4.4

[48] Unallocated refers to indirect operations for which IPs did not allocate the operation focus to a specific eligible area.

Figure 9 – InvestEU Fund: Volume of signed operations by eligible area (EUR Million)



Source: DG ECFIN

InvestEU will also contribute to long-term economic growth and job creation by supporting productivity enhancing investments (e.g., digital, transport) and strong spillovers (green investments, R&D investment, social investments). Estimates obtained with the RHOMOLO-EIB model show the impact of InvestEU over time on GDP and jobs (in thousands), split into that from the demand stimulus (investment) and that from the structural effects.

Figure 10 - InvestEU: Impact on GDP (% change over baseline)

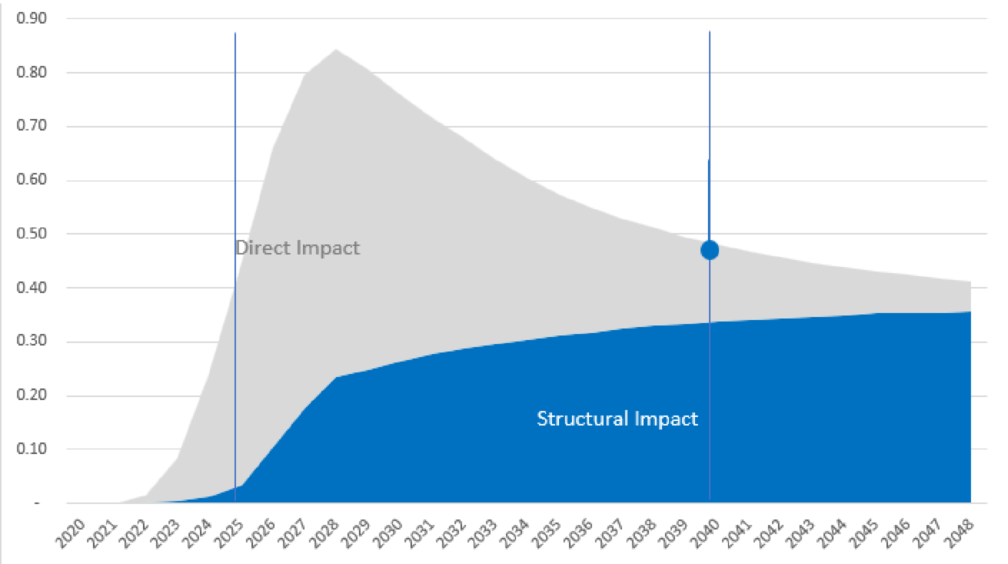
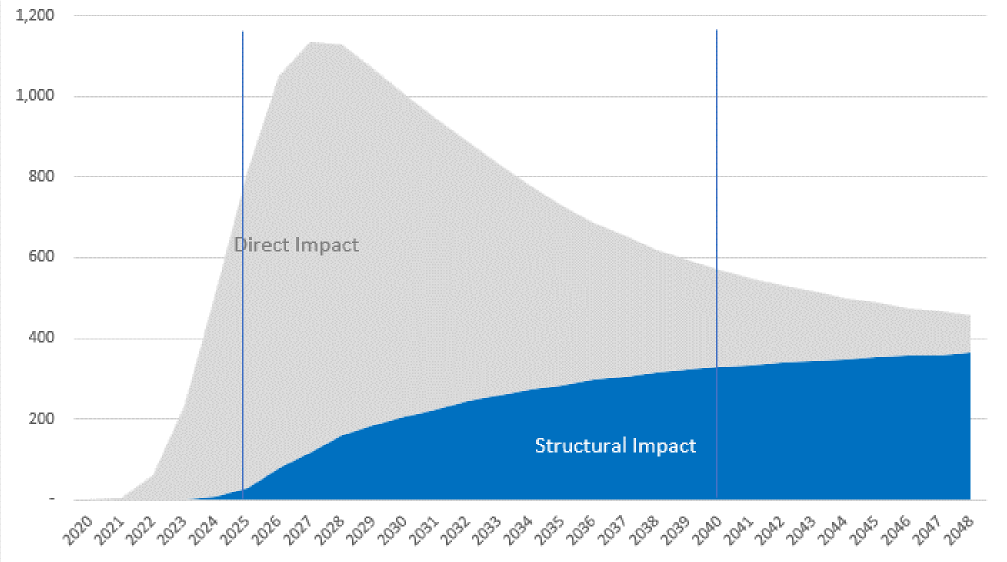


Figure 11 - InvestEU: Impact on Jobs (thousands over baseline)



Source: RHOMOLO-EIB model and Commission services

The InvestEU Fund is likely to build and shape markets and ecosystems through significant **systemic effects** such as:

- Building IPs capacity to align with the EU standards;
- Enhancing the risk appetite of the IPs by increasing their risk tolerance;
- Greening the financial system;
- Developing ecosystems, e.g. for social investment and the blue economy;
- Demonstration effect; and
- Engaging financial intermediaries.

Contribution to green transition

The InvestEU Programme is supporting the EU's green transition via multiple channels. The key achievements of the Programme by end-2023 are summarised in the box below.

Contribution of InvestEU Programme to supporting the EU's green transition: early facts and figures

EUR 10.3 billion worth of investments supporting climate objectives, that is an achievement of 53% versus an expectation of 30% of the overall financial envelope.

EUR 5.7 billion worth of investments supporting climate or environmental objectives under SIW, that is an achievement of 86% versus an expectation of 60% of funds under the SIW.[49]
390 businesses receiving financing under the EIF's sustainability guarantee.[50]
Over 90% of the InvestEU-backed climate and environmental funds are led by first-time

[49] These figures are aggregated figures covering variations in the level of investments in the different climate and environmental objectives; investments in biodiversity and nature based solutions remain however comparatively low.

[50] The InvestEU Sustainability Guarantee is supporting debt financing solutions for European SMEs, Small Mid-Caps, natural persons and housing associations whose investments can contribute to the EU's goal of making the economy greener and more sustainable.

or emerging teams.

At least 41% of the Advisory Hub budget utilisation has targeted green areas. This corresponds to eligible areas that cover environment, energy, sustainable bioeconomy, seas and oceans. In practice, the proportion of budget utilisation towards green is likely to be higher. A proportion of the advisory budget contributing towards mobility and Industrial Site Rehabilitation would also contribute towards green goals.

Note: Energy Key Performance Indicators (KPIs) were reported only by 5 IPs at that stage (EIB, EIF, NIB, EBRD, and CDPE).

Source: DG ECFIN. Based on operational reports as of 31 December 2023.

The main investment channels through which the Programme is contributing are often characterised by high upfront costs, long payback periods and the uncertainties associated with new technologies and include the following:

- *Development and deployment of emerging technologies* – InvestEU is supporting investments in emerging technologies essential for the green transition but lacking fully developed markets, such as green hydrogen, sustainable aviation, and advanced battery technologies. Products like InvestNL's direct equity and the EIB's venture debt/quasi-equity channel flow of capital into high-potential sectors, catalysing their development and deployment;
- *Supporting large-scale renewable energy projects* – Examples include the Onshore Wind Farm in Finland (NIB) and the 3SUN PV Gigafactory (EIB);
- *Decarbonising agriculture and industry* – InvestEU is playing a key role in addressing financial barriers in this emissions-intensive sector and driving the investments needed for decarbonisation, for instance in waste transformation (Comet Upcycling Arabinoxylan Plant (EIB));
- *Energy efficiency of buildings* – Projects by the EBRD, the EIF and the EIB;
- *Low carbon transportation and mobility* – Key investments by the EIB include the financing of railway projects, expansion of a charging station network and the optimisation of long-haul trucking logistics through Artificial Intelligence;
- *Sustainable tourism* - CDC is supporting sustainable recovery in tourism through the “Prêts relance tourisme” loans;
- *Net-zero education infrastructure* – CDP is supporting the realisation of the new science and technology campus of the University of Milan, the first net-zero carbon academic and research facility in Italy;
- *Horizontal initiatives* – Marguerite III represents a unique pan-European initiative involving five major NPBIs (CDP Equity, BGK, CDC, ICO, and KfW) and the EIF, focusing on energy transition, sustainable transport, digital infrastructure, and circular economy sectors;
- *Green financial products* – Innovative products like the Sustainability portfolio guarantee are supporting investments in climate and environment and sustainable enterprise development (EIF); and
- *Green venture capital ecosystem* - Through the InvestEU Programme, the EIF has been able to act as an anchor investor and facilitate the launch of thematic funds specialised in climate and environmental solutions.

Interviews[51] have highlighted several challenges affecting InvestEU's green investment, ranging from administrative burden and complexity of eligibility criteria, to the scarcity of resources relative to demand (gap between EU guarantee available versus market needs, e.g. EIB thematic financial products), lack of relevant skills at the level of financial intermediaries to assess the criteria, as well as market underdevelopment (e.g. nascent market, acute funding shortfall).

Contribution to digital transformation

The InvestEU Programme is supporting the EU's digital transition through financial products, particularly under the RIDW. Many of the **digital transformation aims** under the InvestEU Programme, presented in the box below, are closely aligned with the EU's digital targets for 2030.

Digital transformation aims under InvestEU

- Strengthening Europe's presence in key parts of the digital supply chain (semiconductors, data technologies, 5G and quantum technologies which are of particular importance for security and strategic autonomy);
- Supporting digital transformation ecosystems and businesses equipping them with necessary digital tools;
- Improving connectivity and bandwidth to ensure appropriate services for health, education, transport, logistics and media as well as reducing geographical digital divide;
- Driving investments in audio-visual and media domains essential for democracy and cultural diversity, particularly in innovative media content and technologies, to improve long-term capacity to produce and distribute content and to compete globally in such areas;
- Contributing to a sustainable, climate-neutral and resource-efficient economy through digital investments and green digital technologies; and
- Developing and deploying digital technologies such as super-computing, artificial intelligence, blockchain, cloud data, and Internet of Things.

Source: InvestEU and A Europe Fit for the Digital Age[52]

The main **investment channels** through which the Programme is contributing to digital transition include the following:

- *Digital connectivity and infrastructure:* The EIB's direct support to the digital sector has included financing towards digital connectivity and related infrastructure, which has been directed towards the design and deployment of high-capacity digital networks with fibre connectivity and the development of Data Centres.
- *Digitalisation of SMEs:* For example, the EIF's Innovation and Digitalisation Guarantee product is supporting digitalisation of SMEs. By the end of 2023, this product had been adopted by 81 financial intermediaries, including 18 alternative finance providers, across 23 EU Member States.

[51] See ICF report Technical Annex 6 "Case studies and deep dives".

[52] See A Europe fit for the digital age webpage (https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age_en).

- *Investment in digital technologies and services.* The EIB provides venture debt under its thematic products, supporting the commercial deployment and scaling-up of new promising technologies. CDPE and the EIF are providing indirect equity. Investments in digitally focused start-ups have been made by the four funds supported by CDPE. The EIF supports both dedicated (specialist digital) funds as well as diversified or generalist funds that include digital components. The EIF has also supported several highly specialised funds. These include a dedicated fund for (New) Space, Semiconductor Chips and Semiconductor Technologies.[53]

The EIF's two specific products – the Innovation and Digitalisation Guarantee and the SMEW RIDW Joint Equity Product – as well as the EIB's General and Thematic Debt Products are currently supporting EU's digital transition goals. The EIF's equity products cover different technology areas (digital products and deep tech efforts), whereas the guarantee product is enhancing the capacity of SMEs and small mid-caps in adopting digital technologies. The EIB's general debt products support digital connectivity and infrastructure, while its thematic products offer venture debt for research and innovation in deep-tech, digital and cybersecurity.

The InvestEU guarantee has significantly contributed to the digital sector by encouraging additional players and alternative lenders to finance SMEs focused on deep tech, which are typically beyond the reach of mainstream commercial banks. It has acted as a vital catalyst, attracting other lenders to invest in specific regions such as Central and Eastern Europe (CEE), thereby increasing alternative financing sources for promising tech companies in these areas. The InvestEU guarantee has been crucial in supporting European deep-tech investments, including in new sectors like space with cross-sectoral deployment opportunities, which are considerably more capital-intensive and require longer maturation and exit periods compared to general Information and communication technology (ICT) investments. Additionally, InvestEU is fostering the development of investment ecosystems for emerging digital technologies through a combination of financing and advisory services.

A major challenge for IPs is the limited resources available compared to market demand. For instance, semiconductor manufacturing necessitates significant initial investments. This acts as a substantial deterrent for investors. Additionally, the semiconductor industry requires continuous and consistent investment to support operations and innovation, including expenses for research and development, equipment upgrades, and maintaining a skilled workforce. Despite initiatives such as the EU Chips Act, there are still gaps in the availability of venture capital and other financial resources for innovative small and medium-sized enterprises (SMEs) and startups.[54]

Contribution to social investment

The contribution of the InvestEU Programme to social investment is illustrated in the box below.

[53] Dedicated digital funds with broad investment strategies can also cover these areas.

[54] ESPAS, Global Semiconductor Trends and the Future of EU Chip Capabilities, 2022, (https://espas.eu/files/Global-Semiconductor-Trends-and-the-Future-of-EU-Chip-Capabilities-2022.pdf)

Contribution of InvestEU Programme to supporting the EU's social investment

As of end-2023, the Investment Committee (IC) had approved EUR 2.7 billion of financing for social investments. This corresponds to 7% (EUR 1.47 billion) of the total EU guarantee approved as of 31 December 2023 (out of the 11% total expected share for SISW over the programming period) and it is expected to advance swiftly with the pipeline of projects building up as the InvestEU portfolio continues to grow. Demand under SISW is increasing.

IPs have developed a range of products to support different activities in the social sector, including:

- The EIF (as the most active IP under the SISW) has two specialised portfolio guarantee products: one for microenterprises and social enterprises and another to finance students, learners, enterprises investing in workforce skills, education providers, and additional service providers. These two portfolio guarantee products build on the EaSI Guarantee[55] and the Skills & Education guarantees pilot launched under the European Fund for Strategic Investments (EFSI) in 2020 (which has been scaled-up under InvestEU).
- The EIF is providing limited capacity-building investments, primarily through subordinated debt. The capacity-building product is available to any financial intermediary operating in the microfinance, social enterprise finance and/or skills, education and training finance space and supports various capacity building activities.
- The EIF also offers a specific indirect equity product to support social impact funds. The EIF's climate and infrastructure funds include social infrastructure as one of six thematic strategies. Finally, the EIF is also supporting operations contributing to this domain via other products.
- CEB, as a multilateral development bank with a social mandate, provides direct debt to support social investments.
- Three IPs – CDC, CDP, and EIB – offer direct loans for social investments.
- CDP provides indirect equity through its investment in Fondo Investimenti per l'Abitare (FIA 3), a fund of funds supporting affordable social housing projects.

Moreover, a blending initiative is currently in the pipeline combining resources from ESF+ with the InvestEU budgetary guarantee which will allow selected IPs to increase the impact of their existing InvestEU products to further develop the social investment market and the microfinance ecosystem.

The operations approved under SISW encompass key areas of social investment. Several approved operations aim to enhance access to finance for social economy entities, including microenterprises and social enterprises, as well as for social purposes (e.g. upskilling, education, and affordable social housing).

Several approved operations focus on investments in social infrastructure:

- Construction of a greenfield hospital in Bucharest (CEB);
- Upgradation and modernisation of hospital in Tilburg (EIB);
- Development of education infrastructure (CEB, CDP and EIB);
- The construction of elderly care facilities; and
- Social housing (CDP, CEB and EIB).

[55] The Employment and Social Innovation (EaSI) programme was a financing instrument at EU level in the financing period 2014-2020.

Five dedicated advisory initiatives had been developed by the end of 2023, accounting for 17% of the advisory budget utilisation during the evaluation period, to support pipeline and ecosystem building activities in the area of social investment:

- CEB Market assessment and pipeline identification;
- CEB Project Advisory Support;
- EIB Advisory for Impact Investing and Social Outcomes Contracting;
- EIB Advisory for Microfinance and Social Enterprise Finance; and
- EIB Advisory for Social Infrastructure and Service.

InvestEU is contributing to steer more capital to social investments, including mobilising private sector investments, by leveraging market-based instruments and advisory support.

Additionality of the InvestEU Fund

The InvestEU guarantee is allowing IPs to address market gaps and suboptimal investment situations by pushing beyond their standard risk boundaries in pursuit of higher additionality. Indeed, IPs under InvestEU are expected to engage in unfavourable conditions or with higher risk counterparts, deploy riskier financial products and finance activities with inherently higher risk.

A survey of project promoters of direct operations (standalone operations and sub-projects), being implemented by the EIB, CEB and NIB, confirms the high additionality of the InvestEU financing: 95% of the project promoters indicated they would not have proceeded as planned without the InvestEU financing. The most important contributions of the InvestEU guaranteed financing, as perceived by the survey respondents, seem to be financial aspects such as the cost of financing (89% rating it of high or of highest importance), the amount of financing received (89%) and the maturity (84%). Secondary benefits such as the reputational benefits (87%) and the quality stamp of the institution’s due diligence process (76%) are also perceived as very important. The majority of the respondents (60%) say that the InvestEU guaranteed financing they received has an innovative structure or features, such as long maturity and bullet repayment structure based on equity raising goals, not just financial KPIs.[56]

Interviews with financial intermediaries provide further positive evidence of the additionality of portfolio guarantees, by clarifying that without the guarantee, the intermediaries would be unable to undertake 80-90% of their portfolio volume.[57]

4.1.1.2 Efficiency of the InvestEU Fund and the EU Guarantee

Budgetary guarantee instruments like InvestEU are inherently efficient for the EU budget, offering advantages over grants through a higher multiplier effect and over financial instruments through their partial provisioning. However, their operational efficiency can be impacted by various factors. These include operational challenges, significant delays and costs that affect the Commission and stakeholders, such as implementing partners and notably final recipients. This section examines the budget and

[56] See Annex V – Stakeholders consultations, V.4.4.2

[57] See Annex V – Stakeholders consultations, V.4

provisioning aspects of the InvestEU guarantee as well as aspects hindering the operational efficiency of InvestEU.

Consumption of the EU guarantee and adequacy of its provisioning

By virtue of the InvestEU Regulation, a financial envelope of EUR 10.5 billion is available for provisioning the InvestEU guarantee. Of this, EUR 39 million has been consumed (i.e. paid out for calls) by the end of 2023 under the EU compartment, and EUR 3 million under the MS compartment. Up to that date, a significant portion of the consumed guarantee – 60% or EUR 23.4 million covers the funding costs associated with the equity investments, hedging guarantee operations and administrative costs. The current significant amount of funding costs relative to the calls paid so far corresponds to less than 1% of the total EU guarantee allocated to equity operations (EUR 3.42 billion).

So far, around 200 investments in funds were approved under InvestEU equity financial products supporting both direct and indirect operations. Going forward no impact in real terms on provisioning is envisaged for the loan portfolios. However higher interest rates could raise funding costs and negatively impact the provisioning for equity operations and the capacity of InvestEU to support such investments. Indeed, for their equity operations, the IPs need to secure liquidity and, according to the InvestEU Regulation, the cost of the provided liquidity is covered by the InvestEU guarantee's provisioning. The share of the funding costs to be covered for equity operations benefiting from the InvestEU coverage has been roughly estimated in the independent study at about one fourth of the available guarantee for equity on average over the lifetime of the guarantee. Actually, such estimate should also account for the potential gains and revenues generated by the same equity portfolio. The funding cost buffers provided on top of the allocated guarantee so far to IPs deploying equity products under InvestEU amount on average to around 20% of the EU guarantee allocated to equity operations. In this context, in the longer term the Commission may judge it useful to examine the overall benefits and drawbacks of combining an unfunded budgetary guarantee with a funded component for equity investments.

It is too early to draw a final picture of the adequacy of provisioning, as revenues, returns and potential losses will materialise over a period of several years – not to mention the evolution of the interest rate curve under the lifetime of the Programme. Yet, altogether the mechanism of provisioning can be considered as stable and goal-oriented.

Payment appropriations for guarantee provisioning

In the current MFF, a Common Provisioning Fund (CPF) was created, with a centralised treatment (reporting system, investment strategy, oversight) for all budgetary guarantees (and for the provisioned financial assistance under Article 220 of the Financial Regulation). Each EU guarantee programme is connected with an own compartment in the CPF where their provisioning is gradually built up. The CPF has a single investment strategy and any generated gains are reinvested, thus ensuring greater efficiency and flexibility.

Payment appropriations to the CPF for the InvestEU provisioning cumulated until 2023 amount to EUR 3.257 billion.[58] For the whole implementation period of InvestEU, provisioning is envisaged to reach EUR 10.5 billion[59], with a target provisioning rate of 40%, in line with the InvestEU Regulation.[60] Unrealised losses for the InvestEU EU compartment of the CPF are reported at EUR 78 million for 2023.

Adequacy of the EU Guarantee

After the start of InvestEU, many IPs reported high demand for financing that could be supported by InvestEU, well beyond the size of the Programme. To address this issue, besides the availability of new budgetary resources for additional guarantee, other potential levers to increase the guarantee capacity are: (i) additional blending operations/ top-ups with support from sectorial EU programmes; and (ii) attracting additional guarantee from the MS underpinned by the resources managed by MS such as EU structural funds or national funds, as well as RRF funds. The EIB Group financing can be also reinforced by combining the remaining EFSI's or legacy financial instruments' portfolios with the InvestEU portfolios.

With regard to the confidence level, big portfolios such as InvestEU could be treated with a high level of prudence, and a 95% lifetime confidence level of the value at risk (VaR) points in this direction. Nevertheless, an argument in favour of moving to a lower confidence level for InvestEU could be the positive track record since the start of EFSI. In addition, EFSD+, a relatively new budgetary guarantee programme operating outside the EU whose volume exceeds the volume of EFSI or InvestEU, features a VaR for lifetime at 90%. Therefore, the Commission could consider to further align risk related methodologies in this sense between internal and external policies.

The InvestEU Programme is partially provisioned based on reflows from legacy financial instruments and surpluses from a legacy budgetary guarantee (EFSI). Such mechanism currently requires a derogation from the Financial Regulation. Subject to availability of additional reflows and surpluses and taking into account the EU budgetary constraints and priorities, a further increase of the amount of provisioning and reinforcement of the InvestEU guarantee would require a change in the InvestEU legal basis. The impact of these recommended strategies to increase the InvestEU financing should be evaluated comprehensively, considering the EU budgetary constraints and priorities.

Multiplier effect of InvestEU

Based on the operations approved as of end-2023, the estimated multiplier effect of InvestEU slightly exceeded expectations. Based on financing approved by the end of 2023, a multiplier effect of 14.76 is expected for the EU compartment (against an expectation of 14.2). This means that for every euro of Union guarantee in approved operation, EUR 14.76 is expected to be generated in total investment. Similarly, the InvestEU leverage effect is estimated at 5.62. This indicates that for every euro of Union

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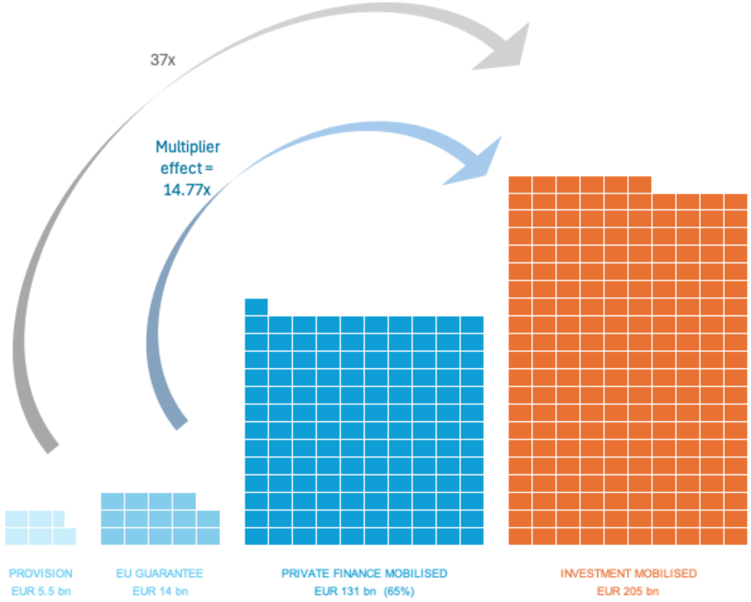
[58] Draft General Budget of the European Union for the Financial Year 2025, Working document, Part XI, Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities, page 29.

[59] This does not cover the EU revenues (remuneration of the EU guarantee) which increase the provisioning.

[60] Draft General Budget 2025, page 87.

guarantee, EUR 5.62 of financing is expected to be provided to final recipients by IPs. However, both the leverage and multiplier effects are calculated based on the EU guarantee amount. As illustrated in Figure 12, considering the fact that the EU guarantee is provisioned at only 40%, the impact of EU funding on investment is expected to be much higher.

Figure 12 - Investment mobilised under the EU-C, based on approved financing as of end-2023



Note: Figures adjusted to avoid double-counting of joint operations with more than one IP; EU guarantee amount only relates to IPs reporting investment mobilised.

Source: DG ECFIN

However, some caution should be exercised in taking these figures at face value. As previously indicated, these figures are based on approvals (given the early stage of the Programme) and as such, represent expectations rather than actual outcomes. Secondly, there is variation across IPs, with the data including both stand-alone and sub-operations for all IPs (where reported) except for the EIB which includes stand-alone operations and framework operations (and thus based on assumptions about future approved sub-projects).[61] Finally, deep dives[62] show that there are variations across IPs in the level of supporting information provided to underpin the calculations of the leverage and multiplier effects. Established IPs often base their assumptions for the multiplier on historical data and provide detailed explanations, while newer IPs tend to lack such specificity.

Governance and implementation structure

The external governance structure is composed of the **Advisory Board**[63] and the **Steering Board**[64]. The Boards meet on a regular (usually semi-annual) basis and allow

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[61] In line with its Guarantee Agreement's reporting requirements, at the approval level the EIB reports the total investment mobilised based on both framework operations and stand-alone operations. Whereas at the signature level, the EIB reports the investment mobilised based on sub-operations and stand-alone operations, aligning with the rest of the IPs.

[62] See ICF Technical Annex – Annex 6

[63] InvestEU website - Advisory Board (https://investeu.europa.eu/investeu-governance/advisory-board_en)

for an effective exchange between the Commission, IPs and MS. The Steering Board was consulted on and/or adopted key InvestEU guidance documents. The Advisory Board reviewed and discussed progress of implementation, policy developments, and issued recommendations to the Steering Board. The high number of IPs adds complexity to the Programme governance and requires collaboration and information sharing between IPs and APs. **Such structured information-sharing and collaboration framework between IPs and APs**, supported by the Commission, is currently ensured through the two compositions (plenary and Member State composition) of the Advisory Board and the bilateral policy review dialogues between the Commission and the IPs and APs.

The **Investment Committee**[65] is the third governance body and has a specific role attributed by the InvestEU Regulation. It is a fully independent body composed of twelve experts and responsible for approving the use of the EU guarantee for financing and investment operations proposed by the IPs. It meets regularly (usually monthly) in four configurations corresponding to the four policy windows. The assessment of proposed operations by the IC forms part of a **two-stage assessment process**: the policy check carried out by the Commission to verify compliance of the operation with Union law and policies[66], and the assessment by the IC, which focuses on (1) additionality, and (2) crowding-in private investment. The IC is well regarded by the IPs, and it could continue to play a role in the next MFF.

Factors affecting the operational efficiency of the InvestEU Fund

Pillar assessment: Even though it is a one-off process, the pillar assessment was noted as being cumbersome and lengthy by most IPs, involving considerable administrative effort and time. Overall, the pillar assessment is seen as burdensome especially for smaller IPs and could be discouraging smaller NPBIs from participating in the Programme.

Investment approval process: The InvestEU's governance framework involves a three-step approval process (the Commission policy check for IPs other than the EIB and the Article 19 consultation procedure for the EIB; the IC approval; and the IP's own internal approval process). This framework enhances oversight and ensures alignment with EU policy objectives, although project promoters and financial intermediaries have flagged the lead time between the submission of request for financing and the contract approval and signature as an issue, as well as overlaps in the information requirements at the policy check and at the IC approval stage. The forthcoming inclusion of the IC in the InvestEU Management Information System (InvestEU MIS) is expected to facilitate and streamline the InvestEU operations' approval process.

Reporting requirements: Most IPs highlight the demanding nature of the reporting requirements, which they find burdensome due to their frequency and complexity.[67] The

[64] InvestEU website - Steering Board (https://investeu.europa.eu/investeu-governance/steering-board_en)

[65]InvestEU website - Investment Committee (https://investeu.europa.eu/investeu-governance/investment-committee_en)

[66] This process mirrors an assessment carried out by the Commission for the EIB financing and investment operations under the framework of the procedure provided for in Article 19 of the EIB Statute.

[67] See Annex V Stakeholders consultations, V.3.1.

InvestEU Regulation foresees three main classes of reporting requirements: operational, financial and risk reporting. In the Guarantee Agreements, additional complementary reporting requirements are also foreseen. Cumulatively, IPs must report to the Commission on a bi-monthly, semi-annual, and annual basis. The IPs do not complain about the need to report but about the disproportionate reporting requirements, as compared to the advantages of the EU guarantee, taking also into account that they have been pillar assessed. In addition, the nature of the reporting can be overwhelming for target final recipients, especially if they are SMEs, making financing less attractive to them,[68] which has to be addressed for the continuation of the Programme.[69] At the same time, the availability of information on the sectors supported by InvestEU, including through SME-related instruments, is important to analyse the impact of the Programme.

Sustainability proofing: Several IPs find the sustainability proofing process which is not fully applicable to support for SME, too burdensome, theoretical and difficult to align with existing practices. Stakeholders deem that sustainability requirements should be adapted to the type of infrastructure projects and stakeholder groups that they apply to.[70]

4.1.1.3 Coherence of the InvestEU and the EU Guarantee

Internal coherence

There are strong links between the Fund and the Advisory Hub, though the Portal's fit within the InvestEU ecosystem needs improvement. Advisory support is crucial for generating quality project pipelines, building client capacity, and developing nascent markets, with clear targets for projects that align with EU policy objectives. In contrast, the Portal has not generated value as a source of pipeline for either the Advisory Hub or the Fund.[71]

External coherence: complementarity between the InvestEU and other relevant EU interventions

InvestEU coexists with other EU instruments addressing investment gaps and complements them in ways that do not cause overlaps but synergies, thus facilitating investments. Those instruments are the RRF, the European Structural and Investment Funds (ESIF), the Innovation Fund, the European Institute of Innovation and Technology (EIT), the European Innovation Council (EIC) and the JTM, as well as other EU programmes through blending operations. The creation of InvestEU as the sole successor to formerly independently managed EU financial instruments and the EFSI in itself facilitates complementarity.

Both the **RRF** and InvestEU are expected to make significant contributions to the green and digital transitions, with aligned priorities. As Member States can and have decided to allocate part of their resources available under the national RRPs as well as ESIF to InvestEU, the Programme ensures a high level of transparency and synergy. In practice, though, the degree of synergies between the two instruments depends on the investment

[68] See Annex V Stakeholders consultations, V.3.2.5.

[69] See Annex V Stakeholders consultations, V.3.2.5.

[70] Idem.

[71] However, this is not an objective defined for the Portal in the InvestEU Regulation.

strategy and the financial product choices of the MS. MS, when choosing to use financial instruments, can either invest part of their RRF/ESIF funds through the MS compartment of InvestEU into dedicated financial products offered by one or several IPs or set up their own financial instruments within the RRF/ESIF, in which case there is a higher degree of competition.

The **Innovation Fund**, which aims at supporting the commercial demonstration of innovative low-carbon technologies, with a focus on energy and industry, targets the commercial demonstration phase of innovative clean technologies. Therefore, it shares its positioning along InvestEU but also its objective of attracting additional public and private resources. However, it does so through grant/ non-repayable support, with so far a limited use of financial instruments that can be made available only through InvestEU blending operations. As foreseen from the outset, it is possible and welcome to combine support of InvestEU and Innovation Fund for a specific operation. The Innovation Fund contributed with a blending operation of EUR 220 million to the EU-Catalyst Partnership alongside a EUR 200 million non-repayable component from Horizon Europe, which will help the EIB to increase the firepower of its Green Transition thematic product deployed under InvestEU.

The **EIT** and the **EIC** instruments established under Horizon Europe are complementary to InvestEU as they aim to expedite the ecosystem development and uptake transition of innovation to the market, transform research into products and services, enable companies to reach the development stage, and facilitate private market based and InvestEU supported investments. EIT, EIC, and InvestEU products collectively cover different stages of a company's lifecycle, from pre-seed to growth and expansion. In particular, InvestEU covers all development stages, from start-up, to early growth and to scale-up, with both equity and debt products, while the EIC focuses on the early stages and on companies not yet fully investable by other investors and delivers direct equity products combined with grants. EIT Knowledge and Innovation Communities (KICs) can provide funding for business creation activities and facilitate access to investment initiatives, focusing on early-stage startups and innovative projects.

Mapping InvestEU, EIC and EIT products could show complementarity and help identify any potential gaps or areas of overlap. In particular, in Europe there are gaps in providing growth financing beyond the current EUR 15 million limit for EIC Fund investments, i.e. for equity and debt. Under InvestEU there are no such limits and relevant financial products are available. There are however certain bottlenecks such as the lack of ability of fund managers and market appetite to invest early, i.e. pre-seed capital in deep tech, which would need to be better addressed. Bridges could be built to facilitate, as necessary, the access of the EIC Fund’s beneficiaries to follow-up funding supported by InvestEU.

The InvestEU Programme incorporates and delivers on **cohesion policy objectives** in different ways:

- The **JTM** is a key element of the European Green Deal. It aims to support EU territories most affected by the transition towards climate neutrality by providing them with tailored support. JTM consists of non-repayable funds (grants) and financial instruments from the Just Transition Fund, of repayable and combined instruments from the JTS under InvestEU, and of the combination of EU grants and the EIB own resources loans under the Public Sector Loan Facility. InvestEU can support investments in the framework of approved Territorial Just Transition Plans. The JTS under InvestEU expects to mobilise EUR 10-15 billion for projects in identified territories or benefiting their transition. The investments supporting just transition backed by InvestEU amount to EUR 1.5 billion as of end-2023.

- The capacity of financial products proposed by potential IPs to contribute to cohesion policy objectives is an important element in the evaluation and selection of the InvestEU IPs. On this basis, several IFIs and NPBIs were selected that are exclusively active in cohesion countries. Such partners include the EBRD, BGK, NRB, Garantiqa, and BPF.
- The possibility to use part of the resources provided under the European Structural and Investment Funds for InvestEU by means of MS compartments opens an additional avenue to use the Programme explicitly for cohesion policy objectives. Finland, Czechia, Bulgaria and Malta have so far made use of this possibility.

The policy alignment between InvestEU and **ESF+** is very high and the funding instruments available under the two programmes are complementary. InvestEU complements the funding offered by the ESF+ through EU level financial instruments and by stimulating additional public and private investments in the social area, including in social infrastructure, and skills that could not be mobilised by ESF+ alone.

InvestEU supports the EU's social investment in areas of education through the financing of students, learners, enterprises investing in workforce skills as well as of education providers, and additional social service providers. It also supports education infrastructures thus creating potential synergies and complementarities with the **Erasmus+** programme.

Finally, InvestEU has synergies with several other EU programmes through **blending operations**. The following EU sectoral programmes made contributions through blending top-ups to the financial products of the EIB Group: Horizon Europe, EU4Health, Digital Europe, European Space Programme, European Maritime Fisheries and Aquaculture Fund, Creative Europe, and European Defence Fund. This increases the InvestEU firepower in areas of high priority and strong market demand. Linked to these blending top-ups, policy DGs (e.g. DG MARE[72] and DG DEFIS[73]) often run capacity building initiatives and match-making platforms. These are highly thematically focused and run separately from the Advisory Hub and Portal.

Such blending operations enhance the InvestEU's support in specific policy areas. However, they also raise some challenges. In particular, more restrictive eligibility criteria than in InvestEU can constrain its deployment. Therefore, eligibility criteria for top-ups of InvestEU products, should be fully aligned with the eligibility criteria of

[72] Maritime Forum - BlueInvest (https://maritime-forum.ec.europa.eu/theme/investments/blueinvest_en)

[73] Cassini initiative (https://www.cassini.eu/cassini-initiative)

InvestEU. Moreover, a careful balance needs to be found between the wish to have a policy steer as familiar for grant allocations and the requirements of the partnership under InvestEU which is implemented in indirect management based on the IPs' own internal rules and where IPs and the private sector also need to make meaningful financial contributions for the Programme to deliver.

4.1.2. How did the EU intervention make a difference and to whom?

This section analyses the impact of the EU intervention through the InvestEU Fund particularly examining the added value compared to actions at national or regional levels. It assesses the difference made by the EU intervention and its significance to various stakeholders.

The EU added value of the InvestEU Fund and the EU guarantee is significant and manifest in a wide range of aspects:

- **Multi-country operations**;
- A **combination of advisory and financing**, which NPBIs / MS are typically not able to provide;
- The diverse **range of products** offered by IPs under the Programme that MS alone are unable to provide, such as sustainability guarantees, innovation and digitalisation guarantees, as well as cross-border equity funds, specific technologies and areas relevant for the EU's strategic autonomy;
- **Enhancement of the risk-taking capacity of IPs**;
- Development of **common standards among IPs**, e.g., on additionality and sustainability proofing; and
- The benefits of **MS compartments** to address specific national needs, such as higher guarantee rates, lower collateral requirements and the support of investments that would be difficult to finance through financial institutions without the coverage by the Union guarantee.

4.1.3. Is the intervention still relevant?

This section considers the ongoing relevance of the InvestEU Fund in addressing the needs corresponding to the Programme's objectives, taking into account the evolving economic landscape and the needs of potential final recipients.[74]

As flagged in the introduction of this report, some lingering market failures and suboptimal investment situations justify the intervention under the InvestEU Programme and its relevance going forward. Indeed, the InvestEU Fund must adapt to evolving needs and geopolitical shifts, especially as investment obstacles and financing gaps for SMEs, and investment gaps in R&D investment, digital infrastructure and technologies, green transition, sustainable infrastructure, and social sectors remain.

[74] See Annex VI – EU Investment Needs and Policy.

Regarding financing gaps and investment obstacles for SMEs, recent trends have shown a worsening situation as the EU 2023 SAFE survey[75] indicates a decline in bank loan availability for SMEs. The ECB Bank Lending Survey[76] also highlighted a rise in loan rejections for SMEs since 2022, along with rising interest rates and lower fixed investment leading to a decrease in loan demand. Additionally, European firms struggle more with scaling up than their US counterparts, partly because of smaller venture capital funds and a fragmented market that, along with regulatory challenges, impairs cross-border investment and expansion.

Looking at R&D and digital infrastructure, both SMEs and large companies in the EU have underperformed compared to their US counterparts, mainly due to a technology gap. A McKinsey study[77] warns that Europe risks losing EUR 2-4 trillion in annual corporate value by 2040 if it continues to trail the US and China in key technologies, such as AI. From 2020 to 2023, EIB investment reports pinpoint an annual R&D shortfall of EUR 109 billion within the EU, attributed to market failures like uncertainty and financial limitations. Notably, research reveals that EU firms are falling behind US companies in R&D intensity, especially in sectors like technology hardware, software, and healthcare equipment, with EU investments heavily skewed towards industries with medium to low R&D intensity. In contrast, the US excels in high-tech sectors. Furthermore, the Commission's Digital Decade Policy Programme 2030[78] underscores an investment gap of at least EUR 174 billion needed for digital infrastructure, despite potential synergies in rolling out Fiber to the Premises (FTTP) and 5G networks.

Very large investment gaps remain also in the sector of green transition and sustainable infrastructure as the *Fit for 55* impact assessment[79] estimated additional annual investment needs of EUR 312-377 billion (including transport) for 2021-2030 to meet the climate targets. The Commission impact assessment in support of the Communication on Europe’s 2040 climate target[80] estimates that the average annual investment in the energy system, excluding transport, will need to increase to about EUR 660 billion per annum in 2031-2050. This represents an increase compared to the low levels of energy system investment in 2011-2020, rising from 1.7% of GDP in 2011-2020 to 3.2% in 2031-2050. In the transport sector, annual investment is expected to increase to about EUR 870 billion, but to remain broadly constant as a share of GDP, at around 4.2%. Market failures include high R&D sunk costs and spillover effects.

The European Long-Term Investors Association (ELTI) identified an annual social infrastructure investment gap of EUR 100-150 billion and represents a total gap of over

[75] Survey on the Access to Finance of Enterprises (https://single-market-economy.ec.europa.eu/access-finance/data-and-surveys-safe_en#results-2023).

[76] Euro area bank lending survey (https://www.ecb.europa.eu/stats/ecb_surveys/bank_lending_survey/html/index.en.html).

[77] McKinsey, Accelerating Europe: Competitiveness for a new era, 2024 (https://www.mckinsey.com/mgi/our-research/accelerating-europe-competitiveness-for-a-new-era).

[78] European Commission, Europe’s digital decade: 2030 targets; (https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030_en)

[79] SWD (2020) 176 final (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020SC0176)

[80] COM(2024)63 - Securing our future Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society.

EUR 1.5 trillion in the period 2018-2030. The estimated current annual investment of around EUR 170 billion is deemed insufficient to meet the needs driven by demographic change and technological advances.

Therefore, investment levels need to be scaled up significantly and quickly to meet the policy objectives and societal needs mentioned above. More precisely, to meet Europe's net-zero targets, maintain competitiveness, and ensure a secure future, annual investment must increase by at least 25% compared to current levels, reaching an amount in the order of EUR 5 trillion per year between now and 2030. By effectively mobilising and channelling these funds from diverse sources, Europe can meet its significant investment needs. Capital is available to achieve this scale of investment. For example, the total assets held by EU banks amounted to EUR 40.8 trillion in 2021,[81] EUR 32.2 trillion[82] in assets were managed by EU-based fund managers and institutional investors at the end of 2021 and European households and non-profit institutions held EUR 11.4 trillion[83] in cash and bank deposits in 2022.

In this context, InvestEU's portfolio of activities and products is highly appropriate for addressing the investment needs and mobilising capital in the EU. The guarantee allocation between windows reflects the objectives and needs of the Fund. The range of products deployed under the InvestEU Fund addresses those market constraints and the diversity of needs across sectors and EU MS. Recent reports, such as the Letta report,[84] reinforce the relevance and appropriateness of the InvestEU products and investments. There is a significant demand for the InvestEU Fund products, underscoring their relevance and necessity in the current economic and geopolitical landscape.

The market-based approach of the Programme, implemented in indirect management by IPs sharing risks and contributing to the Programme, allowed addressing EU policy priorities while aligning interests and leveraging private sector finance. In addition to the eligibility requirements set in the legal base and the Investment Guidelines, policy steer was effectively delivered by regular policy review dialogues. Nevertheless, it has proven more challenging to invest in and support certain policy areas, such as biodiversity and defence, due to the lack of market demand or the internal rules of the IPs.

However, all stakeholders unanimously share the perception that the amount of the InvestEU guarantee does not match the EU's policy ambitions. Given the strict NGEU deadline which resulted in accelerated approvals as well as the high demand for InvestEU regarding some products, there is a risk that IPs (especially the EIB Group) may not be able to offer some of the financial products to the market towards the end of the current MFF. The issue is on the radar of the InvestEU governance bodies, and some solutions have already been offered, such as the recommendation by the Advisory Board to use the

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[81] European Banking Federation: Banking in Europe: facts and figures, 2022 (https://www.ebf.eu/factsandfigures/).

[82] European Fund and Asset Management Association, Our industry in numbers (https://www.efama.org/index.php/about-our-industry/our-industry-numbers)

[83] EUROSTAT, Households - statistics on financial assets and liabilities, (https://ec.europa.eu/eurostat/statistics-explained/SEPDF/cache/57942.pdf)

[84] Letta, Much more than a market, 2024; (https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf)

MS compartments to support investments in line with REPowerEU and the Green Deal Industrial Plan. Other options to avoid discontinuation of financial products due to lack of guarantee capacity should also be explored.

4.2. THE INVESTEU ADVISORY HUB

The evaluation of the InvestEU Advisory Hub involves analysing the success of its intervention in providing advisory services to support investment projects, assessing its impact on stakeholders, and determining its ongoing relevance in aligning with the EU's objectives for stimulating investment and economic growth.

4.2.1. To what extent was the intervention successful and why?

The InvestEU Advisory Hub is a demand driven, flexible and agile tool built on the previously recognised and effective advisory support initiatives, such as the EIAH. As it is close to the demand, it is able to adjust rapidly to address new needs, such as those stemming from the consequences of Russia's war of aggression against Ukraine. Moreover, as the APs implementing the advisory support actions are usually also IPs, the advice provided is more suited to enhance the quality of the implementation of financial products and project pipeline building.

A comprehensive analysis of the Advisory Hub's effectiveness is not yet feasible due to its **early stage of implementation.** A large majority of the Advisory Hub assignments are currently in progress or in the pipeline, with only a small proportion completed and a relatively low budget utilisation for most APs.

However, as with the Fund, the impact potential is there. Beneficiaries are satisfied with the quality of services, while KPIs on the potential of assignments to generate projects eligible for the InvestEU Fund financing show strong alignment with InvestEU priorities and expected mobilisation of financing. The Advisory Hub has been **effective in targeting key sectors and policy areas that are aligned with the InvestEU eligibility and the EU policy priorities.**

4.2.1.1 Effectiveness of the InvestEU Advisory Hub

The specific mandate of the InvestEU Advisory Hub, as per Article 25 of the InvestEU Regulation, aims at providing MS, local authorities, and private project promoters advisory support for investment projects.

With limited availability of data (in numbers of assignments and in the number of KPIs/KMIs) due to the Advisory Hub's early stages of implementation, it is not yet possible to undertake a complete analysis of the Advisory Hub's effectiveness. Indeed, most assignments are currently in progress or in the pipeline, with only a small proportion completed and a low budget utilisation for most partners. Additionally, there is a time lag in observing the outcomes and impacts for the completed assignments.

However, with the data currently available, it is possible to draw some preliminary conclusions.

The InvestEU Advisory Hub as a single-entry point for advisory services in the EU

The Advisory Hub provides a central point of entry hosted by the Commission for project promoters and intermediaries seeking advisory support and technical assistance (TA) and connects them with APs. Depending on the facilities, TA can be provided directly in the form of advisory services, or through a grant which the beneficiary uses to cover its internal costs (e.g. staff) and the required external expertise (specialist consultants to be procured).

The Advisory Hub is functioning effectively as a single-entry point for advisory services and TA provided by seven APs. The InvestEU Advisory Hub website acts as a good access point with 15 000 to 16 000 unique visitors each year, and requests systematically exceeding milestones. Requests received by the Advisory Hub where systematically assessed on whether these could be covered by the InvestEU Advisory Hub as well as other existing programmes and signposted the beneficiaries to the most appropriate support.

The InvestEU Advisory Hub's impact on investment generation

The Advisory Hub enhances the InvestEU funding deployment mainly through project-specific advisory services to prepare the pipeline for the InvestEU Fund but also through training aimed at increasing the capacity of the financial intermediaries to provide InvestEU financing, including via specific tools aimed at facilitating the lending process.

Key initiatives to date include the Green Eligibility Checker by the EIB[85] which helps applicants evaluate eligibility and manage impact reporting, streamlining the financing application process and ensuring transparency. The EIF also offers technical assistance and tools such as a Sustainability Guarantee Tool and a Green Guide for Fund Managers and Social Inclusive Finance Technical Assistance (SIFTA)[86] along with the development of a helpdesk to assist financial intermediaries with eligibility questions.

Besides generating investments in the scope of supporting the InvestEU Fund, the advisory services are:

- Supporting project development in the field of emerging technologies, such as hydrogen and sustainable aviation fuels; and
- Supporting renewable energy projects, such as assisting the preparation of the 10-gigawatt auction for floating offshore wind farms in Portugal, aid for decarbonisation of energy supply on Greek islands, and facilitating the development of battery energy storage systems in Bulgaria.

The data available at present on the volume of investment and grants mobilised shows that 44 assignments from three APs could potentially mobilise EUR 3.7 billion worth of investment, predominantly in mobility and sustainable infrastructure (72% of the mobilised investment), and one Partner could potentially mobilise EUR 3.56 million in grants corresponding to seven assignments. This demonstrates a significant return on the

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[85] Green Gateway – EIB (https://greengateway.eib.org/index.htm)

[86] InvestEU Advisory Hub, Social Inclusive Finance Technical Assistance (SIFTA) (advisory.eib.org/about/service/social-inclusive-finance-technical-assistance.htm).

advisory budget, indicating the Advisory Hub's effectiveness in supporting viable projects.

As a whole, 2.2% of Bpifrance's, 8.3% of the EIB's and 94.3% of CDP's completed advisory assignments have contributed to mobilised investments so far. This underscores the Advisory Hub's capacity for generating value and fostering the expansive investment environment associated with the InvestEU Programme. Furthermore, the investments mobilised substantially exceed the advisory budgets allocated to this policy area which highlights the effectiveness of the support.

Sectoral outreach of the InvestEU Advisory Hub's services

The InvestEU Advisory Hub has demonstrated commendable effectiveness in channelling advisory support to most key sectors and policy areas that are crucial for the advancement of the EU's strategic objectives, as delineated by the InvestEU eligibility criteria and the EU policy priorities. It is offering several advisory initiatives targeting green areas (e.g. Circular Economy, sustainability proofing support, Green Checker, Biodiversity and Nature Based Solutions advisory initiatives) in order to prepare and mainstream such type of project investments. Moreover, it also gives access to the Green Assist initiative performed by CINEA.

On top of undertaking a range of advisory initiatives to build institutional capacity for green investments, a substantial 82% of advisory support were directed to the key policy priorities of InvestEU, i.e.: (i) energy, (ii) mobility, (iii) sustainable infrastructure, (iv) social investments, and (v) assistance to SMEs and small mid-caps. These sectors are not only of high policy relevance but also representative of the EU's commitment to sustainable development, innovation, social resilience and competitiveness. The analysis of the KPI indicator on the number of assignments that are contributing towards the core EU objectives and policies further supports the policy significance of the Advisory Hub support.

Financial commitment towards these eligibility areas is robust, with 88% of the budget utilisation being allocated to them, indicating a deliberate focus on these high-impact sectors.

The EIB, as the principal provider of support through the Advisory Hub, has been comprehensive in its coverage, addressing all policy areas to varying degrees. Moreover, across various APs, there is a significant emphasis on climate action, cohesion policy, and digital transformation – core pillars of the EU's long-term strategic vision such as the transition to a green economy, fostering regional development, and embracing the digital transformation.

Geographic outreach of the InvestEU Advisory Hub

The InvestEU Advisory Hub should actively pursue geographic diversification in alignment with the Union's objectives of economic, social, and territorial cohesion, taking into account the expertise and capacity of local IPs.

The effectiveness of the Advisory Hub's geographical spread can be primarily evaluated by examining the distribution of its advisory assignments across the EU MS and the corresponding budget utilisation. Despite efforts undertaken to attract NPBIs across the

EU and the Advisory Hub's mandate to support all 27 MS, there is a notable concentration of advisory services in France and Italy accounting for 75% of the assignments and 31% of the budget, mainly due to the NPBI advisory service offer from the two MS.

This imbalance highlights the need to support the capacity building of NPBIs across the Union, as so far only the larger, more established NPBIs have been active in seeking and securing direct advisory partnerships.

The second call for expression of interest for the InvestEU Advisory Hub was especially designed to attract new NPBIs by limiting the budget to existing partners and providing favourable assessment criteria to newcomers. Moreover, to enhance the geographical spread and effectiveness, initiatives by the IFIs, like the EIB, CEB and EBRD covering more MS are crucial and necessary to reduce concentration, as they focus on capacity building for smaller NPBIs and support for cohesion regions.

4.2.1.2 Efficiency of the InvestEU Advisory Hub

Adequacy of budgetary allocation

By the end of 2023, 18% of the total advisory budget (EUR 69.8 million) had been utilised for 844 assignments (ongoing or completed), with all the APs having utilised 33% or less of their budgeted allocation (apart from CDP with 79%).

Table 4 – InvestEU Advisory Hub budget utilisation

Advisory Partner	Date of AA signature	Budget allocation* (EUR)	Budget utilisation** (EUR)	Number of ongoing & completed assignments	Budget utilisation as % of allocation
Bpifrance	27 Jul 22	10,135,896	3,377,798	449	33%
CDC	22 Nov 22	5,000,000	38,004	3	1%
CDP	04 Jul 22	5,000,000	5,277,276***	120	79%
CEB	26 Jan 23	8,090,270	1,133,000	4	14%
CINEA	28 Aug 21	20,000,000	321,000	9	2%
EBRD (incl. MS-C)	09 Feb 23	60,230,000	3,244,389	75	5%
EIB (incl. top-up)	04 Mar 22	265,900,000	56,444,108	184	21%
Grand Total		**374,356,166**	**69,835,574**	**844**	**18%**

**Estimated EU contribution based on signed Advisory Agreements, including top-ups and MS-C contributions.*
***Based on the total amount of the forecasted value of all competed and ongoing assignments.*
****The budget utilisation figure could exceed the allocated EU budget as APs (and sometimes beneficiaries) are also cost-contributing to the final value of the advisory assignment budget.*

Source: DG ECFIN

The budget allocation for the EIB (72% of total allocation) for the period 2021-2024 includes several top-ups from other EU programmes, and resources from the Public Sector Loan Facility. Over the period 2021-2027, the EIB is expected to implement at least 75% of the InvestEU advisory budget.[87] Although there is little information to judge the overall demand for Advisory Hub support, as the situation currently stands, **the budgetary allocation appears to be appropriate** (Table 4), although the number of assignments is expected to grow at a steady rate and the demand under some advisory initiatives is higher than for other.

Most APs have utilised the majority of their budget towards project advisory (accounting for 54% of the total budget utilisation across all partners) except for CEB whose assignments have primarily focussed on market development and EBRD that has directed most of its support towards capacity building.

Governance and associated costs

The Advisory Hub aims to increase efficiencies and avoid overlaps by centralising a number of former advisory programmes and widening the scope of intervention under the InvestEU Programme (see section 2.1 above). The Advisory Hub initiatives cover several types of advisory activities across sectors. In doing so, they have absorbed several EU-funded advisory programmes from the previous MFF.

The Commission has the responsibility for managing the Advisory Hub in terms of budget and acts as the central request register and reporting centre. This has created a new governance framework. While this increase in scope presents an opportunity for increasing efficiency, it also creates some complexity while applying a standardised approach across the different types of advisory initiatives. The intention is that returns to the widened scope should prove positive over time.

Visibility and communication efforts

The InvestEU Advisory Hub is benefiting from the overall InvestEU Programme visibility and communication efforts. In addition, the APs are undertaking their own promotional activities, raising awareness about the advisory support offer and potential benefits in supporting the investment projects. Such communication efforts are aligned with the Commission rendering the visibility and promotion activities more efficient and cost-effective.

4.2.1.3 Coherence of the InvestEU Advisory Hub

Internal coherence of the Advisory Hub

The InvestEU Advisory Hub was designed as an entry point with all incoming requests centralised and analysed with a view to ensure complementarity with existing technical assistance and advisory programmes and to avoid duplication of funding and work. As demonstrated in the section on effectiveness, this goal has been reached and the performance of the Advisory Hub in playing a key role in supporting the deployment of the Fund has been quite successful, notably thanks to the Advisory Hub's support to pipeline-building activities.

[87] A budgetary envelope of EUR 430 million has been dedicated to advisory support, the Portal and other accompanying measures.

Moreover, the Advisory Hub is nurturing investment eco-systems in several key areas, for instance:

- The EIB Advisory Hub, working closely with the EIF, provides interested mandators a tailored support to foster the growth of the financial ecosystem investing in digital innovation across the EU.
- Through bilateral technical assistance, the Advisory Hub provided support to NPBIs in Finland, Slovenia, Croatia and is currently providing support to ICF in Spain, on accelerating technology transfer in their markets, enabling new investments and eventually spin offs to market.
- The EIF is developing a more structured approach to support first time funds.
- The EIF and the EIB Advisory Services have delivered several market development activities in a wide range of thematic products supported by InvestEU and with a significant impact on the market.

However, the awareness among project promoters on the Advisory Hub and the InvestEU Programme could benefit from improved visibility and promotion efforts.[88] There is also scope for developing synergies between the EU funded advisory support activities (e.g. InvestEU Advisory Hub and EIT), particularly in ecosystem building.

4.2.2. How did the EU intervention make a difference and to whom?

Compared to actions at national or regional levels the Advisory Hub is adding value particularly through the unique level of expertise it provides via several advisory initiatives and assignments across the seven partners, while maintaining close links to local contexts. The EU's involvement in the Advisory Hub is facilitating the provision of advisory support, which was highly valued by recipients of advisory support through the predecessor programmes particularly through the EIAH. The expertise provided by the EIAH or the EIB services was highly, or very highly valued by recipients, and the Advisory Hub/EIB/EU involvement gave credibility to the results from the assignments, enhancing their future implementation and access to finance.

The evaluation of the Advisory Hub demonstrates that the EU's involvement adds value through the provision of unique expertise, credibility to the results, and the ability to target services specific to the needs of the recipient. The wide geographical coverage and complementarity among the APs contribute to the added value of the EU intervention. However, it is noted that the EU added value of NPBI's advisory initiatives may be limited if it continues to be available only in a very limited set of MS, and there is potential to further leverage the expertise and knowledge of all APs.

4.2.3. Is the intervention still relevant?

The evaluation considered the ongoing relevance of the InvestEU Advisory Hub in addressing the needs corresponding to the Programme's objectives, taking into account the evolving economic landscape and the needs of potential beneficiaries.

The critical role of the advisory services in building investment pipelines and ecosystems has been established by several evaluations (e.g. a recent synthesis of 39 past evaluations

[88] See Annex V – Stakeholders consultations, V.4.7.

of advisory support[89]). Project advisory services significantly increase the likelihood of project success, especially in the green energy and infrastructure sectors, according to studies by the EIB. The Advisory Hub did so by:

- Improving the quality of project documentation and design;
- Accelerating approval of major projects;
- Contributing to a smoother implementation;
- Aligning better with EU policy priorities;
- Embedding into wider sectoral or spatial development strategies (while still being locally relevant); and
- Making projects bankable through providing expert guidance on structuring, financing, and implementation.

Additionally, direct organisational benefits and unlocked investments for new or innovative sectors appear thanks to the Advisory Hub's:

- Capacity building, which has a high leverage effect as it fosters long-term institutional development and enhances the skills of local stakeholders; and
- Market development advice, which assesses and identifies solutions to investment gaps and barriers, especially in emerging sectors like the blue economy.

The Advisory Hub covers all advisory activities, as of end-2023, project advisory accounted for 77% of all assignments (54% of budget utilisation), capacity building for 19% (33% of budget utilisation) and market development activities for 4% (14% of budget utilisation).

The final recipients of the Advisory Hub assignments (Table 5) include:

- SMEs, with 535 out of 844 (63%) advisory assignments, constitute the largest number of recipients, while their share of the total budget utilisation is comparatively low, at 13% (EUR 9.1 million). This is due to the vast majority of the SME support being delivered by Bpifrance through smaller support initiatives (84% of all assignments targeting SMEs, with an average size of EUR 7,523).
- Public authorities, with about half of the budget utilisation (49%; EUR 34 million). Their average size is EUR 182,667, over ten times higher than for SMEs. Public authorities benefit from both project advisory support and capacity building initiatives.
- Private corporates account for 14% of the advisory portfolio (120 assignments) and 36% of the budget utilisation (EUR 25.2 million). The average size of an advisory assignment targeting corporates is EUR 209,621. Like public authorities, they typically benefit from both project advisory support and capacity building initiatives.
- The Commission services tend to request Advisory Hub support focussed on market and pipeline development to identify market failures and suboptimal investment situation, and thus better target the InvestEU financing to a given sector.

The seven APs have developed an extensive, differentiated range of advisory initiatives:

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[89] EIB, Evaluation of EIB advisory activities in the European Union, 2023 (https://www.eib.org/attachments/lucalli/20230211_evaluation_of_eib_advisory_activities_in_the_eu_en.pdf)

- NPBIs and CINEA mainly offer project advisory support, with some capacity building;
- The EIB, EBRD and CEB provide comprehensive support across all areas;
- Bpifrance's and CDP's assignments have focussed on many small activities;
- Most APs provide support to both corporates and public authorities;
- CDP's and CDC's recipients are public authorities;
- The majority of the EIB's support (57% of assignments) has been targeted to corporates, whereas the EIB support overall accounts for 88% of all support provided to corporates; and
- EBRD's and Bpifrance's project recipients are primarily SMEs.

Table 5 - Breakdown of InvestEU Advisory Hub assignments by type of final recipient

Type of final recipient	No of assignments	Budget utilisation (EUR)	Assignments (%)	Budget utilisation (%)	Average size (EUR)
SMEs	535	9 139 705	63%	13%	17 084
Public authorities	188	34 341 372	22%	49%	182 667
Corporates	120	25 154 497	14%	36%	209 621
Commission services	1	1 200 000	0,1%	2%	1 200 000
Total	**844**	**69 835 574**	**100%**	**100%**	**82 744**

Source: DG ECFIN

Moreover, the process of providing InvestEU advisory support is working well. Overall, feedback from the Advisory Hub recipients towards the service delivery point to high levels of satisfaction, by meeting their specific needs and expectations, receiving high quality services with helpful methodologies, analytical tools, and trainings on various advisory topics, and being involved in the process which contributed to an improved cooperation within the organisation itself and solidified the understanding of the core concepts and processes part of the advisory support.

The central entry point is a useful information tool, for those looking for information on the Advisory Hub, including potential clients who may subsequently directly approach APs. Yet, it has limitations in how much detail it can cover of the entire spectrum of advisory services and increase the visibility of the Advisory Hub in its own right. Indeed, the central entry point provided limited value as a source of advisory engagements and as a vehicle in reinforcing the value and relevance of the Advisory Hub. By the end of 2023, the Commission had received 532 requests via the dedicated webpage offering guidance, resources, and contact information. Of these, 472 (89%) were signposted, whereas the remaining 60 requests were allocated to APs. **Most of the advisory assignments are directly originated by the APs** who are closer to the market, and to project promoters, seeking financing for their investments and have a better understanding of their advisory needs.

Finally, the relevance of the Advisory Hub could be better communicated and reinforced to showcase its value, through better awareness of the entire spectrum of the Advisory

Hub beyond brand recognition, as it is not well known by potential recipients or IPs beyond certain initiatives, such as ELENA. Some recipients, interviewed as part of the deep dives, were of the view that the scope of the InvestEU advisory services could have been more clearly communicated and it was difficult for potential recipients to ascertain the actual scope of advisory services.

4.3. THE INVESTEU PORTAL

The InvestEU Portal serves as a vital tool for promoting access to finance and investment opportunities within the EU. This section assesses the effectiveness of the InvestEU Portal, its impact, and its continued relevance.

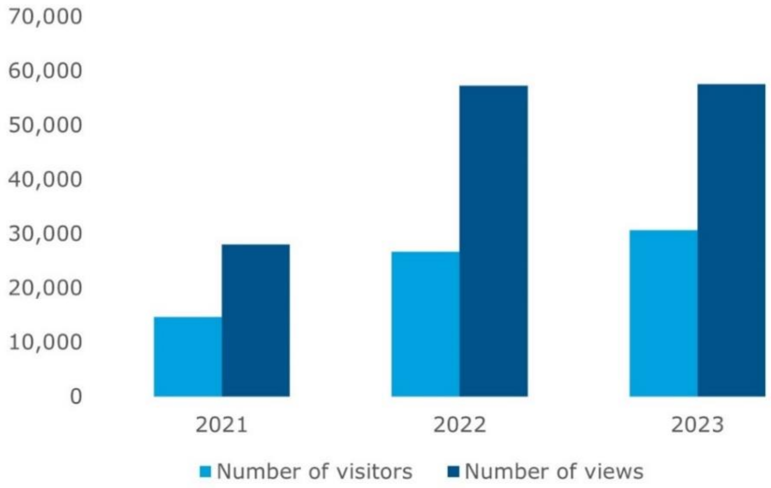
4.3.1. To what extent was the intervention successful and why?

This section evaluates the InvestEU Portal's objectives, including its effectiveness in providing visibility to project promoters to promote their projects to potential investors, its efficiency in terms of resource allocation and facilitation of project matchmaking between project promoters and investors as well as its coherence with the EU policies and priorities.

4.3.1.1 Effectiveness of the InvestEU Portal

The InvestEU Portal is an accessible and user-friendly online database that presents comprehensive information on a variety of projects. It acts as a platform for project promoters to display their initiatives to prospective investors, seeking financial support. It is important to note that the presence of a project on the InvestEU Portal does not guarantee it will be selected for support under the InvestEU Regulation or any other EU funding programme, nor does it secure public funding. To be eligible for listing on the Portal, all projects must be in compliance with the EU legislation and policies.

Figure 13 - Number of visitors and views up to end-2023



Source: DG ECFIN

The InvestEU Portal has contributed to improving the visibility of available investment projects in the EU among the global investor community. As shown in Figure 13, the number of the InvestEU Portal visitors has continued to grow over time (30,705 in 2023 vs. 14,694 in 2021 and 26,730 in 2022). Similarly, the number of projects registered to the InvestEU Portal (1,536 in 2023) significantly increased since 2021 (358).

The InvestEU Portal's effectiveness cannot be fully evaluated yet due to limited data and the early phase of its operation. User experiences, largely derived from a survey with a low response rate, show mixed perceptions; project promoters have reservations about increased visibility, while investors are more optimistic.

Around 6% of the published projects received funding, and while this is not the sole measure of the Portal's success, it suggests that other variables, such as project quality and investor interest, play significant roles. Furthermore, the data may not yet capture all successes due to reporting delays. Matchmaking events have been well-received[90], indicating some positive impact, but overall, the Portal's influence on project quality and its efficiency as a tool for investors remain unclear, pointing to the need for more active management and engagement strategies to improve its effectiveness.

4.3.1.2 Efficiency of the InvestEU Portal

The resources allocated to the InvestEU Portal have been relatively limited, which may have impacted the platform's ability to fully meet expectations. Successful activities, such as partnerships and matchmaking events, do require significant financial resources for optimal performance. Estimates gathered in this evaluation provide valuable insights into the Portal's efficiency.

Human resources within DG ECFIN managing the InvestEU Portal amount to approximately 2.2 FTEs. The estimated cost per event, primarily organised in partnership with the European Business Angels Network (EBAN), ENRICH, and EuroQuity (managed by Bpifrance), ranges from approximately EUR 30 000 to EUR 35 000 per year.

Despite the efforts, the Portal is not very visible to potential investors or project promoters, even among those that benefited from the InvestEU Fund or Advisory Hub. Indeed, the project promoter survey revealed that one-third of the project promoters that benefited from the InvestEU Fund were not aware of the Portal services.[91] Similarly, investors agreed that the Portal is not a well-known tool among the investor community.[92]

Figure 14 shows the channels through which project promoters and investors were made aware of the Portal, according to their answers to the 2021 and 2024 iterations of the survey.[93] The Commission's website remains an important communication channel,

[90] See thematic case study on matchmaking/pitching events organised by the InvestEU Portal in annex 6.8 of the ICF report.

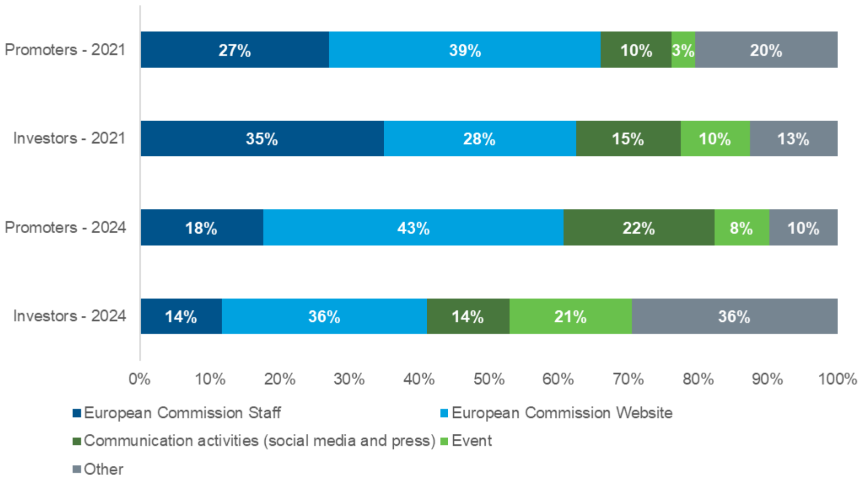
[91] ICF Project promoters survey (N=38): 34% of respondents unaware of the Portal; 18% had only heard of the Portal. Of those that were aware of the Portal, only 16% (n=4) had used it.

[92] 86% of investors said that the InvestEU Portal is not a well-known tool among the investor community to search for investment opportunities (European Commission project promoters and investors survey 2024: No of respondents: 57 project promoters and 14 investors).

[93] 'Where did you hear about the Portal?': the category 'Communication activities (social media and press)' includes the press, LinkedIn, Facebook and Twitter, and excludes InvestEU communication activities, as that option was not present in the 2021 survey (European Commission project promoters and investors survey 2024: No of respondents: 57 project promoters and 14 investors).

while the role of Commission's staff, predominant in the early life of the Portal, has decreased over time. Communication activities seem to have grown as a driver of awareness of promoters, which is evidence of the successful outcome of these activities. On the other hand, events and 'other' channels, which may include word of mouth, are increasingly significant communication channels for potential investors. According to the Portal's partners, there is room for improvement in promotion strategies, such as diverse activities and events to engage a wider set of investors and project promoters.

Figure 14 - Communication channels – survey responses, end-2021 vs start-2024



Source: DG ECFIN surveys of project promoters and investors registered on the Portal

4.3.1.3 Coherence of the InvestEU Portal

Internal coherence of the Portal

Internal coherence in the context of the InvestEU Portal centres around the extent to which there were opportunities for the Portal to develop synergies and complement the work of the InvestEU Fund and the InvestEU Advisory Hub.

While there are strong links between the InvestEU Fund and the Advisory Hub, the Portal's integration within the InvestEU ecosystem needs improvement as most notably, the Portal was not intended to provide projects for the Fund's pipeline, mainly due to the predominantly small size of the projects published on the Portal falling below the minimal loan or equity participation thresholds offered by the IPs. Furthermore, the information provided on the Portal's listed projects raising investments currently relies on voluntary communication of such information by the companies or their investors.

External coherence of the Portal

External coherence in the context of the InvestEU Portal refers to the extent to which the Portal was able to identify and develop mutual cooperation agreements with similar EU-level and national-level initiatives. Compared to similar initiatives at the EU level, the Portal does not overlap, but offers complementary services, or caters to complementary target groups.

4.3.2. How did the EU intervention make a difference and to whom?

This section analyses the impact of the EU intervention through the InvestEU Portal, particularly examining the added value compared to actions at national or regional levels. It assesses the difference made by the EU intervention and its significance to various stakeholders.

The InvestEU Portal's EU added value emerges in its EU-wide scope and unique features compared to other platforms. Despite the Portal's limited effectiveness in enhancing the visibility of projects, the EU-wide coverage is recognised as a major advantage by project promoters and investors. The ability to reach a broad audience across the EU, facilitated by the Portal, would be challenging to achieve at a national or regional level. While other platforms may have more targeted sectors and audiences, the Portal aims to be broader in scope, providing access to a diverse range of projects and opportunities across the EU. These factors collectively highlight the EU's added value in promoting cross-border collaboration, investment opportunities, and leveraging resources to maximise the impact of the InvestEU Portal.

4.3.3. Is the intervention still relevant?

The evaluation also considered the ongoing relevance of the InvestEU Portal in addressing the needs corresponding to the Programme's objectives, taking into account the evolving economic landscape and the needs of potential beneficiaries.

The InvestEU Portal, as a key component of the InvestEU Programme, plays an important role in facilitating the alignment of project promoters and investors. This evaluation aims to assess the relevance of the Portal's design and objectives in meeting the needs of its primary users and the broader community of project promoters and investors.

The Portal's design and objectives are aligned with the overarching goals of the InvestEU Programme by providing a platform for project promoters and investors to connect and collaborate. The rationale for the Portal's existence is evident, demonstrating its relevance in the context of the Programme's objectives. The quality of projects listed and the information provided on the Portal meet the standards expected by its primary users, including project promoters and investors, indicating that the Portal's design effectively caters to the needs and preferences of its primary users.

The Portal's ramp-up phase has shown promising signs, with a gradual increase in the number of published projects. The geographical and sectorial distribution of the projects reflects the main priorities of the InvestEU Programme, indicating positive traction. This demonstrates the Portal's relevance to the wider community of project promoters and investors.

The Commission is investing in collaboration with partners and stakeholders to leverage the full potential of the InvestEU Portal. However, stakeholder consultation indicates that the Portal's integration within the InvestEU ecosystem has been met with some reservations from Implementing and Advisory Partners, suggesting that further assessment and improvement are necessary to enhance the Portal's relevance within the

Programme. Concerns have been raised by stakeholders regarding its effectiveness in generating relevant investment opportunities or advisory requests.

Stakeholders have provided constructive suggestions for refining the Portal, including by enhancing the user interface, simplifying registration processes, improving feedback mechanisms and investing more resources in directly managing relationships with investors.

4.4. CROSS-CUTTING ISSUES

4.4.1. Open architecture

While most of the costs of the open architecture are upfront, it is too early to judge its overall benefits. However, one can look at InvestEU from the conceptual and design angles. It is possible to make some observations in a counter-factual perspective, on what would have happened without the open architecture.

There are several **benefits** arising from the open architecture that have already materialised or can reasonably be expected to manifest:

- **Alignment of IPs with EU policy goals** – The open architecture stimulates NPBIs/ IFIs to comply with EU standards and to mobilise investment in shared priorities such as climate change, digitalisation, social, innovation etc. to kindle sustainable growth more *effectively*. Since NPBIs can connect EU with national activities, the design of InvestEU can contribute to improve the institutional capacity in MS, notably where knowledge and financial expertise in the sectors addressed by InvestEU is less developed.
- **More diversified product offering** – The design of open architecture allows to achieve the goals of InvestEU more *effectively*, by providing unique products or covering niche segments not comprehensively covered by the EIB Group (e.g., direct equity or mineral exploration).
- **Risk diversification** – The design of InvestEU with many IPs contributes to risk diversification and a broader pipeline development.
- **More partners for blending operations** – The open architecture enables DGs to choose an IP best placed to deliver a specific product.
- **Competitiveness dynamics** – The design of InvestEU allows for a sufficiently high number of IPs to create a competitive environment, which pushes IPs to operate more *efficiently*.
- **Financing outreach** – Financing is likely to reach a higher number of projects and final recipients than would otherwise be the case, as many IPs operate with smaller ticket sizes than the EIB Group in their usual promotional business.
- **Strengthening of the capacity of IPs** – InvestEU enables IPs to develop their business models (larger volumes, product and client diversification), and particularly the institutional capacity of NPBIs.

However, there are also areas where the functioning of the open architecture could be improved:

- **High complexity** – The large and increasing number of IPs (16) and APs (7) might lead to coordination difficulties in light of potential numerous financial products on the market.
- **Limited collaboration between IPs to set up investment platforms** – Without the open architecture, the number of investment platforms was higher than it can be now observed in the relatively early stage of InvestEU. It is unclear, however, to which extent the functions of the investment platforms are replaced by other IP activities under the open architecture framework.

4.4.2. Umbrella framework[94]

The Commission's rationale underlying the umbrella framework was to address the problems caused by the proliferation of financial instruments under the previous MFFs, notably related to the fragmentation and multiplicity of rules and procedures, and to the policy/financial overlaps between instruments. Under the InvestEU Regulation, the design is a single programme with a strong identity, single authorising officer in the Commission (ECFIN) and a single set of coherent requirements (for eligibility, monitoring, and reporting) that will apply throughout the financing chain to the benefit of financial intermediaries and final recipients.

During consultations, the stakeholders recognised the **benefits** of the new framework, particularly in terms of creating a central point of contact with the Commission, streamlining negotiations, and providing a one-stop-shop for access to the different windows of the Programme. More specifically:

- **A coherent approach within the Commission** – The umbrella framework approach allows for a unified strategic direction, enhanced coherence and consistency across different policy areas, and improved coordination.
- **Efficiency gains** – As multiple policy areas and products are negotiated, designed and implemented in parallel, there are significant efficiency gains at all stages of implementation. The streamlined negotiation process between the Commission and IPs has simplified the process and reduced redundancies. The central entry point simplifies interactions with IPs and allows them to leverage resources under multiple policy windows. One consequence is that financial intermediaries are more incentivised than before to apply to more niche financial products and less supported sectors, as these are covered by the same programme.
- **Flexibility and fungibility of resources** – The ability to reallocate resources across different windows facilitates rapid adjustments in response to changing priorities and economic conditions. This flexibility ensures not only that the InvestEU Fund remains relevant but also that product innovation is encouraged.

However, the umbrella framework has also faced transition issues, mainly in terms of sectoral coverage relative to the previous situation, and administrative efficiency. More

[94] This section builds on the thematic case study on the umbrella framework, presented in Annex 6.4 of the ICF report.

specifically, the **challenging areas** where there may be room for improvement or where more careful consideration may be necessary are the following:

- **The 40% provisioning rate** – While less than 100% provisioning entails substantial savings in terms of budgetary resources, by reserving a significant proportion of funds for risk mitigation, it may limit the resources available for niche, high-risk sectors. For example, higher-risk/higher-provisioning biodiversity or social products have to be counterbalanced by other lower-risk/lower-provisioning financial products.
- **Coordination and administrative costs** – While centralisation allows for greater operational efficiency, it has also led to increased coordination and administrative costs. The inherent complexity of the umbrella framework and the open architecture is being addressed through the **InvestEU MIS** which aims to improve through a centralised IT system the efficiency of *inter alia* data collection, processing and reporting, the approval process and secured communication with IPs, APs, governance bodies, project promoters and investors. In addition, the second call for expression of interest launched in October 2023 introduced pivotal enhancements, such as a standardised GA template, comprehensive documentation (e.g. risk templates), a few readily available financial product templates, clear pricing structures, and additional information on the range of possibilities of State aid frameworks to be applied to financial products.

5. WHAT ARE THE CONCLUSIONS AND LESSONS LEARNED?

5.1. Conclusions

This interim evaluation has examined the main aspects of the InvestEU Programme – the functioning of the InvestEU Fund, the use of the EU guarantee, the activity of the InvestEU Advisory Hub and the InvestEU Portal, as well as cross-cutting novelties, such as the open architecture and the umbrella framework – against the criteria of relevance, effectiveness, efficiency, EU added value and coherence. In this section, we outline the main takeaways of the exercise.

5.1.1. The InvestEU Fund and the EU guarantee

Despite initial challenges, the InvestEU Programme is now fully operational, with significant progress in guarantee allocations, approvals and signatures and showing already a notable expected impact on the real economy (e.g., according to the RHOMOLO-EIB simulation). The setup of the Programme was complex due to the late adoption of the InvestEU Regulation (and other sectoral regulations),[95] the establishment of new systems, processes and teams, and the negotiation of Guarantee Agreements with IPs, who in turn had to make their operations fit for purpose. However, implementation is now fully underway: by the end of 2023, 90% of the EUR 26 billion guarantee from the EU compartment – augmented by an additional EUR 3 billion guarantee from European Economic Area / European Free Trade Association (EFTA) States,[96] Member States, and top-ups from other sectoral programmes – had been allocated to 16 IPs. That momentum continued, with a second call for expression of interest launched in October 2023 and substantial progress in approvals and signatures. By the end of 2023, nearly 80% of the EUR 26 billion allocated guarantee had been converted into approved financing, with almost 30% (EUR 7.6 billion) signed by IPs, resulting in a total signed financing volume of EUR 19 billion. While the NGEU deadline provided an impetus for approvals, the focus now needs to shift to converting approvals into signed and disbursed volumes to maximise the Programme's impact on the real economy and securing additional resources to sustain the deployment of successful financial products until the end of the current MFF.

By the end of 2023, six MS compartments had been set up to address specific national needs. These MS have contributed EUR 1.77 billion of additional guarantee (underpinned by EUR 1.5 billion provisioning). This was facilitated by simplified rules on the implementation of the Do-No-Significant-Harm principle (DNSH) and clarified application of the State aid rules. There are ongoing efforts to broaden the scope of MS compartments beyond SME financing to address a broader set of national priorities and investment needs.

Blending operations within InvestEU are proving a flexible, efficient, and effective tool for supporting investments in key policy areas. Firstly, blending is used in the form of top-ups, with EU sectoral programmes contributing in the form of a financial

[95] Delay primarily due to the need to reorganise EU spending during the COVID-19 pandemic.

[96] Iceland and Norway.

instrument (increasing the guarantee capacity) offering first-loss protection to specific InvestEU portfolios. There are eight such top-ups, targeting areas historically reliant on concessionary finance/grants. Secondly, innovative initiatives such as the EU-Breakthrough Energy Catalyst Partnership and the forthcoming initiative from European Social Fund Plus (ESF+) combine EU sectoral resources with the InvestEU guarantee to provide blended (repayable and non-repayable) support, thus de-risking and incentivising investments. Finally, the InvestEU infrastructure is being used to set up blending operations in the form of a financial instrument even without utilising the EU guarantee (e.g. EBRD critical raw materials (CRM) facility), allowing the Commission to respond to emerging priorities. However, there is room for improvement in the implementation of blending, particularly regarding predictability, budgetary management, as well as the implementation of eligibility requirements when these diverge between InvestEU and the EU sectorial programme.

Under the InvestEU Programme, IPs offer a comprehensive range of financing products to meet diverse market needs. This includes traditional instruments such as senior debt, portfolio guarantees, and indirect equity, alongside innovative offerings. Notable unique products include loans to microfinance institutions and social housing project promoters from CEB, renewables from the EIB, venture debt (EIB), green securitisation (EIB), private credit and capacity-building investments (EIF), and direct equity (InvestNL). The evaluation found no gaps in the InvestEU product offering, which effectively addresses a wide spectrum of needs, ranging from large infrastructure projects to financing for different stages of a company's growth. Looking ahead, it is crucial to ensure that the InvestEU product offerings across IPs are complementary and coordinated among IPs ensuring alignment with market needs while ensuring policy focus.

The InvestEU budgetary guarantee demonstrates high additionality. It enables IPs to take on higher risk exposures in policy priority areas, allowing them to provide riskier forms of finance (e.g., venture debt, direct equity), address riskier counterparts (e.g., SMEs without collateral and start-ups) and/or finance riskier activities (e.g., demonstration of emerging technologies or large-scale infrastructure projects). By enhancing the risk appetite of IPs, InvestEU facilitates operations that cannot secure market financing under normal market conditions. Notably, 95% of project promoters reported that their projects would either not have proceeded at all or not have proceeded as planned without the InvestEU financing, highlighting its crucial role in enabling or accelerating investment.

InvestEU has a meaningful crowding-in effect, although it cannot be precisely quantified. On the basis of the operations approved by the end of 2023, the InvestEU Fund is estimated to mobilise around EUR 218 billion in investment, of which EUR 141 billion (65%) is expected from private sources. For the EU compartment alone, the Fund is estimated to mobilise EUR 204.81 billion against an expectation of EUR 372 billion by 2028, with an anticipated multiplier effect of 14.76. While these figures reflect private investment taking place with the InvestEU support, not solely because of it, the evaluation found substantial evidence of crowding-in. In a survey, 63% of the project promoters reported that the InvestEU guaranteed financing had a critical or significant impact on other financiers' or investors' decisions to commit to the project. Interviews and project deep dives corroborated this finding. However, the total investment mobilised cannot be solely attributed to InvestEU, as other actors and initiatives also contributed. The primary mechanism for crowding-in capital is the de-risking provided by IPs through financing, quality assurance and structuring input, as well as advisory support in certain cases. This de-risking effect encourages other financiers and investors to participate, amplifying the impact of InvestEU beyond its direct contributions.

While it is still too early to judge the effectiveness and impact of the InvestEU Programme, early signs are promising and indicative of its transformative potential. The InvestEU Programme is supporting the EU's twin transition (green and digital) via multiple channels. It is strategically deploying public funds to de-risk and catalyse investment, building and shaping markets by investing in emerging technologies (e.g., space, dual use technologies, semi-conductors, blue economy, quantum computing), pioneering new targeted financial products, and offering comprehensive advisory services to build market and institutional capacity. Investments strongly align with EU policy objectives. The Programme is investing in productivity-enhancing activities and investments with significant spillover effects, such as green investment, research, development, and innovation, as well as social investments. This will contribute to jobs and growth in the years to come. InvestEU is thus not only supporting immediate investment needs but laying the groundwork for the EU's long-term competitiveness.

Budgetary guarantee instruments like InvestEU are inherently efficient for the EU budget, offering advantages over grants through a higher multiplier effect and over financial instruments through their partial provisioning. Cumulative payment appropriations to the Common Provisioning Fund for InvestEU by the end of 2023 amounted to EUR 3 billion. Of this, a small amount had been consumed. This modest consumption reflects the Programme's early phase as revenues, returns and potential losses will materialise over a period of several years. However, higher interest rates could increase the provisioning needs for equity portfolios, as the EU guarantee covers the funding costs of equity for certain IPs. Minor adjustments to the Commission's provisioning approach could enhance the InvestEU Fund's capacity, increasing its effectiveness and impact.

The InvestEU Fund has an EU added value. The InvestEU Programme offers a variety of products that address market failures and suboptimal investment conditions that Member States alone cannot tackle. The InvestEU Fund boosts the risk-taking capacity of IPs by enabling them to finance higher-risk and also more innovative counterparts or projects and to deploy riskier products in areas that require the de-risking of private investment. The Programme fosters the development of common standards by promoting shared knowledge and standardisation among IPs on key areas such as additionality and sustainability proofing. The option to establish Member State compartments offers significant advantages for addressing specific national needs. The Fund supports cross-border operations including in the areas of infrastructure as well as private equity/venture capital funds operating across multiple countries, which are typically beyond the scope of national initiatives. The Programme also offers a combination of financing and advisory services, offering a broad sectoral and geographic reach that provides significant added value at the EU level.

The InvestEU Programme is crucial to addressing the EU's urgent, escalating as well as emerging investment needs. The InvestEU's diverse portfolio of activities and products effectively meets these needs, as confirmed by past evaluations of predecessor instruments, recent reports like the Letta report, and the current evaluation. It has demonstrated adaptability and flexibility to respond to emerging policy priorities and investment needs. The strong demand for the InvestEU Fund financial products highlights their necessity and relevance in today's economic landscape. InvestEU can address the EU policy objectives where markets are either non-existent or nascent, such as semi-conductors, defence, quantum computing, natural capital, biodiversity, and social housing. In some cases, blending operations where successfully deployed to enhance the InvestEU support in selected policy areas where its original resources and approach where judged insufficient, e.g. defence and semi-conductors. This focus enhances the long run competitiveness of investments, for instance via product innovation and firms' scaling up, and creates a parallel need for advisory services, ensuring that these emerging markets receive the support required to develop and thrive.

5.1.2. The InvestEU Advisory Hub

Implementation of the InvestEU Advisory Hub is well underway. By the end of 2023, Advisory Agreements were signed with six APs and an MoU with CINEA, totalling EUR 374.4 million of EU contributions. These seven partners have developed a diverse range of advisory initiatives (19 initiatives by the end of 2023), although there is some variation in assignment delivery and budget utilisation due to different implementation stages and the unique nature of their services. By the end of 2023, almost EUR 70 million (18% of the allocated Advisory Hub budget) had been utilised for 844 assignments (ongoing or complete).

The support provided is comprehensive in type, eligible area, and reach. Project advisory constitutes the majority of assignments (54% of budget utilisation), with significant portions allocated to capacity-building (33%) and market development (13%) activities. Beneficiaries of advisory support include SMEs, corporates, and public authorities across all 27 MS. However, some countries (e.g. France, Italy) receive more concentrated support, due to the fact that up to end-2023 only Italian and French NPBIs were APs. Likewise, all eligible areas are covered, albeit to varying extents. The EIB provides the most diversified and comprehensive support, covering all MS and eligible areas, whereas other partners target specific sectors or segments, offering complementary services.

Further analysis is needed to determine the effectiveness of the Advisory Hub initiatives. It is too early to fully assess the impact of the Advisory Hub, with many assignments (77%)[97] still in progress or in the pipeline. Even for completed assignments,

[97] Excluding Bpifrance, which features small, short-term assignments and for which evidence on effectiveness is not available.

outcomes and impacts often occur with a time lag and data are not yet available to assess the effectiveness of the various advisory initiatives. This gap in the evidence base needs to be addressed through market intelligence, as well as future evaluations. However, the beneficiaries interviewed expressed their satisfaction with the quality of services, and the KPIs indicate strong alignment with the InvestEU priorities and expected financing mobilisation. The EIB and EBRD activities are anticipated to contribute to the geographical diversification of the InvestEU pipeline, with the Advisory Hub activities crucial in deploying the InvestEU products and developing investment ecosystems.

Realising potential efficiencies from centralising a wide range of advisory activities will take time. The Advisory Hub aims to increase efficiencies and avoid overlaps by centralising existing advisory initiatives and expanding the scope of intervention under InvestEU. While this centralisation offers increased efficiency, it also introduces a degree of complexity, particularly in the initial setup and transition phase. Streamlining coordination will enhance efficiency over time.

The EU added value of the Advisory Hub stems from its extensive geographical and thematic coverage, providing a unique combination of advisory services and financing not available in several MS. This combined offer is a key element of the InvestEU's added value. The EIB, CEB and EBRD contribute significantly to expanding the geographical reach of the InvestEU's advisory services. The EU added value of NPBIs might not be evident, as unlike the IFIs offering multi-country support and enhancing the overall effectiveness and reach of the InvestEU advisory services, NPBIs focus on few specific initiatives to support the implementation of their InvestEU financial products in one geography. However, the involvement of NPBIs provides value by increasing local presence, facilitates client proximity, and leverages local knowledge, fostering close partnerships on the ground.

5.1.3. The InvestEU Portal

The InvestEU Portal shows initial engagement but has yet to demonstrate its value beyond matchmaking events. By the end of 2023, over 1 500 projects had been published on the Portal, with the list continuously updated through an ongoing process of curation, publication, and removal of projects. Since its launch, there have been 465 interactions between investors and project promoters, with approximately 450 investors registered on the platform. From 2021 to 2023, the InvestEU Portal co-organised 48 matchmaking and pitching events, targeting a wide range of participants, including businesses, SMEs, start-ups, governments, non-governmental organisations, academics, policymakers, venture capitalists, angel investors, banks, public agencies, and individual citizens.

The Commission keeps expanding its collaboration with partners and stakeholders to leverage the potential and outreach of the InvestEU Portal. Events and other channels, which may include word of mouth, are increasingly significant communication channels for potential investors. Hence there is scope for further promotion strategies and wider engagement in the investors' events.

The Portal has the potential to add value to the wider investment ecosystem but would require additional human and financial resources and better coherence with other initiatives to promote further engagement with project promoters, investors and InvestEU APs, and to improve synergies with the InvestEU Fund.

5.1.4. Cross-cutting findings

The open architecture delivery model and umbrella design of InvestEU are demonstrating their benefits, but some challenges remain. The open architecture model fosters a mutually beneficial partnership, allowing a large number of diverse IPs and APs to deliver on the Union policy objectives **while** developing their business models. Benefits include increased competitive dynamics and a wider selection of partners for the Commission, wider pool of expertise and product offerings, capacity-building, and standardisation of practices across IPs. However, it also introduces complexity and fragmentation, which are being addressed, although the evaluation offers some further suggestions. The transition to the InvestEU **umbrella structure** brought successes in policy coordination, efficiency gains, and simplified access for financial intermediaries. Nevertheless, there are challenges, such as high administrative and reporting costs in particular for institutions that became new IPs. Additionally, under the umbrella design some policy DGs report a lack of policy steer and visibility on the extent to which their policy areas are being served.

There are strong linkages between the Fund and the Advisory Hub, while the Portal's fit within the InvestEU ecosystem needs improvement. Advisory support is crucial for generating project pipelines, building client capacity, and developing nascent markets, with clear targets for projects that align with the EU policy objectives. The linkages can be strengthened with improved coordination between IPs and APs. By contrast, the Portal has not generated value as a pipeline for either the Advisory Hub or the Fund, and enhancing its contribution in this area would be helpful, although this is not an objective foreseen in the InvestEU Regulation.

InvestEU complements several key EU programmes, such as the RRF and initiatives under Horizon Europe, but a more thorough analysis is needed. At macro level, the RRF focuses on immediate recovery, while InvestEU supports both recovery and strategic long-term investment. At sectoral level, EIT, Knowledge and Innovation Communities and the Advisory Hub foster robust innovation and investment ecosystems. At company level, InvestEU provides comprehensive support through all development stages, from seed to growth and expansion, with equity, debt, and venture debt financing. Meanwhile, the EIT and the EIC cater to varying financing needs with pre-seed funding and blended finance.

5.2. LESSONS LEARNED

While the InvestEU Programme has achieved notable successes, it has the potential to be even more impactful. The EU must scale up its annual investment from EUR 3.8 trillion to an amount in the order of EUR 5 trillion[98] to meet its policy objectives and remain competitive. While InvestEU is not the only tool available, it is a powerful means to leverage public and private resources effectively, supporting key Union policy priorities while providing significant flexibility for IPs to adapt their products to new and emerging priorities (e.g. more competitive industrial policy). NGEU deadlines led to heavily frontloaded approvals, exhausting available envelopes for many financial products by the end of 2025. Without budgetary reinforcements, new approvals for some financial products notably in high-risk areas will cease post-2025. It is therefore crucial to enhance the financial and risk-bearing capacity of InvestEU in line with the EU's investment needs, policy objectives, and market demand.

To meet these challenges in the remaining programming period, the InvestEU's financial capacity could be enhanced through measures such as blending operations, promoting the Member State resources, and combining the remaining EFSI portfolios with the InvestEU portfolios. The InvestEU Programme is partially provisioned based on reflows from legacy financial instruments and surpluses from a legacy budgetary guarantee (EFSI). Such mechanism currently requires a derogation from the Financial Regulation. Subject to availability of additional reflows and surpluses and considering the EU budgetary constraints and priorities, a further increase of the amount of provisioning and the InvestEU guarantee would require a change in the InvestEU legal basis. In the longer term, the EU needs a bigger and bolder InvestEU Programme, combining unfunded guarantees and a funded component, while enhancing the revolving elements of the budgetary guarantees across MFFs to maximise its impact. While the Programme is flexible and responsive to evolving needs, that adaptability could be enhanced by creating a reserve within the budgetary envelope to target emerging priorities. The impact of these strategies to increase the InvestEU financing should be assessed in a holistic way, with consideration for the EU budgetary constraints and priorities. As part of that process, the Commission could also consider to further align risk related methodologies – including the confidence level – between internal and external policies.

The complex and lengthy setup of InvestEU provides valuable lessons for future programme launches. A key takeaway from the independent study is that building on existing legal and contractual arrangements, as well as leveraging established monitoring and reporting infrastructure, could ensure a certain continuity and facilitate the deployment of financial products in the market.

The Commission, IPs, and many stakeholders have worked diligently over the years to make the open architecture work. Although it is still too early for a comprehensive evaluation, there are visible successes and EU added value, along with some areas for improvement. The increasing number of IPs adds complexity to the Programme, and

[98] See estimate in ICF report, section 5.5.1.1.

collaboration between IPs should be improved. A structured information-sharing and collaboration framework between IPs and APs, supported by the Commission, could help to mitigate this challenge and facilitate future evaluation exercises.

Reducing complexity is crucial. Potential simplifications include eliminating redundancy between the guarantee request forms submitted to the IC and the policy checks carried out by the Commission, as well as streamlining legal documentation and reporting requirements, while ensuring sound financial management, policy alignment and policy steer.

Another source of complexity is the sustainability-proofing process. Although InvestEU applies the principle of proportionality, sustainability proofing is still seen as onerous by some IPs and project promoters. Recognising equivalence between different approaches to implementing the DNSH principle where appropriate is important. Accordingly, it is important to consider simplification, including enhanced proportionality and equivalence of sustainability-proofing requirements, to make them less burdensome and more practical for IPs and project promoters.

Some adaptations to the legal framework could provide a regulatory framework more conducive to repayable forms of support implemented by pillar-assessed financial institutions in indirect management, including simplifying administrative burdens. Such reporting simplifications are already being considered in the current MFF.[99] The pillar assessment and guarantee negotiation processes could also be streamlined.

Some enhancements to the Advisory Hub and the InvestEU Portal could be considered, such as enhancing visibility of the Advisory Hub and advisory support outcomes as well as revamping the central entry point. Increasing financial and technological support and better coherence with other match-making initiatives could enhance the Portal's functionality and services to stakeholders.

The Advisory Board, through its regular meetings in the plenary and MS composition offered the possibility for IPs and APs to exchange information and best practice on investment mobilisation and advisory support in InvestEU relevant market segments. Further promoting structured information sharing and collaboration between IPs and APs, while respecting confidentiality, could offer short term improvements.

[99] See section 2.2 in Annex IV for further details.

ANNEX I. PROCEDURAL INFORMATION

This evaluation was carried out by the Directorate-General for Economic and Financial Affairs (ECFIN) as an initiative published in Decide with the reference number PLAN/2023/600.

Table A1.1 Organisation and timing

Publication of the Call for evidence and feedback period	April 2023 – May 2023
An interservice steering group (ISSG) was set up	April 2023
Request for services for the external study to underpin the evaluation launched	June 2023
Signature of the contract with ICF S.A.	October 2023
Last deliverable handed in	July 2024
Number of steering group meetings	5
Discussion of the draft staff working document	July 2024
Participating DGs (in addition to DG ECFIN) and IPs	**BUDG**: Budget **GROW**: Internal Market, Industry, Entrepreneurship and SMEs **RTD**: Research & Innovation **EMPL**: Employment, Social Affairs and Inclusion **ENER**: Energy **EAC**: Education, Youth, Sport and Culture **CNECT**: Communication Networks, Content and Technology **MOVE**: Mobility and Transport **COMP**: Competition **SG**: Secretary General **EIB**: Implementing partner (observer) **EIF**: Implementing partner (observer) **CEB**: Implementing partner (observer) **CDC**: Implementing partner (observer)

The evaluation was based on two main sources of information:

1. A report produced by an external team of experts, under contract (ECFIN-145-2023) through DG ECFIN's Framework Service Contract ECFIN/050/2023; and
2. In-house documentation and expertise.

The quality of the final report of the external contractor was assessed as good by the interservice steering group. The final report can be found in DG ECFIN's website.

ANNEX II. METHODOLOGY AND ANALYTICAL MODELS USED

This section describes the evaluation and methodological approach. It provides a brief explanation of the overall approach to the evaluation, followed by an overview of the methods adopted, including caveats and limitations. The last sub-section describes the challenges encountered throughout the evaluation process in more detail, as well as the lessons that can be learned.

II.1 Approach to the evaluation

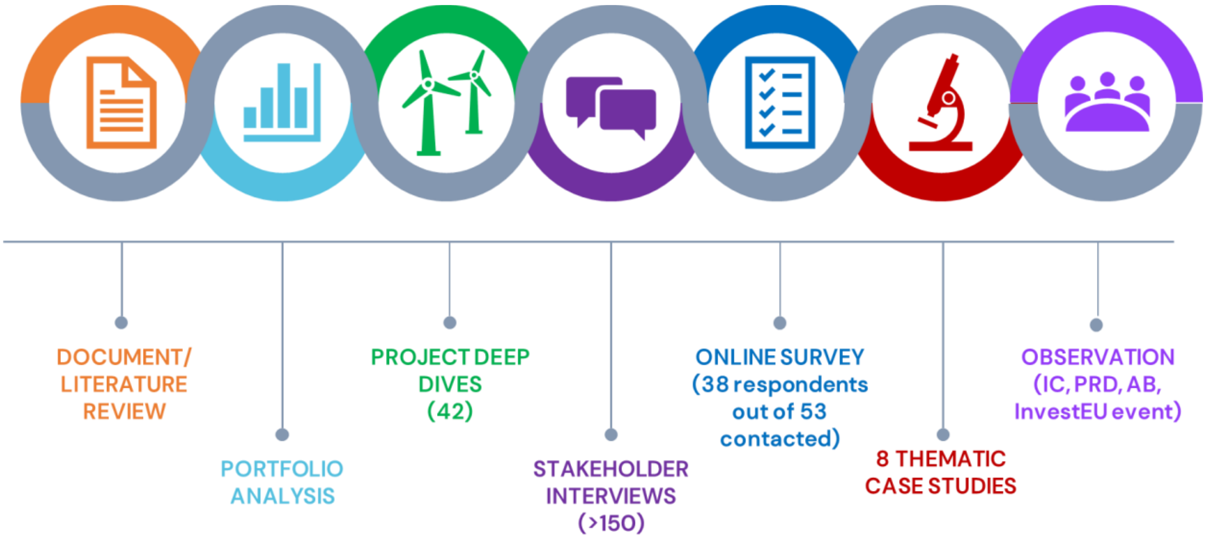
The design of the evaluation and choice of methods was guided by several key considerations:

- The evaluation criteria and questions to be addressed: The Terms of Reference (ToR) for the evaluation outlined a series of questions to be addressed, focusing on effectiveness, efficiency, coherence, relevance and EU added value. To systematically address these questions, an evaluation framework was developed (see Annex 2), detailing the necessary data and evidence, as well as the methods and sources for building a rich and robust evidence base.
- Early stage of Programme implementation. Given the early stage of the Programme's implementation, there were significant limitations on the extent to which evaluation questions on effectiveness and efficiency could be addressed. While available portfolio data was utilised wherever possible, the limited availability of quantitative data (on KPIs/KMIs for example) was taken into consideration when designing the evaluation. Therefore, the evaluation relies heavily on qualitative approaches, such as interviews, project deep dives, and case studies, which provide a rich, contextual understanding of the Programme's initial implementation, early achievements and operational dynamics.
- Novel aspects of the Programme. The evaluation methodology envisaged thematic case studies specifically designed to explore issues considered particularly important given the innovative aspects and ex-ante rationale of the Programme (see ICF report, Technical Annex 6).
- By considering these factors, the present evaluation aims to provide meaningful insights into the initial implementation and innovative aspects of the InvestEU Programme, setting the stage for more comprehensive evaluations as it matures.

II.2 Overview of evaluation methods

To ensure methodological rigour, the evaluation combines both qualitative and quantitative methods where feasible. This mixed-methods approach serves multiple purposes: (i) triangulation: elaborating, cross-checking or clarifying results across methods; (ii) developmental: using the results from one method to develop the use of other methods; and (iii) expansion: extending the depth and breadth of enquiry by using different methods for different enquiry components. The evaluation framework details how these methods are integrated and how data from different sources are triangulated to build a comprehensive evidence base.

Figure A1.1 Evaluation of the InvestEU Programme – main methods



Source: ICF report

The specific research methods are summarised below.

Document/literature review

Review and analysis of existing information on the design, implementation and performance of the InvestEU Programme.

The review covered programming documents (e.g. InvestEU Regulation, investment guidelines, methodologies and guidance notes approved by the Steering Board, minutes of governance bodies), monitoring reports (operational, financial, risk reports), policy documents, academic studies and other relevant documents. Four analytical outputs were used to inform the evaluation:

A literature review covering investment needs and gaps in specific policy areas or sectors (e.g. green transition, digital transformation, access to finance for SMEs).

- A review of all available evaluations of EU guarantees and financial instruments preceding InvestEU.
- A mapping of features of the financial products offered by each IP.
- A mapping of policy priorities and objectives relevant for the InvestEU Programme.

Portfolio analysis

Dissection and analysis of data relating to approved and signed operations to look at aspects such as: approvals and signatures by IP; geographical, thematic and sectoral spread of investments; aggregation of key performance indicators (KPIs) or key monitoring indicators (KMIs), such as multiplier effect, investment mobilised, etc. The scope of the analysis includes operations approved and signed before the end of December 2023.

Initially, the portfolio analysis followed a bottom-up approach, based on the reports submitted by the IPs to the European Commission and, once validated, shared with the evaluation team. However, this approach proved extremely challenging and time-consuming[100], creating conflicts with the timetable for delivery of the evaluation. To overcome these challenges, a comprehensive DG ECFIN dataset was used. This dataset, based on validated operational reports until the end of December 2023, offered a more efficient and reliable basis for analysis.

To complement the analysis of the Fund portfolio, an in-depth descriptive analysis of Advisory Hub assignments was undertaken, providing additional insights into the operational effectiveness and outreach of the advisory services.

Project deep dives

1. A thorough review of selected InvestEU Fund operations and Advisory Hub assignments sought to delve deeper into aspects such as market failures/suboptimal investment situations addressed, and the additionality of InvestEU support and IP financing or AP support.
2. The evaluation team conducted:

- 32 InvestEU Fund project deep dives.
- 10 InvestEU Advisory Hub deep dives.

Stakeholder interviews

3. A wide range of stakeholders were interviewed to gather their perspectives on the relevance, effectiveness, efficiency, coherence, and EU added value of the Programme.
4. Stakeholder consultations covered:

- **IC**: All 12 members of the IC were interviewed.
- **National authorities**: 18 interviews with representatives from national authorities, some of whom are also members of the Advisory Board.
- **IPs/APs:** All IPs and APs were interviewed since the scoping phase, most more than once. In addition, a follow-up questionnaire covering topics such as product offerings, risk and additionality was submitted to all IPs.
- **Financial intermediaries**: Eight financial intermediaries and fund managers were interviewed.
- **Beneficiaries**: Eight interviews were carried out with beneficiaries of advisory support, as well as one interview with an organisation representative.
- **Withdrawn NPBIs**: Four NPBIs that initiated negotiations to join InvestEU as IPs but then withdrew were interviewed.
- **European Commission**: At least 92 Commission officials were consulted during various stages of the evaluation (scoping, data collection and synthesis). In addition to DG ECFIN, various Directorates-General (DGs) were consulted: Budget (DG BUDG), Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), Research and Innovation (DG RTD), Employment, Social Affairs and Inclusion (DG EMPL), Communications Networks, Content and Technology (DG CNECT), Mobility and Transport (DG MOVE), Environment (DG ENV), Education, Youth, Sport and Culture (EAC), Defence Industry and Space (DG DEFIS) and Maritime Affairs and Fisheries

[100] Delays in signature of non-disclosure agreements (NDAs) with IPs/APs prevented the contractor from accessing the full set of operational reports until April 2024.

(DG MARE). Some DGs were consulted more than once. In addition, a follow-up questionnaire covering topics such as efficiency, blending and the umbrella framework was submitted to several DGs.

Other relevant stakeholders, such as the rapporteurs to the European Parliament on the InvestEU Programme and several industry representatives, were also contacted but the evaluation team received no response.

Online surveys

In order to capture targeted feedback from InvestEU project promoters, an online survey was disseminated via five IPs[101]. The sample frame consisted of 53 direct operations signed by the end of December 2023. Of these, 38 project promoters responded (response rate = 71%). The survey covered topics such as the characteristics of the financing received and project progress, other sources of financing considered, the impact of the financial support, feedback on conditions and requirements associated with the financing, and awareness of the InvestEU Advisory Hub and Portal.

Thematic case studies[102]

An in-depth study of specific aspects or themes of the InvestEU Programme was undertaken using a mixed-methods approach. The following eight themes were selected as case study topics:

- Possibilities and challenges to effective blending of InvestEU financing with other public funds.
- MS-C: early findings and lessons.
- Benefits and downsides of involving multiple IPs and APs.
- How InvestEU is working as an umbrella programme: synergies, added complexity and effectiveness in achieving policy objectives.
- How the InvestEU Fund and Advisory Hub support innovative and high-risk projects with potential for significant societal impact.
- InvestEU's contribution to financing green and greening finance.
- How InvestEU supports the EU's digital transition.
- External communication, outreach and matchmaking/pitching events organised by the InvestEU Portal.

Observation

The evaluation team participated in several meetings and events as observers:

- **Policy Review Dialogues** between the Commission and the EIBG in November 2023.
- **InvestEU Advisory Board** meeting in December 2023.
- **IC** meeting in January 2024 where the EBRD, NIB and InvestNL presented operations for approval.

[101] EIB, EIF, CEB, NIB, and EBRD.

[102] Case study monographs can be found in Annex 6 of the ICF report, with many findings also included in the main report.

- **'InvestEU: Financing Europe's future' conference** and **EU Sustainable Investment Summit** in January 2024.
- **Portal matchmaking** event organised by EuroQuity in January 2024.

This immersive engagement allowed the evaluation team to: (i) capture a wide array of perspectives (ranging from IPs to final recipients and wider stakeholders); (ii) develop a nuanced understanding of the operational realities, challenges, successes, and the perceptible impact of the Programme on final recipients; (iii) identify areas for improvement.

II.3 Challenges, limitations and practical lessons to inform future evaluation approaches

The interim evaluation of the InvestEU Programme encountered several challenges and limitations, providing valuable lessons for improving future evaluation approaches. These points are not considered in depth in the Conclusion and Lessons Learned section of the SWD but are rather practical points to be applied in the ex-post evaluation of InvestEU.

The considerable time and effort required to coordinate NDAs with several IPs posed a significant obstacle to the progress of the evaluation. This process delayed or restricted access to key documents, data and the InvestEU Management Information System. Future evaluations should ensure more streamlined processes for NDA coordination, possibly by establishing pre-agreed frameworks with IPs and APs that outline clear timelines and responsibilities.

The intensive coordination required with various IPs and APs to access essential information, such as documents for deep dives and responses to clarification questions, contributed to further delays and consumed substantial resources. Contact points for the evaluation were provided at all IPs. However, in several instances, the response from these contact points was delayed, and in some cases, follow-up requests from the evaluation team were not addressed. To enhance future evaluations, it is recommended that a dedicated liaison role or team be established (as successfully implemented by some IPs) to ensure smoother information exchange and timely access to critical data. This proactive approach will better facilitate the evaluation process and address the challenges experienced in the current evaluation.

The bottom-up approach to compiling the portfolio dataset, which relied on progress/operational reports from IPs, proved challenging and time-consuming. Transitioning to a comprehensive portfolio dataset provided by DG ECFIN, based on validated operational reports, significantly improved efficiency. Future evaluations should consider adopting similar approaches from the outset, using centrally validated datasets to streamline the analysis process and enhance data reliability, and leveraging data science to draw more meaning from the data.

The evaluation faced constraints due to the limited time and budget available, which restricted the depth of analysis, particularly on relevance and effectiveness of individual Advisory Hub initiatives. To address this gap, further assessment of advisory initiatives could be carried out as part of a future evaluation and/ or impact assessment of proposal for a successor programme under the next MFF.

Given the Programme's complexity, multiple rounds of interviews with IPs and Commission services were necessary to understand the nuances and intricacies. However, qualitative research is resource-intensive, and stakeholders should be prepared in advance for this intensity. Future evaluations should plan for adequate timeframes and budget allocations to allow for comprehensive data collection, in-depth interviews, and meaningful analysis. This includes setting realistic deadlines and allowing the flexibility to adapt to unforeseen challenges.

This early evaluation is focused heavily on EIBG operations, particularly feedback collected from project promoters and financial intermediaries (see Annex V). A follow-up evaluation is required to get a more balanced perspective and ensure accountability across all IPs. To avoid evaluation fatigue, the follow-up evaluation could focus on the IPs that could not be adequately covered as part of the current evaluation. This is important as not all NPBIs have the practice or the capacity to undertaken independent evaluations of their operations.

ANNEX III. EVALUATION MATRIX AND, WHERE RELEVANT, DETAILS ON ANSWERS TO THE EVALUATION QUESTIONS (BY CRITERION)

III.1 InvestEU Fund

Evaluation criterion	Evaluation Questions	Judgement Criteria	Summary of evaluation's findings	Section of the main report
EFFECTIVENESS	EQ 1a To what extent are the InvestEU Fund / EU Guarantee set to achieve their objectives, in particular the expectation of mobilising EUR 372 billion of total investments by 2027? EQ 1b What factors, even if unexpected or unintended, have driven or hindered progress to achieve the expected EUR 372 billion investment and how are they linked (or not) to the EU intervention?	JC 1.1 InvestEU is on track to achieve or exceed its target of mobilising EUR 372 billion of additional investment across the EU JC 1.2 InvestEU is crowding-in private capital in line with expectations and has the right mechanisms in place for doing so JC 1.3 Investments supported by the InvestEU Fund are contributing to closing the EU's investment gap JC 1.4 InvestEU Leverage and Multiplier Effect Calculation Methodology is credible, used consistently and underlying data are reliable	• Available data suggests that the Programme is on track to mobilise a significant volume of public and private investment. • High-level figures of investment mobilised should however, be used with caution, as available figures are based on approvals, there is high variation across IPs, and there is no causality or attribution. • There is indicative evidence of a meaningful crowding-in effect of InvestEU, and InvestEU financing is largely viewed positively by project promoters, financial intermediaries and fund managers. • InvestEU is contributing to addressing investment needs (and gaps) in key areas such as green transition, digital transformation and social investment.	Section 4.1.1.1
	EQ 2a To what extent is the distribution of InvestEU Fund investments sectorally and geographically balanced? EQ 2b. How is the inclusion of several IPs in the implementation of the InvestEU Programme contributing to the reaching of InvestEU targets as well as EU policy goals, especially with regard to the geographical and sectorial balance of the supported financing and investment operations?	JC 2a.1 Excessive sectoral or geographical concentration is avoided, and more precisely: • Geographical concentration is in line with indicative concentration limit • Indicative targets focusing on specific policy objectives (if any) are met (for general financial products) JC 2a.2 Efforts were made to widen sectoral and geographic take-up of InvestEU, particularly in those sectors and Member States with the largest investment needs and gaps, and to the benefit of smaller or less sophisticated NPBIs JC 2b.1 InvestEU has been effective in encouraging the participation of a wide range of IPs JC 2b.2 Their participation contributes to the	• At the end of 2023, InvestEU signatures covered 25 Member States. However, financing is expected to cover all MS as deployment continues and the MS compartment is used. • Top 3 Member States (Spain, Italy, Romania) – account for EUR 7 billion of signed financing. This represents 48% of the signed financing which has been geographically allocated (EUR 19 billion less EUR 4.6 billion which is not allocated to any country). • When looking at geographic distribution of signatures based on RHOMOLO-EIB imputations, top 3 Member States (Spain, France, Italy) account for 44% of the signed financing (EUR 8.5 billion out of EUR 19 billion). • All NACE sectors (level 1) are covered. Top 3 sectors (C, D and G) represent 55% of signed	Section 4.1.1.1

		achievement on the targets and policy goals, and a positive effect on geographic and sectoral distribution	volume. • InvestEU is covering a wide range of sectors, in line with the InvestEU regulation. However, due to the market-based approach of the InvestEU Programme, and the internal rules of the IPs, some sectors identified in the regulation as eligible have benefitted from limited support (e.g. defence or biodiversity). • Overall, it is still too early to draw any conclusions on geographical or sectoral balance as signed volumes represent 30% of approvals. • High entry costs and complexity resulted in some NPBIs withdrawing their applications to become IPs and has dissuaded some smaller NPBIs from joining the Programme. Top 3 Member States are covered by multiple IPs (CEB, EBRD, EIB, EIF and 5 NPBIs) – this contributes more to geographic concentration rather than to geographic diversification. • Overall, given the early stage of many IPs' activities and low volume of signatures, it is too early to determine the open architecture's contribution to reaching InvestEU Programme targets and EU policy goals, especially in respect of EU added value and the geographical and sectoral balance of the support (as per Article 29 InvestEU Regulation). •	
	EQ 3a To what extent is the InvestEU Fund on track to achieve the expectation that actions under the InvestEU Programme contribute at least 30% of the overall financial envelope of the InvestEU Programme to climate objectives? EQ 3b To what extent is the InvestEU Fund on track to achieve its target of at	JC 3a.1 The climate action target is on track to be achieved or exceeded JC 3b.1 The 60% target under SIW is on track to be achieved or exceeded	• EUR 10.3 billion worth of investments supporting climate objectives, this corresponds to 53%. • EUR 5.7 billion worth of investments supporting climate or environmental objectives under SIW. This corresponds to 86%.	Section 4.1.1.1

	least 60% of the investments under the SIW to support climate and/or environmental objectives?			
	EQ4 To what extent are the InvestEU Fund / EU Guarantee contributing to the achievement of the general objectives indicated in Article 3(1) of the InvestEU Regulation? NB: some general policy objectives (investment mobilised, sectoral / geographical distribution, climate objectives) are covered by preceding EQs (EQ1 to EQ3)	JC 4.1 There is early progress towards general policy objectives as per InvestEU KPIs/KMIs JC 4.2 The conditions are in place for InvestEU to make an important contribution to Europe's twin transition (green and digital) JC 4.3 The conditions are in place for InvestEU to contribute to wider objectives (inclusion, innovation etc.)	• Given the early stage of the Programme implementation, comprehensive data on KPIs/KMIs are still limited, making meaningful aggregation and analysis challenging. Currently, only seven IPs are partially reporting KPIs/KMIs. • Despite this, there are promising early signs of the deployment of InvestEU into the real economy. Notably, initial investments align strongly with EU policy objectives. • InvestEU is supporting the green transition in multiple areas, including development and deployment of emerging technologies, large-scale renewable energy projects, sustainable agriculture and industry, energy efficiency of buildings, low carbon transportation and mobility, nature-based solutions, natural capital and ecosystem restoration, sustainable tourism, net-zero education infrastructure. • InvestEU is supporting digitalisation of SMEs, investment in digital technologies and digital infrastructure through a combination of financing and advisory support. Blending top-ups are enabling the EIF to support entire ecosystems (e.g. semi-conductors, CCS) that would otherwise have received little attention under the current Programme. • The Programme is also contributing to wider objectives relating to EU's competitiveness, innovativeness and social dimension of the twin transition.	Section 4.1.1.1
	EQ 5 To what extent is the InvestEU Fund on track in achieving its policy objectives under the individual policy windows, as indicated in Article 3(2) of the InvestEU Regulation, in relation to each window's extent of market failures	JC 5.1 Implementation is on track under each policy window JC 5.2 There is progress towards specific policy objectives as per InvestEU KPIs/KMIs JC 5.3 InvestEU is contributing to addressing	• A significant portion of the guarantee allocation under the SMEW, RIDW, and SIW has already been approved (74% or more), while progress under the SISW is lagging. • The share of approved guarantees for the SIW (37%) and RIDW (26%) closely mirror their respective allocations (38% and 25%). In contrast,	Section 4.1.1.1

	or suboptimal investment situations?	financing / investment constrains in each specific policy area	the SISW's share of approved guarantees (8%) falls short of its allocated share (11%). Conversely, the SMEW accounts for a larger share of the approvals (30%) compared to its allocation (26%). • There is limited data on KPIs/KMIs at policy window level. Moreover, policy objectives are not defined in measurable terms. This makes it difficult to judge if the Fund is "on track" to achieve policy objectives under individual windows.	
	EQ 6 To what extent is the usage of the investment platforms effective in the achievement of the InvestEU Fund's objectives?	JC 6.1 Investment platforms have been largely effective in stimulating project pipelines in target sectors and crowding-in of private lenders / investors JC 6.2 Investment platforms had a positive effect on geographic and sectoral distribution	• There has been limited use of investment Platforms under InvestEU. So far, there are two signed Platforms: EIF-CDP investment platform for social infrastructure and CDP – EIB investment platform for infrastructure projects). The third Investment Platform that was approved (EIB – CDC data centre) will no longer go forward. • No sub-operations have so far been signed under the two Investment Platforms. Hence, the contribution of Investment Platforms to InvestEU objectives cannot be assessed at this stage.	Section 4.1.1.1
	EQ 7 What is the macro-economic impact of the InvestEU Fund, including its effect on supporting growth and employment?	N/A	• InvestEU can be expected to contribute to long-term economic growth and jobs. • RHOMOLO-EIB estimations are provided in the main report.	Section 4.1.1.1
	EQ 8 Is the allocation of the EU Guarantee in line with the provisions of Article 13(4)-(5) of the InvestEU Regulation?	JC 8.1 The legal provisions are respected	• In line with the Regulation, EIBG has been allocated EUR 19.6 billion (or (75%) out of the EU budgetary guarantee of EUR 26.2 billion. • Out of the EUR 6.6 billion or 25% guarantee available for other, EUR 3.6 billion had been allocated to 12 IPs following the first call for expression of interest. A second call for expressions of interest was launched in October 2023.	Section 4.1.1.1
	EQ 9 To what extent is the EIB Group fulfilling its obligations under points (b) and (c) of Article 11(1) of the InvestEU Regulation?	JC 9.1 The EIB Group satisfactorily fulfils its obligations in support of the implementation of the InvestEU (point b) JC 9.2 The EIB Group satisfactorily fulfils its obligations in support of the implementation of	• The EIB Group satisfactorily fulfils its obligations in support of the implementation of the InvestEU and of NPBIs.	Section 4.1.1.1

		the NPBIs (point c)		
	EQ 10 To what extent has the Sustainability Proofing been applied in line with Article 8(5) of the InvestEU Regulation?	JC 10.1 Sustainability Proofing guidance is available and appropriate JC 10.2 Sustainability Proofing assessments /summaries are available, and their quality is satisfactory	• Sustainability proofing under InvestEU is encouraging the mainstreaming and standardisation of sustainability assessment practices among IPs. • Guidance on certain aspects may be insufficient, and the proofing requirements can be onerous for IPs and financial intermediaries.	Section 4.1.1.1
	EQ 11 Is the focus on SMEs reached under the SME policy window adequate, as referred to in point (c) of Article 8(1) of the InvestEU Regulation?	JC 11.1 The thematic focus of InvestEU on specific segments of SMEs is appropriate i.e. those under-served by the market either because they are: • financially constrained for example: high risk SMEs (start-ups, those without adequate collateral), innovative SMEs, SMEs in CCS, micro, social enterprises • engaging in activities with positive externalities e.g. investments in improving energy efficiency, skills and training of staff etc. JC 11.2 The targeted approach under InvestEU (as opposed to a generalised approach) to SME financing is justified JC 11.3 The range and design of products developed by IPs are suitable for addressing identified SME financing gaps and investment needs	• There are persistent financing gaps and investment obstacles of European SMEs. • IP product offering is comprehensive and evolving to meet new needs and market objectives e.g. a pilot mechanism to support SMEs exporting to Ukraine and the forthcoming blending initiative combining ESF+ resources with InvestEU budgetary guarantee. • The demand for products generally exceeds available resources. • Interviewed financial intermediaries have highlighted issues such as complexity of eligibility criteria (especially for the Sustainability Guarantee) and administrative burden for reporting.	Section 4.1.1.1
	EQ 12 What is the impact of the NGEU deadlines in the implementation of the InvestEU?	N/A	• The NGEU deadline provided a strong impetus for speeding-up delivery. Nevertheless, the short timeframe for developing a pipeline may also have made the allocation of InvestEU resources less farsighted and strategic than would otherwise have been the case. • The frontloading (due to NGEU deadline) has also created a “cliff effect” – without further budgetary reinforcements, new approvals for some products will not be possible post-2025.	Section 4.1.1.1

ADDITIONALITY	EQ 13 To what extent is the provision of the EU Guarantee additional to the market?	JC 13.1 InvestEU operations are addressing market failures and sub-optimal investment situations (public good nature, externalities, information asymmetries, socio-economic cohesion considerations, frontier investments, scaling proven technology, co-ordination failures etc.) JC 13.2 With the help of EU Guarantee, implementing partners are able to offer support that would not be able to the project promoters/ financial intermediaries from alternative sources and is important or critical for the success of the operation e.g. scale of financing, attractive pricing, longer tenor, quality stamp, subordinate position, innovative financial structure etc. (input additionality) JC 13.3 There is strong evidence of the role of InvestEU in accelerating investment or supporting investment that would otherwise not happen (output additionality) JC13.4 For intermediated operations, in particular for SME support: Intermediaries set up a new portfolio with a higher level of risk or increased the volume of activities that are already highly risky e.g. start-ups, SMEs lacking adequate collateral etc.	• The InvestEU guarantee is enabling IPs to take on higher risk exposures, allowing them to provide riskier forms of finance (e.g. venture debt, direct equity), address riskier counterparts (e.g. SMEs without collateral and start-ups) and/or finance riskier activities (e.g. demonstration of emerging technologies or large-scale infrastructure projects). • By enhancing the risk appetite of IPs, InvestEU facilitates operations that are aligned with EU policy objectives but cannot secure market financing under reasonable conditions. • Notably, 95% of project promoters reported that their projects would either not have proceeded at all or not have proceeded as planned without InvestEU financing. • The most important aspects of the guaranteed financing seem to be the financial aspects, such as the cost of financing, the amount of financing, and the maturity. Secondary benefits include reputational benefits, and qualitative aspects of the project due to the due diligence process.	Section 4.1.1.1
	EQ 14 To what extent is the provision of the EU Guarantee additional to traditional IP financing / other existing public support?	JC14.1 For direct operations: InvestEU portfolio has a higher risk profile than the IPs own risk portfolio JC14.2 IPs would not have been able to finance these operations at all / not to the same extent in absence of the EU Guarantee due to implications of capital consumption and financial sustainability JC14.3 InvestEU operations could not have	• The InvestEU guarantee is allowing IPs to address the market gaps and suboptimal investment situations by pushing beyond their standard risk boundaries in pursuit of additionality. • For IPs, higher risk manifests as engagement with higher-risk counterparts, deployment of riskier financial products or conditions, or financing of activities with inherently higher risk.	Section 4.1.1.1

		been carried out / not to same extent under other existing public instruments		
EFFICIENCY	EQ 15 What is the relation between the resources used to implement the InvestEU Fund and the activities undertaken, in view of the objectives?	JC 15.1 The cost of implementing InvestEU (direct and indirect costs) are reasonable and proportionate JC 15.2 The Programme generates significant societal benefits	• Based on operations approved by the end of December 2023, the estimated multiplier effect of InvestEU has exceeded expectations. However, this figure should be used cautiously as there are some caveats. • Only a small amount of the provisioning budget had been consumed by the end of 2023. As the InvestEU portfolio is still young, the actual outflows and inflows are limited at this stage and as such it is not possible to determine the net cost of the EU guarantee at this early stage. • Higher interest rates could increase the provisioning needs for equity portfolios, as the EU guarantee covers the funding costs of equity for certain IPs. • Minor adjustments to the Commission's provisioning approach could enhance the InvestEU Fund's capacity, • Several factors are affecting the operational efficiency of the Programme: the pillar assessment and guarantee agreement negotiation process is complex and time consuming, investment approval process is labour intensive, reporting requirements are burdensome for all. • Substantial staff resources are devoted to the Programme at the Commission and IPs. • Benefits are expected to be significant and wide-ranging, and substantially above the direct cost of the guarantee to the EU budget.	Section 4.1.1.2
	EQ 16 Are the available human resources adequate to achieve the objectives?	JC 16.1 Sufficient human resources are mobilised	• In the interviews DG ECFIN highlighted the need for additional staff to manage the Programme. However, no specifics were provided in terms of number of staff required and for what purposes.	Not applicable
	EQ 17 To what extent have the financial resources provided to InvestEU, namely the EU Guarantee (and its revenues)	JC 17.1 Extra resources were mobilised for the InvestEU Fund (e.g. Union support of the MS	• In addition to the EUR 26.20 billion from the InvestEU budget, resources have been augmented by EUR 1.77 billion (including EUR 1.5 billion	Section 4.1.1.2

	including Union support of the MS and third countries, as well as blending operations, been appropriately sized and used through risk sharing arrangements and for coverage of different costs to achieve its expected effects? NB: Whether the EU Guarantee is adequately sized is covered under relevance	and third countries, blending operations) JC 17.2 Financial resources are deployed efficiently e.g. there is a reasoned but sufficient use of products (e.g. thematic products) that are more budget consuming, display a lower multiplier but deliver more additionality / have more policy value added JC 17.3 There is an adequate use of different risk sharing arrangements (including e.g. subordinated position where duly justified)	cash contribution) from Member States, EUR 0.61 billion through blending top-ups, and EUR 0.37 billion from EEA-EFTA States. • Financial resources are inadequate relative to demand, investment needs and policy objectives. • The guarantee has been utilised by IPs to develop a comprehensive product offering. No gaps in product offering have been identified, although there is lack of sufficient resources to meet demand for certain products. Demand is particularly high for high guarantee consuming products (e.g. venture debt, equity, portfolio guarantees). • The distinction between thematic and general debt products has not been consistently applied.	
	EQ 18 What are the leverage ratio and multiplier of the InvestEU Fund contribution, broken down by policy window and portfolio/ financial product, as relevant?	N/A	• The approved financing indicates an expected multiplier effect of 14. 67 for the EU compartment, (against an expectation of 14.2). • The expected multiplier effect for the Fund (both EU and MS-C) is expected to be slightly higher at 14.85. The InvestEU leverage effect is estimated at 5.62. • Breakdown by window or product is currently not available.	Section 4.1.1.2
	EQ 19 To what extent are the governance structures and procedures of the InvestEU Fund efficient in supporting its implementation?	JC 19.1 The overall governance structure is appropriate for all windows JC 19.2 The different configurations in which the IC corresponds well to the needs of the four policy windows. JC 19.3 Clear lines of responsibility and accountability are established JC 19.4 The governance structure allows for decision making autonomy and reasonable decision-making time JC 19.5 IC members have no conflict of interest JC 19.6 IC members have appropriate tools and	• The investment approval process is labour-intensive for both the Commission and the IPs. • There is redundancy in the information required by the IC and the Policy Checks. • The quality of the information relating to framework operations and additionality assessment available to the IC was not optimal at the beginning, but has improved overtime • There are concerns that the umbrella framework may have limited the policy steer of certain policy DGs compared with the management of grant-based programmes. • The governance framework (i.e. Steering Board and Advisory Board) does not sufficiently promote information sharing and coordination between IPs.	Section 4.1.1.2

		documents at their disposal to make informed decisions		
	EQ 20 Can the process of negotiation of GAs between the Commission and the IPs be made more efficient?	N/A	• Most IPs indicated that the pillar assessment was cumbersome and lengthy, involving considerable administrative effort and time. • Many IPs highlighted lack of clarity and flexibility as the main problems encountered during the GA negotiation phase.	Section 4.1.1.2
	EQ 21 To what extent are InvestEU Fund communication methods efficiently used to engage stakeholders?	JC 21.1 There was a communication strategy in place setting our communication objectives, target audiences, intended outcomes etc. JC 21.2 The communication strategy was implemented	• The Commission has undertaken a number of communication activities to promote the InvestEU programme, in line with its communication strategy. • The efficiency and effectiveness of these activities cannot be assessed within the scope of this evaluation.	Section 4.1.1.2
RELEVANCE	EQ 22 To what extent are the design and the objectives of the InvestEU Fund relevant?	JC 22.1 Existence of persistent and significant investment gaps requiring EU intervention JC 22.2 The size of the EU Guarantee is commensurate with the needs / objectives of InvestEU Fund JC 22.3 The allocation of resources between windows reflects the needs / objectives of InvestEU Fund JC 22.4 The product offer under InvestEU Fund is suitable i.e. the range of products deployed (i) addressed market failures/ constraints that may inhibit or restrict private investment (ii) addressed the diversity of needs across sectors and EU Member States JC 22.5 There was demand for InvestEU financing across sectors and countries	• There are persistent and significant gaps in the areas targeted by InvestEU, including: financing gaps and investment obstacles faced by SMEs, R&D investment and digital infrastructure investment gaps, green transition and sustainable infrastructure investment gaps, social investment gaps. • The InvestEU's portfolio of activities and products is highly appropriate for addressing the EU's investment needs and mobilising capital. • There is a significant demand for the InvestEU Fund products, underscoring their relevance and necessity in the current economic landscape. • All stakeholders unanimously share the perception that the Programme is under-resourced with budget not matching the EU’s policy ambitions or investment needs.	Section 4.1.3.1
	EQ 23 To what extent is the InvestEU Fund / EU Guarantee addressing identified needs and market failures /	JC 23.1 InvestEU financing was allocated to sectors/ thematic areas with the greatest financing needs and gaps (while balancing	• The InvestEU's portfolio of activities and products is highly appropriate for addressing the EU's investment needs and mobilising capital.	Section 4.1.3.1

	suboptimal investment situations?	policy prioritisation and absorption capacity) JC 23.2 risk sharing arrangements between EU and IPs allow the latter to adequately address needs and market failures	• Initial investments align strongly with most EU policy objectives. Investments are addressing identified needs, market failures and sub-optimal investment conditions in areas such as green transition, digital transformation, research and innovation, SME financing and social investment.	
	EQ 24 To what extent has the InvestEU Fund been able to adapt to evolving needs and shifting geopolitical circumstances since its inception?	JC 24.1 There were processes in place for market sounding JC 24.2 There was flexibility to make adjustments in response to evolving market conditions e.g. introduction of new products, budget re-allocations etc. JC 24.3 There was room for market testing new approaches and products (developing pilot financial products) JC 24.4 InvestEU financing was allocated to emerging policy priorities when required (e.g. strategic investment)	• The programme's structure is flexible and allows to make adjustments in response to evolving market conditions e.g. blending top-ups for defence, semi-conductors, space; the use of InvestEU framework for setting up the EBRD CRM facility; a pilot facility to allow Export Credit Agencies (ECAs) to support EU SMEs exporting to Ukraine.	Section 4.1.3.1
COHERENCE	EQ 25 To what extent is the InvestEU Fund, coherent with other EU interventions (i.e., complementarity, potential synergies and / or overlaps with the ESIF, Digital Europe Programme, Horizon Europe, LIFE, etc.) in terms of objectives, scope and activities?	JC 25.1 There is no direct competition between the different EU interventions JC 25.2 There is complementarity between InvestEU Fund and other relevant EU interventions e.g. RRF, ESIF, Digital Europe Programme, Horizon Europe, SMP, LIFE, EU ETS Innovation Fund JC 25.3 The InvestEU Fund facilitates the blending of grants and financial instruments with the EU Guarantee. The InvestEU Fund facilitate the delivery of ESIF and RRF objectives through MS compartments	• InvestEU complements RRF and Horizon initiatives, but a more thorough analysis is needed. • InvestEU provides the possibility to create synergies with several other EU programmes through blending operations.	Section 4.1.1.3
	EQ 26 To what extent are the actions of the InvestEU Programme internally coherent in terms of potential synergies in contributing to the achievement of the	JC 26.1 There are feedback loops between Fund and the Hub / Portal JC 26.2 There is evidence of the Hub feeding the pipeline of the Fund	• The InvestEU Fund is expected to be supported by the Advisory Hub, while the role of the Portal within the InvestEU ecosystem is not clear. • The Advisory Hub is contributing to building investment pipelines and ecosystems. The linkages	Section 4.1.1.3

	EU key policy objectives?	JC 26.3 Evidence of the Hub contributing to widening the sectoral and geographic coverage of InvestEU Fund JC 26.4 The Portal is contributing to fruition of investment opportunities	between the InvestEU Fund and the Advisory Hub could however, be strengthened.	
EU ADDED VALUE	EQ 27 What is the EU added value of the InvestEU Fund support? To what extent could the InvestEU Fund support provide EU added value compared to what Member States acting on a national or regional level could reasonably achieve on their own?	JC 27.1 There are clear elements of EU added value e.g. alignment with EU policies, cross border dimension, larger partnerships, enhanced quality of projects etc. JC 27.2 Acting at the EU level enables critical mass of resources to be leveraged, enables economies of scale through the use of innovative financial products, advantages in terms of a diversified portfolio of European projects JC 27.3 InvestEU Fund support has features that distinguish it from other similar support available at national/regional level	• The InvestEU Fund provides EU added value across several dimensions, including: the diverse range of products offered under the Programme, enhancing the risk-taking capacity of NPBIs, developing common standards, the possibility to set up MS compartments to address specific national needs, financing multi-country operations, a combination of advisory and financing.	Section 4.1.2.1
	EQ 28 How is the inclusion of several IPs in the implementation of the InvestEU Programme contributing to the reaching of InvestEU targets as well as EU policy goals, especially with regard to EU added value?	JC 28.1 The benefits expected when opening access to EU Guarantee materialised	• The open architecture is slowly bedding-in, but it is too early to judge the overall benefits, but there is potential for the following benefits to materialise: successful partnership between the Commission and IPs, benefits of competitiveness dynamics for the Commission, alignment of NPBIs/IFIs with EU standards and priorities, more diversified product offering addressing niches /specific local investment needs, greater reach, wider array of partners for blending operations, reinforcing institutional capacity of NPBIs. • Among areas for improvement there is: high complexity and coordination costs, limited collaboration between IPs. • It is unclear whether the open architecture contributes to the pipeline and the diversification of risks, or its impact on the overall success of the programme.	Section 4.1.2.1

III.2 InvestEU Advisory Hub

Evaluation criterion	Evaluation Questions	Judgement Criteria	Summary of evaluation's findings	Section of the main report
EFFECTIVENESS	EQ1 To what extent has the Advisory Hub deployment fulfilled its mandate and activities as listed in Article 25 of the InvestEU Regulation?	JC 1.1 The Advisory Hub's services and activities corresponded to those required by the InvestEU regulation JC 1.2 All types of activities were adequately covered (project advisory, capacity building and market development) JC 1.3 The Hub is contributing to the development of high-quality projects eligible for support from the InvestEU Fund or aligned with EU policy objectives JC 1.4 Services offerings are effective relative to each policy window as well as to cross cutting objectives and relevant areas not directly connected to policy windows	• The seven APs have developed 27 initiatives to support a pipeline of investment projects across various sectors like the environment, energy efficiency, social sectors, and digital transformation, for both public and private clients. • The Advisory Hub aims to assist in identifying, preparing, structuring, procuring, and implementing these projects, as well as enhancing the capacity of project promoters and financial intermediaries. This support can cover any project stage and may include project advisory, capacity building, and market development. • Advisory Hub assignments cover all 27 Member States although certain countries have received more concentrated support, often through the involvement of NPBIs. • Service content is being delivered to a high standard.	Section 4.2.1.1
	EQ 2 To what extent is the InvestEU Advisory Hub's central entry point hosted by the Commission effective in allocating requests for advisory support to the appropriate advisory initiatives?	JC 2.1 InvestEU Advisory Hub acted as a central entry point (i.e. it received requests) JC 2.2 Requests were appropriately allocated.	• The central entry point provided limited value as a source of advisory engagements and as a vehicle in reinforcing the value and relevance of the Hub. • Most of the advisory assignments are directly originated by the APs, but the central entry point is however a somewhat useful information tool.	Section 4.2.1.1
	EQ3 To what extent is the InvestEU Advisory Hub contributing to the achievement of the objectives indicated in Article 3 of the InvestEU Regulation?	JC 3.1 The Advisory Hub's services and activities corresponded to EU policy priorities, to InvestEU general and specific policy objectives JC 3.2 Advisory Hub assistance provided contributed to investment projects being implemented JC 3.3 Advisory Hub fed the InvestEU pipeline	• A comprehensive analysis of the Advisory Hub's effectiveness is not yet feasible due to its early stages of implementation. However, the evidence available shows that the Advisory Hub has been effective in targeting key sectors and policy areas that are aligned with the InvestEU eligibility and EU policy priorities. • Existing indicators suggest that many assignments have a potential to generate investments, or at least are aligned with the InvestEU priorities. However,	Section 4.2.1.1

		under all policy windows	it is too early to assess the extent to which support will lead to projects actually securing financing.	
	EQ 4 On which sectors listed in Article 8(1) of the InvestEU Regulation has the Advisory Hub most impact and why? What are the challenges for making the Advisory Hub effective across all eligible sectors and areas and how are they being overcome?	N/A	• The Advisory Hub has provided most (82%) of the advisory support to the main policy areas of InvestEU: energy sector, mobility and sustainable infrastructure, social investments, and support to SMEs and small mid-caps, thus contributing to achieve the objectives of the IEU programme. • It is too early to identify challenges and solutions, as the data from the monitoring systems is not available yet.	Section 4.2.1.1
	EQ 5 To what extent is the Advisory Hub effectively using the expertise of the Commission, the EIB Group, and the other APs (Article 25(5) of the InvestEU Regulation) to achieve its objectives?	JC 5.1 The Advisory Hub was successful at mobilising the expertise of the Commission, the EIB Group, and the other APs JC 5.2 The Advisory Hub develops further cooperation with NPBIs and external partners as needed	• Overall, feedback from clients towards the service delivery point to high levels of satisfaction. • The EIB Advisory Hub is engaged in some NPBI capacity building initiatives. • There is scope for improved coordination between IP and APs and among APs.	Section 4.2.1.1
	EQ 6 To what extent is the InvestEU Advisory Hub's governance model effective in meeting the InvestEU objectives?	JC 6.1 The decision-making processes, roles and priorities are clear and geared towards the achievement of EU objectives.	• The process of providing the InvestEU advisory support is working well. • While the new framework presents an opportunity for increasing efficiency, it also creates some complexity while applying a standardised approach across the different types of advisory initiatives.	Section 4.2.1.1
EFFICIENCY	EQ 7 To what extent are the financial resources provided to the InvestEU Advisory Hub appropriately sized to meet the Advisory Hub's objectives (and the demand for advisory services observed) and how can they be optimised? Has the EIB Group utilised the allocated amount pursuant to Article 11(1)(d)(i) of the InvestEU Regulation?	JC 7.1 The Advisory Hub budget utilisation is in line with what can be expected at this stage of the programme JC 7.2 Resources have been allocated to various Advisory Hub initiatives in a sensible manner (reflecting objectives, demand, absorption capacity etc.)	• By the end of 2023, 18% of the total advisory budget (EUR 69.8 million) had been utilised for 844 assignments (ongoing or completed), with all the partners apart from CDP having utilised 33% or less of their budgeted allocation. • APs are at different stage of implementation. • It was not possible to look at the relevance, efficiency and effectiveness of individual advisory initiatives.	Section 4.2.1.2
	EQ 8 To what extent are the InvestEU Advisory Hub's communication methods efficiently used to promote its service to	JC 8.1 The Advisory Hub undertook the necessary steps to effectively promote its	• The relevance of the Advisory Hub could be better communicated and reinforced to showcase its value.	Section 4.2.1.2

	public and private project promoters (including national promotional banks or institutions and investment platforms or funds and regional and local public entities)?	activities. JC 8.2 Promotional activities around the Advisory Hub were targeted at the right groups, and designed in a way that ensures value for money. JC 8.3 The Hub is visible among its target audience.	• The InvestEU Advisory Hub is not well known by potential recipients or IPs beyond flagship initiatives, such as ELENA.	
	EQ 9 Can the process of negotiation of Advisory Agreements between the Commission and the APs be made more efficient?	N/A	• No additional or specific issues (aside from those that apply to negotiation of GAs with IPs) were identified.	Section 4.2.1.2
RELEVANCE	EQ 10 To what extent are the InvestEU Advisory Hub's design and objectives (Article 25(2) of the InvestEU Regulation) relevant?	JC 10.1 Demand for the various Hub services has been satisfactorily high/ in line with expectations JC 10.2 There are no gaps in service offer for all types of beneficiaries	• The seven InvestEU APs have developed an extensive, differentiated range of advisory initiatives. The average budget utilisation by AP is currently 18%. • The final recipients of the Advisory Hub assignments include SMEs (63% of assignments), corporates (14%), public authorities (22%) and the Commission Services (0.1%).	Section 4.2.3.1
COHERENCE	EQ 11 To what extent is the InvestEU Advisory Hub coherent with other existing major EU-wide investment advisory services (complementarity, potential synergies and/or overlaps)?	JC 11.1 InvestEU Advisory Hub is unique or offers complementary service or caters to complementary target groups compared to similar initiatives at the EU level	• The Advisory Hub is expected to play a key role in supporting the deployment of the Fund. • Partners highlighted some challenges in linking advisory services to the InvestEU financing.	Section 4.2.1.3
EU ADDED VALUE	EQ 12 To what extent is the InvestEU Advisory Hub's support to project promoters and beneficiaries providing EU added value?	JC 12.1 The Advisory Hub offers support that brings in EU added value (e.g. alignment with EU priorities, transfer of knowledge across Member States) JC 12.2 The Advisory Hub offers support capacity that cannot be met by national / regional programmes or the private sector	• The Advisory Hub is adding value particularly through the unique level of expertise it provides via several advisory initiatives and assignments across the seven partners. • The high quality of the services and the ability to target the service specific to the needs of the recipients are important factors for EU added value. • The added value of individual advisory initiatives needs to be more clearly spelled out.	Section 4.2.2.1
	EQ 13 How is the inclusion of several	N/A	• The open architecture is slowly bedding-in, but it is	Section4.2.2.1

	APs in the implementation of the InvestEU Programme contributing to reaching the InvestEU targets as well as the EU policy goals, especially with regard to EU added value?		too early to judge the overall benefits. • The high geographic concentration of advisory services limits the EU added value of including several APs in the implementation of the Advisory Hub.	

III.3 InvestEU Portal

Evaluation criterion	Evaluation Questions	Judgement Criteria	Summary of evaluation's findings	Section of the main report
EFFECTIVENESS	EQ1 To what extent is the InvestEU Portal effectively fulfilling its mandate as outlined in Article 26 of the InvestEU Regulation and enhancing the visibility and accessibility of investment opportunities within the Union?	JC 1.1 The Portal is contributing to increasing awareness and visibility of investment opportunities across different sectors and regions within the EU JC 1.2 Both project promoters and investors report high levels of user satisfaction JC 1.3 The Portal is contributing to facilitating investment activities, including project matchmaking and financing JC 1.4 The Portal is generating a pipeline for the Advisory Hub and IEU Fund JC 1.5 The value of the Portal is appreciated/recognised by users and wider stakeholders	• While the Portal is becoming more used as a tool it is not possible at this stage to conclude on the extent to which the Portal has been effective in giving visibility to the projects published on it. • The satisfaction rate is lower for project promoters than for investors based on survey feedback (although very few investors responded and as such survey findings cannot be generalised). • This evaluation cannot determine the extent to which the Portal was directly responsible for investment. • Matchmaking and e-pitching events were generally well-received. • The Portal is not generally considered a relevant component of the InvestEU Programme by IPs and APs, largely due to its inability to generate relevant investment opportunities or advisory requests. • Investors generally see the value in registering on the Portal, albeit not as much as initially anticipated. • The linkages between the Portal and the other two components of InvestEU, the Fund and the Advisory Hub, have not yet fully materialised.	Section 4.3.1.1
EFFICIENCY	EQ 2 To what extent are the financial resources used for the InvestEU Portal appropriately sized to meet the InvestEU	JC 2.1 InvestEU Portal spending is in line with its budgetary allocation	• The resources allocated to the InvestEU Portal have been quite limited. • The evidence on the efficiency of Portal activities	Section 4.3.1.2

	Portal's objectives and how could they be optimised?	JC 2.2 The staff capacity in place is sufficient to run the Portal and organise side activities JC 2.3 Resources have been deployed against the various activities in a sensible manner JC 2.4 The overall benefits justify the costs	is limited. The limited resources may be one of the reasons why the platform has not been living up to the expectations. On the other hand, the activities that have proven more successful, such as the partnerships and matchmaking events, require relatively more financial resources.	
	EQ 3 To what extent are the InvestEU Portal's communication methods efficiently used to promote the Portal?	JC 3.1 The communication methods used to promote the Portal reach and engage the intended audience, including project promoters and investors JC 3.2 Promotional activities around InvestEU Portal are designed in a way that ensures value for money (e.g. drawing on partnership with other institutions)	• The Portal is not very visible to potential investors or project promoters, even among those that benefited from the InvestEU Fund or Advisory Hub.	Section 4.3.1.2
RELEVANCE	EQ 4 To what extent are the InvestEU Portal's design and objectives (Article 26(2) of the InvestEU Regulation) relevant?	JC 4.1 There is a clear rationale for the Portal and associated activities JC 4.2 the Portal's design meets the needs and preferences of its primary users, including project promoters and investors JC 4.3 The quality of projects listed, and information provided on the Portal is high	• The Portal is still in its ramp-up phase and the evidence on its usefulness is still scarce. As of December 2023, 1,518 projects have been published, out of the 3,409 submitted. The estimated number of investors registered is about 450. The number of visitors and views has increased. 48 events were co-organised by the Commission. • The substantial diversity in the geographical and sectorial distribution of the projects submitted reflects the main priorities of the InvestEU programme and covering almost all Member States. • The Portal is not generally considered a relevant component of the InvestEU programme by IPs and APs. • The Portal's design meets the needs and preferences of its primary users to a good extent. •	Section 4.3.3.1
COHERENCE	EQ 5 To what extent is the InvestEU Portal coherent with other existing major EU-wide platforms (complementarity,	JC 5.1 InvestEU Portal is either unique or offers complementary services or caters to complementary target groups, compared to	• The linkages between the Portal and the other two components of InvestEU, the Fund and the Advisory Hub, have not yet fully materialised.	Section 4.3.1.3

	potential synergies and/or overlaps)?	similar initiatives at the EU level JC 5.2 The Portal collaborates with or enhances the value of other EU platforms, creating synergistic relationships	• The partnerships with other platforms have been successful and well-received.	
EU ADDED VALUE	EQ 6 To what extent is the InvestEU Portal providing EU added value for enhancing the visibility of published investment projects from the perspective of project promoters and investors?	JC 6.1 The Portal fosters cross-border project contacts, engagements and investments, enabling a wider reach than national platforms JC 6.2 Perceived added value by project promoters and investors in using the Portal, compared to other platforms or independent efforts	• The InvestEU Portal's EU added value is not clearly defined, due to its limited effects on the visibility of projects and usefulness. • The majority of the project promoters and investors found the Portal's unique features compared to other platforms a compelling reason for using it.	Section 4.3.2.1

ANNEX IV. OVERVIEW OF BENEFITS AND COSTS

IV.1 Introduction

According to the Commission's Better Regulation Guidelines (page 28), evaluations should strive to quantify the benefits and costs arising from interventions and assess the proportionality of these costs and benefits. The guidelines also mandate that actual costs and benefits be summarised in an overview table in the annex of the main report. This annex fulfils this requirement. However, a traditional cost-benefit analysis is neither feasible nor appropriate for a programme like InvestEU for several reasons, including:

- **Many of the intended benefits of the InvestEU Programme are intangible and cannot be quantified, let alone monetised**. These include market capacity building, financial innovation (development of new financial products and risk sharing mechanisms), development of investment ecosystems, improved visibility and quality of investment opportunities in the EU etc.
- **Even where benefits are quantifiable, such as the amount of investment mobilised and other KPIs/ KMIs (emissions savings, energy savings etc.), determining causality within the scope of the present evaluation is challenging**. The contribution of InvestEU cannot be isolated from other concurrent interventions and contextual developments. For example, other EU and national programmes may also influence investment activities. Furthermore, broader economic conditions and market trends can significantly impact outcomes. For example, positive business sentiment can amplify the effects of InvestEU by encouraging additional private investment, while negative sentiment can dampen the impact. Likewise, broader financial environment, including interest rates set by central banks and the availability of credit from financial institutions, affects the cost of borrowing and investment decisions. Low interest rates typically encourage borrowing and investment, whereas high rates can have the opposite effect.
- **The costs and benefits of the InvestEU Programme accrue over a long-time horizon**. Many impacts, particularly those related to structural changes in the market and long-term economic growth, may not be fully realised or measurable within the interim evaluation period. Although estimates and forecasts can be derived from economic models like RHOMOLO-EIB, these early-stage estimates rely on numerous assumptions regarding the geographic and sectoral distribution of financing and compare against a simplified steady-state baseline without InvestEU financing.
- **The InvestEU portfolio is still building up, meaning that many of the costs and benefits have not materialised at the time of the interim evaluation**. This nascent stage of the portfolio limits the availability of comprehensive data on realised costs (e.g. guarantee calls, funding costs) and results (e.g. SMEs receiving financing) and outcomes (e.g. improved access to finance for targeted segments of SMEs, micro and social enterprises).
- **Apart from the direct costs of the Programme (i.e. the EU budget allocation for the Programme), it is practically challenging to collect reliable quantitative data on costs accrued by various stakeholders**, most notably project promoters and financial intermediaries. Comprehensive large-scale surveys required for such data collection are not feasible within the scope of the present evaluation.

Reflecting the above limitations, this annex provides a partial assessment of the costs and benefits of the Programme.

IV.2 The costs of the InvestEU Programme at EU level

IV.2.1 Cost to the EU budget

Provisioning of the EU guarantee

A financial envelope of EUR 10.5 billion (40% of EUR 26.2 billion) is available for provisioning the InvestEU Guarantee. Of this, EUR 39 million had been consumed by the end of 2023 under the EU compartment. The programme is still in its initial phase, which explains the very modest amount of guarantee call claims up to now.

Table A1.2 Consumption of the EU guarantee as of end-2023, EUR

InvestEU Programme	Provisioning	EFTA Contribution	Claims 2022 -2023
EU Compartment (40%)	10,460,924,029	150,372,093	38,959,043
MS-Compartment	1,488,437,415	0	2,957,935
TOTAL	11,949,361,444		41,916,978

InvestEU Claims: EU Compartment

Description of cost type	2022	2023	Total
Guarantee Call Claims	70,470	3,174,784	3,245,254
Administrative Fees	0	10,802,082	10,802,082
Cost of Funding for Equity and Hedging Guarantee Operations	1,512,220	21,857,821	23,370,041
Guarantee Call Claims paid out of Hedging Amounts	0	1,515,738	1,515,738
Interest on Hedging Amounts	807	25,121	25,928
TOTAL	1,583,497	37,375,546	38,959,043

InvestEU Claims: MS Compartment

Description of cost type	2022	2023	Total
Guarantee Call Claims paid out of Hedging Amounts	0	2,957,935	2,957,935
TOTAL	0	2,957,935	2,957,935

EU + MS compartments	1,583,497	40,333,481	41,916,978

Note: 2023 data includes Q4 2023 claims which were paid in 2024.

Source: DG ECFIN

As the InvestEU portfolio is still young, the actual outflows and inflows are limited at this stage and as such it is **not possible to determine the net cost of the EU guarantee at this early stage.** The net cost of the EU guarantee can be calculated by adjusting the budgetary outflows to take account of the any inflows or revenue streams. Outflows include payments due to implementing partners upon (i) calls on the EU guarantee resulting from defaulting loans; (ii) value adjustments of equity portfolios (accounting losses); (iii) impairments on equity operations; (iv) expenses such as funding and recovery costs incurred by implementing partners and exceptionally, reimbursement of the residual risk and the operational costs of certain types of operations[103]. Inflows include remuneration of the EU guarantee by the implementing partners and recovery proceeds.

Table A1.3 Consumption of the EU guarantee by IP as of end-2023, EUR

IP	2022 (EUR)	2023 (EUR)	Total
EIB	70,470	1,585,718	1,656,189
EBRD	n/a	1,700,000	1,700,000
EIF (EU Compartment)	1,513,027	34,089,828	35,602,854
EIF (MS Compartment)	n/a	2,957,935	2,957,935
TOTAL	1,583,497	40,333,481	41,916,978

Note: 2023 data includes Q4 2023 claims which were paid in 2024.

Source: DG ECFIN.

Budgetary guarantees create contingent liabilities for the EU. These are potential financial liabilities of the EU, which stem from guarantee commitments[104]; the extent to which they will lead to actual losses is uncertain as it will depend on the performance of the InvestEU portfolio overtime and losses could occur well beyond the time horizon of the InvestEU Programme[105]. Contingent liabilities arising from budgetary guarantees are partially provisioned (40% in case of the InvestEU Fund) and the provisioning calculations are based on conservative assessments of the expected losses plus a 'safety' buffer to cover a portion of the unexpected losses. For budgetary guarantees, the Financial Regulation requires upfront provisioning based on the provisioning rate included in the legal base.

Advisory Hub and Portal

A budget of EUR 430 million has been allocated to the InvestEU Advisory Hub, the InvestEU Portal and accompanying measures.

The following table shows available data on incurred costs by partner as sourced from annual unstructured reports. Only figures for the year 2022 are available for Bpifrance and CDC data are available until November 2023.

[103] Article 18 of the InvestEU Regulation allows cost coverage of duly justified high risk operations in support of EU policy goals: "the coverage of such costs by the Union budget shall be limited to the amount strictly required to implement the relevant financing and investment operations, and shall be provided only to the extent to which the costs are not covered by revenues received by the implementing partners from the financing and investment operations concerned."

[104] The EU (partially) guarantees implementing partners for the losses emanating from their financing and investment operations (i.e. debt or equity operations).

[105] To illustrate with an example: an infrastructure project receiving an InvestEU guaranteed loan in 2025 with 15-year tenor, could default anytime until 2040.

Table A1.4 Advisory Hub costs incurred during 2023, EUR

	Bpifrance*	EBRD	EIB	CDC*	CDP	CEB	CINEA	Total
Eligible/direct costs (EU contribution)	328,021	636,963	14,191,738	59,815	1,091,989	178,581	854,903	17,342,010
AP contribution* **	587,411			230,769	388,444	104,753		1,311,377

* Bpifrance data are for 2022; ** CDC data are until Nov 2023; *** AP contribution not applicable for the EIB and CINEA

Source: Compiled from unstructured technical reports submitted by APs.

The table below provides an annual breakdown of the budget allocated to Portal communication activities. No further cost data are available.

Table A1.5 Budget for Portal communication activities, 2021-2023, EUR

Year	Commitments: EUR	Number of operations
2021	90,627.00	7
2022	108,500.00	3
2023	75,000.00	3
Total	274,127.00	13

Source: DG ECFIN

Finally, InvestEU implementation entails a number of additional costs relating such as:

- Costs associated with running the IC (cost of running the independent secretariat as well as costs related to fees and reimbursement of expenses of IC members)
- Cost of the Technical Assessment Unit (TAU)
- Cost of developing and implementing the InvestEU MIS. These include IT development costs; maintenance costs and cost of hosting the database in the data centre
- Costs related to communication and awareness building activities

The following table provides the available data for these costs.

Table A1.6 Other accompanying measures – budget utilisation

Cost item	Payments (2021-2023)
TAU	2,247,528
Investment Committee	867,135
Sustainability Summit/EUSIS	462,170
Corporate Communication managed by DG COMM	838,000
Other category of costs for communication activities (including roadshows)	75,000
Total	4,489,833

Source: DG ECFIN

Other direct costs related to the implementation of the InvestEU Programme

These primarily include Commission staff resources involved in designing and managing the InvestEU Programme. These activities encompass a range of tasks such as:

- Conceptualisation and design: developing the initial framework and structure of the InvestEU Programme;
- Preparation of legal basis: drafting and finalising the legal documents (proposal for InvestEU Regulation and accompanying Impact Assessment) that underpin the programme;
- Negotiation of agreements: engaging in discussions to finalise guarantee agreements, advisory agreements, and contribution agreements;
- Preparation of call for expression of interest: organising and evaluating calls for the InvestEU Fund and Advisory Hub;
- Monitoring and steering implementation: Overseeing the execution of the programme;
- Coordination between Commission services;
- Participation in various governance meetings (e.g. Steering Board, Advisory Board, Policy Review Dialogues);
- Managing in-house the Hub central entry point and Portal activities; and
- Other tasks such as development of MIS, running the IC secretariat, communication etc.

Table A1.7 FTEs involved in the management of InvestEU and predecessor instrument at the European Commission

DG	FTE (previous programmes)	FTE (InvestEU / current MFF)*	Notes
ECFIN	7.5	34.1	Directorate L. FTEs reported here for 2023
BUDG	4.5	4.5	Directorates A, C, D, E
CINEA	-	5.4	Estimates for previous MFF not available
CNECT	2.7	2.0	
EAC	1.4	1.0	
EMPL	4.8	4.0	
ENV	-	1.4	Estimates for previous MFF not available
GROW	3.5	2.7	
RTD	4.5	-	Estimates for current MFF not available
Total	**28.9**	**55.1**	

*Includes FTE devoted to legacy instruments. Based on data collected from individual DGs

Source: European Commission

The evaluation collected data on the Commission resources, quantified in Full-Time Equivalents (FTEs), dedicated to the setup and ongoing management of InvestEU. These details are presented in the table below. Additionally, DG ECFIN, the lead Directorate-General responsible for the programme, has calculated the associated staff costs. For the year 2023, these costs are estimated to be EUR 7.5 million (excluding the cost of FTEs involved in EFSI legacy).

IV.2.2 The costs of the InvestEU Programme: IPs/APs

As far as the InvestEU Fund is concerned, in theory the only "cost' to the IPs should relate to their financial contributions (skin in the game). No additional costs are anticipated, as the InvestEU operations should generate sufficient revenues for the IPs to cover their costs and to remunerate for the risks. Funding costs and foreign exchange costs are either directly reimbursed by the Commission or covered by IPs using equity waterfalls or guarantee revenues– this is a point of negotiation between IPs and EC.

IPs have however, expressed concerns about the high costs involved in participating in the Programme in the form of time and effort involved in the pillar assessment process, negotiation of the GA, preparation of documentation for IC approval of operations, and meeting InvestEU reporting requirements.

As regards the InvestEU Advisory Hub, the costs of providing advisory services are fully reimbursed by the Commission. And hence, no additional costs are anticipated. However, the evaluation finds that the expected efficiencies from grouping a wide range of advisory activities within the EIB have not yet materialised. The Advisory Hub was intended to increase efficiencies and avoid overlaps by centralising existing advisory initiatives and widening the scope of intervention under the InvestEU Programme. While this presented an opportunity for increased efficiency, it also introduced some complexity by applying a standardised approach across different advisory initiatives. Most notably, the initial set-up and transition efforts required were not fully anticipated.

Reporting simplifications are already being considered in the current MFF. This includes the reduction of frequency of several reports from InvestEU implementing and advisory partners, which could generate a significant amount of savings for implementing partners, financial intermediaries and final recipients (estimated at approximately EUR 40 million[106]).

IV.2.3 Administrative costs and burden for financial intermediaries (InvestEU Fund – indirect operations)

Participation in the InvestEU Programme entails several administrative costs for financial intermediaries involved in the implementation of portfolio guarantee products:

- Application costs: expenses related to applying for participation as a financial intermediary;

[106] In line with the EU Standard Cost model (Tool #58) of the Better Regulation Toolbox of the European Commission.

- Compliance costs: costs incurred to ensure compliance with eligibility criteria and other InvestEU requirements;
- IT system modification costs: expenses for modifying IT systems to collect, compile, and report data as required by IPs;
- Contractual documentation costs: costs of adjusting contractual documentation to reflect InvestEU specificities and the guarantee agreement/contract with IPs; and
- Training and capacity building costs: costs of training staff and building capacity to manage InvestEU programme requirements.

The evaluation methodology did not include a survey of financial intermediaries. Instead, interviews were conducted with a sample of seven financial intermediaries and four fund managers.

Feedback from Financial Intermediaries

Interviews with financial intermediaries highlighted several challenges and resource-intensive aspects:

- Eligibility criteria compliance: applying eligibility criteria, especially for the sustainability guarantee, is challenging and resource-intensive. For example, financial intermediaries have to collect (and store for a considerably long period) extensive documentation and evidence to verify the eligibility of loans backed by the sustainability guarantee. Moreover, loans may need to be split into multiple parts if they comprise various investment categories (e.g., renewable energy, pollution prevention, waste reduction), making reporting cumbersome.
- Monitoring and reporting requirements: these were generally highlighted as demanding for both intermediaries and final recipients. For example, financial intermediaries highlighted that there is considerable effort associated with collecting and reporting any modifications to final recipients' data (e.g., changes in contact details, postcode) on a quarterly basis.
- Complex guarantee contracts: financial intermediaries spend significant time, effort, and incur legal costs to understand the complex terms of the guarantee contract with IPs, and in ensuring these terms are correctly implemented in loan agreements with final recipients.

Feedback from Fund Managers

Fund managers did not raise any issues related to administrative costs and burdens. This reflects the nature of the private equity/venture capital (PE/VC) industry, where extensive due diligence by Limited Partners (LPs) and comprehensive reporting are standard practices.

IV.2.4 Administrative costs and burden for final recipients (Fund and Advisory Hub)

A project promoter survey (InvestEU Fund – direct operations) was carried out (see Annex V.10.4). Of the proposed aspects of the IP's financing, project promoters agree to various extents that that the time taken to reach a financing decision (84%), the complexity and the extent of information required as part of the due diligence process (79%), the requirements for accessing financing (68%), and the monitoring and reporting requirements (68%) were overly burdensome or potential discouraging.

The evaluation did not conduct a survey of final recipients due to the practical challenges of conducting such a survey and the concentration of final recipients among a few financial intermediaries and MS, thus introducing the possibility of bias. However, feedback from financial intermediaries and an SME representative organisation indicated that applying for a loan backed by the sustainability guarantee is particularly burdensome for SMEs. The issues stem from stringent eligibility requirements, including extensive documentation and evidence, and ongoing reporting obligations (KPI/KMI data).

Regarding the Advisory Hub, the interviewed final recipients did not report any specific administrative costs or burdens.

IV.3 Benefits of the InvestEU Programme

The benefits of the Programme are substantial and wide ranging, affecting various sectors and stakeholders, as outlined in the impact pathways. This section provides a summary of some of the benefits that can be assessed and evidenced at this early stage of the Programme. Comprehensive evidence on the full range of impacts depicted in the impact pathways should be collected in subsequent evaluations.

IV.3.1 Benefits of the Fund

The benefits reported until 2023 are summarised below.

Financing approved and signed

EUR 42.9 billion of InvestEU guaranteed operations have been approved. Of these, signed operations accounted for EUR 19.2 billion of financing.

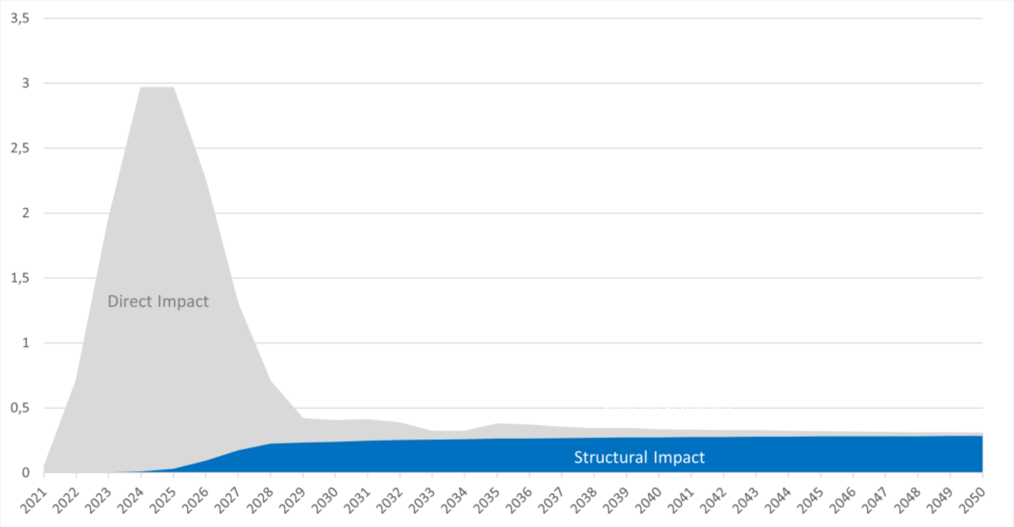
Investment and private finance mobilised

Considering both the EU and MS compartment, based on operations approved by the end of 2023, the InvestEU Fund is estimated to mobilise around EUR 218 billion[107], with EUR 141 billion expected from private sources. Considering only the EU compartment, investment mobilised would be EUR 205 billion and private finance mobilised EUR 131 billion. Figure A1.1 and Figure A1.2 show the estimated trend and geographical distribution of investment mobilised, as percentage change over the baseline, based on approved operations. The impact of InvestEU-supported operations on the EU economy

[107] This is the amount of investment used to produce the RHOMOLO-EIB simulation results.

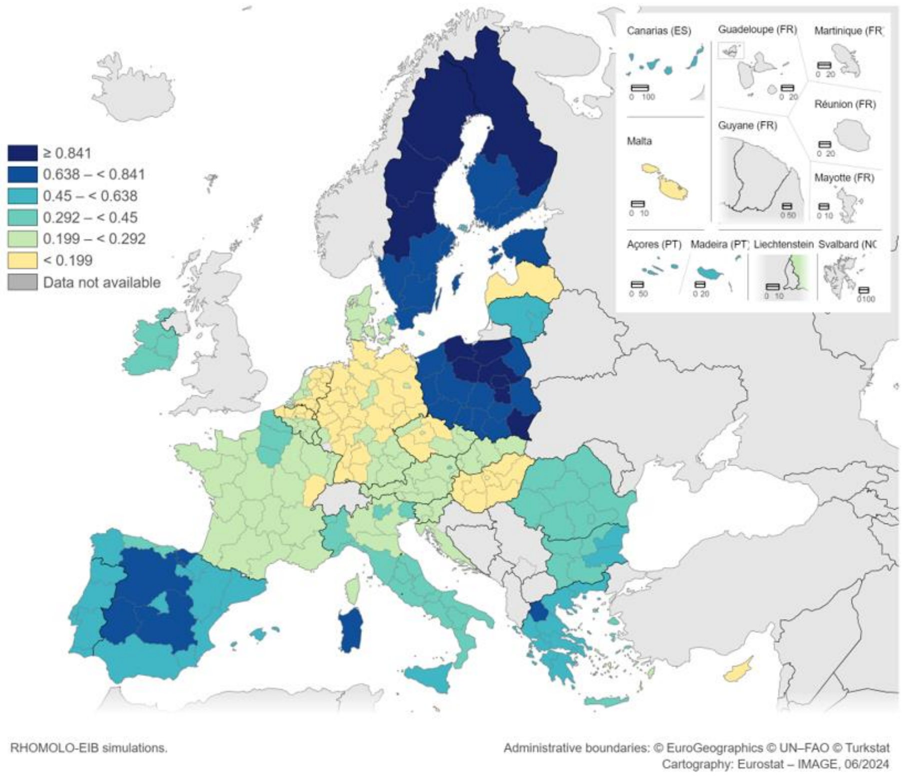
was estimated through the EIB-JRC RHOMOLO model. Two main channels were taken into consideration: a shorter-term investment effect and a longer-term structural and competitiveness effect.

Figure A1.2 Investment mobilised (% change over baseline), based on approvals



Source: EIB-JRC analysis

Figure A1.3 Geographical distribution of investment mobilised (% change over baseline), based on approvals



Source: EIB-JRC analysis.

Other KPIs

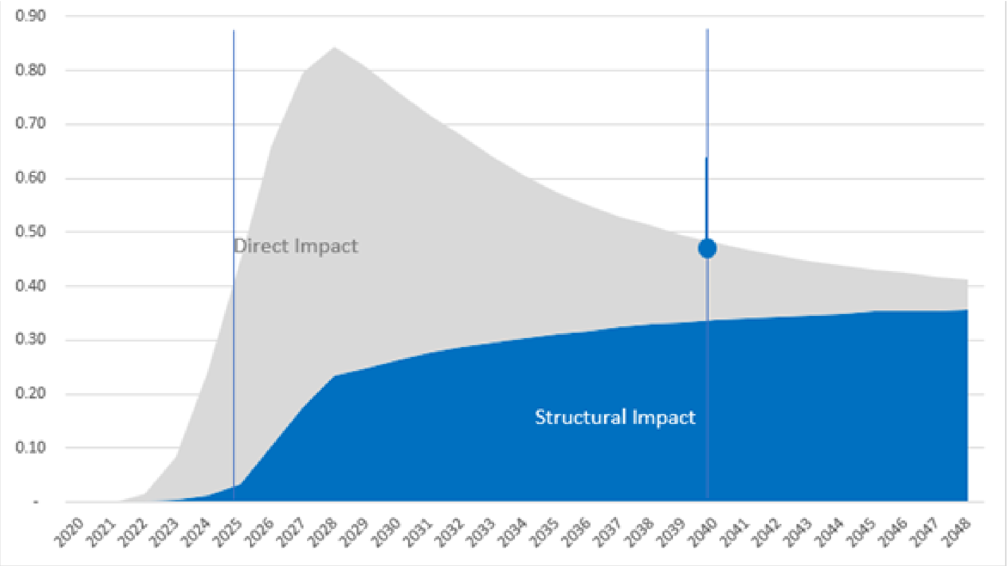
Given the early stage of the programme implementation, comprehensive data on KPIs/KMIs are still limited. Currently, only seven IPs are reporting relevant KPIs/KMIs. Early evidence of the reach of InvestEU is provided by the following figures.

- 104 projects have received financing.
- 5,997 businesses have received guaranteed loans (EIF)
- 26,070 microfinance recipients (EIF and CEB)
- 957 social enterprises supported (EIF and CEB)
- 699 startups and companies received funding from InvestEU-backed equity funds (EIF and CDPE).

Impact on GDP and jobs

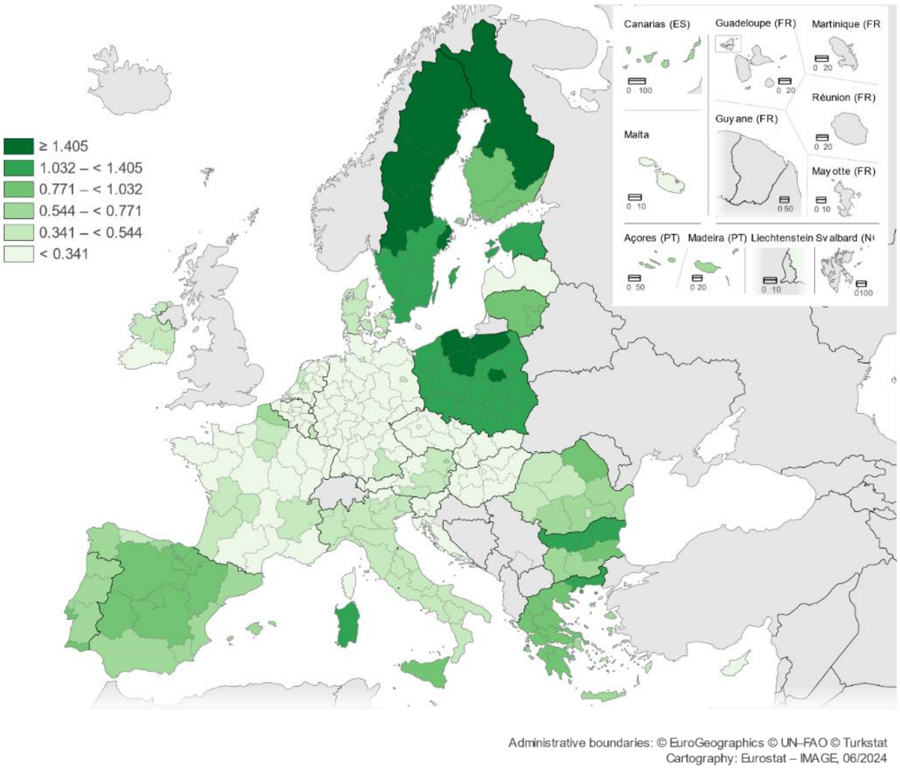
As estimated with the RHOMOLO-EIB model, InvestEU can be expected to contribute to long-term economic growth and jobs by supporting productivity enhancing investments (e.g., digital, transport) and strong spillovers (green investments, RDI, social investments). Figure A1.3 and Figure A1.4 show the estimated trend and geographical distribution of GDP, as percentage change over the baseline, based on approved operations. Similarly, Figure A1.5 and Figure A1.6 illustrate the estimated trend and geographical distribution of jobs created, in thousands over the baseline, based on approved operations.

Figure A1.4 GDP (% change over baseline), based on approvals



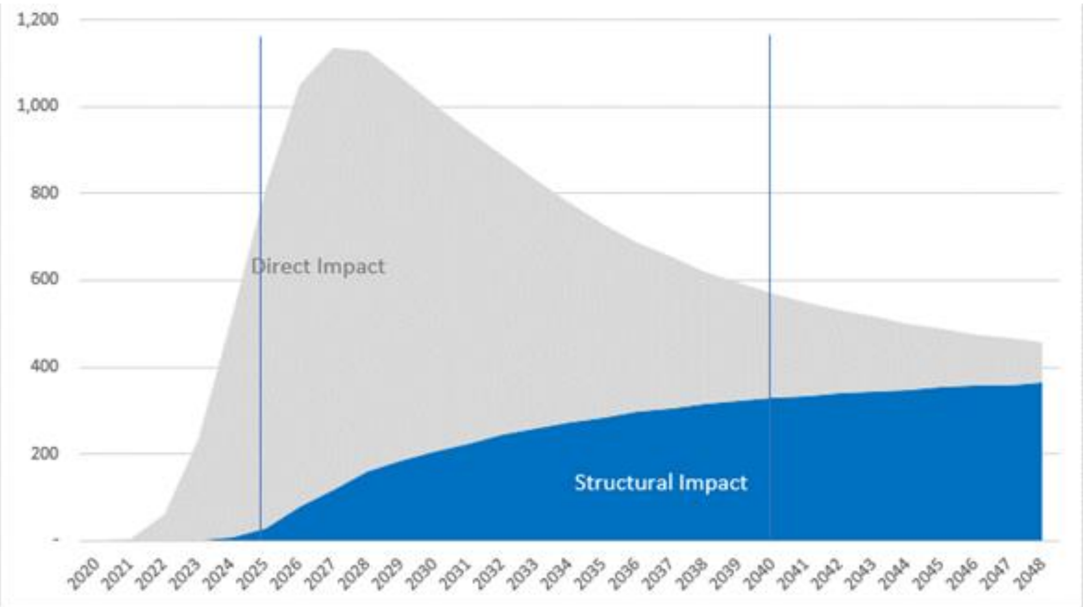
Source: EIB-JRC analysis

Figure A1.5 Geographical distribution of GDP (% change over baseline), based on approvals



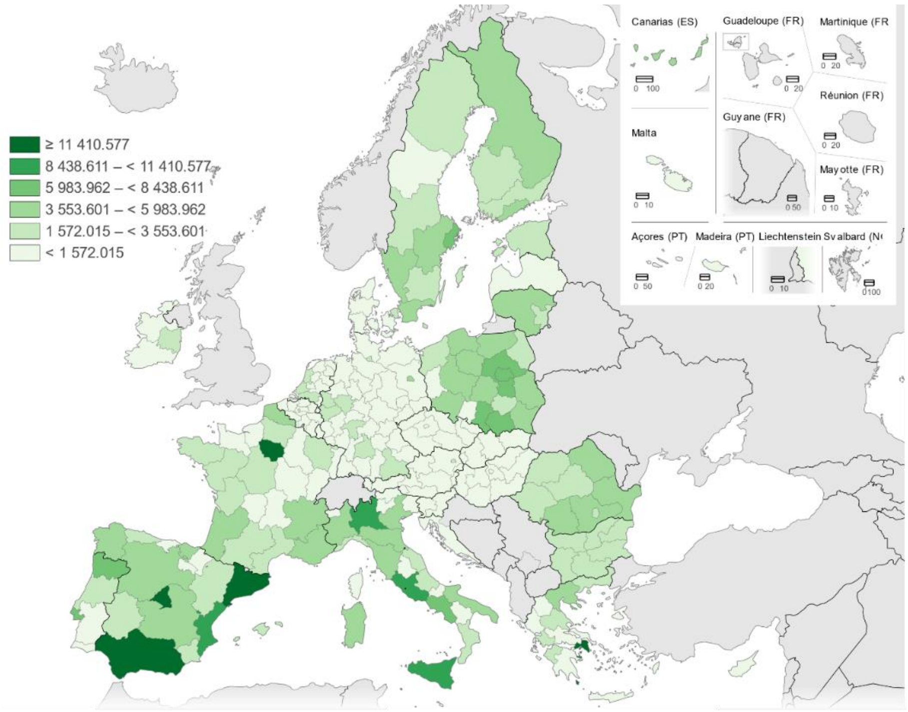
Source: EIB-JRC analysis

Figure A1.6 Jobs (thousands over baseline), based on approvals



Source: EIB-JRC analysis

Figure A1.7 Geographical distribution of jobs (thousands over baseline), based on approvals



Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat – IMAGE, 06/2024

Source: EIB-JRC analysis

Contribution to the green and digital objectives

The InvestEU Fund is supporting the EU's green transition, as illustrated by the following figures:

- EUR 10.3 billion worth of investments supporting climate objectives. Achievement = 53% versus expectation = 30%
- EUR 5.7 billion worth of investments supporting climate or environmental objectives under SIW. Achievement = 86% versus expectation = 60%
- 835 businesses receiving financing under the EIF sustainability guarantee
- Over 90% of the climate and environmental funds backed led by first-time or emerging teams
- At least 41% of the Advisory Hub budget utilisation has targeted green areas. This corresponds to eligible areas that cover environment, energy, sustainable bioeconomy, seas and oceans. In practice, the proportion of budget utilisation towards green is likely to be higher. A proportion of the InvestEU advisory budget contributing towards mobility and Industrial Site Rehabilitation would also contribute towards green goals.

Case study in Annex 6.6 of the ICF report examines the contribution of the Programme to the EU's green transition in further detail.

The InvestEU Fund is supporting the EU's digital transformation, as illustrated by the following figures:

a. Investment supporting digitisation (reported by the EIB, EIF, CDPE and CEB)
Amount: EUR 6.6 billion (signed volumes)
Share of total investment: 34% of total signed volume

b. Investments in cybersecurity, space and defence (EIF)
Number of operations contributing to investments in cybersecurity, space and defence:10
Amount of investment contributing to investments in cybersecurity, space and defence: EUR 353 million

c. Innovation and digitisation guarantee (EIF)
Number of enterprises receiving financing: 1,166
Number of individuals receiving financing: 12

d. Equity (EIF and CDPE)
Number of companies receiving investment from InvestEU backed funds = 269
Amount of investment received = EUR 551 million

e. Advisory hub assignments contributing to digitalisation (Bpifrance, CDP, EBRD and EIB)
Number = 228
Share = 23.6% of assignments

Case study in Annex 6.7 of the ICF report examines the contribution of the Programme to the EU's digital transformation in further detail.

Transformational potential

The InvestEU Fund is likely to have significant systemic effects such as:

- Building IP capacity: aligning NPBIs/ IFIs with EU standards and mobilising investment in shared priorities such as climate change, digitalisation, innovation etc. to kindle sustainable growth.
- Enhancing the risk appetite of the IPs: by increasing the risk tolerance of IPs, InvestEU facilitates investments that might otherwise be deemed too risky. (See Section 4.1.1.1 on additionality for more details).
- Seen together they have the capability of building and shaping markets and ecosystems:
    - Greening the financial system: InvestEU is promoting sustainable finance practices (e.g. sustainability proofing, climate tracking), and pioneering market deployment of sustainability guarantees, a product inspired by the EU taxonomy. For example, Letta's Report advocates for a European Green Guarantee (EGG),

an EU-wide scheme to support bank lending to green investment projects and companies.

- Developing ecosystems: InvestEU is fostering the development of ecosystems for social investment and the blue economy, and sowing the seeds for non-existent or nascent markets such as space and education.
- Demonstration effect: InvestEU's innovative financial products serve as a demonstration effect, encouraging further market development and adoption.
- Engaging financial intermediaries: the EIF is engaging with a diverse range of financial intermediaries, including non-bank institutions such as universities (via the Student Loan Guarantee Facility and through the current InvestEU SISW instruments)) and Export Credit Agencies (through the forthcoming Trade Credit Facility), thus building their capacity to channel finance to societally impactful activities.

IV.3.2 Benefits of the Advisory Hub

While it is too early to provide a comprehensive assessment of the benefits of the Advisory Hub, those observable as of end of 2023 can be summarised as follows:

- 541 assignments have been completed and 303 are currently in progress.
- The range of services provided includes project advisory (77%), capacity building (19%) and market development activities (4%).
- The Advisory Hub has been effective in targeting key sectors and policy areas that are aligned with the EU policy priorities, such as in the energy sector, mobility and sustainable infrastructure, social investment, and support to SMEs and small mid-caps.
- Support to SMEs amounts for 63% of all assignments and 13% of the budget. Other corporates account for 14% of assignments and 36% of the budget.
- Many assignments have the potential to generate investment. For starters, 91% of the assignments and 83% of the related budgets have a reported link to the Fund. While it is too early to assess the volume of investment and grants mobilised, preliminary data indicates that advisory assignments have mobilised EUR 3.7 billion in investment and EUR 3.6 million in grants with a link to the InvestEU policy objectives.

Benefits of the Portal

It is also too early to provide a comprehensive assessment of the benefits of the Portal, but those observable as of end of 2023 can be summarised as follows:

- 1,518 projects have been published on the Portal, out of the 3,409 submitted. The proposed investments by all published projects amount to EUR 14.59 billion.
- It is not possible to conclude on the extent to which the Portal provides visibility to the projects published on it, or whether it enhances its chances of receiving financing. While the number of visitors and views on the Portal has been increasing, there have been only 465 contacts over the last 3 years. Of the projects published, 140 received funding after publication, representing 9% of the total.

- The 48 matchmaking and pitching events were considered to be highly beneficial and value-adding. They resulted in an estimated EUR 13 million in secured investments over the course of the three years.
- Other potential benefits of the Portal include an increase quality of the projects, a structure environment that can lead to learning opportunities for promoters and better-informed decisions by investors, and a reduction in search costs for investors. However, the available evidence does not confirm the existence of these benefits.

IV.4 Overview of costs and benefits

The table below provides a summary overview of the costs and benefits that could be assessed at this stage. As previously flagged, the evaluation can only provide a partial and incomplete picture due the early stage of the implementation of the Programme as well as non-availability of data.

Table A1.8 Costs and benefits of InvestEU

	Costs	Benefits
EU budget	**Financial** InvestEU financial envelope for the programming period (2021 to 2027): EUR 14.825 billion Costs as of 31 December 2023: ▪ EUR 39 million had been consumed under the EU compartment. ▪ Complete costs data are not available for the Advisory Hub, the Portal and accompanying measures **Human resources** Staff (FTE): 55.1 FTEs across 8 DGs	Improved leverage and efficiency of the EU budget, as compared to grants through a higher multiplier effect and to financial instruments through their partial provisioning Ability to influence IFI/ NPBI activity and channel their capital to shared priorities such as climate change, digitalisation, innovation etc. to kindle sustainable growth
IPs/APs	Fund: revenues/ returns cover IP costs and risk remuneration Hub: AP costs are reimbursed However, significant administrative burden, particularly for new entrants to the Programme – expected to decline over time	Increase in capacity of IPs/ APs, enabling them to expand and diversify their product offer, client base and overall volume of activity Capacity building of new IPs/ APs Standardisation of approaches and practices with respect to additionality, sustainability proofing
The real economy: projects, businesses, people	Administrative cost and burden relating to meeting eligibility requirements, reporting requirements and navigating contractual	*Benefits as of end 2023* **Financing of projects and businesses:** 104 projects have received financing.

	Costs	Benefits
	complexity	5,997 businesses have received guaranteed loans (EIF) 25,070 microfinance recipients (EIF and CEB) 957 social enterprises supported (EIF and CEB) 692 startups and companies received funding from InvestEU-backed equity funds (EIF and CDPE). **Contribution to mobilisation of investment:** around EUR 218 billion, with EUR 141 billion expected from private sources. Considering only the EU compartment, investment mobilised would be EUR 205 billion and private finance mobilised EUR 131 billion *(NB: these figures are not entirely attributable to InvestEU)* **Contribution to jobs and growth**: Approximately 200,000 jobs and 0.1% GDP in 2023 **Contribution to development of investment ecosystems**: space, computing, emerging clean-tech, bioeconomy, blue economy **Contribution to greening of finance** **Improved investment readiness of projects (Hub)**

ANNEX V. STAKEHOLDERS CONSULTATION - SYNOPSIS REPORT

This Synopsis Report provides an overview of the results of the stakeholder consultation carried out by the contractor in support of the interim evaluation of the InvestEU Programme. The stakeholder consultation began in November 2023 and ended in May 2024. The aim of the stakeholder consultation was to gather feedback and information (qualitative and quantitative) from key stakeholders to support the evaluation.

Stakeholder consultations covered: Commission services; InvestEU governance bodies; all IPs / APs; other national or regional promotional banks or institutes; national policy makers; project promoters and other financial intermediaries; Advisory Hub users; business associations and industry representatives etc. This Report accompanies the Draft Final Report and should be read in conjunction with it.

V.1 Approach to the consultation

The following sub-sections provide an overview of the consultation activities and the main stakeholder groups that were targeted. A mixed methods approach was chosen for the consultation comprising scoping and semi-structured interviews and online survey of project promoters. In addition, inputs from the recent Commission-led survey of investors and project promoters with experience of the Portal were examined. The consultation process with the Commission and IPs was iterative and included ad hoc follow-up, either through interviews or written contributions.

All relevant stakeholders were given an opportunity to provide their views and a good response rate from most groups was achieved. The table below shows in detail the response rates to the consultation.

Table A1.9 Summary of stakeholder consultation response rates

Stakeholder type	Semi-structured interviews [of which scoping]	Surveys
European Commission*	62 [30]	
Members of IC	12	
National authorities (some members of the Advisory Board)	18	
IPs / APs*	16 [5]	
Project promoters and financial intermediaries	7	38
Beneficiaries of advisory support	8	
Beneficiary representatives	1	
Withdrawn NPBIs	4	

* Some European Commission officials and IPs/APs have been consulted more than once in different phases of the evaluation process or in order to discuss specific topics.

V.2 Call for evidence

V.2.1 Design aspects

V.2.1.1 Thematic focus

While more needs to be done to develop specific market segments, such as scaling up the market segments where Europe lags behind, adequate continuous support for VC funds targeting below one billion euro fund size is required. The absence of such support would result in a dislocation of the funding gap from the scale up market segment to earlier funding stages (InvestEurope).

The EIFs increased focus on priority policy objectives through the thematic investment approach must be aligned with market realities in order to avoid a too narrow definition of eligible investment strategies so that the EIF intervention does not end up as counter-catalytic in the funds fundraising process (InvestEurope).

Moreover, the reclassification of the EIF's commitment to funds under the category of public sector investor (as opposed to being counted as market-oriented investor in the past) significantly reduces its catalytic effect in the market and voids its complementarity towards other national public sector investors (InvestEurope).

Intesa Sanpaolo suggested the creation of a new financing window to address new strategic priorities. Its relevance is increased following the Russian invasion of Ukraine. Within this context the EU has already presented a series of proposals to ensure its strategic autonomy in achieving the Green Deal goals including the Net Zero Industry (NZI) and the Critical Raw Material Acts. Intesa Sanpaolo sees a role for the InvestEU programme to be used in streamlining resources coherently across these European political priorities.

Federal Association against Aircraft Noise e.V. suggested new areas of green investment to be supported under InvestEU. These include areas such research on high-energy-density batteries for climate-neutral electric aircraft, the promotion of renewable energy sources and applications such as heat pumps and innovative Carbon Capture and Storage Solutions. In relation to reducing the climate impact of air transport, the programme could support exploring the use of urea in aircraft engines for NOx reduction, digitalization of air traffic control and communication between the air traffic control and pilots, which would promote more efficient flight practices, leading to shorter routes and higher average altitudes, resulting in lower emissions.

V.2.1.2 Budget

Several stakeholders pointed out that the InvestEU budget is much too limited to provide sustainable support to target final recipients and in most cases the budget has been close to exhausted already.

According to the European Association of Guarantee Institutions (AECM), InvestEU is considerably oversubscribed based on information from their member reports and feedback from the EIF. Less than half of the demand is likely to be met. AECM further pointed out that the Research, Innovation and Digitalisation window is already exhausted (as of March 2023) and that the SME window is limited in the funding it can provide, whereby its members have received only a third or half of the amount they had requested.

Several other stakeholders support the view of limited funding. According to France Active the allocated amounts are lower than requested and below the levels of the previous programming period, which is likely to hinder the ability to provide equivalent support to the target final recipients.

Several stakeholders furthermore pointed out the increased financing need towards the twin transitions. Increase in the funding is critical for retail and wholesale SMEs to transform their businesses both digitally and sustainably, as well as to ensure they have the right skills. According to a recent study by EuroCommerce and McKinsey it is estimated that companies across all retail and wholesale subsectors would need to invest an industry total of EUR 600 billion in each of the digital, sustainability and skills transformations (EuroCommerce).

The lack of resources also negatively impacts some commercial partners' participation in the InvestEU Programme. Intesa Sanpaolo pointed out that the fast depletion of InvestEU resources for the Research, Innovation and Digitalisation window and for the Sustainable Infrastructure window products was very inconvenient and that more resources should be allocated. For a large banking group such as Intesa Sanpaolo, it was unworkable to engage their network of client companies with such limited financing amounts. The group foresaw the consequent risk of having to halt financing operations within the very first year of launch, unbalancing the cost-benefit aspect of the necessary IT investments made by the bank to pursue its participation in the programme.

V.2.1.3 Provisioning rate

The provisioning rate is likely to constrain risk taking. Given that the Commission must always ensure that the 40% provisioning rate set in the InvestEU Regulation is respected, this may prevent available financial resources from being used to support more risky projects and for more innovative sectors, which carry a higher degree of additionality.

To allow IPs to finance projects with a high degree of additionality, two IPs suggest that the Commission could waive the distinction between General and Thematic products for Debt and Equity. This might open the room for an overall higher provisioning rate. Moreover, for debt-type products it should be considered whether the provisioning rate could be increased to offer IPs a higher guarantee coverage, e.g. 70 to 80 per cent of the underlying loans (ELTI, CDP).

V.2.1.4 Risk-sharing and remuneration

Some stakeholders pointed out that the risk sharing mechanisms are not appropriate for equity-type products. The "pari passu revenue-sharing" approach used by the Commission for equity products may not align with accounting standards. It also raises economic concerns as the expected gain sometimes significantly exceeds the risk, leading to high costs for IPs (CDC, ELTI).

From a financial perspective, the principle laid out in the Regulation which stipulates that the ‘EU guarantee remuneration shall be commensurate to the risk assumed by the Union’ and that ‘the EU guarantee will be remunerated based on a revenue sharing mechanism’ means that the *pari passu* implementation of the revenue-sharing mechanism is valid as long as the gains and losses are equivalent over the lifetime of the guarantee, which is unlikely to always be the case. According to ELTI, a market-conform mechanism could be practically and simply achieved by setting a cap on the *pari passu* principle, based on risk/return characteristic of the product. This mechanism would be fully consistent with the revenue sharing principle.

Coverage of the foreign exchange rate would increase market acceptance and create a level playing field between EU Member States with different currencies (ELTI).

V.2.1.5 Open architecture

Some stakeholders pointed to the benefits of the open architecture leading to long-term added value for the EU. By the Commission having established a strategic partnership with NPBIs and allowing for direct access to the EU guarantee, this was seen to generate a positive impact on the EU internal market. This long-term collaboration utilizes NPBIs financial capabilities, and knowledge of local markets and investment environment to complement the specific strengths of the EIB Group and International Financial Institutions (ELTI, CDP).

V.2.1.6 Eligibility requirements

Several AECM members have reported on difficulties concerning tax avoidance, which prevents them from finalising the pillar assessment. Because of this issue a bureaucratic procedure (e.g. an exhaustive questionnaire) has to be implemented which is not relevant for the typical SME and produces additional red tape (AECM).

V.2.2 Products under InvestEU

According to the European Association of Public Banks (EAPB), the new Sustainable Infrastructure window will face difficulties to be accepted by the market, particularly in the case of counter guarantees, since it is more difficult for an institution without a direct contact with final recipient to ensure the required checks and reporting. For example:

- To be Guarantee-compliant, the financial intermediaries and sub-intermediaries under the new Sustainable Infrastructure window must fulfill more requirements than intermediaries in the other windows, which may discourage participation from the intermediary bank and the final recipient. Examples include having to ensure that the other parties comply with certain regulations, processes and exclusions.
- According to the provisions for the Sustainable Infrastructure window, 60% or even 70% of the portfolio has to be restricted to the eligibility criteria on ‘Climate change mitigation’ and ‘Climate change adaptation’. For smaller or regional public

promotional institutions that can only finance from approved programs and budgets this is not operationally feasible.

- The technical documentation requests for the Sustainable Infrastructure window seem to be difficult and different for every criterion, which will discourage the participation of commercial banks as intermediaries. Furthermore, the reporting requirements are very complex and lead to additional IT implementation.
- The "Control of use of Funds", meaning the 'evidencing of costs of relevant expenditure before the disbursement of the loan' brings up many practical questions, including legal uncertainties.
- Other requirements (for example clause 14.7 Restrictive Measures) can in practice not be fulfilled by any party, where it is expected to guarantee that during the whole term of a loan no funds will flow to parties that are or have become Sanctioned Persons (including suppliers). This would not be feasible in practice.

MFIs face constraints in utilising the InvestEU products. MFI representatives provided examples of the hindering factors, which include:

- **Product design not being appropriate for MFIs:** Some MFIs have decided not to apply for an InvestEU financial product, either because they needed funding capital and not guarantees or because the process to apply to the sustainability guarantee product was too complex. In some cases, the requirements to access the funding were too difficult for the MFIs and the final recipients.
- **Lack of recovery rate for MFI intermediaries:** While under EaSI, after the call on Guarantee, MFIs could cover a percentage of the default amount and deduct it from the amount transferred to the MFIs, this is no longer available under the InvestEU programme. Respondents pointed out that this complicates the procedure and increases the administrative and reporting burden. The new system also means that MFIs could end up reaching the cape rate (set at 12%) and would therefore no longer be able to make new calls on the guarantee before recovering the amount which would restore their capacity to call on the guarantee.
- **Renewals and credit repurchase:** Under InvestEU, credit repurchase is allowed only if the share devoted to the repurchase is less or equal to 10% of the new credit. MFIs consider this rate to be too low as some microfinance clients' business is growing faster than expected and would need to access new microcredit when the first credit has been repaid by 50%.

Some stakeholders also considered the list of restricted assets is too restrictive and does not allow for the inclusion of projects that could still be financed under COSME (e.g. vehicles exceeding specific CO2 emission thresholds, yet necessary for the activity of certain companies (AECM). This new rule, for example, prevents some microfinance clients from accessing a loan to buy a vehicle which can impact their business project (Representatives of MFIs).

Some stakeholder pointed out that the Cap Rates determined by the EIF were not sufficiently high considering the targeting and the context (COVID crisis, Ukraine conflict, inflation increasing default rates). Higher cap rate for the SME Competitiveness guarantee (currently set at 10%) and other guarantees would be needed (France Active, MFI representatives). Moreover, unlike under COSME, the capped guarantee under InvestEU is not for free. This increases the cost of the guarantee and excludes the most vulnerable companies as they might not be able to afford a credit due to this fee (AECM).

V.2.3 Application process

V.2.3.1 Guarantee Agreements

The entry costs for new IPs are high as they require considerable time and effort: Pillar Assessment (PA), answering calls for the expression of interest, negotiation of the Guarantee and Advisory Agreements, embedding InvestEU-specific reporting obligations into own reporting obligations and adapting internal processes. These efforts represent a long-term investment aimed at a long-term partnership with the EU (ELTI). EAPB members have recommended to significantly improve the proportionality for new implementing partners in the future. All new partners must fulfil the same requirements as the EIB Group from the outset. It would be desirable if requirements for other implementing partners were reduced overall or allowed to be phased in or increased during the process. The proportionality and reliability of the "Pillar Assessment" is questionable as it does not simplify the further process (EAPB).

V.2.3.2 Downstream

Feedback on the EIF application process was mixed whereby some stakeholders considered it to be effective whereas others viewed it as too slow.

According to EAPB the application process with the EIF was slow and feedback oftentimes delivered after a long waiting period, while the information requirements by the EIF had to be fulfilled sometimes on short notice. AECM on the other hand mentioned that the cooperation with the EIF was highly valued by their members and considered as very smooth and constructive. The technical support by a team responsible for specific market circumstances in the respective Member States was also very well received by their members.

MFI Representatives pointed out that their bank members were highly satisfied with the application process (timeline, steps, simplicity and clarity). The application process was considered smooth and fast and the EIF provided adequate help during the process. However, MFIs indicated frequently that the Programme was too complex, and the process was behind the schedule in the case of microlending. However, at the same time they expressed their high appreciation to the EIF team and their assistance in guiding them through the process.

V.2.4 Requirements, rules and governance

V.2.4.1 Reporting requirements

The InvestEU Regulation foresees three main classes of reporting requirements: operational financial and risk reporting. In the GA, additional complementary reporting requirements are also foreseen. Cumulatively, IPs must report to the Commission on a bi-monthly, semi-annual, and annual basis. According to several stakeholders the reporting requirements are burdensome and more complicated compared to the previous programme. ELTI and CDP moreover point out that the reporting requirements tend to penalise smaller projects (e.g. start-up/scale-ups, SMEs, small mid-caps, small municipalities), which need to provide IPs with the necessary information if they want to secure the loan/investment. The InvestEU reporting requirements thus represent a cost that not all final recipients and financial intermediaries can bear, especially when compared to the benefits that the InvestEU guarantee offers in terms of reduced interests rates (debt products) or additional co-financing amounts (equity products).

V.2.4.2 Sustainability requirements

Stakeholders were of the opinion that sustainability requirements should be adapted to the type of infrastructure and stakeholder groups that they apply to.

Where the sustainability requirements are most specific (i.e. for infrastructure projects) the guidance refers generally to “infrastructure” without taking into consideration the different types of infrastructure projects that can be financed by IPs, which range from the most environmentally impactful (i.e. transport, energy, water, telecom, etc.) to others, like social and affordable housing that have a much lower impact. Such lack of distinction forces IPs to carry out the same type of analysis, irrespective of the specific nature of the infrastructure, thus increasing the cost associated with infrastructure projects which already offer very low return (i.e. discourage private participation) and suffer from a distinct market financing gap. In light of the above, these assessments and proofing procedures should be further simplified for social infrastructure by applying the same rules as for non-infrastructure projects (ELTI).

The EIB gold plates ESG requirements by imposing compliance with an additional annex relating to the Paris alignment. This annex needs to be simplified and adapted to SME financing (AECM).

V.2.4.3 State aid

Some stakeholders (ELTI, CDP) highlighted that the State aid rules were not fit for purpose. While State aid rules were necessary in the case of public subsidy programmes that rely on more distortive instruments such as grants and tax advantages, they are not always fit-for-purpose in the case of more complex financial instruments such as intermediated equity investments. The rules constrain the action of IPs in areas with a high degree of additionality or where “market-based” solutions are preferable (e.g. venture capital, social and affordable housing, etc.).

Many IPs are not public sector entities and have never dealt with State aid procedures, which are relevant to government bodies or public sector entities. The application of State aid rules to IPs under InvestEU required, therefore, ad hoc solutions from the IPs without the ability to replicate what was designed for public sector entities.

In addition, not all IPs are required to comply with State aid rules in the same way. National IPs must be *State aid compliant*, while IFIs and the EIB Group follow the principle of *State aid consistency*. The different treatment risks compromise the level-playing field between national and international IPs. To address these issues, all IPs should be required to be State aid consistent and allowed to negotiate product-specific clauses to include in each guarantee agreement. This would ensure consistency with State aid rules/market-conformity of underlying operations for IPs that already deploy market-conform financial instruments. (ELTI, CDP)

V.2.4.4 Governance

The governance under InvestEU is very detailed with multiple disconnected steps of control on individual transactions versus indirect management implementation, which implies full delegation to implementing partners (ELTI).

For intermediated products, the IC should be involved to assess additionality when the financial products are discussed and negotiated between the Commission and the relevant IP rather than assessing additionality on a transaction-by-transaction basis (ELTI).

V.2.4.5 NGEU

The discussions with the Commission since 2019 on products to be developed under InvestEU were based on the expectations that market demand would increase because of the NGEU leading to more investment and faster implementation. However, this has not been the case.

V.2.5 Other aspects

V.2.5.1 Innovative financial products

A co-investment facility under InvestEU as part of the Social Economy Action Plan highlights the potential for philanthropic organizations to participate through co-investment and co-granting opportunities. The development of a dedicated co-investment facility under InvestEU is viewed positively as a means to attract foundations to invest part of their endowments into financial instruments (Philea – Belgium).

V.2.5.2 Visibility, awareness & capacity building

According to EuroCommerce better communication of what is available and clearer guidance on how to easily access funds should be provided for all programmes, whether administered at the EU, national or regional/local level or through the research & development/innovation programmes. EuroCommerce further suggested that the Commission and Member States should provide training and funding for trade associations to work locally with individual retailers and wholesalers as connectors between the available finance and the entrepreneurs.

V.2.5.3 Assessing & demonstrating impact

It is difficult to assess whether InvestEU is on track to meet its climate objectives and sustainable infrastructure goals due to a lack of information and data. There is a need for concrete data analysis to assess the actual support provided and its impact for the social economy sector (Philea – Belgium).

V.2.5.4 Relevance of InvestEU

Microfinance Institutions (MFI) representatives highlighted the ways in which InvestEU has been helpful to MFIs. InvestEU financial products have helped MFIs:

- To lower their funding costs, reduce margins and their credit risk costs and capital requirements. The interest rates have also been reduced in the range of 50 bps to 600 bps);
- To improve access to funding from the banking system: a financial guarantee under InvestEU allowed some microfinance institutions to access credit lines from banks at a market price which would not have been possible without; and
- To launch new products/offering low-interest (micro)loans for customers and to pursue the distribution of products: without the InvestEU guarantee the smallest financial intermediaries would not have been able to develop new products or to pursue their distribution.

V.2.5.5 Portal

MFI Representatives pointed out that their members were not using the InvestEU Portal due to a lack of understanding of the tool or usefulness of the Portal's website.

V.2.5.6 Advisory Hub

According to MFI Representatives, bank members considered technical assistance to be relevant for small providers with limited expertise and know-how and therefore many of them did not use the Advisory Hub. Moreover, many bank members stressed that the advisory service was not adequately presented during the negotiation process with the EIB.

V.3 Stakeholder interviews

V.3.1 Implementing Partners

This section summarises the views, experiences, and suggestions of InvestEU implementing partners on various aspects of the InvestEU Programme. All implementing partners were interviewed at least once, including those that only participate in InvestEU through the Member State compartment, either during the scoping or data collection phase of the evaluation.

V.3.1.1 Application, negotiation and early implementation

The main **motivations for IPs to participate in the InvestEU Programme** were to strategically align with EU priorities, to leverage the guarantee to expand their financing capabilities, and to better support companies and projects in specific sectors and niches (e.g. in the area of green transition, or highly innovative companies). Many IPs emphasise the importance of building strong relationships with EU institutions and using the EU guarantee to expand their existing activities. Several NPBIs see the InvestEU guarantee as a tool to expand their existing products or to provide more extensive or more targeted (e.g. to companies/projects that would not otherwise be financed) support to their reference market.

While most IPs agree that the **pillar assessment** was cumbersome and lengthy, involving considerable administrative effort and time, there are differing views on the extent to which it was a useful experience, either from the European Commission's point of view or as a learning opportunity for the IPs. When discussing the burden and length of the pillar assessment, one IP mentioned that it had a negative impact on the timeliness of the negotiation of the guarantee agreement. Some IPs indicated that they sought external support, such as consultants, to cope with the intensive and short-term nature of the workload and to minimise the risk arising from the complexity of the assessment. One IP wished that the Commission would instruct external consultants how to conduct a "mock pillar assessment", which in their experience was crucial, in order to facilitate the process for potential IPs. Overall, the pillar assessment is seen as particularly burdensome for smaller IPs and may discourage other NPBIs from participating. The value of the pillar assessment as a learning experience is mixed. The differences in responses suggest that the benefits of the assessment may be marginal for institutions already aligned with EU processes, while it is formative, albeit more daunting, for those new to them.

The IPs identify the significant delays and the lack of clarity and flexibility in the terms as the main problems of the **negotiation process of the guarantee agreements**. While some IPs describe the negotiation process as straightforward or relatively simple, others express frustration at the length and complexity of the negotiations, which in some cases lasted several years. These delays are partly attributed to the prioritisation of the EIB Group and partly to the limited flexibility and lack of clarity of the contractual terms, which led to extensive discussions between the Commission and the other IPs. For example, IPs operating in non-euro Member States point out that there was no clear guidance on how to deal with exchange rate risk and that this prolonged negotiations. While the Commission is acknowledged to have been very open on certain aspects of the guarantee agreement, such as pricing or the fee structure, and to have been receptive to adapting the contracts of certain equity-oriented IPs as the details were initially based on debt products, it was more inflexible on clauses relating to reporting requirements and other technical details. According to several IPs, the fact that the guarantee agreements were based on the template agreed with the EIB Group was a source of such disagreements and lengthy negotiations, and made the agreements less tailored to their own specificities and capabilities, ultimately limiting the potential of the so-called "open architecture" of the InvestEU Programme. In addition, the lack of clarity on the specific implications of certain contractual provisions, combined with a tight timetable, exacerbated by the upcoming NGEU deadlines, has in some cases negatively affected the ability of IPs to effectively design their products and develop a pipeline. At the same time, the Commission sought to reconcile the different perspectives and legal requirements during the negotiations with the EIB Group, which may have taken more time than initially foreseen. Reportedly, the Commission was interested in balancing the size of the policy windows, addressing budgetary and competition issues, and ensuring a level playing field among IPs, for example by revising the revenue sharing terms.

IPs generally see the **NGEU deadlines** as a factor that has significantly complicated the implementation of the InvestEU Programme, largely because they have been combined with earlier delays and uncertainties during the negotiation phase. Crucially, the NGEU deadlines required a significant frontloading of the guarantee and quick approvals of operations. This resulted in a cliff edge after the 2024 NGEU deadline, which may lead to a drop in the annual deployment capacity afterward, especially for higher-risk activities in the thematic finance area. In terms of the consequences of delays, few IPs note that the long application process meant that the development of a preliminary pipeline and its deployment took place in a very different environment, due to the war in Ukraine, high inflation rates, high financing costs and tightening markets. Some IPs acknowledge that their decision to use framework operations was linked to the need to frontload the budget linked to the NGEU and admit that this may limit the transparency of such operations to the IC due to lack of visibility of pipeline of sub-projects. The short timeframe for developing a pipeline may also have made the allocation of InvestEU resources less farsighted, potentially leading to a reduction in deployment capacity in later years. According to one IP, the quality of the pipeline was unaffected, but deployment may have been less 'strategic' and more 'tactical'. Others say that they decided not to propose relevant projects that would have required additional discussions with the Commission, although they plan to propose them in the future.

Some IPs express concerns or challenges related to compliance with State aid rules. According to them, the problem lies in the fact that current State aid rules are not sufficiently tailored to guarantees/ financial instruments. In addition, IPs with a national scope are more likely to be constrained by State aid rules than IFIs, as the former have to be "State aid consistent", while the latter have to follow the "State aid consistency" principle, which is less stringent and more open to product-specific negotiations; this hampers the objective of a level playing field among IPs. Indeed, while some national IPs report having to comply with specific rules that may differ from the State aid framework under which they already operate, thereby increasing the complexity of the Programme implementation, international IPs do not report any significant challenges related to State aid. In general, IPs recommend better consistency between State aid rules and other EU level requirements (e.g. InvestEU eligibility criteria, Financial Regulation requirements and reporting obligations), as well as ensuring a true level playing field among IPs in this area. It should be noted, though, that for national funds - that meet the cumulative criteria of the definition of State aid – the requirement to be compliant with State aid rules stems from the Treaties.

Some IPs face **budget constraints** and for the more established IPs, the InvestEU budget seems limited compared to the market demand for sponsored products. The ELTI Association, which counts several IPs among its members, highlights the inconsistency between the scarcity of resources and the fact that the first call for expression of interest, which was open to IPs other than the EIB Group, was under-subscribed as many IPs were discouraged by the complexity. In addition, ELTI highlights the budget cuts to InvestEU to finance emergency measures in 2020 and the missed opportunity to increase the resources available through the Strategic Technologies for Europe (STEP) platform. Other suggestions include greater flexibility in the provisioning rate, through regular adjustments taking into account the overall InvestEU portfolio performance and market dynamics, and a higher allocation of the InvestEU budget to paid-in contributions rather than unfunded co-investments for equity products.

V.3.1.2 Additionality of the InvestEU Guarantee

Almost all IPs report that **the InvestEU Guarantee allows them to fill specific gaps in the investment landscape**. In practice, this may be because the Programme allows them to expand into new sectors, to better cover market niches or to develop financial products tailored to specific market gaps. Overall, many IPs emphasise that while their activities are required by mandate to be additional to the market, InvestEU has enabled them to increase their investment in market segments that they would not have been able to finance on their own, or not to the same extent or on the same terms. For example, one national IP has been able to develop a product which, in terms of ticket size and risk level, addresses a gap in the financing of innovative SMEs that existed between two different EU-level financial products. Some mention that the InvestEU Guarantee has allowed infrastructure projects to be financed in a more strategic way, for example by financing early-stage projects.

The main channel through which the InvestEU Programme allows IPs to address investment gaps is by enabling them to take more risk than they would otherwise be able to. Several IPs mention that the guarantee enables them to undertake transactions with a higher level of risk (from BB+ to investment grade, according to one IP), longer maturities or lower collateral requirements. Some state that InvestEU has enabled them to provide venture capital or venture debt that would otherwise have been prohibitively risky. One IP illustrates that the additionality of the InvestEU Guarantee can occur through three mechanisms:

- The guarantee reduces the risk exposure of the IP, allowing it to offer financing on better terms and use this as leverage to ask the client for more impact.
- The guarantee allows IPs to be more comfortably exposed to the client's market risk.

- The guarantee allows IPs to target the many small companies with little financial backing, as it reduces the IP's exposure to their inherently higher financial and default risk.

Moreover, by targeting riskier transactions thanks to the guarantee, IPs are also better able to provide additionality in Member States with relatively larger or more mature capital markets. At the same time, some of the IPs underline that the guarantee is additional because it allows them to engage in market-building activities.

Several IPs note that **InvestEU allows them to provide larger ticket sizes or more funding to** final recipients compared to what they could offer without the Programme. For example, one IP explains that larger tickets are very helpful to companies, because they provide longer run time and because they protect them from the financial risk in case private investors decide to drop out. This is linked to the increased risk-taking capacity enabled by the guarantee.

V.3.1.3 Design of the Programme

Few IPs provided feedback on the structure of the InvestEU Fund around the **four policy windows**. While the areas of intervention addressed by each window are generally seen as relevant, there are concerns about the practical implications of the windows in terms of implementation. In particular, some IPs point to the difficulties of balancing the allocation of resources by policy window, meeting multiple KPIs and KMIs related to horizontal priorities, and the need to offer a balanced portfolio that responds to market demand. A notable example is the SISW, which is proving difficult to develop due to the strong presence of public investment and grants, and thus the limited need for de-risking instruments in this sector. On the other hand, the EIF's Sustainability Guarantee is in high demand as it effectively responds to existing market needs.

Several IPs recognise the potential benefits of the **umbrella framework**, especially in terms of creating a centralised entry point to the Commission, streamlining negotiations, and offering a one-stop-shop for accessing different windows of the programme. Indeed, according to some, the umbrella structure improves the flexibility of the InvestEU Fund by exposing IPs to several lines of funding available under the Programme, also because operations can be financed under multiple policy windows. However, there are mixed views on whether the umbrella structure reduces or increases the complexity of the Programme. While some acknowledge that the legal arrangements under the umbrella structure are somewhat simpler, if anything because it requires to comply with the burdensome reporting requirements just once rather than for multiple instruments, other emphasise that such requirements have not gotten easier to deal with compared to the previous programmes, or they may have even worsened. Overall, the IPs suggest that despite the potential benefits, there is room for improvement in terms of simplification, efficiency, and better integration with other EU programmes (e.g., Connecting Europe Facility, Technical Support Instrument, European Innovation Council).

While most IPs agree that the decision to open the InvestEU Programme to financial institutions other than the EIB Group (**open architecture**) was a positive one and that there are significant gains for them from participation, they also recognise some areas where the open architecture is not working as well as expected. According to the non-EIB Group IPs, there are clear benefits to joining the InvestEU Programme as an implementing partner, such as:

- Benefits in terms of networking, knowledge sharing and mutual learning with other IPs, including the EIB Group.
- Benefits in terms of reputation and visibility as a partner of the Commission.
- More effective coverage of their geographical/ sectoral areas of expertise.

Most IPs emphasise that participation in the Programme has been a steep learning curve, both for them and for the Commission. Mutual learning between IPs and with the Commission is therefore very beneficial. As a caveat to the above, one IP notes that the reputational benefit can become a reputational risk if the conditions are not in place for IPs to implement InvestEU effectively. On the other hand, some IPs note that there is lack of transparency and visibility of other IPs' activities. In addition, another IP explains that while the open architecture could increase geographical balance (relative to needs), this is not an explicit objective in the design of the Programme, as the Commission has chosen to allocate resources by sector rather than by country, and that differences in Member States' absorption capacity need to be taken into account when discussing geographical balance. On the other hand, the EIF argues that the open architecture makes little difference to the ability of the InvestEU Fund to respond to market needs in the EU.

The IPs consider that the objective of ensuring a level playing field among IPs has not yet been achieved. The main reason for this is that the reporting requirements and the risk template are based on those applicable to the EIB Group; while larger IPs may still be able to comply, smaller IPs are dissuaded by what are considered as disproportionately high entry and implementation costs. Another limiting factor for a truly level playing field is the fact that the InvestEU Guarantee does not cover foreign exchange risk, thus creating unequal conditions between eurozone and non-eurozone IPs and Member States. Non-EIB Group IPs emphasise the need to promote cooperation and do not see any obvious areas of overlap or competition between IPs or with the EIB Group. The EIF does not see areas of competition either, as they argue that other IPs tend to offer products that are complementary to those already offered by the EIB Group.

V.3.1.4 Governance

IPs did not give much feedback on the **Advisory Board** and the **Steering Board**. Most argue that there should be more knowledge sharing between InvestEU's governance bodies, including the IC, also to avoid the burden of repetition on IPs. The recommendations and reports produced by the Advisory Board are considered useful by one IP. The Steering Committee is also seen as useful, although it is seen as less strategic than under the EFSI. Some believe that Steering Board discussions should include feedback on products and market processes, as there is currently no operational forum that combines both discussion and decision-making.

IPs have generally had a good experience with the **IC**, involving good dialogue and learning on both sides. While some struggled with the InvestEU's specific definition of additionality and IC's expectations, they then came to a solid understanding of it. The main issue arising from IP feedback on the IC approval process is that the information required by the IC (e.g. on the financial aspects of the operation) often overlaps with the information IPs are required to provide as part of the **Policy Checks**. This leads to a significant duplication of effort on their part. One IP estimated that 70-80% of the information is currently repeated in both processes. According to some IPs, the IC information requests (e.g. ownership structure of counterpart) tends to go beyond its narrow mandate when trying to assess additionality, thus raising questions regarding their role.

Among the few IPs that have experienced the **Policy Review Dialogues**, they are seen as a valuable forum for IPs to engage in substantive discussions that address product feedback, market insights and intervention processes. One believes that some of these discussions should also take place in the Steering Board.

V.3.1.5 Efficiency

Most IPs highlight the demanding nature of the **reporting requirements**, which they find burdensome due to their frequency and complexity. Some of them put the reporting requirements into perspective, arguing that they are not proportional to the actual contribution of the guarantee to the IPs' investments, or compare them with other similar programmes, such as the European Fund for Sustainable Development (EFSD) or the Ukraine Facility, which they perceive as simpler. Indeed, one IP wonders why there are differences between the approach used by the Commission for InvestEU versus the EFSD.

Several IPs express concerns about the **sustainability proofing** process, finding it too burdensome, theoretical and difficult to align with existing practices. Some IPs mention using existing practices, such as the EU taxonomy, to facilitate the process.

Some IPs express challenges in adapting their existing reporting and monitoring systems to meet InvestEU requirements, including issues with definitions and alignment with sustainability proofing criteria. In addition, several IPs report that the reporting requirements are disproportionately burdensome for smaller IPs, which would limit the ambitions of the open architecture. Indeed, large and established IPs appear to be less burdened by the requirements than smaller NPBIs, although they may also recognise the potential challenges for their clients and for smaller IPs.

Excessive reporting requirements may also limit the effectiveness of the InvestEU Guarantee. Some IPs argue that the nature of the reporting can be overwhelming for their target final recipients, especially if they are SMEs, making financing less attractive to them. One notes that their choice of product to finance under the InvestEU Guarantee was constrained by the nature of the requirements they could impose on their reference financial intermediaries. Others claim that they would not use the guarantee to finance small projects (e.g. under EUR 10 million) as the cost of complying with the reporting requirements would be too high in relation to the value of the project. Overall, most IPs agree that there is room for further streamlining of reporting procedures, as well as for improved flexibility and proportionality to ensure that they are not overly burdensome for IPs to the point of limiting the effectiveness of the programme.

This issue is linked to the perception that the **remuneration** paid by the Commission for the administrative costs incurred by the IPs is insufficient. Some IPs, note that the remuneration may not cover all their costs, which may limit the effectiveness of the guarantee. For example, one IP explains that the Commission's remuneration only covers the additional costs of successful investments, while it excludes the costs related to origination and due diligence processes that the IPs carry out to bring forward the valuable companies.

The delay in setting up a well-functioning IT system for InvestEU is seen as an additional complicating factor to the already cumbersome requirements. IPs believe that the InvestEU MIS, announced as a way to streamline the submission of information, is promising but not yet in place and probably too complicated, although this is not factually correct. They agree that it would improve the alignment of IT systems between the Commission, the IPs and their clients, thus facilitating reporting obligations.

V.3.1.6 Advisory Hub

According to the IPs, the InvestEU Advisory Hub is still under development and low awareness may limit the take-up of the advisory activities. The link between the Advisory Hub and the Fund has not yet been established. While some IPs indicate that they have no interest in contributing to the Advisory Hub, others report positive experiences with their advisory services supported by EU funding.

The main difficulty seems to be linking such advisory services to the InvestEU financing. Indeed, one IP explains that this is partly due to the low level of awareness among promoters of the Advisory Hub and the InvestEU Programme in general, and that more knowledge sharing with other IPs and the Commission to address this issue would be beneficial. Another explains that they mostly provide advisory services to support projects at later stages, while the timeframe limits the possibility of using these services to 'originate' a project that could then be financed by the Fund. In line with this, another IP argues that the target of 40% of funded operations coming through the Advisory Hub is too ambitious. According to one IP, in order to promote the advisory component of the Programme, the funding for the next calls or expression of interest for the Advisory Hub should be at least as high as that made available in the first round of calls.

V.3.1.7 Portal

While the InvestEU Portal is still in its development phase, some IPs question its effectiveness and relevance.

According to one IP with extensive experience of services similar to the Portal, the main challenge is to effectively match investors with projects. According to them, there is not much of a link between the Portal, the Advisory Hub and the Fund. At the same time, there may be a lack of active management of the Portal on the part of the Commission. Another IP reported that the few applications they received were of poor quality, or that they were extremely small and not fit to receive financing, so it will be important in the future to improve scanning of the type of final recipients that submit requests.

Four IPs argue that the Portal does not reflect the way investments are made in their business. They explain that the process of seeking investment opportunities, often relies on their existing networks and relationships, and is based on direct or indirect outreach from project promoters. This limits the usefulness and relevance of the Portal for them.

V.3.2 Investment Committee

The 12 members of the IC were consulted through interviews. Their perspective on several key topics is summarised here.

V.3.2.1 The IC's composition and size

- The size of the IC is appropriate. A larger IC would be difficult to operate, while a smaller one would be fine, but would not offer any advantages.
- The composition of the IC is fit for purpose, and the diversity of expertise is seen as very valuable. Members acknowledge that discussions have been challenging at the beginning, as non-permanent members may not have a full overview of all projects. However, as discussions often include non-voting members, this problem has been minimised. Overall, all agree that the discussions are professional, and that no conflicts have arisen so far.
- There is no need for additional expertise. Of course, if a new window were to be introduced, it would be necessary to bring in experts and provide them with induction training. In fact, in very technical cases, the IPs bring in their experts to answer the IC's questions.

V.3.2.2 The approval process and reporting requirements

- Ongoing feedback and discussions with IPs have significantly improved the investment approval process. While acknowledging the burden of Q&A and reporting requirements, IC members recognise their necessity in guiding IPs through the process and ensuring that additionality is achieved.
- The IC members feel like the guarantee request form does not capture all the necessary details required to decide. In particular, IC members emphasise the need for detailed information on risk, capital structure and impact. Financial details are

crucial for assessing the "financial additionality" of projects, i.e. whether they could be financed without InvestEU.

- The details of framework operations are considered essential for assessing additionality, which is why the IC has sought to influence the inclusion or exclusion of specific sub-projects through discussions with IPs. Indeed, framework operations are seen as challenging. Due to the shorter timeframe to meet the NGEU deadlines, the IC has in some cases had to approve framework operations without a detailed understanding of the specific projects they will finance.

- The Sustainability Proofing provides some guidance and forces alignment with the EU taxonomy. However, it can also be improved and market standard metrics can be made simpler and more comparable, although not all IPs are likely to be able to incorporate these into their process. At the same time, there should be no additional burden on final recipients, and any standardisation of metrics must already be widespread enough that it is not overly burdensome to impose.

V.3.2.3 Open architecture and relationship with IPs

- The decision to involve multiple IPs is beneficial, particularly in terms of mobilising resources and diversifying investment opportunities.

- The open architecture may also present challenges and increased costs for the Commission. The length of time taken to negotiate guarantee agreements is evidence of this. The varying quality and format of information and reporting between IPs has also been an issue for the IC.

- New IPs have faced a steep learning curve, but there has been significant progress and learning through constructive feedback. In particular, the InvestEU definition of additionality and the information required by the IC to assess it have been progressively understood and absorbed by the IPs. The initial induction proved crucial in facilitating this. The quality of applications has also improved significantly.

- Ensuring that costs are not prohibitive for smaller IPs and for IPs in countries with less developed financial markets would be key to the additionality of the EU guarantee. Commercial banks could also be directly involved to further diversify.

V.3.2.4 Geographical balance

- More transactions were expected from CEE. However, the perceived lack of projects in this region is not due to a lack of demand, but rather to a lack of capacity on the part of intermediaries and final recipients. Efforts are needed to tailor products to the needs of these regions. The Advisory Hub, which has proved helpful in other EU Member States, could play an important role in addressing this need.

- IPs, including the EIB Group, should improve portfolio management to spread activities and risks more widely across regions. This would help to address the imbalance in project distribution.

- Suggestions have been made for project selection to address geographical imbalances or to allocate more to CEE countries given their relatively higher needs. A proportional system could be introduced to prioritise projects from countries with fewer submissions to ensure fair representation across regions and markets.

V.3.2.5 Policy windows and market demand

- In moving from the previous architecture to InvestEU, an effort was made to strike a balance between top-down allocation and bottom-up demand. This was reflected in the final allocations. Distortive effects (e.g. IPs cherry-picking projects based on their preferred risk strategy due to restrictive window allocations) could occur, but the IC is not in a position to assess this. In fact, it is more likely that insufficient allocations will drive demand for top-ups, which is what is happening now.
- As the macroeconomic environment has changed significantly, the potential for adjustments in policy windows needs to be considered. In addition, demand is now close to exceeding supply and InvestEU is facing a cliff edge. Therefore, there should be a time limit after which, if funds are not absorbed in a particular window, they will be transferred to others that are oversubscribed.
- There is an inherent difficulty in growing the social window because it is a sector dominated by public or semi-public investors, while it is not always possible to crowd in private funding. Philanthropic foundations could help. The activity of the CEB, which has its own agenda, in the SIW is a good development. The increased visibility of the SIW has helped to fill the pipeline, but now funds are running out. The inclusion of an SIW as a horizontal priority would probably not contribute to its development, and indeed would risk a loss of focus and resources. However, it would be important for projects to meet social criteria (e.g. social scoring, similar to sustainability scoring).

V.3.2.6 The role of the IC within the InvestEU governance framework

- The IC would benefit from more information and exposure to the full InvestEU picture. For example, it would be useful to have a few meetings a year with the Steering Committee to ensure policy alignment. Similarly, there is no formal channel for discussion with policy DGs, but IC members need to be kept informed of policy lines, which sometimes change.
- The IC is not involved in the Policy review Dialogues either. The Commission also receives many reports from IPs. The IC asks for them, but their availability depends on the goodwill of the IPs.

V.3.2.7 Visibility of the InvestEU Programme

- In contrast to the Juncker plan, communication on the InvestEU Programme has been very shallow. This may be due to a lack of political ownership or because the RRF is getting all the attention. This is particularly detrimental because InvestEU is supposed to be a long-term instrument.
- DG ECFIN should have access to more budget to promote the Programme, whereas the development phase of InvestEU the focus was on saving on communication costs. In order to better communicate impact, it would be important to focus on actual practical impact measures (e.g. number of households benefited rather than EUR raised). Some stakeholders do not understand InvestEU's jargon and it is strange that there is often no mention of InvestEU on the websites of the operations financed.
- Without proper communication, the pool of projects will be limited to those who already know about InvestEU.

V.3.3 National authorities

Representatives of national authorities from nine Member States were consulted as part of this evaluation. In five cases, online interviews were conducted with the representatives of the national authorities, who were then asked to provide feedback on the interview write-ups. Representatives from four Member States opted to provide a written response to the interview questionnaire. The collected views on key evaluation topics from the contacted national authorities are summarised below.

V.3.3.1 Relevance of the InvestEU Programme

- The InvestEU Programme is helping alleviate specific market failures related to lack of financing due to high risk or long maturity of projects. Segments with limited financing from the market, such as research-intensive start-up companies, require special targeting, as it takes longer time for them to become commercially viable. The programme covers important investment needs in a wide range of areas, including sustainable transport, energy, digital technologies, industrial transitions, health, social and educational infrastructure, waste and environment infrastructure. As InvestEU programme includes public money, some Member States stressed the importance of its efficient implementation.

- Compared with financial support previously or currently available at the national level, the main advantages of the InvestEU programme include support for investments with a higher risk profile, the possibility of extending the repayment period, and enabling entrepreneurs to implement projects on a larger scale. Merging previous successful instruments, such as COSME and InnovFin, into a one-stop shop was also reported as an advantage. Another advantage that was mentioned by national authorities is the State aid consistency, although for some national authorities, the State aid requirement remained a challenge for the programme implementation. According to some authorities, EFSI was an instrument more suitable for bigger Member States, with higher administrative capacities, while it was lacking tailor-made instruments for smaller Member States and the procedures of approving a project were more complicated and time-consuming. Some authorities reported as important the assessment of projects based on objective and transparent criteria, while also utilising banking expertise from implementing partners. The fact that the project assessment is done by IPs and then by independent experts of the IC, rather than by the Commission or the national authorities, is seen as contributing to efficiency.

V.3.3.2 Programme design and architecture

- Regarding the provisioning rate for InvestEU, there were authorities that considered the 40% reserve ratio as likely to be preventing available financial resources from being used to support riskier projects and more innovative sectors with a higher degree of additionality, especially in jurisdictions with established financial infrastructure and low losses historically. Some authorities also expressed reservations about the difference in the rate between MS-C and EU-C products, although it should be noted that there are technical details that necessitate the higher/full provisioning for MS-C. Meanwhile, suggestions were made that the provisioning rate for the MS-C might differ depending on the source of the national contribution (national budget, RRF or ERDF or RRF). On the appropriate use of funds that may remain unused due to excess provisioning, some authorities insisted that they should not be directed to new EU instruments without proper assessment.

- Regarding the extent to which the varied needs and priorities in each country are addressed, the authorities in general considered that their priorities fit into the four policy windows. The current set-up of InvestEU with four policy windows and horizontal targets for climate financing and just transition is seen as adequately flexible to address the needs of MS at different levels of economic development. Strategic autonomy and technologies could have been specified as a separate policy window, but there is no real constraint for relevant projects to get funding through the existing windows. Some authorities reported an initial indication that the demand for innovation and digitalization might not be met through the allocated policy window.
- Regarding the geographical coverage and sectoral/thematic focus of InvestEU, some authorities, while acknowledging the demand-driven nature of the programme, advocated strongly for a more balanced geographical approach. Concerns were expressed that important investments, significant in terms of size, may be concentrated geographically among a few MS. Other MS authorities expressed the view that the InvestEU programme enables the use of investment platforms that can have thematic or national, cross-border, multi-country, regional or macro-regional scope, which already provides support for greater geographical diversification. Additionally, the InvestEU Fund makes it possible to offer financial instruments to entities operating in areas most affected by the climate transformation. A suggestion was also made that the programme should allow the MS the required flexibility to tailor products by sector or geography, although a narrower sector or thematic focus would require additional incentives to ensure an adequate absorption, such as better pricing and terms, compared to a broader product.
- With respect to flexibility, some authorities acknowledged the fact that the InvestEU programme adapted earlier financial instruments to the changed circumstances, following the COVID-19 outbreak, the adoption of the European Green Deal, and the stronger need for strategic autonomy, digital transformation, and social investment. However, significant time was required for InvestEU to be designed and implemented. Some expressed the view that the lengthy assessment process of the potential implementing partners and guarantee agreement negotiations may significantly affect the ability of the InvestEU programme to respond to changing market needs.
- Concerning the added value of the advisory board, it is seen as a platform for exchanging knowledge, intended to play a crucial role in guiding and enhancing the programme's strategic direction. For some authorities, it is positive that the MS have some opportunity to comment on the implementation of the programme and exchange views with other MS representatives, IPs and the Commission on the programme. In principle, the board can have significant added value, but for some authorities its added value has not transpired yet while others considered that the experience so far with it is not sufficient to evaluate its effectiveness. Suggestions to increase the added value of the advisory board include the development of sub-groups to look at specific topics and the opportunity to provide recommendations, without a pushback that this is not the mandate of the advisory board. The reporting could also be improved, with the Commission providing updates in advance of the meetings. Another suggestion

was to adjust the overlap between the full composition and the MS composition, to ensure that the EIB and the other IPs are treated similarly.

- Regarding the umbrella framework, authorities reported as a significant benefit that it offers a consolidated view on the impact across policy windows. National authorities acknowledged that the umbrella framework represents a significant step towards a more integrated, efficient, and impactful approach to EU financial instruments and advisory services. The umbrella framework is a better approach than having a fragmented setup, as it facilitates the administrative processes especially of smaller MS that may not have relevant capacity. However, some national authorities observed that there were many complaints and concerns from IPs, FIs, and final recipients through their representative associations that its reporting is burdensome and cumbersome. Improving its digital features would help, so that the manual input that the FIs would need to provide is minimal.
- On the open architecture model, the national authorities welcomed the opportunity for new channels to carry out the programme's funding. The open architecture model brings more specialization as more international and local financial institutions can implement the programme in additional sectors and local areas. However, in practice, it is not as easy to become an implementing partner, due to the complexity of the process. The pillar assessment takes a lot of time and is reported as a very heavy process – not many candidate institutions have resources to support such a long application process. Also, not all MS have national development banks, while smaller specialized development banks find it too cumbersome to become implementing partners under InvestEU. Some of the national authorities expressed the view that EU guarantee support can be made more effective if the different business models of implementing partners are taken into account as much as possible.
- With respect to the delivery mechanisms, the advisory hub is welcomed by national authorities and intermediaries, but some expressed the view that it is too early to assess its accessibility and user-friendliness. The InvestEU Portal was reported as useful and adding value. Some authorities reported that they were actively cooperating with the InvestEU Portal in assessing project fiches, while others shared that it provided them with project data and updated information about the InvestEU implementation across the Member States.

V.3.3.3 Selection of Implementing Partners

- The MS authorities recommended IPs but did not have a say in their negotiation process with the Commission. The MS are in no contractual relationship with the IPs under the MS-C, even though they have State aid obligations according to the Treaty. As a result, the MS have obligation from a legal relationship between the Commission and the IP that they are not a part of, which is raising concerns for some authorities.
- National authorities reported good collaboration with IPs during the process of drafting and signing the Contribution Agreement. What financial products could be implemented was discussed in some MS so that the products that best address the country needs were chosen. In some cases, the IPs provided indicative product term sheets to be incorporated in the annex of the Contribution Agreement between the MS and the EC.

- Some authorities reported that the process of discussion and negotiation of the GA between the national IPs and the EC was complex and lengthy, in some cases exceeding 3 years. During such a lengthy period, market conditions changed significantly (including as a result of the Covid-19 pandemic, the war in Ukraine, inflation, an increase in financing and investment costs). Additional difficulty in the negotiations was the fact that not all programme elements were adapted to the characteristics of the implementing partners and the conditions in which they operate (e.g. currency risk for implementing partners from countries that are not members of the Economic and Monetary Union).
- The reporting requirements were also reported as very extensive, as it is necessary to present a number of different reports, having different formats and templates and different submission deadlines. As a result, the implementing partners are obliged to submit reports on a monthly, quarterly, half-yearly and annual basis. The reporting requirements also penalize smaller projects (e.g. SMEs, small mid-cap companies and small local government units) that must provide implementing partners with a range of additional information in order to meet the requirements. The requirements for assessing the sustainability of potential projects could also be simplified. An additional burden is also the obligation imposed on implementing partners to undergo annual comprehensive audits.

V.3.3.4 Member State Compartments (MS-C)

- Among the key enabling factors for setting up MS-C, the authorities listed the increased demand for financial instruments in the market, which motivated them to transfer additional funds and ensure sufficient resources to products that meet national needs well. The reduction of the InvestEU envelope compared to initial plans was also reported as a factor that influenced the decision to top-up the funding with additional resources. Channelling the support through the MS-C and InvestEU was reported to increase its attractiveness to the market by acquiring a “EU label” in some jurisdictions. Together, the MS-C, the EU-C, and IPs’ resources ensured higher leverage and provided the opportunity to mobilize high volume of private finance. Positive experience with similar instruments in the past (e.g., SME Initiative) was also cited as an enabling factor. Lastly, the simplified and more streamlined process, as communicated by the EC initially, also attracted interest for the MS-C, although some authorities reported that in reality their expectations were not fully met in this regard.
- A major barrier cited by national authorities that did not express interest in setting up a MS-C was the lack of necessity due to a high performing existing setup in managing structural funds. Furthermore, cohesion funds are managed at the regional level, while the decision to set up a MS-C is taken at the national level, hence concerns were expressed that the MS-C may be shifting resources from regional to national priorities. The timing of RRPs preparation also was mentioned as a barrier - the countries that first contributed towards an MS-C allocated RRF funds, while the rest considered this opportunity after seeing the positive example of the countries that joined first. Another barrier concerns the view that direct support offered by grants was seen as more suitable than guarantees, especially in the post-COVID-19 period. Lastly, concerns were expressed about potential overlap with existing financial instruments in the market.

- On lessons learned, the State Aid rules were reported to have caused confusion and delays in the MS-C deployment due to the initial lack of clarity as to which products would need to prove compliance. In addition, initially there were additional DNSH requirements under RRF vs IEU, however, to facilitate implementation an updated technical guidance for RRF was published stating that IEU sustainability proofing suffices. This highlighted the need to establish a single and streamlined set of rules before combining different funding sources and regulatory frameworks. Another suggestion was to provide support during the burdensome pillar assessment and during calls especially for NPBIs and smaller banks, participating in the MS-C. Lastly, more frequent reporting by the EC on the MS-C implementation was also requested, to enable timely input to other reporting requirements (e.g., on the RRF assessment).

V.3.3.5 Success stories, challenges and lessons learned

- Some national authorities expressed the view that it might be too early to talk about successes. Others provided examples of success stories in renewable energy and infrastructure, battery production, healthcare technologies and life sciences, building renovations and other support areas.
- Some national authorities listed the state aid requirements as a major challenge as different state aid regimes are applied for national and international implementing partners, which may be discriminating against the national implementing partners. Other challenges mentioned include the complicated and lengthy project evaluation process by the Commission and the IC, the need for additional environmental sustainability analyses required when assessing the eligibility of projects and the reporting requirements imposed on implementing partners, FIs and final recipients. Authorities in jurisdictions outside the Euro area also reported as a challenge the need to hedge currency risks.
- In order to support implementing partners in the process of negotiating and implementing the guarantee agreement, national authorities suggested that it could be helpful to create an internal, interdisciplinary coordination team at the EC, responsible for supporting implementing partners in the process of negotiating and implementing the guarantee agreement. Another suggestion was to prepare a special FAQ document containing received operational questions with the EC's answers, as already done in the case of other EU programmes (e.g. Connecting Europe Facility - CEF).
- Simplification and having a single set of applicable rules was reported as key. Being more responsive to the concerns raised by the IPs is also an important lesson learned. To improve future delivery, the reporting requirements for IPs should be reduced. The process of signing the contribution and guarantee agreements could be simplified and sped up. The collaboration with local stakeholders and the flexibility in funding allocation may be improved so that it is focused on sectors crucial for economic development, such as infrastructure, innovation, and sustainable projects. For smaller economies, risk sharing is particularly important thus some national authorities would like to see more focus on equity. Regular assessments and adjustments based on the evolving economic landscape would also contribute to the programme's effectiveness.

V.3.4 Withdrawn NPBIs

V.3.4.1 Confidence level

In the context of a relatively limited volume of InvestEU programme discussions are ongoing regarding potential ways to increase the volume. The provisioning itself is enshrined in the law of InvestEU and will not be changed until the end of the MFF. What is not in the law and rather part of the functioning is the confidence level defined by the Commission. If this level were reduced from 95% to 90%, there would be room to approve more operations.

The confidence level of 95% is referenced in the Commission staff working document on the EFSI 2.0 evaluation, SWD (2022)433, on page 91. The document states, "The goal of the proxy-model (in-house credit model of the Commission services) is to estimate what provisioning is needed to cover future life-time losses from the operations guaranteed under EFSI with a 95% confidence level." The model used by the Commission at the sunset time for EFSI was new. It was under further development with the goal of achieving a unified model for the purposes of the EU.

A stable model, a sufficient long positive track record and a stable business approach are often considered as the key parameters to lower the confidence level and at the same time still being on the safe side with a comparable buffer. Although InvestEU can be considered a successor to EFSI, it incorporates significant new elements, including multiple implementing partners, new investment areas, and new financial structuring. Given these changes, it is understandable to adopt a cautious approach similar to that of EFSI. Additionally, it may be necessary to defend the financial standing of the EU budget.

V.3.4.2 Main difficulties encountered

The main difficulties encountered by the NPBIs in negotiations to become IPs of the InvestEU programme were diverse but shared common themes. Lengthy negotiation periods, ranging from 1.5 to 2.5 years, proved to be a significant obstacle, especially given the changing market conditions. This made initially envisaged products unviable. Additionally, concerns over high fees and the heavy reporting requirements perceived as disproportionate further complicated matters. In particular, the reporting requirements were not considered appropriate for the final recipients, such as SMEs.

V.3.4.3 Next steps

Despite these challenges, each NPBI is contemplating its next steps with varying approaches. Some are having internal discussions to reassess their involvement, focusing on avoiding bureaucracy-heavy processes and seeking to adapt their established operations to InvestEU. Others are considering future calls with cautious optimism, contemplating a shift towards larger-scale projects or different financial products.

V.3.5 Financial intermediaries

V.3.5.1 Feedback on InvestEU Loan Guarantee products

There is recognition of their potential benefits, such as supporting digitalisation, student loans, innovation and sustainability initiatives. However, concerns have been raised about the clarity and complexity of contractual documentation and eligibility criteria (and documentation required to evidence eligibility); bureaucratic and lengthy approval process; extensive data requirements to prove that the financial intermediary is going beyond their standard risk appetite as well as extended discussions around enhanced access to finance criteria; and insufficient resources (most interviewed financial intermediaries received smaller amounts of support than requested) . Interviewed financial intermediaries expressed a need for clearer guidelines (e.g. eligibility criteria for Sustainability Guarantee and Innovation and Digitalisation, whether InvestEU guarantee can be used to give loans for investments that are also partly financed by EU grants – for the portion not covered by grant) and streamlined processes (e.g. single KYC at group level), to improve operational efficiency (e.g. developing an IT platform for reporting instead of excel based format) and reduce administrative burden. They explained that they have had to make adjustments to their IT systems, lending processes and contractual documents to fulfil InvestEU requirements, all of which entails a cost. Additionally, financial intermediaries have also had to train their staff on these products to ensure they fully and correctly understand the eligibility criteria and various requirements (and sometimes develop their own tools for front office staff to apply the eligibility criteria). A common message that came from the intermediaries was that “there is no room for mistakes”.

Financial intermediaries appreciated the webinars organised by the EIF and the tools developed (although one interviewee mentioned that would like the eligibility checker to cover all eligibility criteria and ideally, have this tool for all products). Several recommended that the tool be made available in all EU languages so that their clients and branch staff could also use it.

Finally, the interviews appreciated the support provided by the EIF’s local teams and highlighted the added value of InvestEU guarantees for financial intermediaries operating in multiple countries and in certain countries where similar schemes are not available at a national level.

V.3.5.2 Impact of the Guarantee on lending activities

The InvestEU portfolio guarantee products have enabled financial intermediaries such as banks and alternative lenders (fintechs, asset finance companies, leasing companies) to expand their client base by reaching out to those who they would otherwise not be able to lend e.g. weaker clients (clients without adequately sized or liquid collateral or track record) or lend to specific segments such as start-ups or micro enterprises which are perceived to be riskier. Most financial intermediaries are using the guarantee to expand their client base, but some are also using the guarantee to lend more to clients whose exposure is already at limits. In some cases, the guarantees have enabled financial intermediaries to take larger tickets for their lending to micro-enterprises (which they previously could not do without personal guarantees).

There are strict requirements for financial intermediaries regarding transfer of benefit which could take the form of lower risk spread, smaller down payments, longer tenor and/or reduced/ no collateral.

The InvestEU guarantee has also facilitated strategic alignment of financial intermediaries with priorities such as digitalisation, innovation and sustainability, allowing institutions to channel more resources into these areas.

V.3.5.3 Use of advisory support

The financial intermediaries who took advantage of the advisory support did so in order to understand and comply with the complex requirements of the InvestEU Guarantee. They appreciated the quick responses but found the technical nature of the guidance challenging.

V.3.5.4 Feedback on InvestEU umbrella framework and other issues

The overall feedback on the umbrella framework is positive, in particular because it is seen as a more flexible and less complex solution for potential beneficiaries of EU guarantees.

While the due diligence requirements are seen as reasonable, intermediaries see the potential for less burdensome reporting requirements overall. For example, digitisation is seen as a way to improve the efficiency of reporting.

V.4 Survey of project promoters

V.4.1 Sample

V.4.1.1 Response rate by Implementing Partner

The survey was disseminated to 53 project promoters of four different InvestEU implementing partners: the EIB, the EIF, the CEB and the NIB. It is to be noted that these promotors were at the early stages of implementation.

38 InvestEU project promoters responded to the survey.

V.4.1.2 Signature year

Most of the projects on which the project promoters were consulted were signed in 2022, followed by 2023.

Table A1.10 Number of responses by signature year

Year	Number of responses
2021	2
2022	23
2023	13

V.4.1.3 Loan amount

The following table reports some basic statistics on the projects sampled.

Table A1.11 Statistics on loan amounts

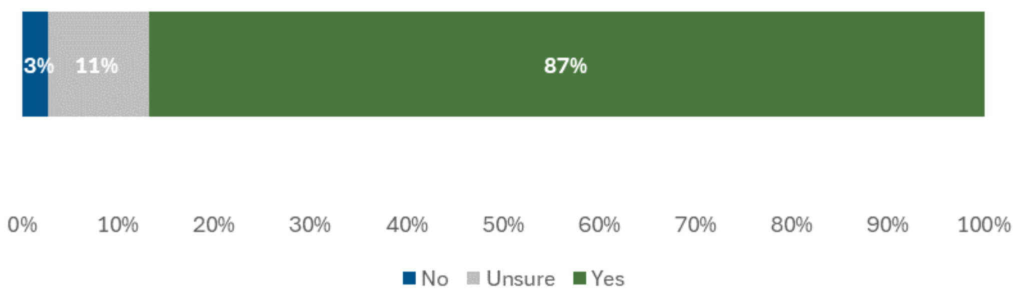
Statistics	Value (EUR million)
Average loan amount	102.96
Minimum loan amount	7.50
Maximum loan amount	1,300.00

V.4.2 Characteristics of the financing received

V.4.2.1 Q3. At the time of signature, were you aware that this financing is supported by an EU budgetary guarantee under the InvestEU Programme?

The vast majority of respondents were aware that the project was supported by an EU budgetary guarantee under the InvestEU Programme.

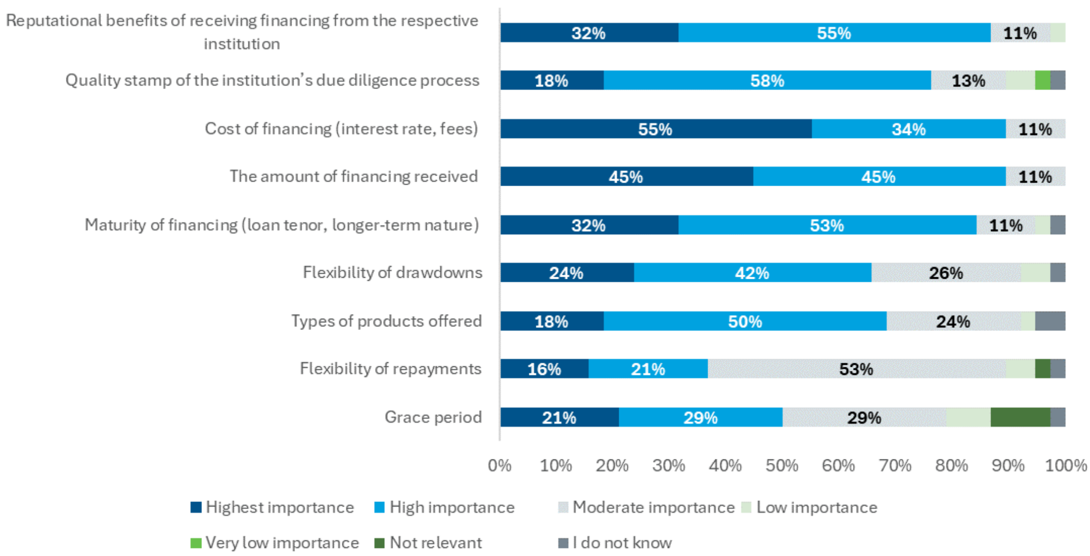
Q3. At the time of signature, were you aware that this financing is supported by an EU budgetary guarantee under the InvestEU Programme?



V.4.2.2 Q4. Please rate the importance of the following aspects of the InvestEU guaranteed financing you received from the Implementing Partner (IP)?

The most important aspects of the InvestEU guaranteed financing, as perceived by the survey respondents, seem to be financial aspects such as the cost of financing (89% rating it of high or highest importance), the amount of financing received (89%) and the maturity (84%). Secondary benefits such as the reputational benefits (87%) and the quality stap of the institution's due diligence process (76%) are also perceived as very important. One respondent additionally mentioned the ability of the IP to crowd in financing thanks to its reputation. Other factors were considered of relatively less importance, such as the types of products offered (68%), the flexibility of drawdowns (66%), the grace period (50%), or the flexibility of repayments (37%).

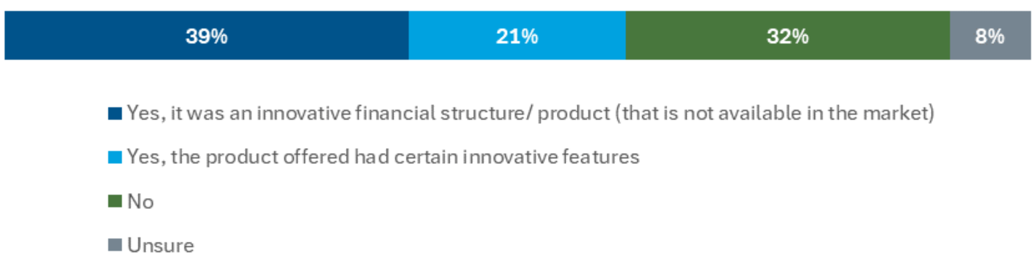
Q4. Please rate the importance of the following aspects of the InvestEU guaranteed financing you received from the Implementing Partner (IP)?



V.4.2.3 Q5. Did the InvestEU guaranteed financing you receive have an innovative structure or features?

The majority of respondents (60%) say that the InvestEU guaranteed financing they received have an innovative structure or features, 39% say that it was an innovative financial structure or product not available in the market while 21% mention the innovative features of the product.

Q5. Did the InvestEU guaranteed financing you receive have an innovative structure or features?



Those who reported that the financing had innovative features were asked to elaborate on the features of the product that they regarded as innovative. These include:

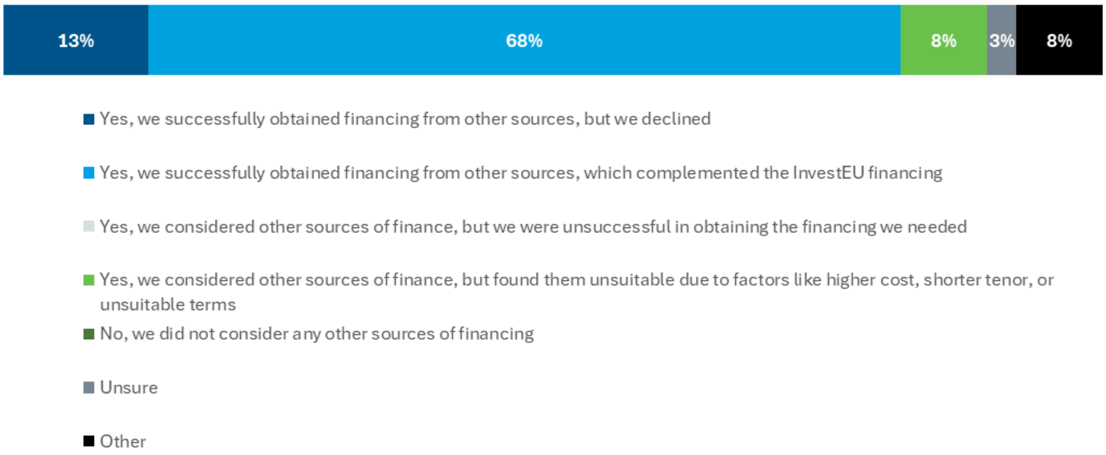
- Long maturity and bullet repayment structure based on equity raising goals, not just financial KPIs.
- Integration with "green" financing initiatives.
- Flexibility in investment usage, cooperative investment process, and minimal bureaucracy.
- Uncommon debt financing for pre-revenue stage biotech companies.
- Financing cost optimization and institutional venture debt.
- Innovative financing for full merchant projects and streamlined due diligence processes.
- Unique features like rolled-up interest, capital features, and lower interest rates with higher warrants.
- Tailored financing structures for new sectors with few precedents.
- Long-term project financing with sustainability and safety focus, offering milestone and drawdown flexibility.
- A structure put in place to cover default risks, allowing for extended loan durations.
- Subscription warrants and anti-dilution clauses, demonstrating adaptability to specific project and sector requirements.

V.4.3 Alternative and complementary sources of financing considered

V.4.3.1 Q6. Did you consider, request or obtain financing from other sources before or after requesting for the Implementing Partner's financing?

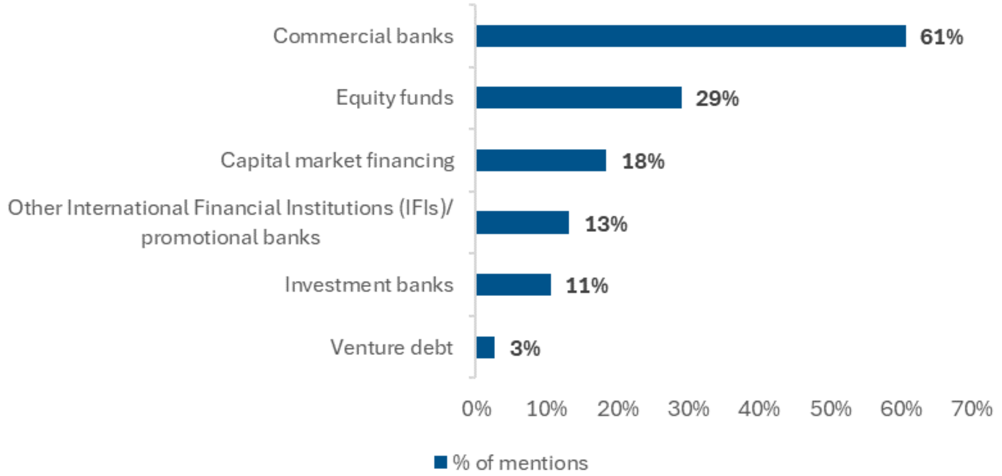
The vast majority of surveyed project promoters (89%) states that they have considered financing from other sources, and 82% says they have successfully obtained them. A minority of these (13% of the total) say that they declined the offer, with worse lending terms (e.g. interest rate, repayment structure) being commonly cited reasons, while the majority (68% of the total) say that the financing obtained from other sources complemented the InvestEU financing. Project promoters underscore that while InvestEU provides a foundational support for their projects, additional financing from sources such as venture funds and commercial banks enables diversification of funding sources, enhances responsiveness to market opportunities, and mitigates risks. According to several respondent, this strategic blend of financing not only strengthens their financial position but also facilitates the achievement of their business and investment objectives. A limited share of respondents (8%) found other sources unsuitable due to factors like higher cost, shorter tenor or other unsuitable terms. No respondent did not consider any other source of financing. Among those who selected "Other", two specify other sources of finance complementary to InvestEU guaranteed financing, while another one mentions that they refused funding from commercial banks and funds due to unacceptable conditions.

Q6. Did you consider, request or obtain financing from other sources before or after requesting for the Implementing Partner's financing?



Among the project promoters who say they have considered or requested financing from other sources, commercial banks are the most commonly mentioned alternative source of finance, followed by equity funds.

Q6D. Which of the following sources of financing did you consider or apply for? Please select all that apply.



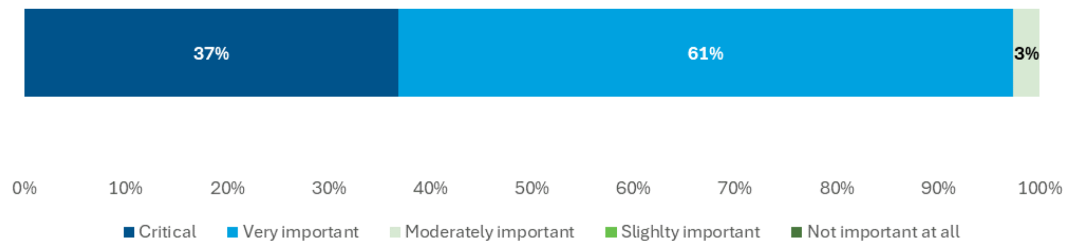
Among the reasons for which financing options were deemed unsuitable or were not considered excessively high cost of financing is selected by three out of three respondents, inappropriate tenor by three out of three respondents, unsuitable terms offered by two out of three respondents, and inappropriate timeframe to obtain financing by one out of three respondents. Other reasons, such as not suitable alternative finance available, excessive riskiness of the project, lengthy arrangement processes, or uncertainty on the process/outcome give the market situation are not considered relevant by any respondent.

V.4.4 Impact of the financing received

V.4.4.1 Q7. Overall, how important was the availability of InvestEU guaranteed financing for the initiation and advancement of your project?

Almost all project promoters surveyed (97%, 37 out of 38) report that the availability of InvestEU guaranteed financing was crucial or very important for the initiation and advancement of the project, with only one saying it was moderately important.

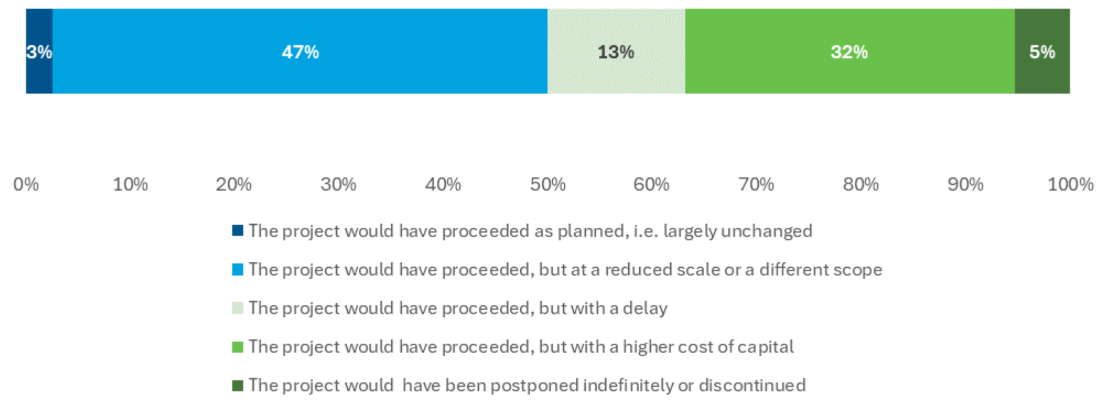
Q7. Overall, how important was the availability of InvestEU guaranteed financing for the initiation and advancement of your project?



V.4.4.2 Q8. In the absence of InvestEU guaranteed financing, what would have been the likely project outcome?

Almost half of project promoters surveyed (47%) say that the project would have proceeded with a reduced scale or a different scope, while many (32%) indicate that it would have proceeded with a higher cost of capital. Only one respondent says that the project would have proceeded as planned (i.e., largely unchanged); they say they would have been able to secure alternative external financing at the same amount and timeframe as the InvestEU financing but are unsure on whether the terms would have been the same.

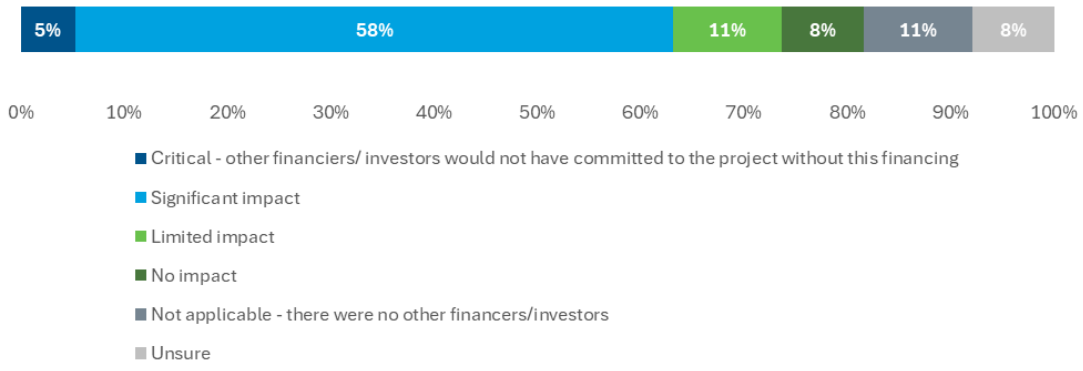
Q8. In the absence of InvestEU guaranteed financing, what would have been the likely project outcome?



V.4.4.3 Q9. How did InvestEU guaranteed financing affect other financiers or investors' decisions to commit to your project?

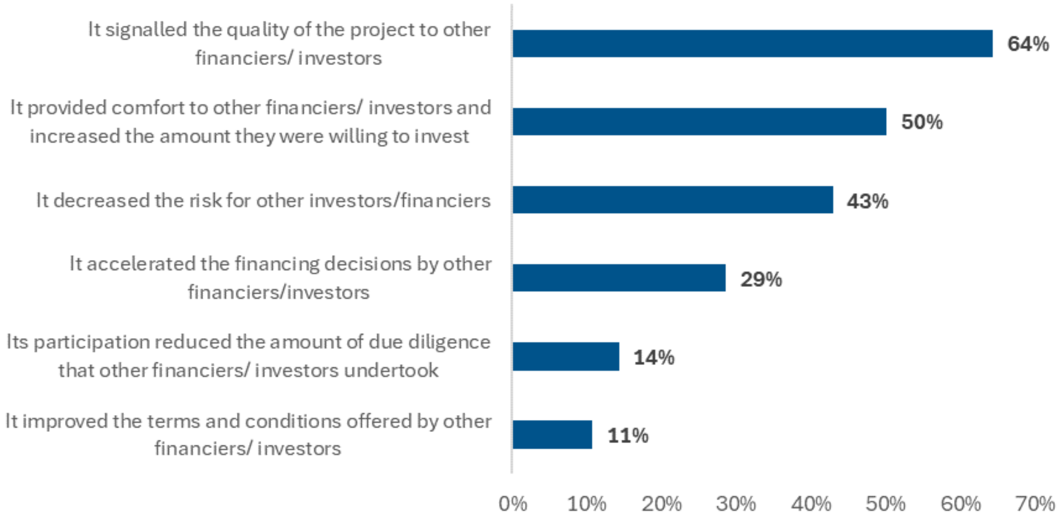
The majority of project promoters surveyed (58%) say that the InvestEU guaranteed financing had a significant impact on other financiers or investors' decisions to commit to the project, although few (5%) say that they would not have done so at all without it.

Q9. How did InvestEU guaranteed financing affect other financiers or investors' decisions to commit to your project?



Among those that identify some level of impact, the majority noted that it signalled the quality of the project to other investors and half that it provided comfort to other investors to increase the amount they were willing to invest, while several others say that it decreased the risk for other investors. One respondent who selected "Other" say that the IP's participation enabled the current investors to continue their participation in the project. Yet another respondent, who selected "Significant impact" in Question 9, states that the IP's participation has had a very negative impact on their ability to attract other investors, as the IP made the process very difficult and time consuming by delaying the responses to the project promoter's request for approvals; the project promoter say that this is effectively preventing them from raising the capital required to scale up.

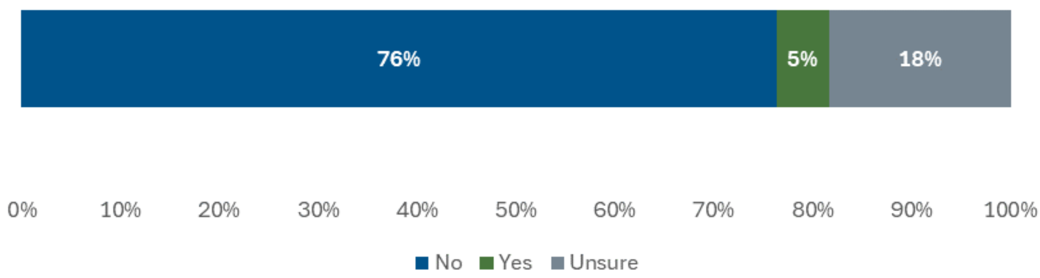
Q9b. How did the Implementing Partner's participation influence other financiers' or investors' decision to commit to the project? Please select all that apply.



V.4.4.4 Q10. Did the InvestEU guaranteed financing crowd-out or discourage any potential investors or financiers?

The vast majority of project promoters surveyed (76%) agree that the InvestEU guaranteed financing did not crowd-out or discourage potential investors or financiers. Only two say that it has. One, the same that noted this negative impact in Question 9, reiterates that the company can now only raise equity through ordinary shares due to constraints applied by the IP, which has severely discouraged both the project promoter and the investors it works with. The other respondent says that the same IP discouraged an existing lender by requiring their debt to be more senior than this other lender's.

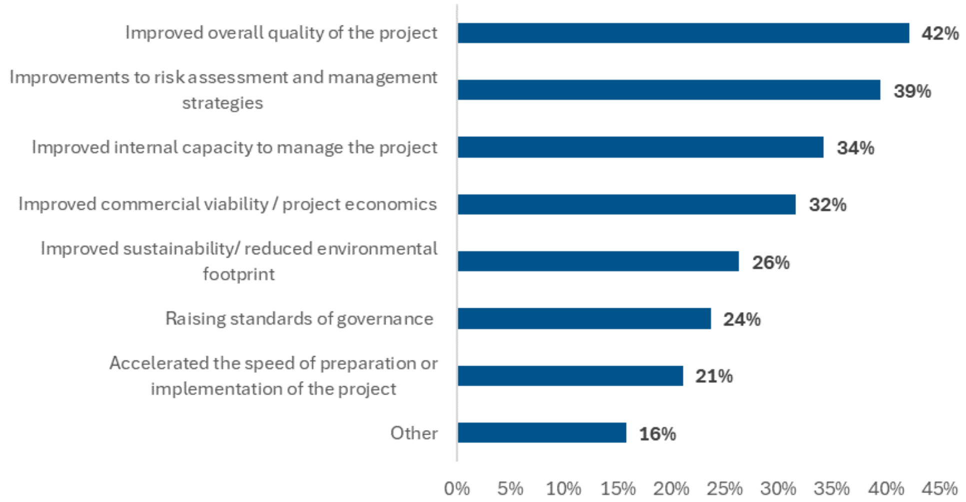
Q10. Did the InvestEU guaranteed financing crowd-out or discourage any potential investors or financiers?



V.4.4.5 Q11. Did the support and / or feedback provided as part of the due diligence process of the Implementing Partner contribute to improving any of the following aspects of your project? Please select all that apply

Improvements to the overall quality of the project and to risk assessment and management strategies are the two most cited aspects to which the due diligence process of the IP contributed to, according to project promoters. Those who selected "Other" also cite reputational benefits, the development of a comprehensive data room which was later valuable to inform other investors, and support in preparation of sustainability reports.

Q11. Did the support and / or feedback provided as part of the due diligence process of the Implementing Partner contribute to improving any of the following aspects of your project? Please select all that apply.

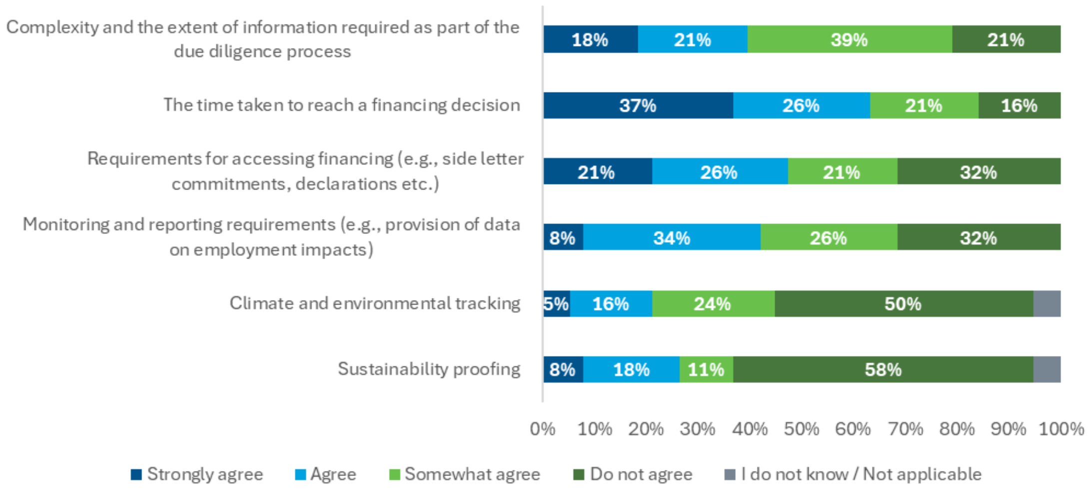


V.4.5 Feedback on conditions and requirements associated with the financing

V.4.5.1 Q12. Please indicate to what extent you agree that the following aspects of the Implementing Partner's financing (in comparison to alternative sources of finance) were overly burdensome or potentially discouraging?

Of the proposed aspects of the IP's financing, project promoters agree to various extents that that the time taken to reach a financing decision (84%), the complexity and the extent of information required as part of the due diligence process (79%), the requirements for accessing financing (68%), and the monitoring and reporting requirements (68%) were overly burdensome or potential discouraging. The opinions are more positive regarding the climate and environmental tracking (45%) and the sustainability proofing (37%). Other respondents underscore the excessive length of the process, while one mentions the IP requiring sensitive information which they feel they should not be forced to share.

Q12. Please indicate to what extent you agree that the following aspects of the Implementing Partner's financing (in comparison to alternative sources of finance) were overly burdensome or potentially discouraging?



V.4.5.2 Q13. Do you have any suggestions on how the process could be made less burdensome or more user-friendly?

The responses from project promoters suggest several areas for improvement in making the financing process less burdensome or more user-friendly. Commonly raised points include:

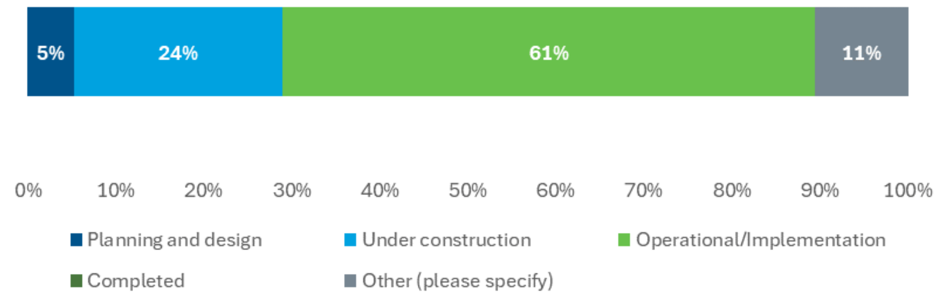
- Simplifying complex warrant structures and considering taking small equity stakes instead.
- Addressing lengthy internal approval timescales and streamlining decision-making processes.
- Reducing the complexity of legal documentation and approval chains, especially for small to medium-sized companies.
- Providing greater visibility into the internal processes of the implementing partner and shortening the time from term sheet to disbursement.
- Balancing risk assessment with commercial aspects and ensuring transparency and consistency in decision-making.
- Establishing clearer timetables and milestones to enhance predictability in the process.
- Offering financial structures in local currency to mitigate FX risks for projects.
- Relying more on recent due diligence to expedite the process.

V.4.6 Project status and progress

V.4.6.1 Q14. What is the current status of your project?

Most of the surveyed projects are in the operational/implementation phase (61%), followed by those under construction (24%) and those in the planning/design phase (5%). None are completed yet, although two specify that they are very close to completion. Two others are in the process of obtaining financing, and one of them is experiencing delays.

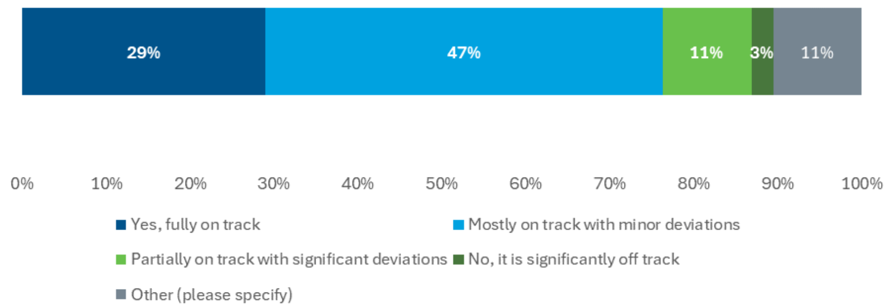
Q14. What is the current status of your project?



V.4.6.2 Q15. Is your project's delivery currently on track i.e. in accordance with the original plans?

The vast majority of project promoters surveyed (87%) say that their project is on track, albeit with minor (47%) or significant (11%) deviations. Only one respondent say that its project is significantly off track. The respondents who selected "Other" are few and refer to minor inconveniences outside of their or the IP's control, which are expected to be contained in the near future.

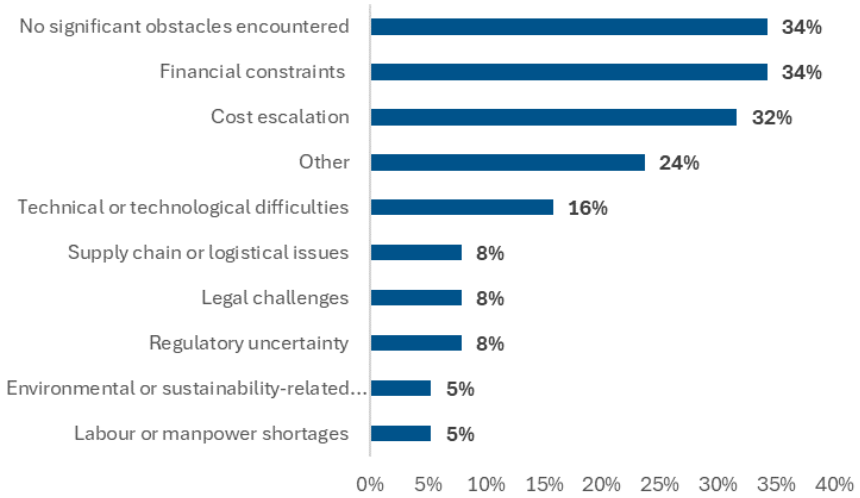
Q15. Is your project's delivery currently on track i.e. in accordance with the original plans?



V.4.6.3 Q16. Have you encountered any obstacles that have impacted the progress of your project?

One third of surveyed project promoters reports not having encountered any significant obstacles. However, financial constraints and cost escalation are commonly encountered issues. Other obstacles are less relevant. Among those who selected "Other", three mention delays in national governments' approval, two mention delays on the side of the IP, two mention technological challenges, two mention unforeseen factors out of their control affecting their financial or implementation capabilities.

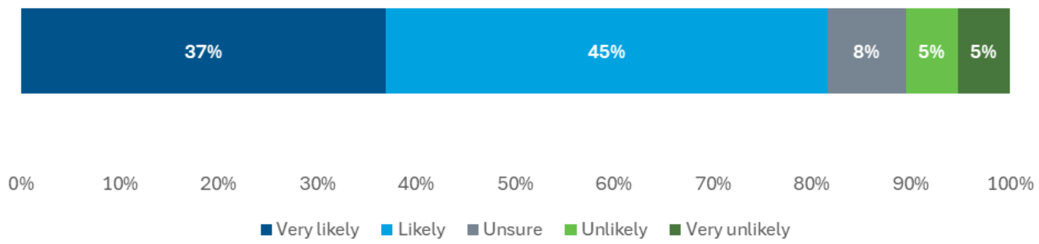
Q16. Have you encountered any obstacles that have impacted the progress of your project?



V.4.6.4 Q17. Based on the current status and any challenges faced, how likely is it that your project will be completed according to the original timeline and specifications?

The vast majority of project promoters surveyed (82%) think that their projects will be completed according to the original timeline and specifications, against just 10% which think this is unlikely or very unlikely.

Q17. Based on the current status and any challenges faced, how likely is it that your project will be completed according to the original timeline and specifications?

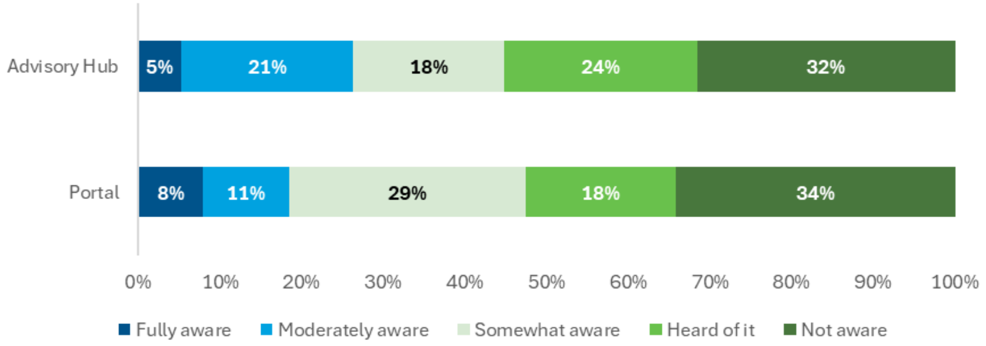


V.4.7 Awareness of the InvestEU Advisory Hub and Portal

V.4.7.1 Q18. / Q20. To what extent are you aware of the services provided by the InvestEU Advisory Hub / Portal?

The majority of surveyed project promoters display some degree of awareness the InvestEU Advisory Hub (68%) and Portal (66%), while those that are not aware of them are around one third of the total.

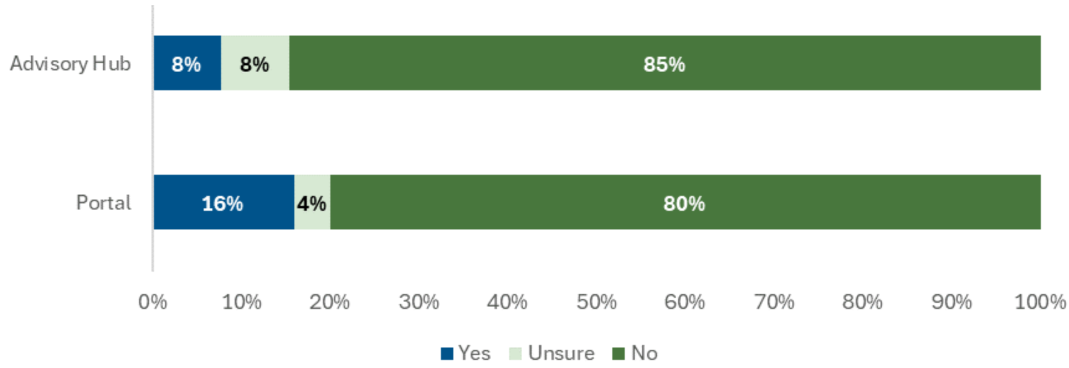
Q18/Q20. To what extent are you aware of the services provided by the InvestEU Advisory Hub/Portal?



V.4.7.2 Q19/Q21. Have you used the InvestEU Advisory Hub/Portal?

Of those that have some degree of awareness of the Advisory Hub's services, the vast majority (85%) has not made use of them. Similarly, of those with some degree of awareness of the Portal, the vast majority (80%) has no direct experience of it. In this relatively small sample, the respondents are twice as likely to have used the Portal than the Advisory Hub. However, all those that report as such (four respondents) have only registered their projects on the Portal, while none has attended an InvestEU Portal event.

Q19/Q21. Have you used the InvestEU Advisory Hub/Portal?



V.4.8 Final remarks

V.4.8.1 Q22. Is there anything else you would like to add before closing the survey?

Comments from promoters mostly relate to their interactions with the IP and present a mixed picture. While there is widespread appreciation of the professionalism and competence of the IP's team, particularly in financial and legal matters, there are notable concerns about delays in processes, leading to strained relationships and frustration. Some promoters highlight the need to modernise document signing technologies to improve efficiency, while others express frustration at the lack of flexibility and cooperation from the IP. Overall, while there are positive aspects to their interactions, there are clear areas where improvements could enhance the overall promoter experience.

ANNEX VI. EU INVESTMENT NEEDS AND POLICY

This annex presents the results of:

- A literature review covering investment needs and gaps in specific policy areas or sectors (e.g. green transition, digital transformation, access to finance for SMEs etc.).
- A mapping of policy priorities and objectives relevant for the InvestEU programme.

VI.1 Literature on investment needs and gaps

Since the adoption of the InvestEU Regulation in 2021, the EU's investment needs have grown significantly amidst geopolitical shifts, macroeconomic uncertainty and EU's eroding global competitiveness. This section provides an updated assessment of the investment needs across the EU.

VI.1.1 Market failures and areas of sub-optimal investment

The 2024 Annual Single Market and Competitiveness Report[108] highlights several crucial areas to strengthen and enhance the EU's long-term competitiveness, several of which are in line with the thematic areas InvestEU focuses on. Reducing the limits to growth faced by SMEs and small mid-caps, improving access to private capital and investment, fostering research and innovation, infrastructure development, promoting the green and digital transition, and enhancing the education and skills of EU citizens are all seen as strategic actions in this regard. The table below summarises some of the KPIs reported, which are also relevant for InvestEU.

Table A1.12 Selected KPIs for EU competitiveness

KPIs	Description	Target	Latest EU value
KPI 3: Private investment as a share of GDP	Private investment is directly linked to the ease of access to private capital.	Up	19.3% (2022)
KPI 4: Venture capital investments as a share of GDP	Progress in this field is a good indicator of progress in access to private capital in general.	Up	0.09% (2022)
KPI 5: Public investment as share of GDP	Public investment plays a key role in developing and maintaining business supporting infrastructures like energy, transport or digital connectivity.	Up	3.2% (2022)
KPI 6: R&D expenditure as a percentage of GDP	The total R&D expenditure (public and private).	>3% beyond 2030	2.2% (2021)
KPI 7: Number of patent applications per million	Patents reflect the capacity of an economy to exploit knowledge and indicate the competitiveness edge that	Up	EPO-EU: 151.1 (2022)

[108] SWD (2024) 78 final.

KPIs	Description	Target	Latest EU value
inhabitants	can be obtained through innovation.		
KPI 8: Share of energy from renewable sources	Renewable energy generation (as proposed for the Renewable Energy Directive).	45% in 2030	23.02% (2022)
KPI 10: Circular material use rate	The circular material use rate measures the share of material recovered and fed back into the economy in overall material use. Target set up in the Circular Economy Action Plan: Doubling compared to 2020.	23.4% by 2030	11.5% (2022)
KPI 11: Digital intensity in SMEs	Share of EU enterprises with at least a basic level of digital intensity. A basic level entails the use of at least four of twelve selected digital technologies (such as using any AI technology; having e-commerce sales account for at least 1% of total turnover; etc.) as defined in the Digital Decade policy programme.	90% by 2030	69.30% (2022)
KPI 12: Digital technologies adoption by companies	Share of European enterprises that have taken up cloud computing services, big data and/or Artificial Intelligence. Target set in the Digital Decade policy programme.	75% by 2030	Cloud computing services: 34% (2021); Big data: 14% (2020); Artificial Intelligence 8% (2021)
KPI 13: Adult participation in education and training every year (average of male and female)	An increased participation in training will indicate good progress in the development of skills for sustainable competitiveness (target set in Porto Summit Targets, Social Pillar).	60% by 2030	37.4% (2016)
KPI 14: Adult employment rate	An increased employment rate contributes to socially sustainable competitiveness (target set in Porto Summit Targets, Social Pillar).	78% by 2030	74.6% (2022)
KPI 15: ICT specialists (average of female and male, % of employment)	This indicator, one of the targets of the Digital Decade policy programme, measures progress towards a well dimensioned workforce specialised in the development and deployment of digital technologies.	20 million by 2030 (i.e. ca. 10% of total employment)	9.4 million (2022) Percentage of total employment: 4.6% (2022)

Source: 2024 Annual Single Market and Competitiveness report

As the Single Market and Competitiveness report indicates, there are several dimensions where the EU needs to improve its performance to ensure long-term competitiveness.

First, as discussed in the next sub-section, **European SMEs continue facing substantial financing gaps and suboptimal investment**, and financial instruments such as EFSI, COSME, and InnovFin, which preceded InvestEU, have contributed to mitigating such issues but have not solved them.

In the past decade, not only SMEs but also large EU companies have underperformed their US counterparts. A McKinsey study[109] identifies the technology gap as the main reason. They find that Europe is falling behind the US or China on key technologies, such as AI, and estimate that a corporate value added of EUR 2 trillion to EUR 4 trillion a year could be at stake by 2040, equivalent to 30-70% of forecast European 2019-2040 GDP growth.

The evidence from the literature also confirms the gap in European investment in innovation. The EIB's investment reports (2020-2023)[110] provided insights into critical gaps in R&D investment in the EU. The reports revealed an annual R&D investment gap of EUR 109 billion due to market failures such as uncertainty, financial constraints, and lack of appropriability, leading to underinvestment in R&D. A paper by Moncada-Paternò-Castello & Grassano[111] shows a widening gap in R&D intensity between EU companies and their US counterparts. According to their analysis, key sectors such as technology hardware, software and healthcare equipment contribute significantly to this negative gap, while the EU's automotive sector partly compensate it. In addition, EU R&D investment is predominantly in medium or low intensity sectors, while the US is more present in high tech sectors. The authors attribute the gap to structural factors, including differences in business demographics and policy frameworks, suggesting the need for tailored policies to foster the growth of R&D intensive sectors and firms within the EU. The results are validated by the EU Industrial R&D Investment Scoreboard reports (2021-23) published by the European Commission's Joint Research Centre[112], which confirm the features and sectorial distribution of the EU R&D environment relative to global trends. Moreover, the long-term competitiveness and resilience of the EU is closely linked to its ability to effectively achieve the green and digital transition.

[109] McKinsey Global Institute, Securing Europe's competitiveness: Addressing its technology gap, 2022, (https://www.mckinsey.com/~/media/mckinsey/business%20functions/strategy%20and%20corporate%20finance/our%20insights/securing%20europes%20competitiveness%20addressing%20its%20technology%20gap/securing-europes-competitiveness-addressing-its-technology-gap-september-2022.pdf)

[110] EIB Investment Reports (2020-2023).

[111] Moncada-Paternò-Castello & Grassano, "The EU vs US corporate R&D intensity gap: investigating key sectors and firms". Industrial and Corporate Change, 31(1), 2022, 19–38 (https://academic.oup.com/icc/article/31/1/19/6328834).

[112] Nindl et al., The 2023 EU Industrial R&D Investment Scoreboard, Publications Office of the European Union, Luxembourg, 2023 (https://iri.jrc.ec.europa.eu/scoreboard/2023-eu-industrial-rd-investment-scoreboard#field_reportscoreboard).

The level of public and private investment to achieve the green transition is still suboptimal. The EIB Investment Reports from 2020 to 2023[113] emphasised the need for approximately EUR 550 billion in annual energy-related investments throughout the current decade, which corresponds to about 3.1% of EU GDP per year. Market failures in green investment include investor apprehension about spillovers and high sunk costs of R&D. Furthermore, the 'Fit for 55' Impact Assessment[114] estimated that the EU's average annual investment needs (including transport) for the period 2021-2030 would range from EUR 312 bn to EUR 377 bn, depending on the policy option implemented, in addition to the levels of 2011-2020. Based on these figures, a study by Wildauer & Leitch (2022)[115] estimated an investment gap of EUR 13,968 billion in the energy system, including transport, for the period 2021-2050.

Research also indicates that there are persistent investment gaps in digital infrastructure and technologies. A recent study by the European Commission[116] concluded that, to achieve the ambitious targets set forth in the Digital Decade Policy Programme 2030, an investment of approximately EUR 148 billion. This translates into an overall investment gap of at least EUR 174 billion, depending on the deployment mode, which also includes the public resources that may be needed. Indeed, even with efforts to leverage synergies in deploying FTTP and 5G mobile networks, the existing EU funds, totalling around EUR 19 billion, were deemed insufficient to fully bridge the connectivity gap. Therefore, the study called for additional financial support from national and regional funding sources to supplement and meet the comprehensive investment needs for digital infrastructure. The evidence from the EIB's investment reports (2020-2023)[117] indicates that there are significant infrastructure gaps, especially in meeting the needs associated with digitalisation and tackling climate change.

According to the EIB Municipality Survey 2020, more than two-thirds of municipalities felt that they lack sufficient investment for climate change mitigation or adaptation. Furthermore, nearly half of the municipalities reported inadequate investment in digitalisation, while around 45% highlighted deficiencies in urban transport infrastructure. In addition, the 2020 study[118] conducted by the European Commission to quantify the EU's recovery needs after the COVID-19 crisis highlighted an estimated annual investment requirement of at least EUR 595 billion between 2020 and 2021. This figure included the additional investment needed to meet the EU's 2030 climate and environmental targets, which amounted to around EUR 470 billion per year, and to continue the EU's digital transformation, which was estimated at EUR 125 billion per year.

113 EIB Investment Reports (2020-2023)

114 SWD (2020) 176 final (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020SC0176).

115 Wildauer & Leitch (FEPS, 2022). How to address Europe's green investment gap.

116 EC (2023). Investment and funding needs for the Digital Decade connectivity targets

117 EIB Investment Reports (2020-2023)

118 SWD (2020) 98 final. Identifying Europe's recovery needs

An influential discussion paper by ELTI[119] concluded that Europe's **social infrastructure investment gap** poses a significant challenge to meeting the evolving needs of its population. Despite an estimated annual investment of around EUR 170 billion, this falls short of what is needed, leaving a significant gap of EUR 100-150 billion per year. Contributing to this gap is underinvestment in social infrastructure, exacerbated by the budgetary constraints faced by local authorities, which are often responsible for such investment. In addition, demographic changes, including an ageing population and technological advances, require significant long-term investment in healthcare, housing, childcare and education. Financing models for social infrastructure rely primarily on public funding, with around 90% of total funding coming from the public sector. However, more public-private partnerships and innovation are needed to effectively address the investment gap. The report suggests a policy shift towards smart investment frameworks, promoting social infrastructure financing in the regions with the greatest need, and strengthening the role of national and regional development banks. Favourable taxation, incentives and the development of new financial instruments such as social bonds are also recommended to stimulate investment. There is also a significant role for microfinance, as argued by a report[120] estimating an annual financing gap of EUR 12.9 billion in EU Member States as of 2019.

VI.1.2 Thematic focus on SMEs

The review of the literature underlines the **persistence of financing gaps for SMEs and in the various sectors targeted by the InvestEU Fund**. The thematic focus of InvestEU on financially constrained SMEs or those engaged in activities with positive externalities is supported by several EU-level analytical reports. According to a European Commission study[121], the SME debt financing gap amounted to EUR 177 billion (1.1% of 2018 EU28 GDP) in 2017 and that the SME equity gap was EUR 3 billion (0.2% of 2018 EU28 GDP). The study concluded that although financing gaps remained high, instruments such as COSME and InnovFin helped to mitigate these gaps by addressing a higher level of risk and leveraging private sector resources. A recent analysis from the Robert Schuman Centre[122] reached similar conclusions.

The EIB Investment Reports from 2020 to 2023[123] consistently indicate that **SMEs are more likely when firms face financial constraints, particularly when investing in intangible assets such as innovation**. In fact, innovative SMEs are more likely than

[119] Fransen et al., Boosting investment in social infrastructure in Europe. European Economy Discussion Paper 074, 2018 (https://economy-finance.ec.europa.eu/publications/boosting-investment-social-infrastructure-europe_en).

[120] European Commission, Microfinance in the European Union: Market analysis and recommendations for delivery options in 2021-2027, 2020 (https://www.european-microfinance.org/sites/default/files/document/file/KE-03-20-321-EN-N.pdf).

[121] Gap analysis for small and medium-sized enterprises financing in the European Union

[122] The SME Finance Gap in The European Union, Robert Schuman Centre

[123] EIB Investment Reports (2020-2023)

non-innovators to be discouraged from applying for external finance.[124] Reasons such as fear of rejection, reluctance to take on additional risk, negative perceptions of the funding application process or of the economic conditions. According to the latest Investment Survey of the EIB[125], 46% of SMEs face difficulties in accessing finance[126], while energy costs (81%), the availability of skilled staff (80%), and uncertainty about the future (80%) are the most recognised obstacles.

The current financial and macroeconomic landscape contribute to these obstacles. The results of the April-September 2023 survey on access to finance of euro area enterprises, as reported by the ECB[127], show **a deterioration in the availability of bank loans (-11% net), credit lines (-9% net) and debt securities (-13% net) for euro area SMEs**. For bank loans and credit lines, the decline is more pronounced for SMEs than for large enterprises. The results of the latest euro area bank lending survey[128], published by the ECB, show that the share of rejected loan applications to SMEs has been steadily growing since 2022. This trend is matched by a net decrease in the demand for loans or credit lines, with higher interest rates and declining fixed investment mentioned as the main drivers. According to the ECB[129], the higher need for and lower availability of external financing led to a further moderate widening of the financing gap (i.e. the difference between the change in need and the change in availability of external financing across all financial instruments), although this increase affected large firms and, to a lesser extent, SMEs. The latter were also more pessimistic about future development in the availability of external financing. The survey also reveals that SMEs faced greater financing obstacles than large firms, with 14% reporting financing constraints, the highest share since 2016. Discouragement to apply for fear of rejection remains the most important obstacle to obtaining a bank loan for euro-area SMEs, followed by rejection of loan application, approval of only a limited amount, and then by excessively high borrowing costs. Indeed, while large firms seem to be more affected by the rise in bank interest rates, SMEs are more worried about the increase in other costs of bank loans.

The EIB Investment Reports[130] also confirm that **European companies still struggle to scale-up**, which is linked to the EU's small markets for venture capital and private equity.

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124 Brown, Liñares-Zegarra, & Wilson. Innovation and borrower discouragement in SMEs. Small Business Economics, 59(4), 2022 1489-1517.

125 EIB Investment Survey (2023)

126 The difference between the EIB and ECB survey may be explained by greater obstacles faced by non-Euro SMEs and by different metrics or sampling techniques.

127 European Central Bank (2023). Survey on the Access to Finance of Enterprises in the euro area.

128 European Central Bank (2024). Euro area bank lending survey.

129 European Central Bank (2023). Survey on the Access to Finance of Enterprises in the euro area.

130 EIB Investment Reports (2020-2023).

A study by Quas and co-authors[131] concluded that the scale-up gap in Europe can be attributed to a combination of supply-side, demand-side and contextual factors. On the supply side, the availability and size of venture capital (VC) funds in Europe lags significantly behind the US, resulting in a shortage of investment for scaling companies. European VC funds tend to be smaller, making it difficult to compete on a global scale, and fundraising is more difficult, especially from institutional investors such as pension funds. In addition, the investment structure of VC funds often prioritises short-term returns, potentially overlooking long-term and high-risk ventures that are essential for scaling. On the demand side, there's a shortage of high-quality start-ups seeking scale-up funding in Europe, partly due to a lower propensity to seek external financing and concerns about control and unfavourable terms. In addition, European companies may lack the financial sophistication and readiness to attract VC investment. Among contextual factors, the European entrepreneurial ecosystem suffers from geographical dispersion and fragmentation, which hinder the development of strong start-ups and ecosystems. The dispersed nature of European VC hubs and regulatory barriers hamper cross-border investment and international growth opportunities, further exacerbating the scale-up gap. Addressing these multiple challenges requires concerted efforts to strengthen VC funding, promote entrepreneurial culture and foster cohesive ecosystems conducive to scaling.

VI.2 Policy mapping

The EU's focus ahead of and during the InvestEU programme revolved around several key policy goals. Responding to economic shifts and geopolitical challenges, the EU policy landscape sought to close key gaps, intertwining various domains, and thereby enhancing a multifaceted approach. Mapping key policy documents[132], it is evident that the EU's strategic focus encompasses achieving the green and digital transitions, reinforcing infrastructure and technological capabilities, enhancing capital markets integration and European coherence, and fortifying social resilience. These priorities are seen as vital for steering Europe towards a sustainable, strategically autonomous, and competitive future. On the basis of 68 policy documents, we distilled the following high-level policy priorities and related investment needs, acknowledging that the overview is not exhaustive.

The **green transition** stands as one of the central pillars in the EU’s policy objectives, aligning with the Paris Agreement and the European Green Deal. This involves ambitious

[131] Quas et al - The scale-up finance gap in the EU: Causes, consequences, and policy solutions. European Management Journal 40, 2022, 645-652. See also Quas et al - Tackling the scale-up gap. JRC Science for Policy Report (2022).

[132] Key policies were identified from the InvestEU Regulation, focusing on those explicitly mentioned for creating synergies, as well as additional sources such as the Programme's webpage, snowballing, and scoping interviews. Methodology included keyword searches within the Regulation, review of summaries, related webpages, and search engine findings. Relevance to InvestEU was determined by explicit references to the Programme and implicit links, such as mentions of investment, access to finance, Union funds, and related objectives/actions. Results were filtered and marked for clarity, considering policy windows, main themes, and related topics.

targets like reducing greenhouse gas emissions by 55% by 2030 and achieving climate neutrality by 2050. This commitment is at the core of the European Green Deal, which entails sectoral climate targets, regulatory revisions like the *'Fit for 55*' legislative package, and various strategic initiatives spanning sectors such as industry, energy, transportation, and biodiversity conservation. Based on the impact assessment in support of the Communication on Europe's 2040 climate target and path to climate neutrality by 2050, the average annual investment only in the energy system, excluding transport, will need to increase to about EUR 660 billion per annum in 2031-2050. Key investment priorities include scaling up manufacturing capacities for net-zero technologies, facilitating renewable energy production, prioritizing low-carbon transportation and mobility, enhancing energy efficiency, promoting circular economy and resource efficiency, and investing in pollution prevention, biodiversity conservation, water management, disaster risk reduction, and climate adaptation. Additionally, the EU is actively shaping a sustainable finance framework to align financial practices with sustainability goals, employing tools such as the EU taxonomy, corporate disclosure guidelines, and EU Climate Benchmarks to promote responsible investment and corporate conduct.

The European Green Deal also highlights the needs of mobilising more environmental investments. Up to 2030 the additional investment needs in the EU on top of existing private and public funding are estimated to be at least **EUR 114 billion per year**, comprising both costs for implementation of the existing environmental acquis and costs to cater for the increased ambition under the European Green Deal. The implementation of EU nature legislation and the 2030 biodiversity strategy requires at least EUR 21.5 billion per year in addition to existing funding. For water policies, at least EUR 26 billion per year are required in addition to existing funding, driven by the need to complete and renew the ageing network for the distribution and treatment of drinking water, to manage the increasing risk of flooding and to ensure treatment of new or emerging pollutants such as PFAS.[133] To meet the EU’s agreed pollution prevention and control targets, at least EUR 41 billion are needed in addition to existing funding. Meeting agreed EU circular economy and waste objectives will require at least EUR 27 billion per year in addition to existing funding.[134] The adoption of circular solutions and design is lagging as recently emphasised by the Court of Auditors.[135]

Simultaneously, **the digital transition** emerges as a critical enabler to boost innovation and Europe's competitiveness while ensuring fair and democratic systems. Investments in digital infrastructure are paramount, alongside developing comprehensive and sustainable

[133] European Commission, Proposal for a revised Urban Wastewater Treatment Directive - Impact assessment accompanying the proposal, 2020; (https://environment.ec.europa.eu/publications/proposal-revised-urban-wastewater-treatment-directive_en)

[134] European Court of Auditors, Special report 17/2023: Circular economy, 2023 (https://www.eca.europa.eu/en/publications/SR-2023-17)

[135] Idem: 18 Member States at risk of failing to meet their waste management objectives, and the Special Report of the European Court of Auditors on circular economy calls for analysing reasons for low take up of EU funding for circular design and considering scope for greater incentivisation.

digital ecosystems, skills, and services. Key objectives include reinforcing Europe's digital supply chain in critical areas such as semiconductors, data technologies, 5G, and quantum technologies to ensure security and autonomy. Additionally, support for digital transformation ecosystems and businesses with essential tools is crucial, particularly SMEs. Moreover, efforts are directed towards enhancing connectivity, investing in audio-visual and media domains, and promoting a sustainable economy through digital investments and green technologies. These initiatives collectively aim to propel Europe forward in the digital age, fostering economic prosperity and resilience, and enabling innovative solutions to global challenges.

The EU is dedicated to advancing **research, development, and innovation**, with a particular emphasis on supporting entrepreneurship and fostering growth **within Small and Medium Enterprises (SMEs).** This commitment entails various initiatives aimed at bolstering SMEs' capabilities and competitiveness, including:

- Upgrading support infrastructure and services for SMEs, focusing on sustainability, digital innovation, and seamless integration with local/regional startup ecosystems.
- Enhancing access to funding and investment opportunities, including incentives for breakthrough Green Deal innovations and venture capital funding.
- Developing SMEs' digital competences and facilitating adaptation to new technologies, such as AI, cybersecurity, and blockchain.
- Creating/improving regulatory frameworks and initiatives that reduce bureaucratic burdens on SMEs and ensure SME-friendly implementation of regulations and digital systems.
- Accelerating the growth of high-tech SMEs and startups.
- Exploring collaborative economy initiatives tailored to SMEs' needs.
- Facilitating cross-border cooperation with- and among SMEs to strengthen the single market, including in the defence area.
- Simplifying state aid rules and supporting SMEs' access to third-country markets to enhance competitiveness and stimulate growth.

Further, the EU remained committed to enhancing European for **economic, financial, social, and territorial cohesion.** This relates to promoting balanced development, with initiatives aimed to reduce disparities between regions and enhance social cohesion. For example, by facilitating cross-border investments and deepening European financial markets, the **Capital Markets Union** (CMU) aims to unlock capital flows, foster entrepreneurship, and stimulate economic growth across the continent. Initiatives under the CMU umbrella include harmonising regulatory frameworks to promote seamless investment across borders, fostering the development of pan-European investment platforms, and incentivising investment in innovative and high-growth sectors. Through these efforts, the EU seeks to create a more dynamic and resilient financial ecosystem that supports the long-term objectives of sustainable development and economic prosperity.

In the **social domain,** the EU is actively working to strengthen social rights, promote inclusivity, and invest in human capital development, including:

- Focus on equal opportunities and access to the labour market, fair working conditions, work-life balance, gender equality, secure employment, wages, and social protection.
- Support education, training, and skills development for employability and reducing disparities.
- Prioritise investment in education, skills training, and lifelong learning opportunities, recognising the enabling role for other policy priorities such as the digital and green transition.
- Enhance social welfare through investments in healthcare, affordable housing, and community infrastructure. Explore innovative financing models and partnerships to address social infrastructure investment gaps and ensure equitable access to essential services. Ensure alignment with broader goals of convergence, resilience, and inclusive growth.

Furthermore, the EU is committed to supporting the **cultural and creative sector,** recognising its vital role in promoting democracy, cultural diversity, economic growth. Initiatives to bolster the cultural and creative sector include providing financial support for cultural initiatives, promoting cross-border collaboration and exchange, and investing in digital infrastructure to enhance the accessibility and dissemination of cultural content. Through these initiatives, the EU aims to strengthen Europe's cultural identity, promote cultural heritage preservation, and foster a vibrant and inclusive creative ecosystem that contributes to the continent's prosperity and well-being.

Additionally, an overarching policy objective for the EU is the **economic and financial recovery**, particularly in response to challenges posed by economic downturns and post-pandemic challenges, including stimulating investment to drive recovery and sustainable growth.

Amidst geopolitical tensions and recent crises, including Russia’s aggression against Ukraine and linked energy crises, the EU increased the focus on **strategic autonomy and resilience**. This includes policies aiming to enhance EU competitiveness as well as addressing supply chain disruptions and critical raw material shortages. Regarding the latter, policy objectives include:

- Strengthen the different stages of the strategic raw materials value chain to ensure Union capacities significantly increase by 2030.
- Diversify the Union's imports of strategic raw materials to mitigate supply risks and ensure free movement while improving circularity and sustainability.
- Ensure sustainable access to critical resources and promote resource-efficient practices to mitigate supply risks and environmental impacts.
- Invest in research, innovation, and technology development to enhance resource efficiency and promote circular economy principles.

- Facilitate international cooperation and partnerships to address global resource challenges and promote sustainable development goals.

Moreover, in response to evolving security challenges and technological advancements, the EU is committed to enhancing its **defence, cybersecurity, and space capabilities**. By addressing security threats and enhancing capabilities, the EU seeks to safeguard its citizens, protect critical infrastructure, and maintain strategic autonomy in an increasingly complex geopolitical landscape. Initiatives in this realm include investing in advanced defence technologies, strengthening cybersecurity infrastructure to combat cyber threats, and expanding space exploration initiatives to enhance Europe's capabilities in satellite communications, navigation, and Earth observation. Through these strategic investments, the EU aims to bolster its resilience against emerging threats, promote international cooperation in security matters, and ensure the continent's continued prosperity and security in the digital age. Support to these strategic sectors is eligible through different InvestEU financial products. However, the implementation of the rules set in the InvestEU Investment Guidelines in relation to ownership and control, and notably for indirect equity products, and the cross reference to the eligibility for defence set in the European Defence Fund Regulation, and related work programmes, and to the 5G Cybersecurity Toolbox, revealed to be very challenging. Nevertheless, the InvestEU has successfully invested in a large number of venture capital funds in the areas of space.

The EU also continues its effort to build its **health preparedness**, including by supporting the development of innovative medical countermeasures targeting the most pressing cross-border health threats.

Key innovative concepts in relation to the EU’s action plans relating to **funding**, include fostering private-public partnership, incentivising risk-taking through reward mechanisms, bolstering private investment and fund sizes, promoting gender smart financing (e.g., stimulating funding for women-led companies and funds through the application of gender criteria for equity products and dedicated actions under the Advisory Hub), providing access to (equity) finance particularly for SMEs and start-ups in the area of high/green tech, and using digital tools such as block-chains to enhance EU connectivity (such as utilising block-chains to enabling issuance and trading of SME bonds across Europe).