European Commission

Interim Evaluation of the InvestEU Programme

Annexes to the Final Report

July 2024

ICF

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European Commission

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Table of Contents

1 Procedural information

By 30 September 2024, the Commission shall submit to the European Parliament and to the Council an independent interim evaluation report on the InvestEU Programme.

After a Tendering procedure, the Commission has assigned the establishment of this independent interim evaluation report to ICF S.A. (ICF).

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2 Summary of key findings from the evaluation

2.1 InvestEU Fund

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
EFFECTIVENESS	EQ 1a To what extent are the Invest EU 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 bn 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	• 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 5.1.1
	EQ 2a To what extent is the distribution of InvestEU Fund investments sectorally and geographically balanced? EQ 2b. How is the inclusion of several Implementing Partners 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	JC 2a.1 Excessive sectoral or geographical concentration is avoided 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	• 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 imputations, top 3	Section 5.1.1 Section 5.6.1

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
	financing and investment operations?	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 achievement on the targets and policy goals, and a positive effect on geographic and sectoral distribution *NB: There are no concentration limits pre-set per sector/geography*	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 volume • InvestEU is covering a wide range of sectors, in line with the sectors and areas identified by the InvestEU regulation. • 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	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 5.1.1

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
	Programme to climate objectives? EQ 3b To what extent is the InvestEU Fund on track to achieve its target of at 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 EU's green transition in multiple areas, including development and deployment of emerging technologies, large-scale renewable energy projects, decarbonisation of 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 EIF to support entire ecosystems (e.g. semi-conductors, CCS) that would otherwise have	Section 5.1.1

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
			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	
	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 or suboptimal investment situations?	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 financing / investment constrains in each specific policy area	• 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, 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	Section 5.1.1
	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	Not applicable

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
			Investment Platforms to InvestEU objectives cannot be assessed at this stage	
	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 estimations are provided in the main report	Section 5.1.1
	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 • Given the high entry costs and complexity of the Programme especially for smaller less sophisticated NPBIs, the evaluation identifies areas for improvement to encourage their participation	Section 5.1.1
	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 NPBIs (point c)	• The EIB Group satisfactorily fulfils its obligations in support of the implementation of the InvestEU and of NPBIs	Section 5.6.3

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
	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 5.6.4
	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 5.5.1 Section 5.1.1

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
	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 5.1.1
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	• 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 5.1.2

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
		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.		
	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 been carried out / not to same extent under other existing public instruments	• 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 5.1.2
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	Section 5.2.1 Annex 7

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
			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	
	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) including Union support of the MS and third countries, as well as blending operations, been appropriately sized and used through risk sharing	JC 17.1 Extra resources were mobilised for the InvestEU Fund (e.g. Union support of the MS and third countries, blending operations) JC 17.2 Financial resources provided to InvestEU are sufficient JC 17.3 Financial resources are deployed efficiently e.g. there is a	• 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 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	Section 5.2.1

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
	arrangements and for coverage of different costs to achieve its expected effects? NB: Whether the EU Guarantee is adequately sized is covered under relevance	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	• 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 14.77 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 5.2.1
	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 Investment Committee 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	• 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.	Section 5.2.1

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
		JC 19.5 Investment Committee members have no conflict of interest JC 19.6 Investment Committee members have appropriate tools and documents at their disposal to make informed decisions	• The governance framework (i.e. Steering Board and Advisory Board) does not sufficiently promote information sharing and coordination between IPs.	
	EQ 20 Can the process of negotiation of Guarantee Agreements between the Commission and the Implementing Partners 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 5.2.1
	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 5.2.1
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/	• 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.	Section 5.5.1

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
		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 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	
	EQ 23 To what extent is the InvestEU Fund / EU Guarantee addressing identified needs and market failures / suboptimal investment situations?	JC 23.1 InvestEU financing was allocated to sectors/ thematic areas with the greatest financing needs and gaps (while balancing 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	• The InvestEU's portfolio of activities and products is highly appropriate for addressing the EU's investment needs and mobilising capital. • Initial investments align strongly with 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	Section 5.5.1
	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	• 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 5.5.1

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
		priorities when required (e.g. strategic investment)		
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 European Structural and Investment Funds, 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, European Structural and Investment Funds, 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 has synergies with several other EU programmes through blending operations.	Section 5.3.1
	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 EU key policy objectives?	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 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	• 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 Hub is contributing to building investment pipelines and ecosystems. The linkages between the Fund and Hub could however, be strengthened	Section 5.3.1
	EQ 27 What is the EU added value of the InvestEU Fund	JC 27.1 There are clear elements of EU added value e.g. alignment with	• The InvestEU Fund provides EU added value across several dimensions, including: the diverse	Section 5.4.1

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
EU ADDED VALUE	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?	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	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.	
	EQ 28 How is the inclusion of several Implementing Partners 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?	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 5.6.1

2.2 InvestEU Advisory Hub

Evaluation criterion	EQ	JC	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 advisory partners 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 5.1.2 Section 5.5.2
	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 Advisory Partners, but the central entry point is however a somewhat useful information tool.	Section 5.5.2 Section 5.6.2

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
	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 under all policy windows	• 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, it is too early to assess the extent to which support will lead to projects actually securing financing.	Section 5.1.2
	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 had the most impact on the energy sector, mobility and sustainable infrastructure, social investments, and support to SMEs and small mid-caps, accounting for 82% of all advisory support and 88% of budget utilization. • It is too early to identify challenges and solutions, as the data from the monitoring systems is not available yet.	Section 5.1.2
	EQ 5 To what extent is the Advisory Hub effectively using the expertise of the Commission, the EIB Group, and the other Advisory Partners (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 Advisory Partners 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. • 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 5.5.2

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
	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 5.1.2 Section 5.2.2
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 5.2.2 Annex 7
	EQ 8 To what extent are the InvestEU Advisory Hub's communication methods efficiently used to promote its service to public and private project promoters (including national promotional banks or institutions and investment platforms or funds and regional and local public entities)?	JC 8.1 The Advisory Hub undertook the necessary steps to effectively promote its 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.	• The relevance of the Advisory Hub could be better communicated and reinforced to showcase its value. • The InvestEU Advisory Hub is not well known by potential recipients or Implementing Partners beyond flagship initiatives, such as ELENA	Section 5.2.2

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
		JC 8.3 The Hub is visible among its target audience.		
	EQ 9 Can the process of negotiation of Advisory Agreements between the Commission and the Advisory Partners 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 5.2.2
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 advisory partners 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 5.5.2
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 5.3.2
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	• 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	Section 5.4.2

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
		met by national / regional programmes or the private sector	recipients are important factors for EU added value. • The added value of individual advisory initiatives needs to be more clearly spelled out	
	EQ 13 How is the inclusion of several Advisory Partners 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?	N/A	• The open architecture is slowly bedding-in, but it is 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.	Section 5.4.2

2.3 InvestEU Portal

Evaluation criterion	EQ	JC	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,	• 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)	Section 5.1.3

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
		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	• 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	
EFFICIENCY	EQ 2 To what extent are the financial resources used for the InvestEU Portal appropriately sized to meet the InvestEU Portal's objectives and how could they be optimised?	JC 2.1 InvestEU Portal spending is in line with its budgetary allocation 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	• The resources allocated to the InvestEU Portal have been quite limited. • The evidence on the efficiency of Portal activities 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.	Section 5.2.3 Annex 7
	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	• 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 5.2.3

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
		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)		
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 implementing and advisory partners. • The Portal's design meets the needs and preferences of its primary users to a good extent.	Section 5.5.3
COHERENCE	EQ 5 To what extent is the InvestEU Portal coherent with other existing major EU-wide platforms (complementarity, potential synergies and/or overlaps)?	JC 5.1 InvestEU Portal is unique or offers complementary service or caters to complementary target groups compared to similar initiatives at the EU level JC 5.2 The Portal collaborates with or enhances the value of other EU	• The linkages between the Portal and the other two components of InvestEU, the Fund and the Advisory Hub, have not yet fully materialised. • The partnerships with other platforms have been successful and well-received.	Section 5.1.3 Section 5.3.3

Evaluation criterion	EQ	JC	Summary of evaluation's findings	Section of the main report
		platforms, creating synergistic relationships		
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 5.4.3

3 Indicators database

The database of indicators has been provided separately.

4 Literature and document review

This annex presents the results of the review and analysis of existing information on the design, implementation and performance of the InvestEU programme. Specifically, three analytical outputs are reported here:

- 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.
- A review of all available evaluations of EU guarantees and financial instruments preceding InvestEU, focusing on the efficiency and coherence rationale and expectations that motivated the InvestEU's umbrella framework.

4.1 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.

4.1.1 Market failures and areas of sub-optimal investment

The 2024 Annual Single Market and Competitiveness Report[1] 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. Table 1 summarises some of the KPIs reported, which are also relevant for InvestEU.

Table 1. 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	The total R&D expenditure (public and private).	>3% beyond 2030	2.2% (2021)

[1] SWD (2024) 78 final. The 2024 Annual Single Market and Competitiveness Report.

KPIs	Description	Target	Latest EU value
percentage of GDP			
KPI 7: Number of patent applications per million inhabitants	Patents reflect the capacity of an economy to exploit knowledge and indicate the competitiveness edge that can be obtained through innovation.	Up	EPO-EU: 151.1 (2022)
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)

KPIs	Description	Target	Latest EU value
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 that 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[2] 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 €2 trillion to €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) provided insights into critical gaps in R&D investment in the European Union. The reports[3] 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[4] 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[5], 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.

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[2] McKinsey Global Institute (2022). Securing Europe's future beyond energy: Addressing its corporate and technology gap.

[3] EIB Investment Report (2020-2021)

[4] Moncada-Paternò-Castello P. & Grassano N. (2021). The EU vs US corporate R&D intensity gap: investigating key sectors and firms. *Industrial and Corporate Change*, 2022, 31, 19–38 DOI: https://doi.org/10.1093/icc/dtab043

[5] Nindl, E., Confraria, H., Rentocchini, F., Napolitano, L., Georgakaki, A., Ince, E., Fako, P., Tuebke, A., Gavigan, J., Hernandez Guevara, H., Pinero Mira, P., Rueda Cantuche, J., Banacloche Sanchez, S., De Prato, G. and Calza, E., The 2023 EU Industrial RandD Investment Scoreboard, Publications Office of the European Union, Luxembourg, 2023, doi:10.2760/73822, JRC135576

The level of public and private investment to achieve the green transition is still suboptimal. The 'Fit for 55' Impact Assessment[6] 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)[7] estimated an investment gap of EUR 13,968 billion in the energy system, including transport, for the period 2021-2050. Market failures in green investment include investor apprehension about spillovers and high sunk costs of R&D. Furthermore,

Research also indicates that there are persistent investment gaps in digital infrastructure and technologies. A recent study by the European Commission[8] concluded that, to achieve the ambitious targets set forth in the Digital Decade Policy Programme 2030, an investment of approximately €148 billion. This translates into an overall investment gap of at least €174 billion, depending on the deployment mod, which also includes the public resources that may be needed. Indeed, even with efforts to leverage synergies in deploying Fibre-to-the-Premise (FTTP) and 5G mobile networks, the existing EU funds, totalling around €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)[9] 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[10] 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 €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 €470 billion per year, and to continue the EU's digital transformation, which was estimated at €125 billion per year.

An influential discussion paper by ELTI[11] 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 €170 billion, this falls short of what is needed, leaving a significant gap of €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

[6] SWD(2020) 176 final. "Fit for 55" impact assessment.

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

[8] EC (2023). Investment and funding needs for the Digital Decade connectivity targets

[9] EIB Investment Reports (2020-2023)

[10] SWD (2020) 98 final. Identifying Europe's recovery needs

[11] Fransen et al (2018). Boosting investment in social infrastructure in Europe. European Economy Discussion Paper 074.

instruments such as social bonds are also recommended to stimulate investment. There is also a significant role for microfinance, as argued by a report[12] estimating an annual financing gap of € 12.9 billion in EU Member States as of 2019.

4.1.2 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[13], 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[14] reached similar conclusions.

The EIB Investment Reports from 2020 to 2023[15] 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 non-innovators to be discouraged from applying for external finance[16]. 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[17], 46% of SMEs face difficulties in accessing finance[18], 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[19], 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[20], 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[21], 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

[12] European Commission (2020). Microfinance in the European Union: Market analysis and recommendations for delivery options in 2021-2027.

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

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

[15] EIB Investment Reports (2020-2023)

[16] Brown, R., Liñares-Zegarra, J. M., & Wilson, J. O. (2022). Innovation and borrower discouragement in SMEs. *Small Business Economics*, *59*(4), 1489-1517.

[17] EIB Investment Survey (2023)

[18] 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.

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

[20] European Central Bank (2024). Euro area bank lending survey.

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

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[22] 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. A study by Quas and co-authors[23] 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.

4.2 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[24], 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.

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

[23] Quas et al (2022). The scale-up finance gap in the EU: Causes, consequences, and policy solutions. European Management Journal 40, 645-652.

Quas et al (2022). Tackling the scale-up gap. JRC Science for Policy Report, EUR 30948 EN.

[24] Key policies were identified from the InvestEU regulation, focusing on those explicitly mentioned for creating synergies, as well as additional sources such as the program'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 program 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.

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 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. To facilitate the green transition, substantial investments are needed, estimated at around EUR 520 billion annually until 2030. 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.

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 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.

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), 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).

4.3 Meta-evaluation of the umbrella framework

4.3.1 Ex-ante expectations

4.3.1.1 InvestEU Fund

According to the InvestEU impact assessment[25], the anticipated **advantages** of bringing the 13 financial instruments together were the following:

- Greater firepower leading to more impact for the real economy and greater efficiency
- Scale economies, allowing to pursue more ambitious objectives
- A more joined up approach – more synergies and complementarities, and reduced fragmentation and overlaps
- Lower management and administrative costs
- Stronger evidence base and feedback loops
- Diversification of risk
- Built in flexibility
- Greater visibility and single brand

The anticipated **risks** of the umbrella structure were the following:

- Risk that an overuse of budgetary guarantee will engender a portfolio with a too low risk profile
- Excessive focus on volumes (as opposed to policy impact)

[25] ICF (2016). InvestEU impact assessment.

- Need for targeted action for niche sectors
- Reduced coverage of non-EU beneficiary countries
- Extra EC budgetary costs
- Complexity of governance structure
- Reduced take up of certain successful products

4.3.1.2 InvestEU Advisory Hub

According to the InvestEU impact assessment[26], the anticipated **advantages** of bringing the 13 advisory initiatives together were the following:

- Improved coherence between services
- Reduced confusion, easier access
- Reduced complexity of management and coordination
- Potential efficiency gains
- Improved visibility

The only recognised **risk** was that take up of certain successful products would be lower due to their rebranding.

4.3.2 Rationale for the umbrella structure

4.3.2.1 Efficiency

The efficiency rationale for transitioning from a fragmented array of financial instruments and advisory services to an umbrella structure is twofold: to reduce complexities and to reduce costs for both the Commission and the stakeholders. While most evaluations and studies reviewed reported that the predecessor programmes were efficient, several of them highlighted areas of improvement:

- The governance structure of **EFSI** was efficient. Its positive aspects, such as the clear separation of roles between the Commission and the EIB, and the clear role for the Investment Committee, were transposed into InvestEU. However, EFSI implementation was estimated to be very costly for the EIB, up to three times more than its standard operations.
- The **Horizon 2020** programme demonstrated substantial value-for-money, but could have been more efficient. Stakeholders noted that participation to the programme required more effort compared to other comparable programmes, which was concerning due to Horizon 2020's relatively low success rate. Implementing measures to reduce these costs could have greatly enhanced the programme’s efficiency.
- Merging **COSME** and **InnovFin** into **Horizon 2020** would have reduced costs and inefficiencies caused by intermediaries' confusion between the two. While streamlining and unification could have limited such inefficiencies, it is uncertain the extent to which this would have resulted in efficiency gains compared to the situation where the EIF guides intermediaries to the most appropriate options.
- The **COSME’s Loan Guarantee Facility** was generally well-received, particularly by SMEs. However, concerns were raised about the reporting process. Financial intermediaries found the reporting necessary but burdensome, with challenges in adapting IT systems for data collection from microbusinesses. Therefore,

[26] ICF (2016). InvestEU impact assessment.

streamlining the reporting process was seen as a beneficial option. Private equity and venture capital fund managers did not report significant administrative burdens, and final beneficiaries were generally satisfied with the process. Moreover, the transition from Entrepreneurship and Innovation Programme (EIP) to COSME proved to be complex for most stakeholders.

- The **EaSI** demonstrated high cost-effectiveness. At the same time, areas for improvement included the possibility to reduce administrative costs for the more direct operations. The limited visibility of the programme was also an issue.
- The **JASPERS** initiative did not entail significant administrative burden for beneficiaries. Additionally, the initiative's benefits included the possibility for beneficiaries to avoid cumbersome procurement procedures to access JASPERS services.

4.3.2.2 Coherence

Improving the (external) coherence of the existing financial instruments and advisory services was a key objectives of the umbrella structure. In particular, while some predecessor programmes and initiatives had distinctive and clear identity and were highly coherent with the overall EU approach, the evaluations reviewed identified some areas of overlap, or where synergies could be improved, with respect to the coverage of the target population, sector, or typology of needs.

- **EFSI** was complementary to other EU financial instruments by design, as these had to be reconfigured to avoid overlaps.
- The **Horizon 2020** initiative and the **LIFE** programme are complementary due to their built-in design features. The risk of overlap is limited because of the programmes' different scopes, priorities, and intrinsic features of most Horizon 2020 projects. Horizon 2020 aimed to enhance synergy with the European Structural and Investment Funds (ESIF), particularly the European Regional Development Fund (ERDF), which allocated EUR 41 billion to research and innovation. While upstream synergies have been successful, downstream efforts to exploit Horizon 2020 results have faced challenges due to legal and administrative barriers. Although synergies with other EU programmes, such as **Erasmus+**, were acknowledged, they were rarely realised. On the other hand, alignment with financial instruments, such as **InnovFin**, facilitated the implementation of large and complex projects.
- The **InnovFin** financial instruments were found partly to overlap other with other programmes, both within and outside the InvestEU's umbrella structure. **COSME** and InnovFin both focused on SMEs, although the fact that COSME only targeted start-ups and limited its funding to EUR 150 000 ensured coherence in the design of the two financial instruments. However, the separation of access to finance for SMEs led to confusion among financial intermediaries and to the duplication of communication efforts, as mentioned in the efficiency section above. InnovFin's ability to 'top up' the SME Window ensured complementarity with **EFSI**. However, there is evidence that funding under EFSI's Infrastructure & Innovation Window overlapped and competed with InnovFin. Furthermore, there is evidence that **ESIF**'s FI programme effectively crowded out demand for InnovFin, particularly in Central and Eastern European Member States. In contrast, no overlap was found between InnovFin and **CEF**.
- The potential overlap and competition between **COSME** and **EFSI**'s SME Window was addressed by establishing an order of priority, ensuring that EFSI resources were used before COSME's LGF. However, concerns about overlap between COSME's LGF/EFG and **ESIF** were unfounded because COSME has a pan-EU nature, while ESIF-supported instruments have a more localized focus.

- The ex-ante evaluation of the financial instruments in the **Cultural and Creative Sectors** (CSS) concluded that a ring-fenced sector initiative within InvestEU would ensure CSS further develops its market profile and recognition.
- The **Erasmus+** programme was found to be largely complementary to the **Horizon 2020** initiative, **the Culture and Creative Europe** programmes, and the **EaSI**.
- The **EaSI** did not achieve its potential synergies with the **ESF**, which shared its objectives but not its approaches. However, it was highly complementary to the **EPMF**.
- The **JASPERS** initiative was found to be highly complementary to other EU services, with not significant overlap. The advice provided was generally coherent internally, as well as with other services.

5 Stakeholder consultation – synopsis report

This Synopsis Report provides an overview of the results of the stakeholder consultation carried out in support of the mid-term 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 Implementing Partners / Advisory Partners; 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.

5.1 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 Implementing Partners 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. Table 2 shows in detail the response rates to the consultation.

Table 2. Summary of stakeholder consultation response rates

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

*Note: * 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.*

5.2 Call for Evidence

5.2.1 Design aspects

5.2.1.1 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)

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 EIF intervention does not end up as counter-catalytic in the funds fundraising process (InvestEurope).

Moreover, the reclassification of EIFs 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 (CRM) 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.

5.2.1.2 Budget

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

According to 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 beneficiaries.

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 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.

5.2.1.3 Provisioning rate

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).

5.2.1.4 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. Foreign exchange risk

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

5.2.1.5 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).

5.2.1.6 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).

5.2.2 Products under InvestEU

According to 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 beneficiary to ensure the required checks and reporting. For example:

- To be Guarantee-compliant, the 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 beneficiary. 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).

5.2.3 Application process

5.2.3.1 Guarantee Agreements

The entry costs for new IPs are high as they require considerable time and effort: Pillar Assessment (PA), answering calls for the Expressions 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).

5.2.3.2 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 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 EIF provided adequate help during the process. However, MFIs indicated frequently that the program 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.

5.2.4 Requirements, rules and governance

5.2.4.1 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, quarterly, 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 beneficiaries 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).

5.2.4.2 Sustainability requirements

Stakeholders were of the opinion that 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).

5.2.4.3 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 programs 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/marketconformity of underlying operations for IPs that already deploy market-conform financial instruments. (ELTI, CDP)

5.2.4.4 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 Investment Committee 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).

5.2.4.5 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.

5.2.5 Other aspects

5.2.5.1 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).

5.2.5.2 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.

5.2.5.3 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).

5.2.5.4 Relevance of InvestEU

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.

- 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.

5.2.5.5 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 website.

5.2.5.6 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.

5.3 Stakeholder interviews

5.3.1 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.

5.3.1.1 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 strictly 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, both the Commission and the EIB Group were 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 have a created a cliff edge after the 2024 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 Investment Committee 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 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.

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 European Long-Term Investors (ELTI) Association, which counts several InvestEU 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.

5.3.1.2 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 the IP to be more comfortably exposed to the client's market risk.
- The guarantee allows the IP 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 beneficiaries** 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.

5.3.1.3 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 centralized 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 European 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.

5.3.1.4 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 Investment Committee, 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 **Investment Committee**, involving good dialogue and learning on both sides. While some struggled with the InvestEU’s specific definition of additionality and Committee’s expectations, they then came to a solid understanding of it. The main issue arising from IP feedback on the Investment Committee approval process is that the information required by the Investment Committee (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.

5.3.1.5 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 beneficiaries, 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 €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 European 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 European 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. The **Management Information System (MIS)**, announced as a way to streamline the submission of information, is promising but not yet in place and probably too complicated, according to some IPs. They agree that it would improve the alignment of IT systems between the Commission, the IPs and their clients, thus facilitating reporting obligations.

5.3.1.6 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.

5.3.1.7 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 beneficiaries 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.

5.3.2 Investment Committee

The 12 members of the Investment Committee (IC) were consulted through interviews. Their perspective on several key topics are summarised here.

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.

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 GRF do 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.

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.

Geographical balance

- More transactions were expected from Central Eastern Europe (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 beneficiaries. 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.

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).

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 PRD either. The Commission also receives many reports from IPs. The IC asks for them, but their availability depends on the goodwill of the IPs.

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 € 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.

5.3.3 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.

5.3.3.1 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 INNOFIN, 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 Investment Committee, rather than by the Commission or the national authorities, is seen as contributing to efficiency.

5.3.3.2 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 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 member states that may not have relevant capacity. However, some national authorities observed that there were many complaints and concerns from IPs, FIs, and final beneficiaries 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.

5.3.3.3 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 Implementing Partners 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 Guarantee Agreement 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.

5.3.3.4 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).

5.3.3.5 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 Investment Committee, the need for additional environmental sustainability analyses required when assessing the eligibility of projects and the reporting requirements imposed on implementing partners and final beneficiaries. 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 Implementing Partners 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.

5.3.4 Withdrawn NPBIs

5.3.4.1 Confidential 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 confidential level defined by the Commission. If this level were reduced from 95% to 90%, there would be room to approve more operations.

The confidential 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 confidential 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.

5.3.4.2 Main difficulties encountered

The main difficulties encountered by the NPBIs in negotiations to become Implementing Partners 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 beneficiaries, such as SMEs.

5.3.4.3 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.

5.3.5 Financial intermediaries

5.3.5.1 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 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 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.

5.3.5.2 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.

5.3.5.3 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.

5.3.5.4 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.

5.4 Survey of project promoters

5.4.1 Sample

5.4.1.1 Response rate by Implementing Partner

The survey was disseminated to 53 project promoters of four different InvestEU implementing partners:

- European Investment Bank (EIB) Group
- Council of Europe Development Bank (CEB)
- Nordic Investment Bank (NIB)

38 InvestEU project promoters responded to the survey.

5.4.1.2 Signature year

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

Table 3. Number of responses by signature year

Year	Number of responses
2021	2
2022	23
2023	13

5.4.1.3 Loan amount

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

Table 4. Statistics on loan amounts

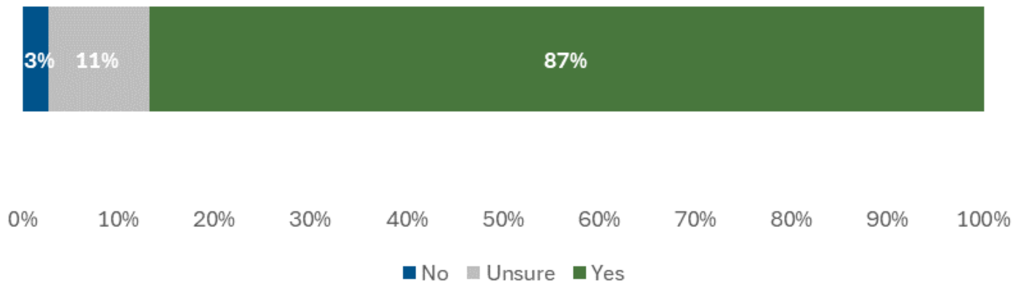
Statistics	Value (EUR million)
Average loan amount	102.96
Minimum loan amount	7.50
Maximum loan amount	1,300.00

5.4.2 Characteristics of the financing received

5.4.2.1 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.

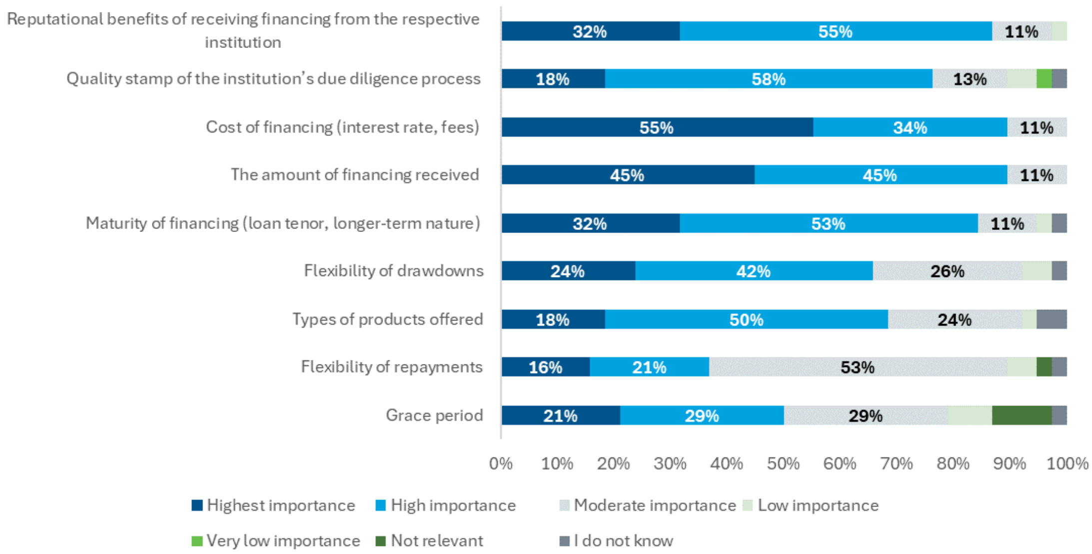
Q3. At the time of signature, were you aware that this financing is supported by an EU budgetary guarantee under the InvestEU Programme?



5.4.2.2 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%).

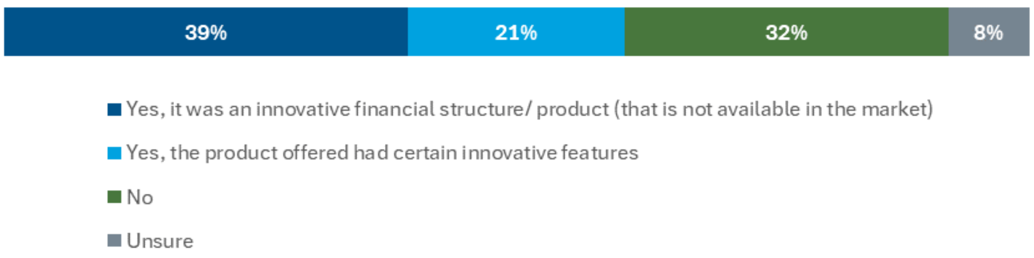
Q4. Please rate the importance of the following aspects of the InvestEU guaranteed financing you received from the Implementing Partner (IP)?



5.4.2.3 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:

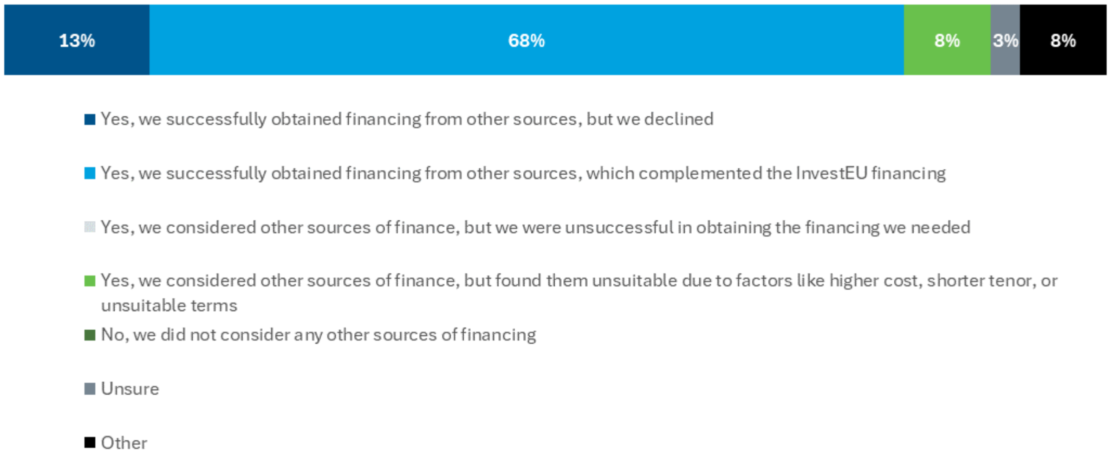
- Long maturity and bullet repayment structure based on equity raising goals, not just financial KPIs.
- Integration with "green" financing initiatives.
- Flexibility in investment usage, cooperative investment process, and minimal bureaucracy.
- Uncommon debt financing for pre-revenue stage biotech 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.

5.4.3 Alternative and complementary sources of financing considered

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

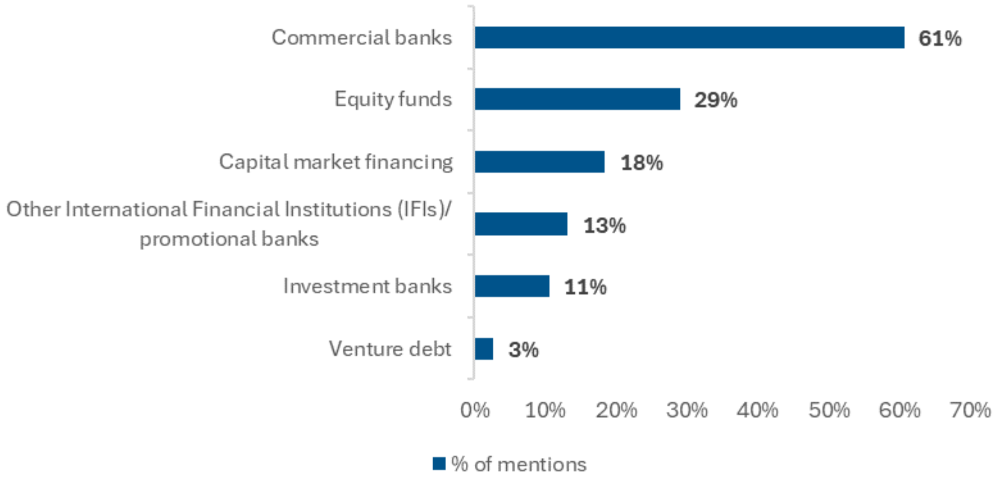
The vast majority of surveyed project promoters (89%) states that they have considered financing from other sources, and 82% says they have successfully obtained them. A minority of these (13% of the total) say that they declined the offer, with worse lending terms (e.g. interest rate, repayment structure) 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.



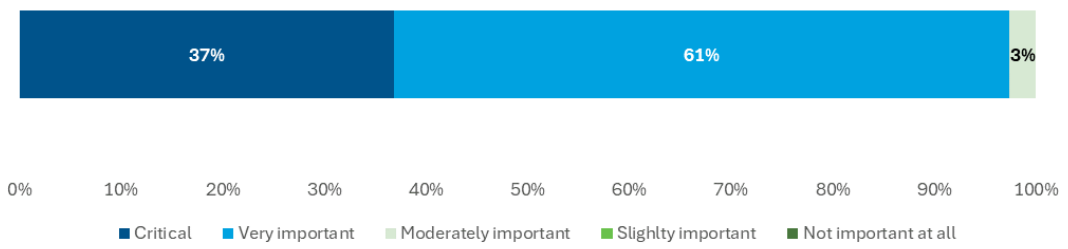
Among the reasons for which financing options were deemed unsuitable or were not considered excessively high cost of financing is selected by three out of three respondents, inappropriate tenor by three out of three respondents, unsuitable terms offered by two out of three respondents, and inappropriate 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.

5.4.4 Impact of the financing received

5.4.4.1 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.

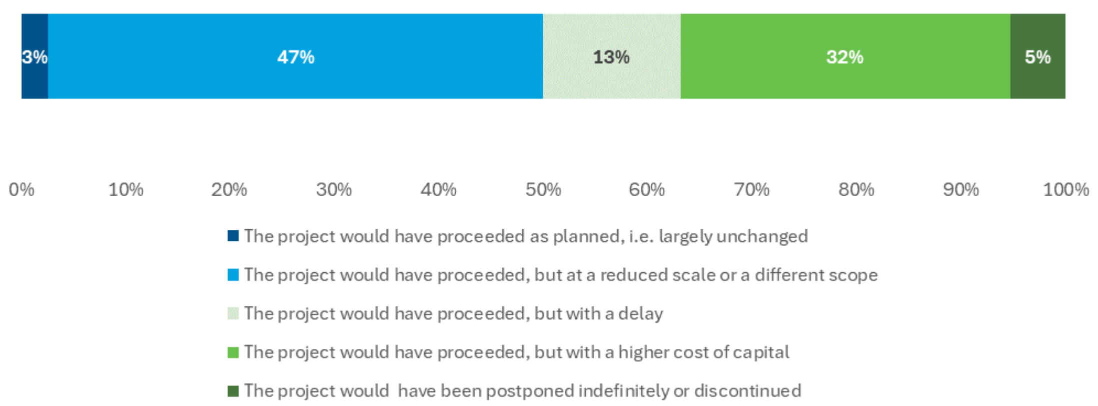
Q7. Overall, how important was the availability of InvestEU guaranteed financing for the initiation and advancement of your project?



5.4.4.2 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.

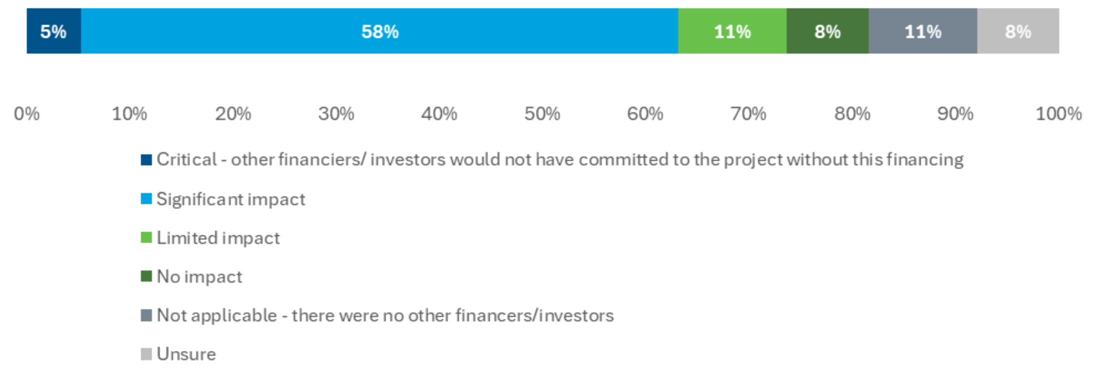
Q8. In the absence of InvestEU guaranteed financing, what would have been the likely project outcome?



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

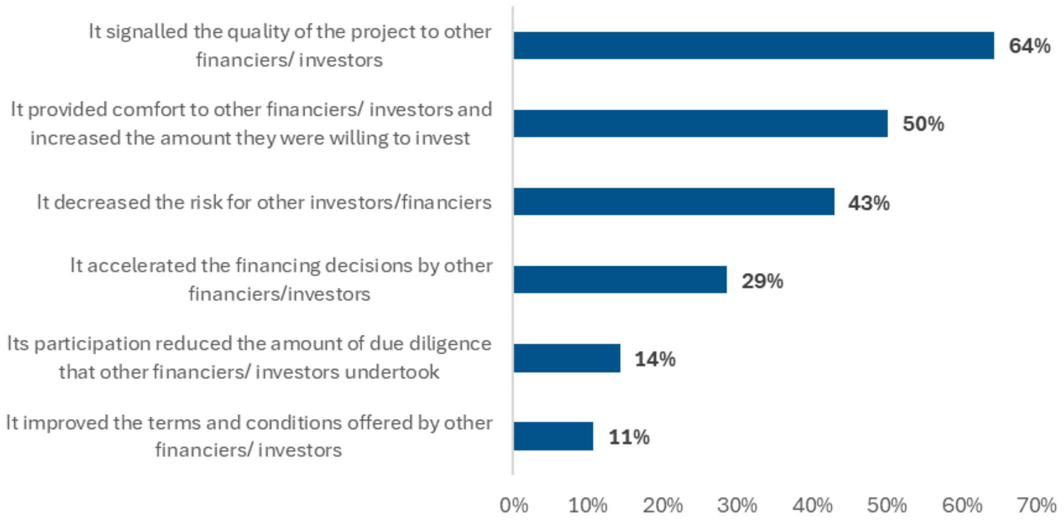
The majority of project promoters surveyed (58%) say that the InvestEU guaranteed financing had a significant impact on other financiers or investors’ decisions to commit to the project, although few (5%) say that they would not have done so at all without it.

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.

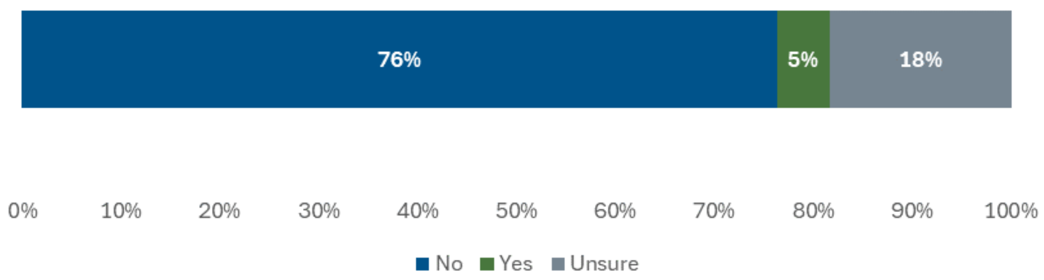
How did the Implementing Partner's participation influence other financiers' or investors' decision to commit to the project? Please select all that apply.



5.4.4.4 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.

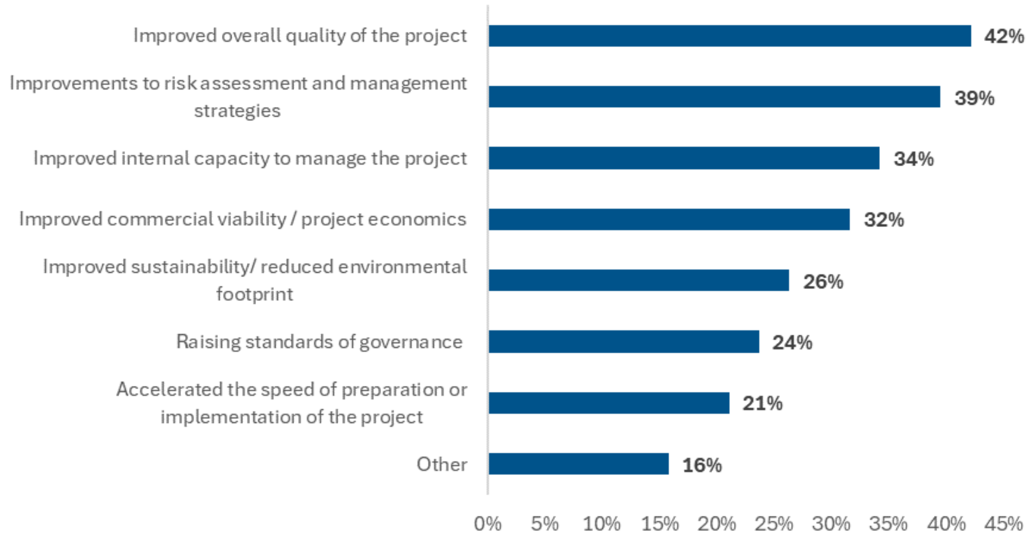
Q10. Did the InvestEU guaranteed financing crowd-out or discourage any potential investors or financiers?



5.4.4.5 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 Implementing Partner 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.

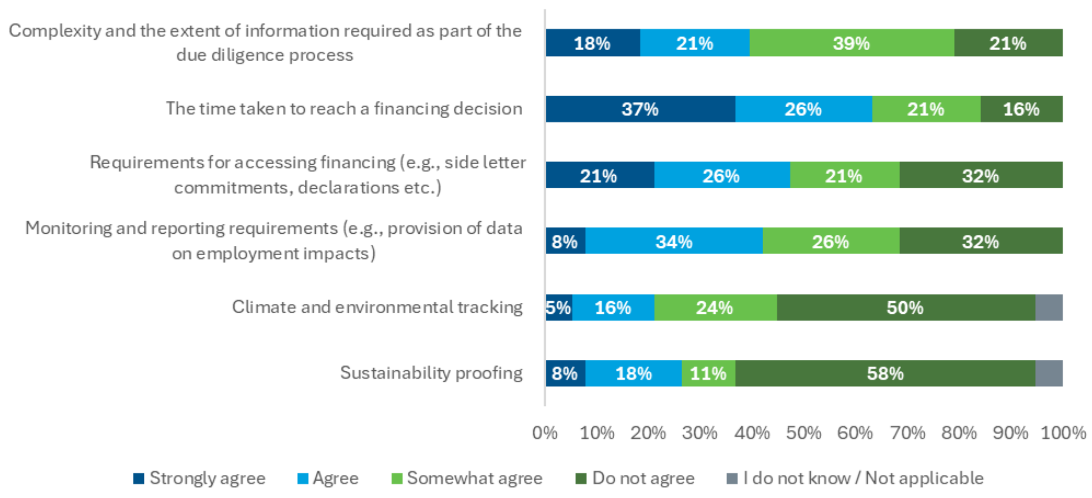


5.4.5 Feedback on conditions and requirements associated with the financing

5.4.5.1 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 Implementing Partner'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 Implementing Partner 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?



5.4.5.2 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.

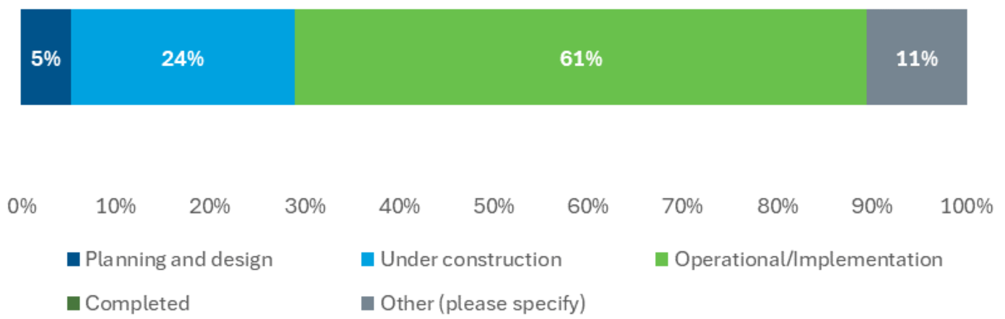
- Balancing risk assessment with commercial aspects and ensuring transparency and consistency in decision-making.
- Establishing clearer timetables and milestones to enhance predictability in the process.
- Offering financial structures in local currency to mitigate FX risks for projects.
- Relying more on recent due diligence to expedite the process.

5.4.6 Project status and progress

5.4.6.1 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.

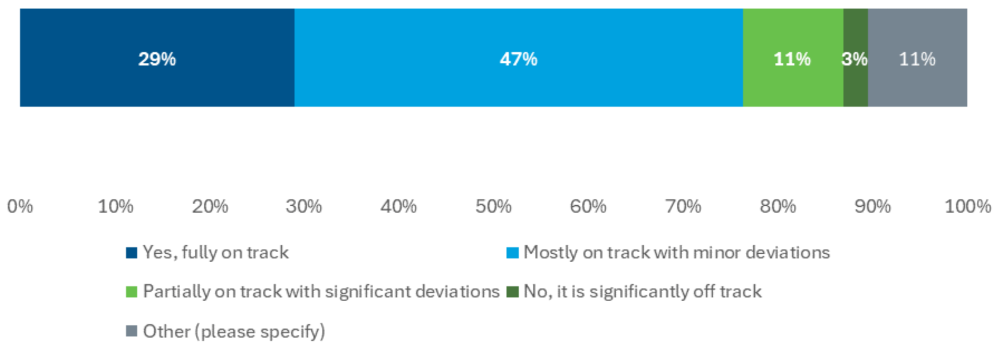
Q14. What is the current status of your project?



5.4.6.2 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 Implementing Partner’s control, which are expected to be contained in the near future.

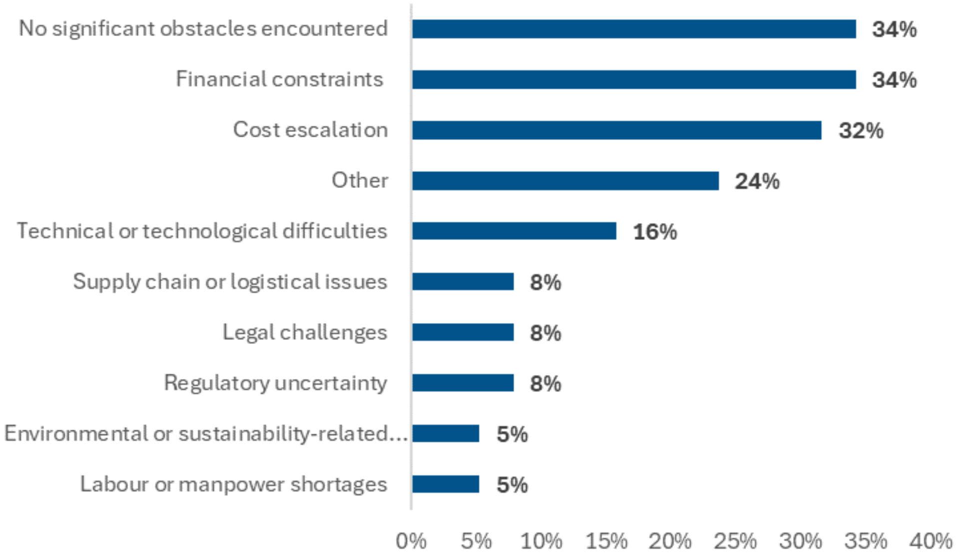
Q15. Is your project's delivery currently on track i.e. in accordance with the original plans?



5.4.6.3 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 Implementing Partner, two mention technological challenges, two mention unforeseen factors out of their control affecting their financial or implementation capabilities.

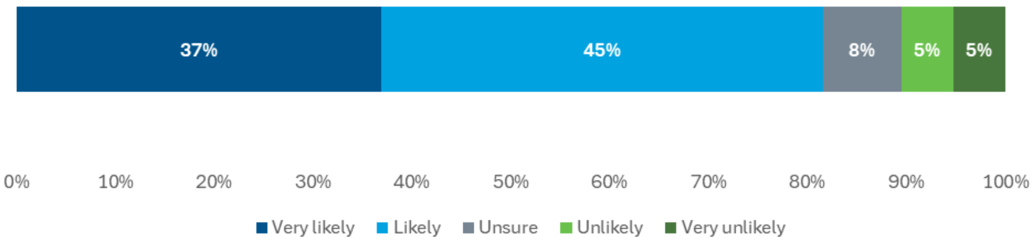
Q16. Have you encountered any obstacles that have impacted the progress of your project?



5.4.6.4 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?

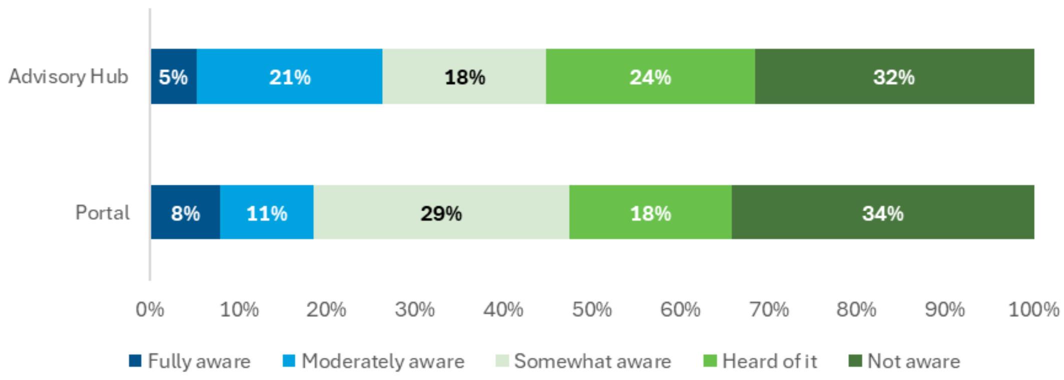


5.4.7 Awareness of the InvestEU Advisory Hub and Portal

5.4.7.1 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.

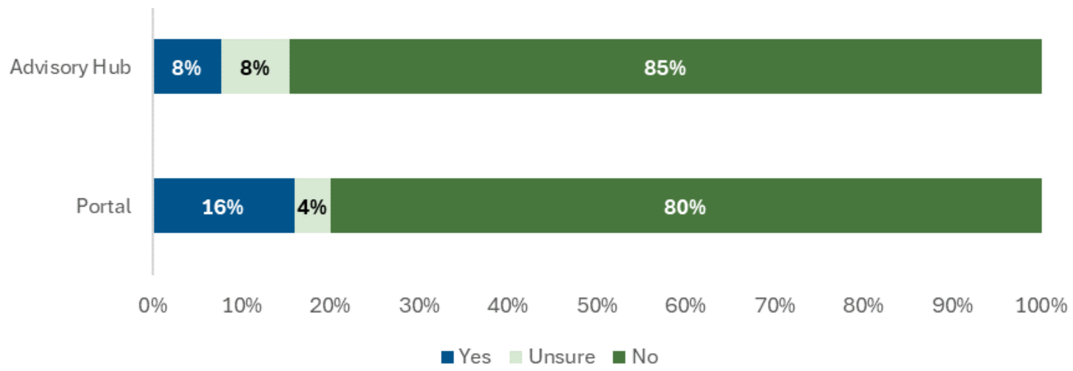
Q18/Q20. To what extent are you aware of the services provided by the InvestEU Advisory Hub/Portal?



5.4.7.2 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?



5.4.8 Final remarks

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

Comments from promoters mostly relate to their interactions with the Implementing Partner and present a mixed picture. While there is widespread appreciation of the professionalism and competence of the Implementing Partner'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 Implementing Partner. Overall, while there are positive aspects to their interactions, there are clear areas where improvements could enhance the overall promoter experience.

6 Case studies and deep dives

The results of the deep dives have been integrated in the main report and in the case studies, with some of the InvestEU operations highlighted as relevant examples. Since the deep dives were mostly based on highly confidential information owned by implementing partners, these cannot be disclosed to the public.

The case studies are provided below.

6.1 Blending under InvestEU framework: possibilities and challenges

A range of blending options and structures is possible under the InvestEU framework. In the current MFF, financial instrument support from sectoral programmes must be provided within the InvestEU framework (Table 5, options 1 to 5). Blending operation under InvestEU has three features: (i) it involves funds from sectoral programme (financial instrument, grant or both); (ii) there must be at least one type of repayable Union support (financial instrument or budgetary guarantee or both); (iii) there must be repayable financing/investment provided by the IP.

Table 5. Spectrum of blending options, MFF 2021-2027

	Blending operation under InvestEU framework					Grant blending operations
	Involving InvestEU guarantee			Not involving InvestEU guarantee		
	Option 1	**Option 2**	**Option 3**	**Option 4**	**Option 5**	**Option 6**
Grants	X		X	X		X
Financial instruments		X	X	X	X	
InvestEU budgetary guarantee	X	X	X			
IP resources	X	(X)	X	X	X	X
Examples	(upcoming EaSI blending facility) CEF blending - Alternative Fuels Infrastructure Facility (AFIF)*	Eight blending top-ups	Horizon 2020 and European Innovation Fund contribution to the EU-Catalyst Partnership	-	(upcoming EBRD Critical Raw Material (CRM) facility)	CEF AFIF Public Sector Loan Facility (PSLF)

Source: ICF, based on European Commissions internal note on blending operations under InvestEU prepared in 2020. Under CEF AFIF, IP financing can also be combined with the InvestEU budgetary guarantee

InvestEU provides a streamlined legal framework for blending. Through blending operations, the InvestEU support can be combined with grants and/or financial instruments from other EU programmes. Alternatively, financial instrument (and grant) support from other EU programmes (without the use of the InvestEU support) can be delivered under the InvestEU Programme. All of these forms of blending operations take place under a single set of rules, while ensuring consistency with the policy objectives and compliance with the eligibility criteria set out in the rules of the Union programme under which the support is provided (Table 5, Options 1 - 5)[27].

To date, blending within InvestEU has predominantly been utilised as 'top-ups' (**Table 5, option 2)** where the financial instrument support takes the form of a guarantee, offering first loss protection to specific InvestEU portfolios. These top-ups have been established by various DGs, including Health and Food Safety (DG SANTE)+ Health Emergency Preparedness and Response Authority (HERA), Research and Innovation (DG RTD), Climate Action (DG CLIMA), DG CNECT, DG MARE and DG DEFIS. Table 6 outlines the eight blending top-ups signed to dates. These initiatives address market failures or suboptimal conditions in specific sectors, such as high barriers to entry in the space or defence sectors, or financing gaps in the audiovisual sector. Discussions on additional blending top-ups are underway, based on factors such as availability of funding from sectoral programmes, policy priorities, and market demand**.**

[27] In accordance with Article 6(2) and 6(4) of the InvestEU Regulation, as long as the InvestEU guarantee is used or the sectoral support takes the form of a financial instrument, the implementation of such blending operation must be carried out under a single set of rules, namely Title X of the Financial Regulation Financial instruments, budgetary guarantees and financial assistance.

Table 6. Overview of blending top-ups

Name	Parent DG/entity	Sectoral programme	Indicative amount [EUR million from sectoral programme*]	Other contribution	Target investment areas/targeted sectors	Product(s) description
Implemented by EIB (topping-up EIB thematic products)						
HERA Invest funding instrument	HERA DG SANTE	EU4Health programme	100	EIB contribution	SMEs that develop medical countermeasures addressing health threats	Venture debt
Green Premium aka EU-Catalyst Partnership	DG CLIMA DG RTD (in partnership with Breakthrough Energy Catalyst)	EU ETS Innovation Fund Horizon Europe	420	Catalyst: EUR 420 million EIB contribution	EU-based projects with high scaling and impact potential	Venture debt Equity Grant
Implemented by EIF						
Defence Equity Facility	DG DEFIS	European Defence Fund	100	Not applicable	Defence innovation, technologies	Equity Capacity-building activities
CASSINI Seed and Growth Funding Facility	DG DEFIS	European Space Programme	196	Sectoral programme contributions are matched on a 1:1 basis by InvestEU resources and/or EIF contributions	Investments targeting space technology (upstream) and digitaldigital services using space data (downstream)	Risk capital
MEDIAINVEST	DG CNECT	Creative Europe	70	Sectoral programme contributions are matched on a 1:1 basis by InvestEU resources and/or EIF contributions	Audiovisual companies active in the production and distribution of content in their start-up,	Equity Investment-readiness support

Name	Parent DG/entity	Sectoral programme	Indicative amount [EUR million from sectoral programme*]	Other contribution	Target investment areas/targeted sectors	Product(s) description
					growth and transfer phases	Capacity-building activities
Investment Platform for Strategic Digital Technologies	DG CNECT	Digital Europe	240	Sectoral programme contributions are matched on a 1:1 basis by InvestEU resources and/or EIF contributions	AI, Blockchain /DLT, Cybersecurity, Internet of Things (IoT), quantum computing and other digital technologies	Equity and QE
Chips Fund	DG CNECT	Digital Europe	125	Not applicable	Semi-conductor chips and semi-conductor technologies	VD and equity-based financing
Blue economy	DG MARE	European Maritime, Fisheries and Aquaculture Fund	140	Sectoral programme contributions are matched on a 1:1 basis by InvestEU resources and/or EIF contributions	Investments targeting blue economy	Equity and QE
			1,391			

*Sources: GAs signed with the EIBG, information presented in December Policy Review Dialogues, press releases and policy DGs' work programmes. Note: *Indicative contribution from sectoral programmes, based on GA.*

In addition to using blending to top-up existing products, InvestEU enables grants to be combined with the InvestEU budgetary guarantee and financial instruments to provide 'blended finance' or concessional finance. This combines repayable and non-repayable support delivered to the final recipient to achieve the necessary de-risking of the investment is achieved. Under option 1 (Table 5), grants can be also combined with the InvestEU budgetary guarantee to provide concessional finance. Currently, there are no blending operations under this option. However, a new initiative is being developed to combine grants from the EaSI strand of the European Social Fund Plus (ESF++) with the InvestEU budgetary guarantee (see box below). The existing CEF T- AFIF programme already offers this possibility but no such operations have materialised yet. Option 3 combines grants, financial instruments, and the budgetary guarantee, e.g. the EU Breakthrough Catalyst Partnership, which provides various financing options to projects, including VD/QE (EIB financing backed by InvestEU guarantee) or equity (provided by Breakthrough Catalyst) and grants (from Horizon 2020 or Breakthrough Catalyst).

Forthcoming blending initiative under EaSI

A EUR 20 million contribution from the EaSI strand of ESF+ [28] is set aside to complement the financial products under the Social Investment and Skills Window (SISW) of the InvestEU Programme with a non-repayable component.

The objective of the contribution is to increase the impact of the existing InvestEU products to further developing the social investment market and the microfinance ecosystem and provide additional support to final beneficiaries, in particular microfinance institutions, microenterprises and social enterprises.

The type of support provided in blending operations could take the form of grants or other types of non-repayable support, including transaction cost support, investment grants, interest rate subsidies, business development services, and guarantees, and. It will allow to de-risk investments that would otherwise be considered too risky.

Finally, the InvestEU infrastructure can be used to set up blending facilities even without utilising the EU guarantee. Where the InvestEU guarantee is not used, the EU support from a sectoral programme, provided in the form of a financial instrument (or combination of a financial instrument and a grant,) can be delivered through a blending operation under the InvestEU rules (Table 5, options 4 and 5). This is the case envisaged in Article 6(3) of the InvestEU Regulation. For instance, the forthcoming EBRD CRM facility (see box below) operates without an InvestEU guarantee. However, DG GROW leveraged the InvestEU Programme infrastructure, such as InvestEU rules and an existing GA with EBRD (by adding a product schedule), making blending easier and more efficient.

Forthcoming EBRD CRM facility

Set to be implemented by the EBRD, the CRM facility will provide investment support to explore critical and strategic raw materials, in line with the goals outlined in the European Critical Raw Materials Act. The aim is to identify CRM potential and promote strategic projects both within the EU and in third countries to secure a sustainable and reliable supply of the CRMs that are fundamental for the Union's strategic interests and its transition to a carbon-neutral, sustainable, digital, and smart economy

[28] Annex to 2024 annual work programme within the framework of the ESF,+, particularly the EaSI strand.

The blending initiative is supported by a EUR 25 million EU contribution from Horizon Europe. It leverages EBRD experience in financing mining projects, but focuses on earlier stages where EBRD would typically not have intervened without EU support. It is expected that a limited number of projects will be supported with equity during their exploration stage, when the risk is higher (e.g. risks to economic viability, geological and technical risks, legal uncertainties, social acceptance issues). The geographical scope for the blending operations includes EBRD's countries of operation within the EU[29] and countries associated with Horizon Europe Programme outside the EU[30].

Outside the InvestEU framework, blending schemes can take the form of EU grants combined with financing from IPs or other financial institutions not covered by any EU support (Table 8, option 6). Examples include the CEF AFIF and PSLF, both of which operate independently of the InvestEU framework.

6.1.1 Policy DGs' motivations and drivers for setting-up blending operations under the InvestEU framework

The decision to set up blending top-ups originates from the policy DGs. These decisions are often based on market studies conducted or commissioned by policy DGs to identify and confirm financing gaps[31] or build on successful pilots. For example, pilot projects such as the BlueInvest Fund pilot under EFSI and the InnovFin Space Equity Pilot demonstrated the sector's capacity to absorb market-based instruments.

The rationale for setting-up blending top-ups is to boost the InvestEU Fund's capacity to support specific policy objectives. InvestEU, operating with a budget smaller than its predecessors under the previous MFF, faces a significant demand that outweighs its resources. More specifically resources are insufficient to provide thematic finance at scale for sectors such as next-generation climate technologies, deep tech, space, chips, and therapeutics. In this context, blending is an important tool for augmenting programme resources in support of strategic priorities. A provisioning rate of 100% for blending operations under the InvestEU Programme and higher protection for IPs significantly enhances their capacity to support a larger volume of high-risk operations.

Blending top-ups allow more outreach efforts and market building activities from IPs. This ensures that policy DG's sector is more proactively served by IPs (see examples in section 6.1.3).

Blending top-ups offer a more efficient alternative to grants, with the capacity to unlock additional funding. Through these top-ups, policy DGs that have traditionally relied on grants to support their sectors (such as the blue economy through the European Maritime, Fisheries and Aquaculture Fund, and the CCS sector through Creative Europe) are moving away from sole reliance on grants. The strategy of combining contributions from sectoral programmes with those of the InvestEU Fund and contributions from IPs increases the leverage of public funds: sectoral programme contributions are matched on a 1:1 basis by InvestEU resources and/or EIF contributions in most of (4 out of 6) of the top-ups implemented by the EIF. Combined, these resources are expected to mobilise significant additional public and private capital.

[29] Bulgaria, Czechia, Estonia, Greece, Croatia, Hungary, Latvia, Lithuania, Poland, Romania, Slovenia, Slovakia.

[30] Albania, Armenia, Bosnia and Herzegovina, Georgia, Kosovo, Moldova, Montenegro, North Macedonia, Serbia, Tunisia, Türkiye, Ukraine.

[31] Financing gaps in relation to Defence Equity Facility, Blue Economy, and space.

A critical consideration for policy DGs is to maintain high policy steer, control and visibility. Some policy DGs have reported a lack of visibility of how well their policy areas are served under InvestEU, given the current governance setup and reporting mechanisms, particularly for intermediated products. They seek more detailed, segmented reporting enriched with policy-relevant tags to gain greater insight into operations. Blending top-ups address this concern to some extent by ring-fencing specific amounts for approvals and signatures within their sectors, thereby providing more visibility and control. EIB and EIF also provide very detailed information on blending operations at PRDs. For the two EIB top-ups, since they are linked to the thematic financial products, the policy DGs also receive the eligibility checklist for their opinion on the individual operations at early stage. However, there are still some challenges (see next section).

Policy DGs can leverage the unique strengths of various IPs depending on their objectives. For example, DG GROW have chosen the EBRD for CRM and DG EMPL is in discussion with CEB and EIF for their microfinance initiative, taking advantage of the open architecture framework. The close policy dialogue between IPs and the Commission allows the identification of market gaps and areas needing more resources.

Operationally, these top-ups are very efficient and quick to implement. They are implemented under a single set of rules (InvestEU rules), with terms negotiated and agreed by a single DG (ECFIN) ,while ensuring compliance with the eligibility rules of the sectoral programme. This is one of the advantages of the umbrella framework compared to the situation under the previous MFF (where each DG was negotiating own terms with IPs). The expertise in ECFIN and one single point at the Commission for contractual terms adds value to policy DGs and IPs. From the perspective of DG ECFIN, this standardisation facilitates oversight and ensures consistency across different funding streams**.** For IPs, this implies implementing an existing product, focusing on a sub-set of eligible sectors.

6.1.2 Challenges to blending operations under InvestEU framework and areas for improvement

Legal, policy and operational hurdles emerge when integrating diverse financing sources, each grounded in distinct legal frameworks.

Policy DGs flagged two main downsides of using blending top-ups:

- **Insufficient visibility of the implementation and impact of blending top-ups for indirect equity operations**. For indirect equity operations, policy DGs would like to see more granular reporting by IPs. Reporting poses more challenges when blending top-ups concern multiple policy priorities, like the Investment Platform for Strategic Digital Technologies under the Digital Europe Programme. Although outside the evaluation time period, it is worth highlighting that information provided to policy DGs as part of the June 2024 PRDs addresses this issue.
- **Potential dilution of the contribution of sectoral programmes.** Some DGs voiced concerns that blending top-ups could dilute policy focus in the case of intermediated equity products. Some advocated for more operation-specific information during pipeline discussions, suggesting that these engagements should occur with greater frequency for enhanced clarity and strategic alignment. There was a concern that blending operations support generalist funds rather than those dedicated to certain sectors (e.g. at the time of conducting interviews for the evaluation, only four of the 13 operations signed in the space sector involved investments in dedicated space funds). This situation could arise from the absence of dedicated funds in nascent sectors such as space, or a lack of investor appetite for specialised funds. In such cases, these sectors are covered as part of diversified fund strategies rather than being the primary focus. The cross-cutting or

enabling nature of certain digital technologies means that funds are frequently more interested in commercial applications of the technology rather than the technology itself. Nonetheless, some policy DGs noted that there may be cases where generalist funds' plans to invest in a specific sector are not sufficiently assessed before inclusion under the blending top-up. There is a need for close collaboration to ensure a clear and common understanding between the Commission and the IP on the state of the market within a specific policy domain or sector, to agree on strategic deployment of blending top-ups, and to foresee capacity-building actions to increase the availability of specialised funds where needed. The market studies described above are a solid base on which to build this common understanding.

- **DGs somewhat lack the financial incentives to channel more financial instrument support through InvestEU.** The final destination of reflows from financial instruments is not fully clear to all stakeholders.

IPs recognise the potential of blending, but have identified several factors that constrain its effective deployment and areas for improvement:

- **Lack of predictability of funding**. The top-ups are not always committed as planned by policy DGs. Total amounts inserted in GAs are indicative and could potentially be subject to change following the mid-term review of the MFF (for example Russia's ongoing war against Ukraine affects policy priorities and the Union budget). As it was always with support in the form of financial instruments, funds from sectoral programmes set aside for blending top-ups cannot be legally committed before the annual budget commitment by the Commission. Consequently, the funds announced for blending top-ups are vulnerable to budgetary cuts.
- **Mechanism of annual commitments resulting in deployment challenges.** Blending top-ups implemented by the EIF (e.g. financial instruments under past MFFs) are committed in annual commitment notices. By end-2023, 35% of the total indicative top-up amounts had been committed. For 2024, it is unclear whether the entirety of the planned budget commitments will actually be committed. Only EUR 128.57 million of EUR 173 million indicative amount was confirmed by April 2024. The date of commitment is not determined ex-ante, as it depends on the approval of the (annual) work programme underlying the relevant EU sectoral programme. For 2023, commitments for some top-ups were received and confirmed in late December 2023 and thus deployed with a delay. The uncertainty creates planning challenges and withholds the building up of a healthy pipeline until funds are confirmed (in order to avoid any subsequent reputational risk vis-à-vis the market and applicants. Investment ecosystems and pipelines are built over years, and to be effective, need to be sustained for the duration of the programme. IP need visibility over a multi-year timeframe before they can communicate their long-term support to a given industry or sector. Consistency of support is essential. There are significant costs to pre-emptive or unexpected reductions in availability of financing, including damage to IP reputation as a long-term supporter of ecosystems, and direct effects on funds in the investment pipeline when their application is dropped due to an unexpected absence of resources.
- **More flexibility**. When combining more than one blending top-up, more flexibility in the allocation of sectoral resources to final recipients across the thematics would allow for increased market acceptance and more fluid deployment of the mandates, creating a stronger financing market for the targeted themes
- **Need for further simplification of rules.** Although InvestEU provides a streamlined legal framework for blending (the InvestEU rules apply, while ensuring consistency with the policy objectives and compliance with the eligibility criteria set out in the sectoral programme), it still poses challenges. For example, issues such as exclusions, DNSH rules, and climate tracking can result in very small or negligible differences in the rules

that delay and prevent successful blending. It is important to consider how the rules for blending can be made more flexible and whether consistency should be achieved at the level of policy objectives rather than (more detailed) eligibility criteria. However, given the nature of blending, which involves the transfer of resources from more policy-specific programmes to defined financial products under InvestEU, policy DGs typically want to have a higher degree of control over the parameters of blending operations (such as eligibility criteria and targeting) than the typical transactions under InvestEU.

- **Further leveraging the potential of blended instruments.** The European Long-Term Investors' Association (ELTI)[32] have proposed blending instruments that combine grants (from EU sectoral programmes) with EU financial instruments and budgetary guarantee and IP financing . ELTI suggests that for projects with high positive externalities (such as infrastructure projects with significant upfront costs not covered by long-term revenues), the grant component in blended instruments can unlock additional financing and is more appropriate for "internalising externalities." According to ELTI, blended support is crucial for financing projects and initiatives that lack commercial viability, de-risking certain investments, or incentivising investment is areas where private investment is still nascent. ELTI also advises adding a fourth pillar to InvestEU 2.0, dedicated to blending instruments (alongside the Fund, the Hub and the Portal)[33].

From DG ECFIN's perspective, the challenges are legal and administrative in nature:

- **Complex reporting requirements deriving from the fact that two different Union sources and two different forms of support are used**: The need for separate reporting on the blending and EU compartments complicates the reporting process, especially as guarantees are applied differently across these compartments (e.g. the FLP is covered by the top-up, after which claims are made against the EU compartment). This dual-reporting requirement places a significant burden on IPs and poses challenges for DG ECFIN when certain IPs do not distinguish between blending and EU compartments in their reporting.
- **Budget management and accounting**: the segregation[34] of the accounting system demands that DG ECFIN, delegated by the various policy DGs, manages multiple sources of finance and budget lines for fund transfers to the Common Provisioning Fund (CPF). As a result, it is currently managing 59 budget lines linked to InvestEU implementation (alongside nine different sources of finance).

6.1.3 Success stories and innovations

Blending top-ups play a crucial role in developing specific ecosystems and increasing focus on underserved policy priorities. Although InvestEU has a broad coverage of eligible areas and policy priorities, it is fundamentally demand-driven. Blending top-ups can, however, play a pivotal role in stimulating demand in areas that might otherwise remain underserved. Market-making and capacity-building efforts of IPs (marketing, events, fund interactions), together with advisory support, as well complementary initiatives from policy DGs can facilitate deployment of the blending top-up and InvestEU as a whole, especially in areas not yet ready for market-based instruments. Consistent, sustained investment in underdeveloped sectors drives growth and development in that sector. As an example, the

[32] ELTI, *Strategic outlook Activating the EU budget for long-term needs,* Brussels, 2024.

[33] Blending is already presented as a fourth key element of the InvestEU in the definitions included in the InvestEU Regulation: 'InvestEU Programme' means the InvestEU Fund, the InvestEU Advisory Hub, the InvestEU Portal and blending operations, collectively

[34] The Financial Regulation also obliges separate accounting and monitoring for different finance source/ budget lines. Each programme counts as a separate finance source in the EU budget.

Blue Economy segment is much more developed than before, and has grown an ecosystem from almost a standing start – see box below.

Blue economy

The 2018 market study[35] indicated that the finance sector supporting the blue economy is still developing and is not as mature as more established sectors. This observation was supported by the fact that many financing platforms were not solely focused on the blue economy, but, rather, encompassed a wide range of sectors, some of which included elements of the blue economy. there were only a handful of dedicated funds. additionally, the exact level of investment in blue economy sectors was not well-defined, due to a lack of comprehensive data.

Today, a specific ecosystem has begun to be established[36]. It is estimated that there are around 30 venture capital (VC) funds in Europe dedicated to the blue economy. This was assessed as reflecting the successes of:

- The blue economy top-up, under which two operations are signed and two are approved as of end-2023 (Blue Revolution, Agrifood Fund, Infinity Recycling Circular Plastics Fund, Growth Blue);
- The BlueInvest Pilot Programme implemented under EFSI (EUR 70 million of EU contribution, matched by EIB/EIF contribution). Four funds were selected, one of which specialised in blue economy and three others in broader agrifood or industrial biotech strategies. There is now a growing portfolio of final recipients;
- The BlueInvest Platform[37], which encompasses various activities to advance investment and growth within the blue economy sector, including matchmaking, investment readiness, capacity-building for Financial Intermediaries/Fund Managers, supporting regional or national initiatives, promotion and dissemination;
- Other blue economy policies, programmes and initiatives.

Blended support has the potential to transform and accelerate the scaling-up of emerging technologies. By combining different sources of financing (e.g. from EU and other public sources, commercial investors) and types of financing (repayable and non-repayable), blended support can bridge the financial gaps that often hinder the development and commercialisation of innovative technologies. This approach not only mitigates risks for private investors, it mobilises significant capital for high-impact projects. The EU-Breakthrough Energy Catalyst initiative is one example of an innovative blending initiative under the InvestEU Programme.

EU- Breakthrough Energy Catalyst

The EU-Catalyst Partnership is a new innovative public–private partnership (PPP) involving cooperation of the EU with Breakthrough Energy Catalyst foundation (backed foundation (backed by Bill Gates, it focuses on decarbonising carbon intensive sectors through investments in critical technologies).

In Europe, the initiative is expected to mobilise overall EUR 840 million between 2023 and 2026. It is supported through a EUR 420 million EU contribution (EUR 200 million from

[35] European Commission, *Study to support investment for the sustainable development of the Blue Economy*, 2018.
[36] BlueInvest, *Investor Report: Unlocking The Potential Of The Blue Economy*, 2024.
[37] Ibid.

Horizon Europe and EUR 220 million from the Innovation Fund). The EU- Breakthrough Energy Catalyst's contribution is funded by private corporate sponsors.

The EU- Breakthrough Energy Catalyst includes i) a blending top-up of an InvestEU thematic finance product and ii) blended support at project level. Projects can receive a 'repayable' component (e.g. VD backed by InvestEU via an EIB blending operation and/or equity from Breakthrough Energy Catalyst) and a 'non-repayable' component on a case-by-case basis (e.g. a CAPEX grant from Breakthrough Energy Catalyst and a matching grant from Horizon Europe).

Why is it important?

According to the International Energy Agency (IEA), 35% of the emissions reductions required by 2050 depend on technologies currently under development and not yet commercially available, such as clean hydrogen, sustainable aviation and maritime fuels, waste-to-value processes, long-duration energy storage, carbon removal and decarbonisation of the industry. These technologies are not just important for fighting climate change, but for maintaining EU leadership in green technologies.

Why is blended support needed?

These technologies often lack the necessary finance and structures to scale up. For capital-intensive hard-tech solutions, achieving profitability often takes many years, and product-to-market fit can be hindered by a green premium and a lack of buyers. This situation does not align with the typical risk appetite of private investors. FOAK projects, in particular, fall into a gap where VC finds the investment size too large, while infrastructure investors and project finance lenders deem the risk too high.

What difference will it make?

As of end-December 2023, two European projects had been selected for support through the EU-Catalyst partnership: Ørsted's FlagshipONE is a pioneering project that aims to produce green e-methanol, a credible pathway for decarbonising hard-to-abate sectors, such as shipping. Energy Dome's CO_2 battery project in Sardinia is one of the world's largest alternative long-duration energy storage projects, addressing the critical need for storage solutions due to the increasing role of renewables which tend to be intermittent.

6.1.4 Some lessons from other EU programmes

Lessons from CEF blending calls

DG MOVE launched the first CEF blending calls, implemented by INEA, in February 2017[38], with two cut-off dates for the submission of proposals. While the CEF programme covered trans-European networks covering transport, energy and telecommunications, the blending calls were only covering the transport sector.

The aim of the blending calls was to foster the blending of CEF grants with other financing sources and mobilise private capital in favour of projects aligned with TEN-T priorities. The budget for the blending call came from the redeployment of € 1 billion (later increased to € 1.35 billion) of CEF budget initially reserved for financial instruments. This redeployment was made on the grounds that for many infrastructure projects in transport sector, financial instruments alone are often not suitable as not enough revenues are typically generated to

[38] https://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/apply-funding/2017-cef-transport-blending-map-call

cover all investment costs. In that context, a targeted grant was deemed helpful to establish the financial case and attract financing from the public or private sector.

In the current MFF, similar blending calls were organized for the deployment of Alternative Fuel supply infrastructure. These calls ambition to advance the European Green Deal and enhancing the EU's energy autonomy within the transport sector by facilitating projects that carry substantia positive externalities but face uncertainties regarding their economic viability and financing strategies.

The main lessons from these calls are as follows:

- Process-wise, organising a rolling call for proposals with multiple cut-off dates is more tailored to project needs. This allows to support projects when they are ready. Projects not mature enough the first time they apply can easily re-submit one application later. A similar point was heard from EU-Breakthrough Energy Catalyst.
- The definition of eligible areas for grant support needs to evolve rapidly to take account of market developments (e.g. recharging points dedicated to light-duty vehicles are no longer eligible under the second AFIF call). This ensures grant support is provided only where needed.

CEF AFIF

Objective: To support the deployment of Alternative Fuel supply infrastructure, contributing to decarbonising transport along the TEN-T network.

Budget:

First call with five cut-off dates - EUR 1.6 billion for 2021-2023

Second call with three cut-off dates – EUR 1 bn for 2024-2025

NB: this represents about 10% of CEF transport total grant budget: EUR 25 bn

Eligible areas: roll-out of recharging infrastructure in the field of electromobility on roads, urban nodes, ports, and airports, in the field of hydrogen for public transport or heavy long-distance transport, railways and ports and in the field of liquefied natural gas in ports.

Type of support:

- Grants from CEF programme (30% - 50% - 70% of the total eligible costs, depending on the region) - direct management by CINEA; in combination with:
- Financing from financial institutions (IPs and non-IPs). Allocation of EU grants to project promoters is conditional on a firm financial engagement by a public or private financial institution. Projects need to have received a financing approval letter (for at least 10% of project cost).

Why blending is needed? profitability being considered too low, risks (linked to demand, secured offtake and supply lead times in emerging sectors) considered too high, positive externalities (for the environment and regional development)

Lessons from the EIC accelerator

The European Innovation Council (EIC) is a key initiative by the European Commission aimed at transforming disruptive scientific research in Europe into commercial innovations and scaling them up. It operates under the Horizon Europe Programme, with a budget exceeding €10 billion for the period 2021-2027. The EIC Accelerator is one of the EIC's core schemes. It is designed to support startups and SMEs with high growth potential that face significant risks which deter private investors. The EIC accelerator provides funding directly to individual companies, with the objective to help them de-risk and scale up their innovation. It started as a Pilot under past MFF in 2019/2020.

Under the EIC Accelerator, it is possible for applicant companies to choose between grant only, investment only and blended finance, combining grant funding and equity investment.

Blended finance is in highest demand, requested by 61% of total applicants in November 2023 cut-off[39]. This approach is favoured because it allows startups and SMEs to secure both non-dilutive grants and equity investments simultaneously in a flexible manner, providing a robust financial foundation for scaling their innovations. By combining grants and equity, the financial risk is reduced, making it more attractive for private investors to co-invest. For every Euro of investment through the EIC Fund (for blended or equity-only financing), EUR 3.5 of additional equity investment has been leveraged[40].

One lesson from the EIC is the added value of offering flexible financing options. Applicants can choose not only the form and mix of support that suits them best, but also the timing. Under the blended finance component, applicants in the next round of the EIC accelerator will be able to liaise with the Commission regarding the ideal timing of the investment by the EIC Fund, which will not necessarily be the same as the grant (decoupling of the time). This will allow firms that need to focus on their near-term R&D goals to do so, without the often overwhelming task of securing large-scale equity funding (as in most cases, the investment by the EIC Fund is part of a funding round together with other investors)[41].

The EIC accelerator

Objective: to support individual companies in de-risking and scaling up their innovation

Budget: EIC accelerator is a component of the EUR 10 bn EIC programme delivering mostly grants. The share of the budget going to the EIC accelerator seems to be about 50% (as per work programmes published thus far)

Target: SMEs, start-ups, spin-offs and in exceptional cases small mid-caps

Type of support: applicant companies can choose between grant only, investment only and blended finance, combining grant funding and equity investment, as follows

- non-dilutive grant funding: up to €2.5 million to cover early-stage development costs.
- dilutive direct investment: direct equity or quasi-equity investments through the EIC Fund, ranging from €0.5 million to €15 million, aimed at supporting scale-up activities, with a 7-10 years perspective (max 15 years), co-investment at least on a matching basis 1:1.

[39] https://eic.ec.europa.eu/news/eic-accelerator-november-cut-highest-number-proposals-submitted-2023-2023-11-17_en

[40] The European Innovation Council, Impact report 2023 : accelerating Deep Tech in Europe. https://op.europa.eu/en/publication-detail/-/publication/3874fc76-f87f-11ee-a251-01aa75ed71a1

[41] The Ecosystem: European Innovation Council uncouples grant and equity funding for start-ups https://sciencebusiness.net/news/european-innovation-council/ecosystem-european-innovation-council-uncouples-grant-and-equity

6.2 Member State compartments (MS-C); early findings and lessons.

6.2.1 Overview of Member State Compartments

The Member State compartment (MS-C) is a novelty under InvestEU that allows Member States to enhance the EU guarantee, thus enabling a more targeted approach to addressing specific national priorities. EU Member States can contribute to the MS-C some of either their shared management funds, or the Recovery and Resilience Facility (RRF). They can also provide an additional amount from their own national resources. Depending on the objectives each country is aiming to address, the MS-C can be used to either top-up existing EU compartment products or to offer tailor-made products based on specific national needs. The allocation of structural and national funds to EU financial instruments has been encouraged since the early 2000s, aiming to increase the efficiency and leverage of EU funds[42]. The MS-C is building upon previous experience and learnings, aiming to offer more flexibility and simplicity.

Among the instruments used for the MS-C case study, we analysed documentation provided by the EU institutions and various stakeholders, as well as relied upon thirteen semi-structured interviews. The interviews included representatives from national ministries in nine Member States, both some that already use MS-C (BG, EL, FI, MT, RO) and some not yet using MS-C (PL, FR, HR, SE), and implementing partners, both national (BDB in BG, NRB in CZ) and international (EIF).

As per the criteria for selecting Member States which have not set up a Compartment, we used a multi-criteria approach, taking into account country-specific factors such as the size of RRF or ESIF (HR), rate of absorption of InvestEU (FR), and the existence of a national IP (NIB for SE). With respect to countries using MS-C, we included most of them in our sample.

Overall, representatives of national authorities from nine member states and four IPs were consulted as part of this case study. In nine cases, online interviews were conducted with the representatives of the national authorities or IPs, 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 interviews focused around three key themes. Firstly, they asked for the interviewees' view about the design and implementation of the overall InvestEU programme. Secondly, they enquired their view about the selection of IPs and related criteria taken into account. Thirdly, the interview focused on the interlocutors' view about MS-Cs, in relation to their design, opportunities and bottlenecks encountered, both by MS as well as by IPs. The collected findings on key evaluation topics both from the documentation analysis and the contacted national authorities and IPs are summarised below.

6.2.2 Implementation of the Member State Compartments

So far, six Member States have signed their contribution agreement with the European Commission (EC). The latest information regarding resources (as of January 2024), IPs provisioning rate, and approved operations is presented in Table 7. Moreover, apart from the countries presented in the table, Spain has also committed to set up a MS-C, by contributing EUR 500m from their RRF funds, while the Contribution Agreement is expected to be signed in Q3.

As can be seen, most MS-C contribute to financial products set up under the SME window or the Sustainable Infrastructure window. In most cases these are top-ups to existing EU

[42] The Member State Compartment of the InvestEU fund: How does it work? Will it fly?", Policy Paper No. 248, Jacques Delors Institute, March 2020

compartment products, however some products have also been developed by NPBs specifically for their respective markets.

In some Member States, when more than one IP offers products under the same policy window, these products are designed to complement each other. For instance, in Romania, the MS-C is being used to top-up both the EIF's Sustainability Guarantee and the EBRD's Green Uncapped Guarantee. While both aim to support green initiatives, the EBRD's product is more narrowly focused on projects related to energy efficiency, renewable energy in buildings, and sustainable transport. On the other hand, the EIF's product has a broader scope, also supporting efforts in climate change adaptation, biodiversity restoration, and ecosystem conservation. Similarly, in Bulgaria, BDB’s Sustainable Investments Guarantee focuses on waste and wastewater management, air quality, and support multimodal transport. Additionally, the MS-C is topping-up two SME-focused guarantee products: one is EIF’s SME competitiveness guarantee, and the other is developed by BDB. Both aim to enhance SMEs' access to finance, but BDB's product further supports innovation, digitalisation, green transition, and businesses in the cultural and creative sectors.

Table 7. Overview of Member State compartments

MS	IPs	MS contribution mEUR				Provisioning rate	Guarantee capacity mEUR	Policy window	Products	GA signature date	No. of operations approved
		Shared	RRF	National	Total (% of GDP '22)						
BG	EIF + BDB	125	150		275 (0.32 %)	100%	275	SIW, SMEW	BDB SMEs Guarantee Product (Capped & Uncapped) BDB Sustainable Investments Guarantee Product EIF Sustainability Guarantee EIF SME Competitiveness Guarantee	EIF: Aug 2023 BDB: Nov 2023	2 FOs
CZ	NRB	80			80 (0.03 %)	100%	80	SMEW	NRB Capped Guarantee Product	Dec 2023	
EL	EIF + EBRD		489.4		489.4 (0.24 %)	85.53%	572.2	SIW, RIDW, SMEW	EIF Sustainability Guarantee EIF SME Competitiveness Guarantee	EIF: Sep 2023 EBRD: Dec 2023	EIF = 3 FOs

									EIF Innovation & Digitalization Guarantee EBRD Capped Guarantee Product in relation to green and digital investments (tailor made)		
FI	EIF	17.7		73.6	91.3 (0.03 %)	91.3%	100	SIW, SMEW	Sustainability guarantee for Finland	Aug 2023	1 FO
MT	EIF	9.5		4.25	13.75 (0.08 %)	83%	16.551	SMEW	SME Competitiveness Guarantee	Oct 2023	
RO	EIF + EBRD		539		539 (0.19 %)	74.45%	972.4	SIW, SMEW	The Sustainability Guarantee The SME Competitiveness Guarantee EBRD Green Uncapped Guarantee Framework	May 2023	EIF = 3 FO +2 operations EBRD = 1 FO

Source: European Commission, DG ECFIN. Note: FO stands for Framework Operation

6.2.3 Barriers and enabling factors

Based on interviews conducted with stakeholders from both Member States that have already set up the MS-C and Member States that have decided not to set it up, a series of enabling factors and barriers have been identified, as well as learnings and recommendations for further improvements.

One of the key drivers that led countries to contribute national, cohesion or RRP funds to the MS-C has been the increased demand for such financial instruments in the market. This motivated the relevant Member States to transfer additional funds so as to ensure there are sufficient resources to cover the national needs with either tailored instruments or existing ones that matched well the local requirements. Moreover, the existence of the MS-C, the EU compartment, and IPs' resources ensured higher leverage and provided the opportunity to mobilize high volume of private finance. The positive experience with similar instruments in the past, such as the SME Initiative, was another strong driver as it provided a strong base on which Member States wanted to build upon and ensure continuity in the market. Lastly, the simplified and more streamlined process, as communicated by the European Commission, further incentivized Member States to join.

For Member States that have not established a MS-C, the interviews indicated not so much the presence of barriers but rather an absence of necessity due to a high performing existing setup. Mostly, these were countries for which the existing allocation and ways of managing structural funds has been working well, so there was no active consideration of resource reallocation. The fact that cohesion funds are managed at the regional level, while the decision to set up a MS-C is taken at the national level may also be seen as shifting resources from regional to national priorities, which in some cases may act as a barrier. Additionally, the timing of countries' Recovery and Resilience Plans (RRPs) preparation played a role. Countries that decided to set up a MS-C early on, had the opportunity to allocate funds from the Recovery and Resilience Facility (RRF). For those that prepared their RRPs later, this option may not have been as appealing or feasible. The suitability of guarantees versus grants was also a topic of discussion, especially in the post-COVID-19 context where immediate financial needs were acute. In such scenarios, the direct financial support offered by grants was often seen as more appropriate than guarantees. Lastly, there were concerns about the potential overlap with existing financial instruments in the market. The fear was that introducing a MS-C could lead to competition or duplication of efforts ('cannibalisation') with these existing tools, complicating the financial landscape rather than complementing it.

In terms of learnings and recommendations, the simplification and speed of processes was identified as one of the main areas where there is room for further improvement, although it was acknowledged that since the MS-C was a novel feature of InvestEU, it required an initial learning period. In particular, the State aid rules have caused some confusion and delays in the MS-C deployment, due to the initial lack of clarity as to which financial products would need to prove compliance. Eventually the products offered by the IFIs were understood not to fall under the State aid restrictions, which facilitated their deployment.

Furthermore, the combination of different funding sources and regulatory frameworks initially evoked some complications, such as the additional DNSH requirements and the different climate and digital tagging requirements under RRF and InvestEU. However, the EC has already proceeded in actions to further streamline this process, by modifying, for instance, in September 2023 the RRF technical guidance on DNSH so that the InvestEU sustainability proofing suffices. This clear establishment of a single and streamlined set of rules was identified as a key learning for the successful uptake of the programme and its faster implementation.

Another area that has been identified as burdensome and lengthy is the pillar assessment for the new IPs. Especially, for NPBIs and smaller banks with fewer resources but local expertise that are participating in the MS-C, this has been highlighted as an area of concern that requires further streamlining. Moreover, the creation of a specialized advisory team in the Commission, separate from the team assessing the applications, that would offer support to candidate IPs during the call period, not only on administrative matters but also on substantial issues (e.g., regarding the financial products themselves), was proposed as a potential improvement.

Apart from the simplification of processes, another recommendation specifically related to non-euro countries is to offer them the ability to provide the guarantee in local currency, so that they avoid the exchange rate risk that could potentially prevent further countries from joining.

Lastly, despite the fact that transferring all reporting requirements regarding the MS-C to the Commission has benefited the countries by lowering their administrative burden, it was noted that the reporting could become more frequent. This would firstly ensure that Member States are more regularly updated and secondly it would enable the timely input to any further reporting requirements (e.g., related to the RRF assessment).

6.3 The benefits and downsides of involving multiple implementing partners (InvestEU Fund) and advisory partners (InvestEU Advisory Hub).

The open architecture is slowly bedding-in, but it is too early to judge the overall benefits. The Commission services, IPs and many stakeholders have worked hard over the years to make the open architecture work. These efforts are starting to bear fruit, there are some visible successes and one can be optimistic that further successes will be achieved until the end of the MFF. While it is too early to judge the overall benefits of open architecture, one can look at InvestEU from the conceptual and design angles. And it is possible to make some observations in a counter-factual understanding, what would have happened without open architecture.

There are several benefits to the open architecture:

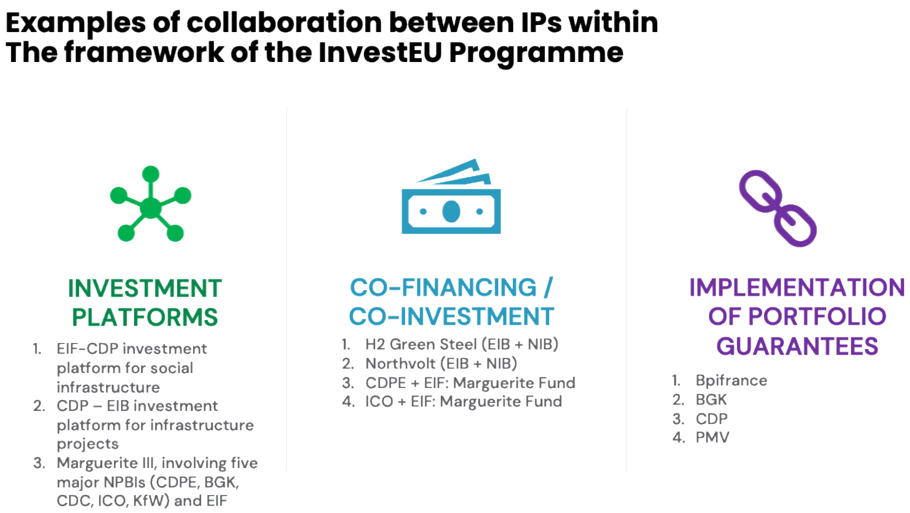
- **InvestEU is a partnership of mutual benefit**. InvestEU enables IPs to develop their business models (larger volumes, product and client diversification) while IPs help the Commission deliver on its policy objectives - which entails going to areas where the markets will not go. In addition, both parties benefit from more effective risk sharing.
- **Benefits of competitiveness dynamics.** The design of InvestEU allowed for a sufficiently high number of IPs to create a competitive environment. It is too early to see, whether this environment turns out to be a source of efficiency and a driver for quality and progress, showing an increase in these dimensions against the backdrop of additional complexity.
- **Aligning NPBIs/ IFIs with EU standards and mobilising investment in shared priorities such as climate change, digitalisation, innovation etc. to kindle sustainable growth.** The concept of open architecture promotes an alignment of national policy targets (via the NBPIs) with EU policy goals. During the last 15 years the number of promotional banks and institutions and the volume of their activities was growing significantly, it was one of the answers after the great financial crisis in 2008. So NPBIs can connect EU with national activities. The design of InvestEU steers the policy orientation of the NPBIs owned by the MS towards EU priorities, and successor programmes could follow the same route as an already established track. It is too early to judge, some MS (Finland, Austria, Germany, Malta, Croatia, Slovenia, Ireland, and Greece) are still out of reach of this alignment mechanism as their national promotional bank or institution did not become an IP yet. The design of InvestEU contributes to improve the institutional capacity in Member States. Given the broad range of institutional knowledge, open architecture can be supportive notably in those MS where knowledge and financial expertise in the sectors addressed by InvestEU is less developed.
- **More diversified product offering addressing niches /specific local investment needs.** The design of open architecture allows to achieve the goals of InvestEU to a higher degree, by providing unique products or covering niche segments not comprehensively covered by the EIB Group (i) ticket sizes that lie between SME financing and large corporates projects), (ii) products such as direct equity or intermediated loans for microfinance; and (iii) sectors such as tourism or mineral exploration.
- **Financing likely to reach a higher number of projects and final recipients than would otherwise be the case.** Many IPs show smaller ticket sizes than the EIB Group in their usual promotional business. In the early stage of the InvestEU implementation this is also visible in the average size of signed operations. It is too

early to judge as this can change over the years to come in the implementation process of InvestEU.

- **A wider array of partners for implementation of blending operations.** Open architecture is enabling DGs to become familiar with the range of expertise and products offered by IFIs and NPBIs operating across EU. This enables them to choose an IP best placed to deliver a specific product. For example, DG GROW could benefit from the EBRD's expertise in exploration and their offer of direct equity when choosing EBRD for the CRM facility.
- **Reinforcing the institutional capacity of NPBIs** and promoting standardisation of approaches and practices with respect to additionality, sustainability proofing etc.

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

- **High complexity and coordination: 16 IPs and 7 APs (and more to come)**. As an example of a complex co-ordination issue, there are two different sets of state aid rules for IPs, and this creates uncertainty and complexity, according to IPs and MS representatives. The activities of the NPBIs are usually targeted only at projects and enterprises in their respective countries, while EIBG investment programmes are offered in all MS. As the latter do not discriminate, the so-called State Aid Consistency Regime is applied. In the case of the former, the State Aid Framework comes into force, with cumulation limits and additional reporting obligations. Another example of complexity is the segmentation of the demand-driven approach. Each IP operates its own demand-driven approach. As far as the dimension of time is concerned, no distortion is to be expected by favouring those projects that have their case ready at an early stage. With regard to the geographical dimension, in a situation where demand is high in one or two countries and resources are insufficient for all projects, the result would be different, and not necessarily in favour of the best project. Another example of complexity are the reporting requirements, as discussed in the section on efficiency.
- **Limited collaboration between IPs within the InvestEU framework**. That is a counter-factual consideration. Without the open architecture, the number of investment platforms was higher than it is now in the relatively early stages of InvestEU. Although investment platforms are less relevant under InvestEU as NPBIs now have direct access to the EU guarantee, it is too early to assess the extent to which the functions of the investment platforms will be replaced by similar functions of the IPs.



- **Geographic concentration of advisory support.** Deep knowledge of the local economy, investment needs and niche products support the financing of the investment process. This is one of the reasons for the open architecture. It seems to be logical that the same approach makes sense for advisory offers and services as well. It is too early at the given stage to judge, but the development so far created rather regional advisory service with a focus on one or two products only, which leaves room for improvement.

Moreover, there are several unknowns:

- **Whether it contributes to pipeline and diversification of risk.** The design of InvestEU with many IPs should contribute to risk diversification and a broader pipeline development. But it is too early to say, whether or not this results in further de-risking of the whole InvestEU programme structure including the EU budget, all the IPs and all the operations too early to say.
- **Impact on programme effectiveness and efficiency.** It is too early to determine the open architecture's contribution to the reaching of InvestEU Programme targets as well as EU policy goals, especially with regard to added value and the geographical and sectoral balance of the supported financing and investment operations (as required by Article 29 of the InvestEU Regulation). Unless NPBIs from Member States which are currently less covered by the InvestEU are brought onboard, the only possibility of reaching out to these Member States is via the EIB Group and other IFIs.

6.4 How InvestEU is working as an umbrella programme: synergies, added complexity and effectiveness in achieving policy objectives.

6.4.1 Background

The InvestEU Fund brings together 14 previous EU instruments (budgetary guarantees and financial instruments) under a common umbrella Similarly, the Advisory Hub acts as a central entry point for 13 existing advisory initiatives. Figure 1 and Figure 2 illustrate the structure of the umbrella framework. Table 8 provides an overview of the financial and operational performance of the budgetary guarantees and financial instruments preceding InvestEU (as of 2022).

Figure 1. Umbrella framework of the InvestEU Fund

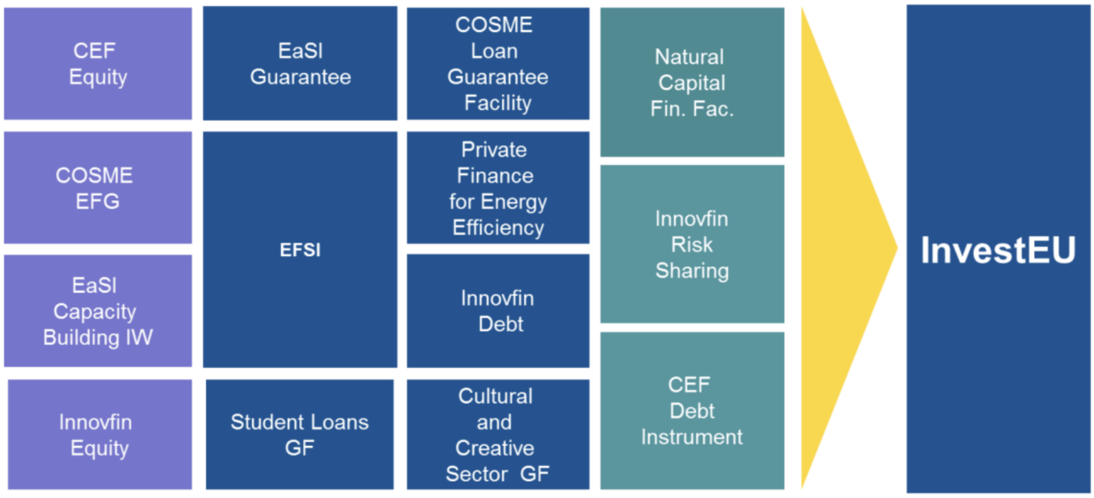


Figure 2. InvestEU Advisory Hub: central entry point

The Commission's rationale for the umbrella framework was to address the following problems caused by the proliferation of financial instruments under the previous MFF:

- Fragmentation and multiplicity of rules and procedures;
- Policy/financial overlaps between instruments.

The Commission proposal received broad political support. On 17 October 2018, the EESC adopted an opinion on the InvestEU Programme. The Committee welcomed the European

Commission's efforts to create an umbrella financial instrument and an umbrella advisory service through the InvestEU Programme, which will lead to unified management, increased transparency and synergies.

Under the InvestEU programme, the proposed 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. Indeed, according to some, the umbrella framework enhances the flexibility of the InvestEU Fund by exposing IPs to multiple funding lines available under the programme, also because operations can be financed under multiple policy windows. However, **the umbrella framework has also faced transition issues**, mainly in terms of sectoral coverage relative to the previous situation, and administrative efficiency.

6.4.2 Areas of success

The InvestEU umbrella framework facilitates a coherent approach within the European Commission and provides strong policy direction. The transition to a single umbrella structure has facilitated a more coordinated policy steer within the Commission. This holistic approach allows for a unified strategic direction, enhanced coherence and consistency across different policy areas, and improved coordination. However, the shift in control from policy DGs to a more centralised model has entailed a trade-off between the breadth and depth of the programme. While the centralised governance improves strategic coherence, it may limit the policy steering of some policy DGs, reducing their ability to deliver interventions tailored to the specific market and needs they cover, although it is too early to say whether this has led to a less effective use of resources available for these sectors. For example, both DG CNECT, and DG ENV felt they have much less control over the support to the sectors they work with, as well as less visibility of what is funded and what are the impacts.[43]

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 European 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. This in turn increases the range of products IPs can offer and the policy areas they can cover, thus improving their cross-selling capacities and their ability to ensure complementarity of intervention across several policy areas. For example, the EIB Green Transition product now covers a larger number of sectors than its predecessors (InnovFin EDP and CEF Future Mobility), which were limited by the eligibility embedded in their respective sectoral legal basis. The EIF reports that the cross-selling aspect has mostly benefited niche sectors, such as the Skills and Education area and the Cultural and Creative Sectors. In practice, this means that financial intermediaries are more incentivised than before to apply to more

[43] DG ENV raised concerns that InvestEU's current focus on climate change mitigation neglects broader environmental goals. They urged the Programme to address market failures by prioritizing investments in ecosystem services, resilience, and biodiversity conservation. They also noted the discontinuation of the Natural Capital Financing Facility without a replacement, suggesting that lessons from this facility be applied to future instruments. DG CNECT mentioned a loss of visibility and policy influence in sectors like semiconductors and quantum technologies. Other policy DGs, such as DG EAC, expressed worries about reduced engagement with final recipients, although EIF-organized events have been helpful.

niche financial products and less supported sectors, as these are covered by the same programme. Other than strengthening the additionality of the InvestEU Programme, this also increases operational efficiency. This consolidation fosters a more integrated, innovative and responsive financing process, which is essential to meet the diverse needs of beneficiaries in the policy areas targeted by the Programme.

Flexibility and fungibility of resources are major advantages of the umbrella framework of the InvestEU Fund. The ability to reallocate resources across different windows facilitates rapid adjustments in response to changing priorities and economic conditions. This flexibility ensures that the Fund remains relevant and able to respond to emerging needs and challenges, promoting a more dynamic and adaptable financial environment. In addition, the umbrella framework supports the development of new financial products tailored to evolving market needs. By encouraging innovation and adaptability, the InvestEU Fund can better support the EU's strategic objectives and respond to the diverse needs of the Fund's beneficiaries.

6.4.3 Challenges and areas for improvement

Notwithstanding the benefits of the umbrella framework, there are areas where there may be room for improvement or where more careful consideration may be necessary.

The 40% provisioning rate[44] potentially reduces the level of support available to certain market segments that were previously better served by more targeted and fully (100%) provisioned programmes. By reserving a significant proportion of funds for risk mitigation, the framework may limit the resources available for niche sectors. For example, as previously mentioned DG ENV noted a declining support to environment, biodiversity and nature-related investments through financial products; according to them, earmarking to climate and environment under InvestEU mostly benefits investments in climate mitigation, at the expense of investments that support nature and biodiversity. DG EMPL underscored that the way in which the provisioning rate has been designed may lead to a zero-sum situation where higher-risk policy areas requiring higher provisioning (in particular under the social window; e.g. capped guarantee for MF/SE) have to be compensated by other financial products with lower provisioning. At the same time, it can be argued that the higher provisioning for certain products is justified on the basis of historical data. Overall, this issue could be partially addressed through blending, assuming that all these policy areas would have a dedicated programme to support them, which may not be the case.

While **the visibility of the InvestEU Programme is on the rise**[45], **the final recipients' awareness of InvestEU's support remains low**, despite the fact that the final recipient does not see the complexity of the architecture of the programme, as the applicant simply applies to the local bank and may not understand the extent to which the EU makes these favourable conditions possible. In terms of the InvestEU's messaging, there was confusion between the umbrella framework and the open architecture, as many IPs confused or combined the two. When asked about the umbrella framework, State aid or guarantee issues were often cited as problems resulting from the new approach. Communication between the Commission and Member States could also be improved. Several Member States mentioned that there could be more proactive communication and reporting from the Commission to Member States, as the annual progress report was not ideal for fine-tuning practices in the evolving programme.

[44] As high-risk activities have to be balanced with low risk activities to stay within the overall bounds imposed by 40% provisioning rate

[45] "Monitoring the performance of EC communication activities for the Investment Plan for Europe". Available here: https://commission.europa.eu/system/files/2019-04/eval_investeu_final_report.pdf

The impact of the umbrella framework on the administrative efficiency of InvestEU is a further area where improvements should be considered**. While centralisation allows for greater operational efficiency, it has also led to increased coordination and administrative costs** for DG ECFIN On the other hand, for some policy DGs (e.g. DG GROW, DG EAC, DG CNECT, DG EMPL)[46], costs related to programme management and governance have slightly decreased, although this may not fully capture new tasks these DGs are taking on, such as those related to policy steering (e.g. window chairing). Managing the centralised governance requires significant resources to ensure effective oversight and coordination between the various actors involved, such as the InvestEU governing bodies, the policy DGs and the implementing partners. On the other hand, there is evidence to suggest that the new framework has not led to a measurable reduction in administrative costs for other Commission DGs, as they have simply had to deal with different tasks than before. Similarly, **IPs face high administrative and reporting costs related to the more complex and multifaceted nature of the programme** compared to the previous situation with EFSI and other legacy financial instruments (see section 5.2 for a more detailed assessment of the complexity of the programme). For example, reporting is standardised across various products, but still there a quite a number of reports that need to be regularly provided which may result more cumbersome due to the complexity which is at least partly attributable to the umbrella framework. And while a single rule book, application form and contract is perceived as an improvement by implementing and advisory partners, but at the same time, the reporting requirements and the checklist for cross-checking the eligibility criteria have become more complex.

[46] FTE data provided by European Commission DGs.

Table 8. Data on the financial and operational performance of EU instruments preceding InvestEU

Programme	Type of instrument	Financial Instruments/ products	DG in charge	Budget utlisation (mEUR)		Financial Instruments: Financing provided to final recipients (mEUR)		Budgetary Guarantees (mEUR)		Investments made by final recipients due to the received financing (mEUR)		Leverage effect (ratio)		Multiplier effect (ratio)	
				EU Contribution committed (including top-ups)	Budget payment appropriations	Target	Achieved	Amount transferred to final recipients	Private sector resources mobilised	Target	Achieved	Target	Achieved	Target	Achieved
IPE	Budgetary guarantee	**EFSI comprising a range of debt and equity products**	ECFIN	26,000	9,482			396,614	362,638	500	503	N/A	13.00	15	15.75
Creative Europe Programme	Guarantee Instruments	**Cultural and creative sectors CCS Guarantee Facility**	CNECT	253	253	700	1,473			1,200	3,387	5.70	5.70	13.39	9.76
CEF	Equity Instruments	**CEF Equity**	CNECT	100	44	520	182			1,000	833	5.20	1.82	10.00	8.33
	Risk Sharing Instruments	**Risk Sharing debt instruments (CEF DI)**	MOVE, ENER, CNECT	2,536	755	N/A	2,176			N/A	18,135	N/A	2.88	6 to 15	24.02
COSME	Equity Instruments	**EFG (COSME)**	GROW	350	198	2,600 to 3,900	3,920			N/A	7,448	4 to 6	11.00	N/A	21.00
	Guarantee Instruments	**Loan Guarantee Facility (LGF - COSME)**	GROW	2,687	1,103	14,300 to 12,500	54,872			N/A	67,000	20 to 30	21.00	NA	26.00
EaSI	Equity Instruments	**EaSI CBI (Capacity Building Instrument)**	EMPL	45	34	83	41			158	75	2.00	1.00	3.80	1.80
	Guarantee Instruments	**EaSI-G**	EMPL	131	130	2,365	3,142			3,311	4,398	5.50	7.50	7.70	10.50
Erasmus+	Guarantee Instruments	**Student Loan Guarantee Facility (Erasmus+)**	EAC	14	14	310	14			310	14	6.20	0.97	6.20	0.97
Horizon 2020	Equity Instruments	**InnovFin Equity (H2020)**	RTD	888	736	5,327	6,651			12,637	10,121	6.00	7.49	11.40	14.23
	Guarantee Instruments	**InnovFin SME Guarantee (H2020)**	RTD	2,703	1,294	18,270	24,002			25,578	24,002	9.00	8.95	12.60	12.53
	Risk Sharing Instruments	**Horizon 2020 Loan Services for R&I Facility**	RTD	1,961	1,961	17,830	11,659			35,660	29,878	9.09	5.95	18.18	15.24
LIFE	Guarantee Instruments	**Private Finance for Energy Efficiency Instrument (PF4EE)**	CLIMA	105	60	560	382			700	510	5.33	3.64	6.67	4.86
	Risk Sharing Instruments	**Natural Capital Financing Facility (NCFF)**	ENV, CLIMA	60	13	125	82			168	114	2 to 4	1.36	N/A	1.90

Source: Draft budget of the EU 2024, working document part X and XI
Note: Figures as of 31/12/2022

6.5 Role of InvestEU in supporting high-risk, high-impact potential projects

6.5.1 Defining high-risk, high-impact potential projects

The concept of high risk-high impact potential is inherently nebulous and complex. What constitutes "high risk" or "high impact" can vary greatly depending on the perspective of different stakeholders (investors, policymakers, technologists, etc.). For example, a project might be considered high risk due to technical uncertainties (e.g., untested technology), financial uncertainties (e.g., high upfront costs with uncertain returns), or market uncertainties (e.g., new or volatile markets). Different stakeholders might prioritise these risks differently. Similarly, impact can be defined in various ways, such as environmental benefits (e.g., carbon reduction), economic benefits (e.g., job creation), social benefits (e.g., improving public health), or innovation (e.g., technological breakthroughs). The importance of these impacts can vary based on the stakeholder's perspective. Differences in stakeholder perspectives on what they consider risky or impactful makes it hard to pin down a single, clear definition.

Although risks can be quantified, there is no universal rating scale for impact. For example, InvestEU's risk methodology classifies anything rated B1 or lower as high risk, based on Moody's common rating scale (see Table 9). This scale categorises credit ratings from Aaa (lowest risk) to C (default). However, the assessment of impact lacks a similar standardised approach. The lack of a standardised impact rating scale means that stakeholders must rely on a combination of metrics and subjective judgments to evaluate a project's potential benefits. This subjectivity can lead to differing opinions on the value and importance of various impacts.

Table 9. InvestEU Common Rating Scale based on Moody's

Credit Rating	Aaa	Aa1, Aa2, Aa3	A1, A2, A3	Baa1, Baa2, Baa3	Ba1, Ba2, Ba3	B1, B2, B3	Caa1, Caa2, Caa3	Ca	C
Risk Level	Lowest	Very low	Low	Moderate	Substantial	High	Very high	Imminent default	Default (low or no recovery possibility)

Source: InvestEU Risk Methodological Framework dated September 2021

It is also crucial to acknowledge that low risk does not necessarily imply low impact and vice versa. A project could be highly risky due to uncertainties in technology or market acceptance but may not have a significant societal or environmental impact if it succeeds. Conversely, a project might have the potential for a substantial positive impact but carry relatively low (overall) risk and still require InvestEU support due to other barriers to investment such as high upfront costs, long payback periods, and/or low returns. For instance, energy efficiency retrofits in buildings can significantly reduce energy consumption and greenhouse gas emissions, but high upfront costs and long payback periods can dissuade private investment. Similarly, social investments, such as affordable housing projects, public health initiatives, and educational infrastructure improvements, offer immense societal benefits but typically generate lower financial returns, making them less attractive to the private sector.

Despite the potential for substantial impact, these low-risk projects often do not align with private investors' financial goals.

For the purpose of this case study, we narrow our focus to projects with specific risk and impact potential characteristics. This approach allows us to provide a more structured and insightful analysis by concentrating on well-defined parameters. This targeted methodology not only makes the study more manageable within the given constraints but also ensures that we can draw meaningful conclusions about the role of InvestEU in enabling the development and scaling of projects with significant economic, societal, and environmental benefits that would otherwise struggle to secure market financing. These projects also represent areas where InvestEU's support can be most additional and transformative.

Specifically, this case study focuses on investments in key strategic technologies where both technological and market risks are high[47], but the potential pay-off is significant. These technologies are critical for the EU's economic growth and prosperity, green transition, and strategic autonomy. A McKinsey study suggests that if Europe[48] is not able to improve on these transversal technologies, European firms could miss out on a value-added opportunity of EUR 2 trillion to EUR 4 trillion a year by 2040[49]. The figure below lists the technologies concerned and indicates Europe's relative position vs leading or second-best region (US or China). The importance of these technologies is also recognised in the Strategic Technologies for Europe Platform (STEP), which targets the following areas:

- Digital technologies and deep-tech innovation;
- Clean and resource-efficient technologies;
- Biotechnologies.

[47] Operations involving unproven or early-stage technologies that have not yet demonstrated commercial viability or scalability (technological risk) or operating in new or emerging markets with uncertain demand and regulatory environments (market risk).

[48] In McKinsey study, Europe comprises the 27 Member States of the EU plus Norway, Switzerland, and the United Kingdom.

[49] McKinsey Global Institute (2022) Securing Europe's future beyond energy: Addressing its corporate and technology gap. May 2022

Figure 3. Europe's relative position vs leading or second-best region on ten transversal technologies

Relative European position vs leading or second-best region on a range of metrics, multiple[1]

Transversal technologies	Keywords	Innovation[2]	Production[3]	Adoption[4]	Average
Next-level automation	Industrial, collaborative, and professional robots; additive manufacturing; virtualization	0.6	1.0	0.7	0.8
Future of connectivity	5G, Internet of Things	0.7	0.7	0.3	0.6
Distributed infrastructure	Cloud, edge computing	0.2	0.1	0.7	0.3
Next-generation computing	Quantum computing, neuromorphic software	0.5	n/a	n/a	0.5
Applied AI	Robotic process automation, optimized decision making, natural language processing, computer vision, speech technology	0.5	<0.1	0.8	0.4
Future of programming	Software 2.0, no-code and low-code programming	0.3	<0.1	n/a	0.2
Trust architecture	Blockchain, zero-trust security/cybersecurity	0.3	0.3	0.6	0.4
Bio Revolution	Biomolecules, biosystems, bio-machine interface, biocomputing	0.8	0.4	0.5	0.6
Next-gen materials	Nanomaterials, composite materials	0.7	2.0	1.2	1.3
Future of cleantech	Solar power, wind energy, hydropower, nuclear, electric vehicles, hydrogen	1.3	0.4	1.2	1.0
Average		**0.6**	**0.6**	**0.7**	

Source: McKinsey Global Institute (2022) Securing Europe's future beyond energy: Addressing its corporate and technology gap. May 2022

McKinsey identifies four interconnected challenges that hinder Europe's development of critical technologies, placing the region at a disadvantage. These are: market fragmentation and lack of economic scale; less developed risk-capital and scale-up funding; a complex and slow regulatory environment that could be more supportive of disruption and innovation; and smaller and less established technology ecosystems and firms. This case study focuses on how and to what extent InvestEU is addressing the second challenge by mobilising risk-capital and scale-up funding for critical technologies. It is important to note that there are other EU initiatives that also play a crucial role in this area, which are out of the scope of this case study. These include the EUR 95 billion Horizon Europe programme and the Digital Europe Programme, among others.

6.5.2 Role of InvestEU in mobilising mobilising risk-capital and scale-up funding for critical technologies and deep-tech

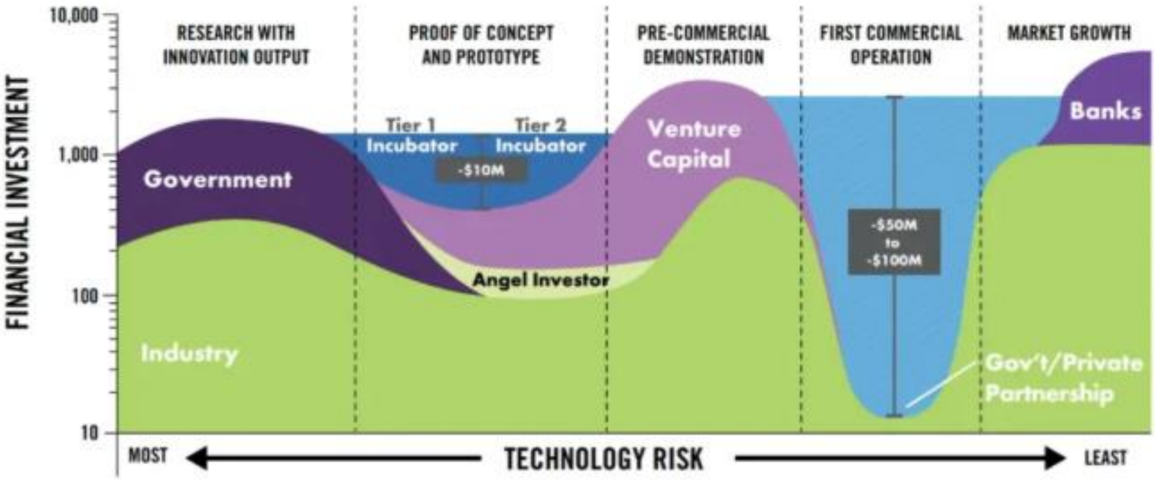
To address the challenge of mobilising risk-capital and scale-up funding for critical technologies and deep-tech, various IPs have developed a range of financial products. These products (Table 10) are designed to provide both direct and indirect equity investments, as well as venture debt, specifically to bridge the financing gaps often referred to as the "valleys of death" in the technology development lifecycle. The "valleys of death" refer to the phases between initial research and commercial deployment where innovative projects face high technological risks and often struggle to secure adequate financing. The first valley of death occurs between initial research and proof of concept, where funding is needed to transition from theoretical research to a viable prototype. The second valley of death is between pre-commercial demonstration and first commercial operation, where substantial funding is required to scale up and commercialise the technology (Figure 4).

Table 10. Range of products developed by IPs as of 31 December 2023

DIRECT EQUITY	INDIRECT EQUITY	VENTURE DEBT
InvestNL RIDW DeepTech Direct Equity Product InvestNL RIDW Demonstration Plant Direct Equity InvestNL SIW/RIDW Sustainable Energy Direct Equity	CDC SIW Intermediated Equity CDPE RIDW Intermediated Equity CDPE SIW Intermediated Equity Financial Product EIF C&E Solutions EIF Climate and Infrastructure Funds Product SIW EIF Digital and CCS Investments EIF Enabling sectors EIF SMEW RIDW Joint Equity Product ICO SIW Intermediated Equity Financial Product PMV InvestEU Sustainable Infrastructure Equity Product	EIB Green Transition EIB Thematic Innovation

Source: Qlik extract based on GA signatures

Figure 4. Valleys of death for emerging technologies



Source: Maryland Energy Innovation Accelerator

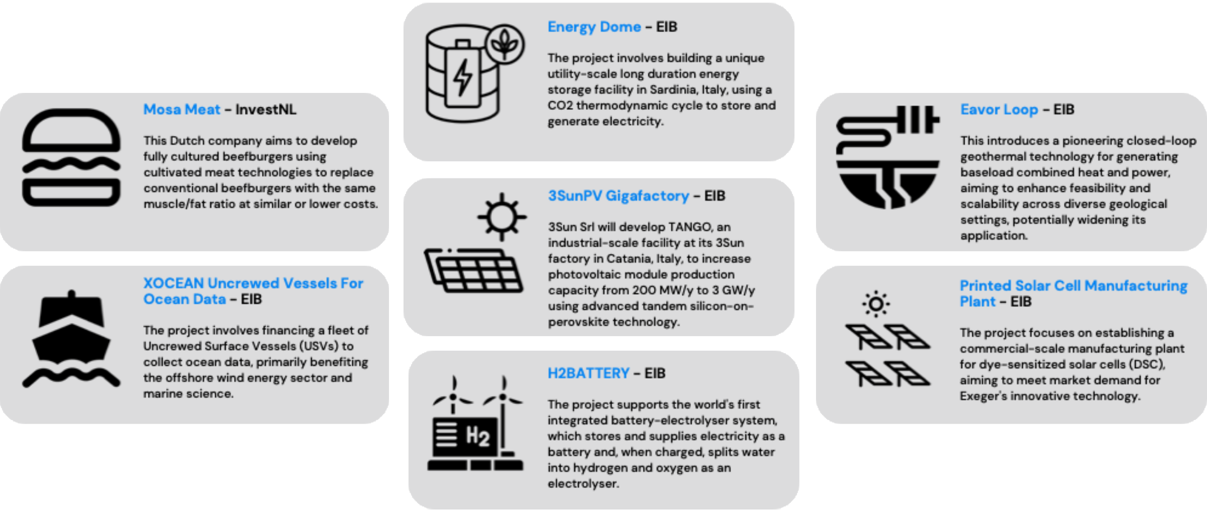
By the end of 2023, IPs had provided almost EUR 1 billion of financing to support 34 direct operations in the area of critical technologies and deep-tech. These operations encompass a diverse array of innovative and transformative projects. These include advanced drone technology for efficient last-mile delivery (WINGCOPTER LAST MILE DELIVERY), uncrewed vessels for comprehensive ocean data collection (XOCEAN UNCREWED VESSELS FOR OCEAN DATA), sustainable insect-based protein production (PROTIX) and clean energy solutions such as e-methanol production (FS1 E-METHANOL), solid oxide electrolysers (SUNFIRE SOLID OXIDE ELECTROLYSER), and advanced geothermal systems (EAVOR LOOP). Some of the examples of high impact potential projects are showcased in Figure 5. EIB's pipeline for thematic finance includes operations in the areas of biotech, MedTech, quantum computing, semi-conductors, AI and automation, and space.

Table 11. Direct operations under InvestEU as of 31 December 2023

IP	Product	Number	Signed Amount (EUR)	Investment Cost (EUR)
EIB	Green Transition	16	557,200,000	2,201,502,101
EIB	Thematic Innovation	16	291,000,000	895,329,000
InvestNL	Direct Equity	2	35,750,000	139,500,000
		34	883,950,000	3,236,331,101

Source: Data provided by DG ECFIN based on IP operational reports for 2023. Only EIB and InvestNL had signed operations by the end of 2023

Figure 5. Examples of projects with high impact potential



Source: Press releases on IP websites. ; Icons by Freepik.

Additionally 543 companies involved in developing and commercialising critical technologies received EUR 2.5 billion in the form of equity investments **from funds backed by CDPE and the EIF. CDPE backed funds injected almost EUR 64 million in 309 companies, while EIF backed funds injected 2.4 bliion into 234 companies across Europe.**

Table 12. Investments made by funds supported by CDPE under InvestEU, as of 31 December 2023

Eligible Area	Sum of Number	Sum of Amount invested (EUR)
Bioeconomy	14	344,296
Blue economy	1	64,851
Digital technologies	140	14,698,570
Energy	36	16,191,955
Environment	26	8,715,333
Research, development and innovation	34	17,346,084
Space	22	3,461,206
Transport	36	3,002,157
Grand Total	**309**	**63,824,452**

Source: CDPE operational report. Out of the 398 companies supported

Table 13. Investments made by funds supported by EIF under InvestEU, as of 31 December 2023

	SMEW RIDW Joint Equity		Climate and Infrastructure Funds			
Age	Amount invested EUR	Number of companies	Amount invested EUR	Number of companies	Amount invested EUR	Number of companies
Agriculture, Food, natural capital preservation and use of land resources	57,105,034.48	18	0.00	0	57,105,034.48	18
Artificial Intelligence (AI)	11,550,883.09	5	0.00	0	11,550,883.09	5
Blockchain and Distributed Ledger Technologies (BT/DLT)	1,153,305.03	1	0.00	0	1,153,305.03	1
Clean Energy Transition - Climate	6,401,138.37	3	1,245,582,155.47	46	1,251,983,293.84	48
Cybersecurity	13,576,253.59	2	0.00	0	13,576,253.59	2
Defense	838,831.52	1	0.00	0	838,831.52	1
Energy and built-environment solutions	98,531,486.63	22	212,106,915.00	7	310,638,401.63	28
Environment and resources	8,777,304.02	3	97,054,891.72	4	105,832,195.74	7
Industrial decarbonization & environmental sustainability	50,321,928.99	14	0.00	0	50,321,928.99	14
Industrial Technologies	88,707,949.80	15	0.00	0	88,707,949.80	15
Life science and health	60,422,827.20	21	0.00	0	60,422,827.20	21
Mobility and transport solutions	9,405,868.17	5	72,884,939.47	2	82,290,807.64	7
Other adaptation solutions	4,789,310.83	1	1,239,428.64	1	6,028,739.47	2
Other Digital	177,241,897.37	47	0.00	0	177,241,897.37	47
Quantum Computing	14,642,711.28	2	0.00	0	14,642,711.28	2
Semiconductor chips	8,739,131.83	4	0.00	0	8,739,131.83	4
Semiconductor technologies	4,531,808.00	3	0.00	0	4,531,808.00	3
Space	69,772,274.34	4	0.00	0	69,772,274.34	4
Space Infrastructure	5,794,680.10	2	0.00	0	5,794,680.10	2
Sustainable Transport	2,244,355.19	1	70,345,682.52	2	72,590,037.71	3
TOTAL	694,548,979.80	173	1,699,214,012.83	61	2,393,762,992.63	234

Source: EIF operational reports

6.5.3 Key challenges

Investing in deep-tech and emerging technologies presents significant financial challenges due to high risks, extended time to market, and substantial capital requirements. These investments require specialised due diligence to differentiate viable opportunities from short-term hypes, adding to the cost and complexity. The current economic environment exacerbates these difficulties, making it increasingly hard for emerging technologies in some areas and deep-tech companies to secure necessary funding. The widening financing gap underscores the need for innovative, high-risk, impact finance instruments to support these critical sectors and enable their long-term growth and success.

6.6 InvestEU's contribution to financing green and greening finance.

The European Green Deal is an ambitious initiative aiming to make the EU the first climate-neutral continent by 2050. Central to this vision is the EU Climate Law, enacted in July 2021, which legally binds the EU to achieving climate neutrality. It sets ambitious goals, including a reduction of net emissions by at least 55% by 2030 compared to 1990 levels. As mandated by the Climate Law, the Commission recommended an additional intermediate target in February 2024, of a 90% reduction in emissions by 2040.

The InvestEU programme is supporting the EU's green transition via multiple channels. It is strategically deploying public funds to de-risk and catalyse green investment, shaping markets by investing in emerging technologies, launching new sustainability-focussed financial products, and offering comprehensive advisory services to build market and institutional capacity. The key achievements of the Programme so far, 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. 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 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

Source: DG ECFIN. Based on operational reports as of 31 December 2023. Note: Energy KPIs only being reported by 4 IPs at this stage (EIB Group, NIB, EBRD, and CDPE). Hence a meaningful aggregation and analysis of these KPIs is not possible.

Table 14. Breakdown of KPIs/ KMIs bey IP and window (where available)

KPI - A.3 Impact of financing through the InvestEU Fund	EIB	EIF	CEB	EBRD	NIB	CDPE	TOTAL
Investment supporting climate objectives and, where applicable, broken down by policy window (EUR m)	5,607.59	3,152.14	29.08	35.40	87.60	1,316.25	10,263.80
SIW	4,312.80	1,227.05	-	35.40	78.60	1,316.25	6,970.10
RIDW	998.97	215	-	-	9.00	-	1,258.58
SISW	295.82	-	29.08	-	-	-	324.90
SMEW		1,710	-	-	-	-	1,710.22
Unallocated				-	-	-	0.00
Investment supporting climate or environmental objectives under the SIW, broken down per climate or environmental objective (EUR m)	**4,362.71**	**1,231.80**	-	**35.40**	**78.60**	**-**	**5,708.50**
Climate objective	4,312.80		-	35.40	78.60	**-**	**4,426.80**
Environmental objective	49.91		-		31.44	**-**	**81.35**
						-	
Investment supporting climate change mitigation (EUR m)	5,579.50	345.73	29.08	35.40	87.60	**-**	6,113.06
Investment supporting climate change adaptation (EUR m)	106.59	41.73	0.00	0.00	-	**-**	148.32
Investment supporting water resources (EUR m)	40.00	19.88	0.00	0.00	-	**-**	59.88
Investment supporting circular economy (EUR m)	141.01	46.98	0.00	0.00	-	**-**	187.99
Investment supporting pollution prevention & control (EUR m)	2,435.40	15.26	0.00	0.00	0.00	**-**	2,450.66

Investment supporting biodiversity & ecosystems (EUR m)	0.00	37.61	0.00	0.00	0.00	-	37.61
Investment amounts supporting agriculture and forestry activities (EUR m)		3.14					3.14
Number of Final Recipients supporting agriculture and forestry activities (EUR m)		13					13.00
Investment amounts supporting ‘green enterprise' criteria		121.32					121.32
Number of Final Recipients supporting ‘green enterprise' criteria		215					215

Source: Data provided by DG ECFIN based on year-end operational reports

6.6.1 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. With 35% of the emissions reductions required by 2050 needing to come from technologies under development and not yet at commercial scale[50], these investments are vital.

Scaling up manufacturing of green technologies in the EU, is critical not just for the EU's green transition but also for its industrial competitiveness. China currently dominates the global supply of clean energy technologies, holding at least 60% of the world's manufacturing capacity for most mass-manufactured technologies. In contrast, Europe imports about one-quarter of electric cars and batteries and nearly all solar PV modules and fuel cells[51]. By scaling up manufacturing capacity, the EU can reduce dependence on imports, drive down costs, create jobs, and enhance economic growth The U.S. Inflation Reduction Act, allocating nearly $369 billion between 2024 and 2030 to energy and climate initiatives, threatens to redirect green industry innovation towards the US. The global market for green technologies is expected to surge, with the IEA projecting a tripling of clean energy investments by 2030 . The renewable energy sector alone could support 42 million jobs worldwide by 2050. As such, investing in green technologies represents a massive economic opportunity for the EU.

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. For capital-intensive hard-tech solutions in particular, profitability is often many years away and product-to-market fit can be hampered by a green premium and a lack of buyers. This does not lend itself to the typical risk appetite of private investors. These technologies need support to reach tipping points to outperform incumbent technologies and gain significant market share. Equity and venture/ quasi-equity products under InvestEU provide the necessary patient capital to bridge this gap, fostering innovation and enabling these technologies to mature and achieve commercial viability. Key investments under InvestEU include:

- Eavor Loop (EIB): Advancing geothermal heat and power as a stable and sustainable baseload source of energy.
- Printed Solar Cell Manufacturing Plant (EIB): Innovating solar cell production to drive down costs and increase adoption.
- H2Battery (EIB and NIB): Bringing a new green hydrogen technology to the market.
- Sunfire Solid Oxide Electrolyser (EIB): Support R&D and production of the hydrogen industry.

EIF's private credit intervenes in both, the scale-up and deployment of existing technologies. It supports the development of new technologies by providing growth capital to innovative companies and/or projects (after the initial venture capital, i.e. equity financing only phase) and for the scale up and deployment of existing technologies by supporting alternative source of financing to mainly smaller players in order to (i) support their growth and (ii) increase the deployment of renewable energy and energy efficiency projects. Concerning existing technologies, private credit addresses a market, which remains underserved by banks, inter alia due to their limited risk appetite. Strong market demand

[50] IEA (2023) Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach. Available here

[51] SWD(2023) 68 final - Investment needs assessment and funding availabilities to strengthen EU's Net-Zero technology manufacturing capacity

for climate-sustainable private credit products. Despite an initial generalist product set up (DDF layered portfolio under the CMU product), increasing need for thematic financing is observed; with circa one third of funds signed to date, meeting the eligibility criteria of the Climate and Environmental Solutions window.

The Advisory Hub is playing a critical role in supporting the development of emerging technologies such as hydrogen and sustainable aviation fuels. Key initiatives include collaboration with the European Clean Hydrogen Alliance, accelerating advisory support to hydrogen innovators, building a pipeline of projects and creating synergies with new EU programmes, such as the EU Hydrogen Bank. A notable effort is the Hydrogen Infrastructure Advisory pilot program, which offers advisory support for both public and private investments in hydrogen infrastructure. This includes operationalising hydrogen strategies for various EU regions (e.g., in France, Poland, Belgium) and cities (e.g., cities in Poland), as well as supporting hydrogen pipeline investment programmes led by grid operators. The Advisory Hub has also supported several e-fuel projects in recent years and is currently working on expanding project pipeline for potential financing in medium-term.

Market development for the Commission Services in the field of sustainable energy use

Commission Services procured a multi-country study from an advisory partner in order to enhance its capacity in preparing support actions, initiatives and future financial offers towards supporting products in the sustainable liquid fuel (SLF) markets and development of the market itself.

The study was intended to provide the Commission the current description of the SLF sector and barriers in its development as well as proposals how the financial products should be designed to assist the development of the industry.

On the basis of the study a list of projects will be identified that meet the EIB financing criteria.

6.6.2 Supporting large-scale renewable energy projects

Energy supply accounted for 27% of the GHG emissions in the EU in 2022[52]. Investments in increasing renewable energy production capacity are thus essential for climate goals as well as the EU's energy independence and global competitiveness. Key investments under InvestEU include:

- 3SUN PV Gigafactory (EIB): Boosting solar photovoltaic panel production.
- XOCEAN Uncrewed Vessels for Ocean Data (EIB): Facilitating the collection of key data for the offshore wind energy sector and for marine science.
- Baltic Power Offshore Windfarm (EIB): Expanding offshore wind energy to strengthen renewable power capacity.
- EDPR Poland Green Energy Loan (EIB): Financing key renewable energy projects in Poland.
- Northvolt (EIB and NIB): Enabling and boosting the EU-based battery industry.
- Onshore Wind Farm in Finland (NIB): Co-financing a 198MW wind farm to boost renewable energy capacity.

EBRD is financing renewable energy projects without offtake agreements. In Croatia for example (Project Solis), EBRD is providing a senior secured loan for the development,

[52] European Environment Agency

construction, and operation of three solar power plants: PV Gradic, PV Gornji Humac, and PV Pelegrin. This project structure which supports full merchant exposure, is expected to lead to approximately 0.4% increase in the national renewable electricity generation capacity and reduce CO2 emissions by over 12,500 tons annually.

EBRD is also supporting the development of new biomethane production or conversion of biogas plants in Poland and Latvia with a total capacity of 20 million m^3. Biomethane is a relatively new and emerging market. These operations, structured on a project finance basis with the requirement for a long-term offtake agreement and reliable sources of feedstock supply, will address completion risks with sponsor guarantees. The InvestEU guarantee will further mitigate technical, market, and policy risks.

In parallel, the Advisory Hub is supporting renewable energy projects across the EU. This includes providing advisory support for the preparation of the 10 GW auction for floating offshore wind farms in Portugal, aiding the decarbonization of energy supply on Greek islands, and facilitating the development of Battery Energy Storage Systems (BESS) in Bulgaria. Additionally, the Advisory Hub is helping regional and local authorities develop and implement strategies to transition to renewable energy. Another major example is ELENA, a dedicated advisory grant scheme implemented by the EIB supporting energy efficiency investment programmes.

6.6.3 De-carbonising agriculture and industry

Agriculture and industry together contributed 31% of the GHG emissions in the EU in 2022[53], underscoring their significant role in climate change. Globally, around one third of human-caused GHG emissions originate from food systems. The largest share of these emissions comes from agriculture and land use/land-use change activities (71%), with the remaining emissions stemming from supply chain activities such as retail, transport, consumption, fuel production, waste management, industrial processes, and packaging. Private sector investment in decarbonising these sectors, however, is hampered by high upfront costs, long payback periods, and uncertain returns. Also, changing operational processes and upgrading technology to adopt sustainable practices can be disruptive and costly. InvestEU is playing a key role in addressing these financial barriers and driving the investments needed for decarbonisation. Examples include:

- Comet Upcycling Arabinoxylan Plant (EIB): Promoting upcycling to transform waste into valuable agricultural products.
- Protix (EIB): Supporting insect-based protein production.
- Agria Food Production Capacity (EIB): Enhancing the sustainability of food production systems.

6.6.4 Energy efficiency of buildings

In 2022, residential and commercial buildings accounted for 12% of the EU's greenhouse gas emissions[54], highlighting the critical need to improve energy efficiency. The private sector, however, is often hesitant to invest in energy efficiency projects for the reasons mentioned above (high upfront costs, long payback periods). Additionally, the benefits of energy efficiency, such as cost savings and emission reductions, are often realised over a longer time horizon, which can deter private investment focused on short-term returns. InvestEU plays a role in de-risking and incentivising these investments.

[53] Ibid

[54] Ibid

EBRD is supporting a range of energy efficiency projects backed by InvestEU. An EBRD loan of up to EUR 24 million is financing the development, construction, and operation of rooftop solar photovoltaic systems and other resource efficiency measures across a portfolio of retail properties in Slovenia and Slovakia. This initiative also includes measures to provide on-the-job training and improve workforce diversity. Additionally, the EBRD's General Debt product offers lower lending rates to clients who adopt higher green standards, such as enhanced energy efficiency in buildings, incentivising companies to exceed baseline environmental standards and promoting broader adoption of sustainable practices.

The EIB is supporting energy efficiency as a transversal aspect in a range of investments aimed at other primary objectives, most notably social infrastructure projects like hospitals, educational institutions, and social housing.

In parallel, the Advisory Hub is supporting energy investments across the EU through dedicated advisory support initiatives implemented by several advisory partners, notably the EIB, the EBRD, CDP, and among other green transition advisory measures – also by Bpifrance, CDC and CINEA.

6.6.5 Low carbon transportation and mobility

Investing in low-carbon transport solutions is essential for the EU to reduce its dependence on fossil fuels, improve air quality, and solidify its leadership in sustainable transport technologies. However, several significant barriers hinder the private sector from making these crucial investments. Beyond the usual challenges of high initial costs, long payback periods, and the uncertainties associated with new technologies, the infrastructure required for low-carbon mobility - such as electric vehicle charging stations and enhanced public transportation networks - demands substantial capital expenditure and complex coordination efforts. Key investments by the EIB include:

- Wingcopter Last Mile Delivery: Supporting the use of electric delivery drones for eco-friendly delivery services.
- Eldrive - Charging Station Network: Expanding EV charging infrastructure to support the growing electric vehicle market.
- Rocsys Robotic Charging: Innovating automated EV charging.
- RFI High-Speed Rail Palermo-Catania: Developing high-speed rail in Italy.
- Trucksters: Optimising long-haul trucking logistics through AI.

NIB's EUR 150 million framework operation for clean mobility and transport will support further investments in clean mobility, green shipping and Recharging infrastructure.

Investments made by the InvestEU Fund are complemented by the pipeline-building activities of the Advisory Hub. For example, the Advisory Hub is actively engaging with several innovative mobility players to prepare for InvestEU financing, including:

- Electric motorbike developer,
- Cargo drone developer,
- Charger manufacturing scale-up, and
- Hydrogen truck as a service solution.

6.6.6 Nature-based solutions, natural capital and ecosystem restoration

Investments in nature-based solutions, natural capital, and ecosystem restoration are crucial for ensuring long-term availability of resources, maintaining ecological

balance, and enhancing resilience to climate change and other environmental challenge. However, investments are often impeded by various barriers and challenges. One major barrier is the lack of awareness and understanding among investors about the potential benefits and returns of nature-based solutions. Additionally, there is a limited availability of standardized metrics and frameworks for assessing the performance and impact of these investments. Moreover, the long-term nature of returns from such investments can pose challenges for investors seeking quick financial gains. Moreover, there are few large-scale, bankable projects, mostly in the public sector.

Despite these challenges, EIB is actively collaborating with the Commission to identify and develop investment opportunities through the Advisory Hub. For example, an EIB-EC working group is developing actionable ideas for finance and advisory offer based on the findings of a market study conducted by the Advisory Hub, titled “Investing in nature-based solutions”. This report assesses the current state of deployment of nature-based solutions in Europe and makes recommendations to increase support for nature-based solutions at scale across our continent’s varied landscape. In parallel, a study has been launched to identify bankable projects in all areas of soil health. This study will contribute to the identification of funding gaps and inform the design of financial products suited to projects in these sectors. The Advisory Hub is also hosting the Climate Adaptation Investment Advisory Platform (ADAPT). Set up in 2022, this advisory platform aims to facilitate the deployment of technical and financial expertise to address specific investment and market needs and to accelerate the financing of climate adaptation investments.

Finally, the EIF is making progress, seeing increased deal flow in the forestry sector to support sustainable management and reforestation with significant carbon capture potential. Furthermore, the EIF is exploring support for initiatives that enhance biodiversity and transition to regenerative agriculture, while addressing land concentration concerns.

6.6.7 Sustainable tourism

CDC is supporting sustainable recovery in tourism through the “Prêts relance tourisme” (PRT) loans, offering up to 50-year maturities. An example of eligible operation under this area, albeit not covered by the InvestEU guarantee, is the transformation of thermal baths in Vichy into a medical spa, with a 44% energy efficiency gain.

6.6.8 Net-zero education infrastructure

CDP is supporting the realisation of the first net-zero carbon academic and research facility in Italy, the new science and technology campus of the University of Milan, through a EUR 95 million loan with more than 25-year maturity. The new campus will accommodate more than 23,000 people over an area of 200,000 m^2. It is expected to achieve average energy savings of over 24% compared with standard benchmark buildings.

6.6.9 Pan-European initiatives

Marguerite III, managed by Marguerite Investment Management S.A., represents a unique pan-European initiative involving five major NPBIs (CDP Equity, BGK, CDC, ICO, KfW) and EIF. With a target fund size of EUR1 billion, it focuses on energy transition, sustainable transport, digital infrastructure, and circular economy sectors. The fund aims to make 10-15 investments ranging from EUR 30 million to EUR 100 million each. Private investors will contribute at least 30% of the fund size, with the investment period spanning five years. The current portfolio includes six assets with an expected investment of EUR 377.5 million as of 31 December 2023. Project pipeline includes investments in New Plastic Recycling Technology and biomass district heating.

6.6.10 Launching green financial products

The introduction of innovative financial products, such as the Sustainability/ green portfolio guarantees, has been a game-changer. Launched in 2022, the Sustainability Guarantee has facilitated EUR 438.5 million in financing by March 2024, supporting investments in climate change mitigation and sustainable enterprise development. For example, the Cloover Sustainability initiative supports households in Germany, the Netherlands, Spain, Sweden, and Italy by financing residential renewable energy segments like solar panels, battery storage, heat pumps, and electric vehicle charging stations. As of year-end 2023 (the latest available reporting period), the EIF sustainability guarantee products had supported 835 final recipients, out of which close to half was in support of investments in climate change mitigation (47%), closely followed by sustainable enterprise criteria (42%).

EBRD is also implementing uncapped/ capped green portfolio guarantees. For instance, the EBRD is providing an uncapped guarantee of EUR 80 million to a financial intermediary in Croatia, supplemented by a EUR 19 million InvestEU first loss risk cover (FLRC). This initiative aims to create a new EUR 100 million portfolio by offering capital relief and expanding the institution's lending capacity. The primary focus will be on financing housing association renovations, which are expected to reduce CO2 emissions by 50 tonnes annually for every million euros invested.

InvestEU's advisory services are crucial for building the capacity of financial intermediaries to effectively deploy green finance products and to support project promoters in developing high quality projects. Key initiatives to date include technical assistance and tools such as a Sustainability Guarantee Tool and a Green Guide for Fund Managers, along with the development of a helpdesk to assist financial intermediaries with eligibility questions. Awareness raising efforts have included product-specific webinars, thematic webinars, roadshows, and participation in Sustainable Finance Days to educate and support stakeholders. Capacity building has been supported through the development of e-learning modules to enhance understanding and deployment of sustainable finance products. Additionally, is also providing support for pipeline building.

6.6.11 Building VC ecosystem

InvestEU resources are contributing to the development of a dedicated European climate and environmental VC ecosystem, which was virtually non-existent a few years ago. Under InvestEU, the EIF is supporting both generalist climate and environmental funds, as well as more thematic funds specialised along strategic verticals. Most of the European fund managers that have come to market are first or emerging teams raising their first or second fund generation denoting the developing nature of the market. Through the InvestEU programme, the EIF has been able to act as an anchor investor and facilitate the launch of funds with meaningful commitments. Over 90% of the climate and environmental funds backed have been led by first time or emerging teams. Industrial decarbonisation and environmental sustainability have represented the most important target area with approximately a third of commitments and is also reflective of more generalist climate and environmental impact fund strategies. There is, however, an increasing specialisation along strategic verticals which maps onto the remaining target areas with agrifood being quite prominent followed by energy, mobility and transport.

6.6.12 Building institutional capacity

The Advisory Hub is undertaking a range of advisory initiatives to build institutional capacity for green investments. Key examples include:

- Under the Public Private Partnerships (PPP) Light Advisory Programme to EU public sector entities, the Advisory Hub is reviewing the Belgian Design-Renovate-Finance-

Mechanism (DRFM) framework to accelerate federal buildings renovation and providing expert support related to hydrogen strategy in Wallonia.

- Further development of the Circular City Centre (C3) which is a competence and resource centre which supports EU cities in their circular economy transition. The C3 was developed and tested in a 2022 pilot phase with support from the European Investment Advisory Hub, in cooperation with Circle Economy. The C3 will continue under financing from the European Commission (DG RTD) for the 2023-27 period.

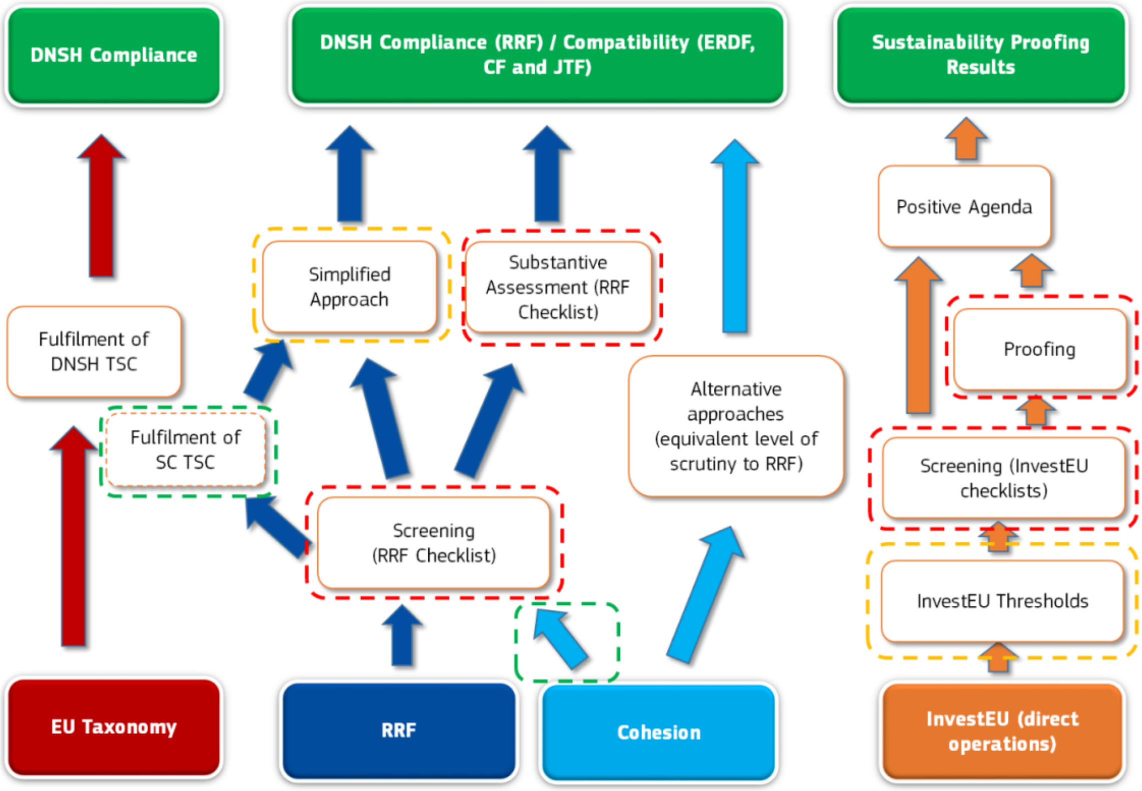
6.6.13 Challenges and market dynamics

Interviews have highlighted several challenges and market dynamics affecting green investment:

- **Administrative burden and complexity**
  - Complex eligibility criteria for sustainability guarantees is hindering effective product deployment.
  - KPIs represent an additional burden for SMEs, requiring them to rely on external technical support or the Sustainability Guarantee online tool. Streamlined reporting and impact calculations would support financial intermediaries in marketing their products and reporting impacts, ultimately benefiting both SMEs and financial institutions.
- **Limited resources relative to demand**
  - The demand for resources to support sustainability initiatives and climate-focused investments exceeds available funding. EIF's Climate and Environmental VC funds and Private Equity Funds face severe resource shortages, particularly affecting high-risk profiles like first-time teams and new entrants. Debt products are limited by the restricted InvestEU funds, impacting support for green enterprises. Overall, there is a gap between market needs and available resources in the EIB thematic finance.
- **Capacity Issues**
  - A lack of skilled staff in sustainability hampers the financial intermediaries' ability to assess eligibility criteria at branch offices.
  - Many fund managers are new, emerging teams requiring significant support from the EIF to achieve investment readiness.
- **Market state and dynamics**
  - The climate-focused equity and private credit market is nascent, characterized by an emerging investor ecosystem with a majority of first-time or emerging teams.
  - Macroeconomic and geopolitical challenges make fundraising difficult for funds, start-ups, and companies, leading to smaller fund sizes, lower valuations, and extended timelines.
  - There is a generalised and persistent funding gap with uneven coverage across stages of company development, sectors, and geographies.
  - Emerging sectors like energy efficiency, green hydrogen, and sustainable mobility need targeted investment efforts, unlike the well-developed renewable energy sectors.
  - There is an acute funding shortfall and a lack of financing instruments for scaling capital-intensive hardware and deep-tech climate and environmental technologies.
  - Additionally, the US Inflation Reduction Act is drawing investment away from Europe, adding to the challenges faced by the European climate and environmental investment ecosystem.

- **Geographic constraints**
  - Many climate and environmental funds have pan-European or global strategies, but the InvestEU guidelines require a majority of investments to be directed to EU and EFTA-based beneficiaries. This restriction results in the exclusion of potentially qualified investment opportunities.

Figure 6. DNSH assessment approaches employed by each instrument.



Source: Beltrán Miralles et al. (2023). Note: Interlinkages between the approaches are highlighted with green dashed lines. Yellow dashed lines highlight 'fast track' mechanisms. Commonalities related to the two-stage approach indicated in the text are highlighted in red dashed lines.

6.7 How InvestEU is supporting the EU's digital transition.

6.7.1 The big picture

Digitalisation is a cornerstone of economic productivity and competitiveness. However, the EU is falling behind in this crucial area. In a recent speech, Mario Draghi pointed out that the EU's per capita GDP at PPP has been about one-third lower than that of the US since the early 2000s, with roughly 70% of this gap explained by lower productivity. This productivity gap is largely due to differences in the tech sector and digitalisation. He warned that rapid advancement and widespread adoption of AI could further exacerbate this disparity, given that around 70% of foundational AI models are developed in the US, with three American companies controlling 65% of the global cloud computing market[55].

Moreover, the global ICT market is estimated to reach a size of EUR 6 trillion in 2023. However, the EU's share of global revenue in the ICT market has drastically fallen in the last decade, from 21.8% in 2013 to 11.3% in 2022, while US's share increased from 26.8% to 36%. Only 11 of the world's largest 100 tech companies by market cap are from the EU[56]. Currently, the EU relies on foreign countries for over 80% of digital products, as well as for services, infrastructures, and intellectual property. For example, the US and the EU are up to 75-90% production-dependent on Asia for semiconductors[57].

A major factor contributing to the EU's digital lag is its relatively low levels of public and private investment compared to some other countries. For example:

- The US invests about 7x more in AI start-ups and scale-ups than the EU; it has 5x more global R&D spenders in pharma & biotech than the EU; and quantum companies in the US are raising almost 3x more private investment than those in the EU[58];.
- From a public sector perspective, both the US and Chinese governments are heavily subsidising quantum computing, with the US having already committed about EUR 4 billion in funding for quantum projects and China expected to invest at least EUR 14 billion over the next five years[59];
- Europe invests approximately EUR 12 billion annually in space technologies, mainly through the European Space Agency (ESA) and the EU Space Programme, whilst the US allocates around USD 70 billion to its space programmes. Additionally, US space companies attract over 3x more private investment than EU counterparts[60];
- In terms of total fixed capital investment in fibre and 5G per capita adjusted to GDP, only EUR 104 were invested in the EU against EUR 260 in Japan, EUR 150 in the US and 110 in China[61].
- Progress toward the digitalisation of SMEs is also insufficient and quite uneven across the EU. It is also at a lower rate than in the US. There are twice as many

[55] Draghi, M. (2024) Radical change is what is needed, 16 April 2024. Speech text available here
[56] Digital Europe (2024) The EU's critical tech gap. Available here
[57] COM(2023) 570 final
[58] Digital Europe (2024) The EU's critical tech gap. Available here
[59] Digital Europe (2024) The EU's critical tech gap. Available here
[60] Digital Europe (2024) The EU's critical tech gap. Available here
[61] COM(2023) 570 final

SMEs with an international portfolio of so called "4IR patents" (IoT, cloud, 5G, AI) in the US than in the EU[62].

Recognising the importance of digital transformation, the EU has set itself ambitious targets for 2030. Digital transformation is one of the six Commission priorities for the period 2019-2024[63]. Reflecting this, the Commission proposed a *Digital Compass* in March 2021 to translate the EU's digital ambitions for 2030 into more concrete terms. This culminated into the *Digital Decade Policy Programme 2030*[64] which establishes specific targets for Europe's digital transformation across four key areas (see box below). The programme also introduces a mechanism of annual cooperation between the European Commission and the EU Member States to ensure that the EU jointly achieves these common objectives and targets, and establishes a framework for implementation of multi-country digital projects.

The EU's Digital targets for 2030

Skills

ICT Specialists: 20 million + gender convergence
Basic Digital Skills: min 80% of population

Digital transformation of businesses

Tech up-take: 75% of EU companies using Cloud, AI, or Big Data
Innovators: grow scale-ups & finance to double EU Unicorns
Late adopters: more than 90% of SMEs reach at least a basic level of digital intensity

Secure and sustainable digital infrastructures

Connectivity: Gigabit for everyone
Cutting edge Semiconductors: double EU share in global production to 20%
Data - Edge & Cloud: 10,000 climate-neutral highly secure edge nodes
Computing: first computer with quantum acceleration by 2025

Digitalisation of public services

Key Public Services: 100% online
e-Health: 100% of citizens have access to medical records online
Digital Identity: 100% of citizens have access to digital ID

Source: 2030 Digital Decade Policy Programme

Large amounts of investments are needed to close the digital gap and meet the above policy targets. According to the European Commission, annual investments of approximately EUR 125 billion in ICT and skills are needed to close the gap with leading competitors, namely the US and China[65]. A more recent study[66] estimates that total investment of around EUR 114 billion will be needed in digital connectivity to achieve the "one gigabyte target" and a further EUR 33 billion to provide a "full 5G service" (including new base stations and small cells to provide additional bandwidth and ensure more reliable mobile connectivity). A further EUR 26-79 billion in investment may be required to ensure full coverage of transport paths including roads, railways, and waterways, bringing the required total investment to more than EUR 200 billion.

To address these needs, significant amounts of public funding is being made available via EU programmes. For example 26% of the Recovery and Resilience Plans' total allocation (EUR 130 billion of EUR 502 billion) is currently devoted to the digital

[62] COM(2023) 570 final
[63] A Europe fit for the digital age' (https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age_en) and the Commission's communication 'Shaping Europe's digital future' (COM (2020)67 final).
[64] Decision (EU) 2022/2481 of the European Parliament and of the Council of 14 December 2022 establishing the Digital Decade Policy Programme 2030. http://data.europa.eu/eli/dec/2022/2481/oj
[65] COM(2021) 118 final- 2030 Digital Compass: The European way for the digital decade: Digital decade (europa.eu)
[66] WIK consult (2023) Investment and funding needs for the Digital Decade connectivity targets. Available here

transformation[67]. Additionally, with a budget of EUR 7.5 billion for the period 2012-2027, the Digital Europe Programme[68] aims to support the EU's strategic digital capacities and promote widespread adoption of digital technologies. It focuses on areas such as artificial intelligence, cybersecurity, advanced digital skills, and the digital transformation of public administrations and businesses. In parallel, the Connecting Europe Facility (CEF) Digital (with a budget of EUR 2.07 billion for the same period[69]), focuses on supporting deployment and upgrades of high-capacity networks, including 5G, and enhancing the digital backbone of the EU to ensure robust and secure connectivity. Horizon Europe is supporting not only cutting-edge digital research and innovation but also the necessary infrastructure and skills development to ensure Europe remains at the forefront of the digital transformation. In addition, the Commission aims to attract over EUR 20 billion of annual investment in AI in the EU throughout this decade.[70] The European Chips Act is also expected to receive more than EUR 43 billion in policy-driven investment by 2030, which is expected to be broadly matched by long-term private investment[71].

The InvestEU programme further supports public and private investment in digital. Many of the digital transformation aims under the InvestEU programme are closely aligned with the EU's digital targets for 2030:

Digital transformation aims under InvestEU

- Strengthening Europe's presence on the 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.
- Developing and deploying digital technologies such as super-computing, artificial intelligence, blockchain, cloud data, and Internet of Things

Source: Invest EU and a Europe Fit for the Digital Age

6.7.2 InvestEU Programme's contribution to digital transformation

The InvestEU Programme is supporting digital investments and ecosystems across Europe through a combination of financing and advisory services. The headline achievements of the Programme so far are summarised in the box below. Given the early

[67] COM(2023) 570 final
[68] Regulation of the European Parliament and of the Council establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 http://data.europa.eu/eli/reg/2021/694/oj
[69] CINEA
[70] White Paper On Artificial Intelligence - A European approach to excellence and trust. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0065
[71] European Chips Act - European Commission (europa.eu)

stages of Programme implementation, activity supporting digital transformation is currently concentrated among a few IPs/ APs.

Headline achievements of the Programme (2021-2023)

Investment supporting digitisation (reported by EIB, EIF, CDPE)

Amount: EUR 6.6 billion (signed volumes)

Share of total investment: 34% of total signed volume

Breakdown of signed volume by IP (EUR million)

EIB	3,688.95
EIF	1,720.00
CDPE	1,168.79
CEB	1.60
Total	6,579.34

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

Innovation and digitisation guarantee (EIF)

Number of enterprises receiving financing = 1,166

Number of individuals receiving financing = 12

Equity (EIF and CDPE)

Number of companies receiving investment from InvestEU backed funds = 269

Amount of investment received = EUR 551 million

Advisory hub assignments contributing to digitalisation (Bpifrance, CDP, EBRD and EIB)

Number = 228

Share = 23.6% of assignments

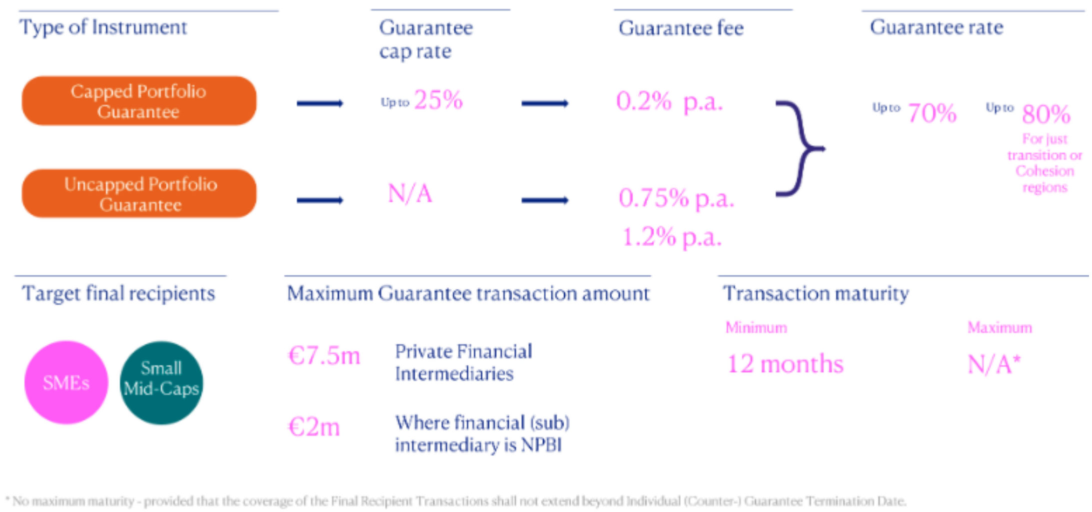
Assignments contributing to	Bpifrance	CDC	CDP	CEB	EBRD	EIB	Total	%
Digitalisation	156		1		70*	1	**228**	**23.6%**

*From a review of the assignment descriptions on QLIK suggests it was hard to see the link to digitalization for several of these assignments

6.7.3 Digitalisation SMEs

Targeted portfolio guarantee products have been developed under InvestEU to support digitalisation of SMEs. Access to finance is crucial for SMEs to undertake digital transformation projects, yet many struggle to secure the necessary external financing[72]. According to a recently conducted survey covering 15 Member States, half of SMEs surveyed see financing as a key barrier to digital transformation[73]. To address this barrier, the EIF has developed a targeted product[74] for innovation and digitalisation-driven SMEs and Small Mid-Caps. This product aims to enhance access to finance for research and innovation (R&I) intensive companies and support the uptake of digital technologies and the digital transformation of enterprises. By the end of 2023, this product had been adopted by 81 financial intermediaries, including 18 alternative finance providers, across 23 EU Member States. A Nordic financial intermediary highlighted the product's impact, explaining that it enables them to offer loans to start-ups without requiring collateral. Without this financing, start-ups often find themselves trapped in a cycle where they cannot grow and develop collateral. Similarly, an Eastern European fintech firm, new to EU guarantees, found the product beneficial for providing loans to clients with healthy turnover but insufficient collateral. However, they noted that the eligibility criteria and required documentation are numerous and unclear.

Figure 7. Key features of the Innovation & digitalisation portfolio guarantee product



Source: EIF website

[72] KfW (2023) KfW SME Digitalisation Report 2022. Available here
[73] Sage (2023) Empowering SMEs in the Digital Decade: the €628 Billion Opportunity. Available here
[74] EBRD is expected to launch the implementation of the Green and Digital Capped Portfolio Guarantee (MS-C Greece) in mid-2024.

6.7.4 Investment in digital technologies

While the guarantee products support SMEs to adopt and roll out digital technologies, promoting widespread use, products such as equity and venture debt support companies in developing and commercialising new technologies.

EIB provides venture debt under its thematic products, to supporting the commercial deployment and scaling-up of promising new technologies. Under InvestEU, the EIB is providing venture debt financing to SMEs and mid-caps focusing on the early growth phase, and complementing equity-based financing (from EIC, EIF backed funds or other sources) in the capital stack of tech and innovative startups . For example, the EIB has invested in a Polish robotics company specialising in pick & place robots primarily used in warehouses. The company offers an artificial intelligence enabled robotic arm that picks, inspects, analyses and places products. Another example is GROPYUS which is addressing the urgent need for affordable housing and climate action through cutting-edge innovation and digitalisation. GROPYUS has developed a method for producing multi-storey wooden residential buildings using a fully digitalised, automated, and industrialised process. GROPYUS' process aims to bring prefabricated wood construction on par with conventional construction in terms of quality, while significantly reducing construction time. GROPYUS' process cuts construction times almost in half, making building projects more predictable and less expensive. EIB financing will support the advancement of this manufacturing technique and the expansion of production, which is up to 86% automated

EIF's equity investments under InvestEU are targeting both dedicated (specialist digital) funds as well as diversified or generalist funds that include digital components. By the end of 2023, the EIF had invested in 58 funds directly contributing to the EU's digital objectives, 44 of which are dedicated/ specialist digital funds and 14 of which are more diversified or generalist funds supporting digital as part of their wider portfolio of investments[75]. A typology of these funds is provided in the table below. The EIF explained that the market is evolving in two different paths. On one hand, in more developed VC ecosystems (e.g. France, Germany), managers are launching new dedicated fund strategies in the emerging investment themes that have reached sufficient critical mass of investment opportunities such as semiconductors, or media. On the other hand, in developing VC ecosystems where dedicated funds would not find enough number of investment opportunities, managers are incorporating the emerging investment themes as part of generalist strategies. In the middle of these two trends, one can also find well established fund managers in developed VC ecosystems that given their ample team resources and geographical footprint, incorporate emerging investment themes in their flagship funds instead of launching dedicated strategies, but often these generalist funds co-invest with dedicated funds that bring deeper sectorial expertise.

Table 15. Typology of digital funds supported by the EIF under InvestEU

Dedicated digital Funds	Diversified Funds, including digital component(s)
These include **Funds which are *primarily* or *solely* dedicated to digital, and target areas in combination of several digital areas** such as:	This includes **Funds which have diversified strategies for financing but include some digital areas within their portfolio**. For example, these might include:

[75] Analysis of the InvestEU portfolio data (as end of 2023). Based on the eligible areas provided, projects with digital focus were mapped and assigned to dedicated Funds (focus only or primarily on digital) and to diversified funds that focussed on digital with combination of other sectors. This mapping is 'imperfect'. Specifically, there could be more diversified funds with minor digital elements, which however have not been included, as digital eligibility area was not specifically selected in the dataset.

Dedicated digital Funds	Diversified Funds, including digital component(s)
• Artificial Intelligence (AI); Blockchain and Distributed Ledger Technologies (BT/DLT); Cybersecurity; Education Tech; Digital connectivity; Other Digital; Quantum Computing; Semiconductor chips; Semiconductor technologies; Cultural and Creative Sectors There are also four Funds that are dedicated to a specific digital application: • Education Tech • Semiconductor chips; Semiconductor technologies • Cultural and Creative Sectors • (New) Space	• Financing towards Clean Energy Transition, Environment and Resources, social infrastructure, sustainable transport *together with Digital Connectivity and Data Infrastructure*. • Financing towards agriculture, natural capital preservation and use of land resources, Blue Economy, Defence, Industrial Technologies, Space, Life sciences and health, Mobility and transport solutions *together with Artificial Intelligence, Quantum Computing, Semiconductor chips and Semiconductor technologies*.

Source: InvestEU Fund portfolio data, as end of 2023.

Blending top-ups are enabling EIF to support entire ecosystems that would otherwise have received little attention under the current programme. However, the amounts committed are below that which these industries are capable of absorbing through PE/VC funding, as demonstrated by the number of good funds that the EIF turns down. Moreover, most deeptech investors are targeting more than one vertical[76], hence blending top-ups are necessary to help the funds reach their target fund sizes. In some areas, such as digital Europe—encompassing AI, blockchain, and cybersecurity—market demand exceeds available funding by 2- 3x. For other areas, market demand is increasing concurrently with the deployment of the programme, and hence additional funding will be required to support these growing ecosystems.

Table 16. Overview of blending top-ups signed with the EIF

Sectorial programme	Indicative Amount mEUR	Parent DG/ entity	Target investment areas
Creative Europe Media Programme	70	DG CNECT	Investments into audio-visual production and distribution under CCS
Digital Europe Programme	240	DG CNECT	AI, Blockchain/ DLT, Cybersecurity, IoT, Quantum Computing and other strategic digital technologies
Digital Europe Programme	125	DG CNECT	Semi-conductor chips and semi-conductor technologies

Many of the EIF's 44 dedicated digital funds have broad investment strategies encompassing AI, blockchain and distributed ledger technologies, cybersecurity, quantum technology and other digital areas. Collectively, these funds amount to EUR 6.5 billion[77].

[76] This diversification strategy means that the funds need to be larger to effectively support a range of different technologies and industries

[77] This is based on the aggregate of target fund sizes, corresponding to the 44 funds.

InvestEU provides critical support to these digital funds, offering a strong market signal and enabling them to raise the necessary capital. Without EIF/InvestEU support, it is unlikely that the funds would be able to reach their minimum fund size.

The EIF has also supported 4 highly specialised funds. These include a dedicated fund for (New) space, education technology, cultural creative sectors and semiconductor chips and semiconductor technologies[78]. As part of their portfolio, the EIF has strived to support innovative funds, which are emerging in new market segments where technological applications and societal value come together, an example of which is Educapital II, an education technology fund.

Educapital II – Education Technology

The fund focuses on **early-stage pan-European investments in Edtech.**

The Fund's strategy targets investments into software and hybrid (tech-enabled hardware) solutions, such as Virtual Reality, AI and Cloud platforms, high-tech and 3D simulations for online education solutions. **The fund focuses on Edtech adoption in schools.** The goal is to improve learning outcomes, reach marginalised population segments and enhance human capital.

The EIF commitment in the Fund aimed at improving access to capital and incentivising the creation of new social impact business models focussing on the emerging Edtech vertical.

This is the fund manager's second fund, albeit first collaborationwith the EIF, highlighting **EIF's commitment to support new and emerging managers**. According to the fund manager (who was interviewed in the context of this evaluation), although EIF came in at second close, they helped reach hard cap. EIF's presence also provided comfort to other investors (especially institutional investors) and helped internationalise the LP base. The fund manager acknowledged that without the EIF's investment, the Fund would have been significantly smaller. This would have not only affected the number of investments that the Fund could have made, but also its competitiveness versus other global funds, particularly US based Edtech funds that tend to be much larger.

The increased size enables the Fund to:

- Invest in a larger number of companies.
- Take larger stakes in promising ventures.
- Make follow-up investments to support the growth of portfolio companies.

For Educapital, the leap from Fund I (EUR 50 million) to Fund II (EUR 150 million) was significant. The Fund manager praised the EIF for their role in scaling up European funds, thus enhancing their global competitiveness.

The EIF's contribution extended beyond financial investment. They played a crucial role in refining the Fund's investment strategy, deployment model, and impact narrative.

Operation statistics

Social Impact Equity Product -SISW / Equity Pari Passu Portfolio
Target size (EUR): 150m / EIF commitment: 25m / Guarantee amount: 17.5m
Expected no. of recipients c. 20-22 / Initial tickets in the range of EUR 3-7m

An example of EIF support to early-stage financing is the (new) space vertical which has applications across sectors. The EIF provided significant support and advice to the Fund and its managers as well as sizeable commitment to the fund.

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

ISAI EXPANSION III – New Space

The Fund provides **early-stage funding** (seed, start-up and other) for SMEs and small Mid-caps.

The Fund supports **upstream and downstream space activities that contribute to the development and competitiveness of the European space industry and other industries using space data for digital applications**. The Fund will invest in Aerospace and Enabling technologies segments with focus primarily on launchers, satellites, in-orbit service, space data, technological enablers, decarbonised aviation, vertical take-off and landing aircrafts, as well as drones. **There is a strong cross-sectorial focus with digital applications and services being developed towards using space data in combination with other data sources and integration of space data and services into innovative products in other sectors**. The focus here is on the adaptation of space technologies, products, applications and services to non-space economic sectors.

EIF's commitment in the fund will be instrumental to support the **Fund to reach the minimum fund size**, as well as attract additional investors and **catalyse the fundraising** towards the target fund size, in particular given the difficult fundraising environment towards early-stage investments in deep-tech which are capital intensive and require a longer time to mature and to exit that generalist equity investments.

The operations fit with InvestEU (New Space), and potentially the upcoming **Defence Top-Up from DG DEFIS.**

This is the Fund manager's **first collaboration with the EIF**.

Operation statistics:

SMEW RIDW Joint Equity Product - Enabling Sectors Sub-Product / Equity Layered Portfolio
Target fund size: EUR 200m/ EIF commitment: up to EUR 60m / EU Guarantee amount: EUR 27m
Expected no. of recipients: c. 32 / Entry tickets of c. EUR 0.25-7.5m

The 14 diversified Funds on the other hand finance digital technologies as part of their wider investment strategies across several sectors such as the environment, clean energy transition and agriculture. Overall, the average ticket size for dedicated funds is EUR 25.6 million, whereas the diversified funds tend to have a much higher average ticket size at EUR 61.1 million. On average, the dedicated digital funds have reached 17.3% of their target size, whereas the funds with diversified investment strategies have reached 20% of their target size[79].

Most of these dedicated digital funds focus on early-stage financing, with 66% targeting new and emerging areas. In contrast, funds with more diversified investment strategies have a lesser focus on early-stage financing, with only about a third concentrating on this area. The majority of these funds are registered in Germany, Luxembourg, and the Netherlands, but they provide financing across multiple countries. Particularly, funds in Luxembourg have a wide geographical distribution, covering several jurisdictions. Additionally, three dedicated digital funds are based in Eastern Europe (Estonia, Lithuania, and Slovakia) with an average ticket size of EUR 15 million.

EIF backed funds have so far invested nearly EUR 536 million in 128 companies. These companies are investing in a range of digital technologies including education tech, space, AI, and quantum computing.

[79] Analysis of the InvestEU portfolio data (as end of 2023).

Table 17. Number of investments made by EIF backed funds as of 31 December 2023

Area	Number
Other Digital	49
Education Tech	16
Industrial Technologies	13
Artificial Intelligence (AI)	7
Semiconductor chips; Semiconductor technologies	6
Digital Connectivity & Data Infrastructure	4
Education Tech; Skills & Education	3
Industrial Technologies; Mobility and transport solutions; Semiconductor chips; Semiconductor technologies	3
Defense; Space	2
Digital Connectivity & Data Infrastructure; Industrial Technologies; Mobility and transport solutions	2
Space	2
Digital Connectivity & Data Infrastructure; Other Digital	2
Space; Space Infrastructure	2
Cybersecurity; Education Tech	1
Other Digital; Space	1
Artificial Intelligence (AI); Industrial Technologies	1
Artificial Intelligence (AI); Other Digital	1
Semiconductor chips	1
Blockchain and Distributed Ledger Technologies (BT/DLT); Other Digital	1
Industrial Technologies; Quantum Computing; Semiconductor technologies	1
Cybersecurity	1
Other Digital; Quantum Computing	1
Cybersecurity; Defense	1
Quantum Computing; Semiconductor chips	1
Industrial Technologies; Life science and health	1
Cybersecurity; Digital Connectivity & Data Infrastructure; Growth and expansion	1
Industrial Technologies; Life science and health; Semiconductor chips; Semiconductor technologies	1
Digital Connectivity & Data Infrastructure; Mobility and transport solutions; Sustainable Transport	1

Education Tech; Growth and expansion ; Life science and health; Social impact Investing & Social Innovation	1
Education Tech; Other Digital; Skills & Education	1
Total	**128**

Source: EIF operational report for the end of 2023

Investments in digitally focused start-ups have also been made by the 4 funds[80] supported by CDPE. By the end of 2023, these funds had invested nearly EUR 15 million in 141 Italian start-ups.

Table 18. Number of investments made by CDPE backed funds as of 31 December 2023

Area	Number
Advanced digital skills	5
Artificial intelligence	4
Blockchain and other distributed ledger technologies	4
cybersecurity and network protection infrastructures	6
Digital connectivity infrastructure	1
Digital technologies	97
Internet of Things	4
Other advanced digital technologies and services	3
Photonics	1
Quantum technology	1
Robotics and automatisation	15
Total	**141**

Source: CDPE operational report for the end of 2023

6.7.5 Digital connectivity and infrastructure

The EIB's direct support to digital sector has included financing towards digital connectivity infrastructure and digitalisation of SMEs, enhancing their global competitiveness. Digital connectivity infrastructure has been directed towards the design and deployment of high-capacity digital networks with fibre connectivity and development of Data Centres. Support to SMEs has focussed on the application of key enabling technologies towards SMEs business operations and enabling new innovations via R&D. Many of these operations involve applications of AI to the business models[81]. Several of the projects also include deployment of flexible automation, use of diagnostics to improve activities and digitalisation of processes in the given industry. For example, one of the financed operations supports a company with a software enabled furniture design platform aiding its continuous technology innovation and international expansion[82].

[80] Fondo Acceleratori, Fondo Corporate Partners I, Fondo Evoluzione and Fondo Tech Transfer
[81] Review of the EIB projects supporting digital transition from portfolio analysis.
[82] Review of the EIB projects supporting digital transition from portfolio analysis.

Fibreoptic Network Expansion in Poland

The project is focussed on the development of digital connectivity infrastructure, which supports the **deployment of very high-capacity digital networks with the aim of improving digital connectivity and access**. The Project deploys a new passive Fibre To The Home (FTTH) access network in areas of Poland where Very High Capacity Networks (VHCNs) are not currently available.

The **new network will pass 1.1 million homes and will be operated on a non-discriminatory wholesale access** basis only, selling wholesale services with equal terms and conditions to all retail operators.

Given that **the size of the required financing is one of the largest, if not the largest, non-recourse financing raised in Polish Zloty**, EIB participation diversified the Borrower's sources of funding. There is limited availability of the Polish Zloty in capital market, as it is more constrained in terms of amount and tenor than Euro capital market for instance.

EIB participation has contributed to the crowding-in of the co-investors (less experienced with the Polish market) **and co-lenders** (including local lenders less experienced with this type of financing), making them more comfortable with the financing structure.

Operation statistics:

SIW General Debt / Loans

Project cost: EUR 535.2 million/ EIB loan amount: EUR 131.19m

Impact:

No. of homes passed: 1.1 million

6.7.6 Advisory Hub activities contributing to digital transformation

The Advisory Hub data provides different insights depending on which indicator is analysed. When looking at breakdown of assignments by eligible area and advisory partner, the Advisory Hub support in the area of digital technologies and services as well as digital infrastructure is comparatively less pronounced than other areas such as energy or mobility. The total budget utilisation for these areas has been EUR 3,756,530 covering 14 EIB and 167 Bpifrance assignments. Dedicated assignments targeting digital technologies and services are however, in the pipeline for 2024.

Eligible area	BPI	CDC	CDP	CEB	CINEA	EBRD	EIB	Total	Budget utilisation (EUR)	Average assignment size (EUR)
Digital technologies and services	167	0	0	0	0	0	9	176	2,296,880	13,050
Digital connectivity infrastructure	0	0	0	0	0	0	5	5	1,459,650	291,930

Source: Advisory Hub data as of the end of 2023

However, a slightly different picture is obtained when looking at data on advisory hub assignments contributing to the digitalisation policy objective. For example, the EBRD's advisory hub activities also support this objective. The Advisory Hub's contribution to digitalisation stands at 23.6%. Although this is less than its contribution to climate action (29%), it is still a meaningful share.

Table 19. Number of advisory assignments contributing towards specific EU objectives

Assignments contributing to	Bpifrance	CDC	CDP	CEB	EBRD	EIB	Total	%
Digitalisation	156		1		70	1	228	23.6%

*Source: Advisory Partners' Structured Annual Technical Reports, 2023. * More than one policy area can be selected for a single assignment*

A deeper analysis of the Advisory Hub dataset (extracted from Qlik) reveals that three advisory initiatives *so far* have provided advisory assignments supporting digital policy objectives and digital transformation. These are the **Bpifrance's 4.0 Industry Diagnosis, EBRD Advisory for Innovative Projects and Small Businesses,** and the **EIB's Advisory Support for SMEs and Research, Innovation & Digitisation**[83].

Bpifrance's project advisory has focussed on large volumes of short-term and relatively small sized assignments (EUR 3,000 – 3,200 average budget utilisation) in helping SMEs identify their main development challenges (including digitalisation) and determining how the transformation bricks of the industry of the future can contribute to the achievement of the company's strategic objectives. This includes guidance on adopting new technologies, improving operational efficiency, and enhancing competitiveness.

Within the framework of its **Advisory initiative for Innovative Projects and Small Businesses**, EBRD has appointed local consultants to provide tailored advice to SMEs in Bulgaria, Croatia, Greece and Romania on Information Communication Technology that will strengthen capacity and investment readiness of these companies.

The **EIB's Advisory initiative** has provided tailored support (project advisory, capacity building and market development) to foster the growth of the financial ecosystem towards investing in digital innovation across the EU.

EIB Advisory Support for SMEs and Research, Innovation & Digitisation

Project advisory – New Generation of Chips

EIB is supporting a company that is a leading provider of hardware and software technologies and solutions for high-performance, data centric computing markets, from cloud to edge.

The company was founded in 2008 with corporate and financial investors such as Alliance Venture NXP Semiconductors and Bpifrance. The EIB Advisory Services is supporting the company to optimise its capital structure with a view to supporting scale-up and accessing InvestEU financing to fund their business and investment plan, including the development of a new generation of chips.

Market development – Cybersecurity

The assignment aims at building a structured cooperation with the main Venture Capital and National Promotional Banks active in the cybersecurity sector, with an existing portfolio of Cyber Security investees that may be seeking late-stage funding. The assignment will facilitate exchange between Venture Capital investors, National

[83] In the dataset received, the evaluation team could not identify CDP's assignment contributing to digital objectives.

Promotional Banks and Institutions with an existing portfolio of cybersecurity investees. In addition, information about advisory services and call for referrals will be provided.

Capacity building – Chips Finance Lab

The Advisory Hub is organising a Chips Finance Lab in Belgium in 2024 and 2025, offering both virtual and in-person events targeted at start-ups, scale-ups, and SMEs in the European semiconductor sector. The aim is to address the financing challenges faced by these companies and build their capacity to access funding. The 2024 events include a virtual masterclass in June, a hybrid case study event in September at the EIB offices, and a speed dating session/investor dinner/panel session in November in Munich. These events will feature external consultants and recipients of EU financial support sharing their experiences and best practices in raising equity and VC investments. The Chips Finance Lab aims to provide opportunities to European semiconductor companies and investors to engage, learn, and connect for potential collaboration and growth.

Source: Advisory Hub portfolio data

6.7.7 InvestEU's added value in supporting the EU's digital transformation

The InvestEU Guarantee, and the specific expertise brought in by the Implementing Partners, have provided invaluable support to the financial intermediaries (banks, funds, alternative lenders) to finance digital transition in the EU.

The specific technical and structuring advice, especially to new intermediaries without prior experience in implementing guarantee products, has been instrumental[84]:

- Pre-signature, EIF has helped financial institutions to navigate the different types of guarantees and guarantees products, different types of eligibility criteria, supporting the financial intermediaries in assessing which guarantee solution would be the most relevant for the specific final recipient targeted.
- Post-signature, EIF has provided reporting monitoring and assistance, as well as feedback on the pace of the transaction implementation progress and assistance with interpretation and validation of eligibility criteria.

InvestEU, and its implementing partners, particularly EIF and EIB in the case of digital investments, have helped to crowd-in investors and additional sources finance[85]. By the nature of EIF offering, and the InvestEU guarantee, the EIF has extended (counter-) guarantees to financial intermediaries, which in turn provided debt financing to eligible final recipients. The EIF's investment has enabled funds to diversify their investor base by supporting the funds' investment strategy and helping to reach its target size. This has been particularly prominent via EIF's sizable commitment and seal of approval for first-time teams in new market segments entailing higher risk. EIB participation has also contributed to the crowding-in of co-investors and co-lenders (including lenders less experienced with a specific type of financing or a market), making them more comfortable with the financing structure.

The InvestEU guarantee has added a specific value towards the dedicated digital areas, and in particular towards those market segments that are new/emerging, focusing on deep tech and its applications[86]:

[84] Findings from Deep Dives on digital investments.
[85] Findings from Deep Dives on digital investments.
[86] Findings from Deep Dives on digital investments.

- The InvestEU guarantee has encouraged additional players/alternative lenders to finance SMEs focused on 'deep tech', which are out-of-scope for most mainstream commercial banks.
- Without the InvestEU guarantee, EIF would not have been in a position to provide a guarantee covering loans to final recipients in the culture and creative sector given the sector's difficulties accessing conventional credit markets, due to perceived high risk (intangible assets, uncertain returns).
- The InvestEU guarantee has been a necessary catalyst to crowd-in other lenders to invest in specific geographies such as the CEE region, increasing alternative source of financing for promising tech companies active in CEE.
- The InvestEU Guarantee has been essential in supporting European deep-tech investments, including new space with cross-sectoral deployment opportunities, which are substantially more capital intensive, requiring longer time to mature and to exit than generalist ICT investments.
- InvestEU is contributing to the development of investment ecosystems for emerging digital technologies through a combination of financing and advisory services – see box below.

Role of InvestEU in supporting the development of ecosystems for emerging technologies such as quantum computing

Quantum computing is a nascent market with limited investors[87] and remains a niche sector with less than 1% of total VC funding globally[88]. The EU is home to 25% of the world's quantum companies, yet accounts for less than 5% of global funding[89]. Despite an increase in VC funding for European quantum startups in 2023, a funding gap still exists especially for larger scale and early stage projects. It is considered a long-term investment proposition, with mainstream adoption potentially 5-10 years away. While investors are gradually becoming more knowledgeable about quantum technologies, they remain cautious, seeking tangible use cases with clear commercial potential. Startups in this field thus, require patient capital to support extended research and development timelines and to develop tangible products with clear paths to profitability[90]. So far, EIB, EIF and CDPE have made direct (venture debt) or indirect (equity) investments in quantum technologies. If these investments prove successful, they could demonstrate the viability of the market and attract further interest.

In addition to financing, the EIB as part of the Advisory Hub is launching a Quantum Finance Lab, which will include workshops, a political event, and a web platform to foster a quantum technology community. The workshops will bring together key stakeholders to identify gaps and generate recommendations. The political event will feature high-level speakers, present workshop results, and outline follow-up actions. The web platform will facilitate ongoing information exchange, matchmaking, and regular content updates to keep the community engaged. The advisory activities will involve coordinating with

[87] Many investors who have traditionally invested heavily in hardware technologies are reluctant to support quantum computing to the same degree. While there is no significant difference in average fund size between hardware and quantum computing investors, there are more than 5 times as many investors in hardware than in quantum. Source: State of Quantum 2024 Report

[88] State of Quantum 2024 Report

[89] EIB (2023) A quantum leap in finance. Available here

[90] Forbes (2024) Changed Times: Why Europe's Quantum Startups Need A Path To Profit. Available here

various institutions, promoting dialogue, and identifying concrete actions and recommendations to incentivise private investments in quantum projects in Europe. Apart from this capacity building initiative, the EIB Advisory Hub is also providing project advisory support to leading European companies in the field of quantum technology to support their fund raising efforts.

6.7.8 Challenges and constraints

A significant challenge facing IPs is the lack of resources relative to market demand across various support areas. For example, semiconductor manufacturing requires substantial initial investments, with a state-of-the-art fabrication facility costing around $20 billion. This high fixed capital expenditure is a major deterrent for investors. Moreover, the semiconductor industry demands continuous and consistent investment for operations and innovation, including ongoing costs for research and development, equipment upgrades, and maintaining a skilled workforce. Despite initiatives like the EU Chips Act, there are still gaps in the availability of venture capital and other financial resources for innovative SMEs and startups in the semiconductor sector[91]. Currently, EIB is facing demand for large tickets to invest in semiconductors fabs in the EU. As this investment is high risk, it can only be addressed via thematic finance. Likewise, investments in quantum computing, HPC, digital medice are also high risk requiring equity or venture debt. However, current resources are inadequate to meet market demand. Likewise, the EIF and CDPE are also facing high demand for their products (see section 5.5 of the main report).

Visibility of future commitments (under blending top-ups) is crucial for building robust investment ecosystems. Investment ecosystems are built over years, and require sustained investment. The EIF needs visibility over a multi-year timeframe before it can communicate its long-term support to a given industry or sector.

Consistency of support is equally important. Sudden or preemptive reductions in available financing can have significant negative impacts. These include damage to the EIF's reputation as a reliable long-term supporter of investment ecosystems and direct effects on funds in the investment pipeline when their application is dropped due to an unexpected absence of resources.

[91] ESPAS (2024) Global Semiconductor Trends and the Future of EU Chip Capabilities

6.8 External communication, outreach and matchmaking/pitching events organised by the InvestEU Portal.

6.8.1 Overview

Close to 50 Portal events took place between 2021 and 2023. Events were generally well-received, especially joint ventures between the InvestEU Portal and partners like EBAN and EuroQuity/ BPI France, which saw noteworthy engagement and participation from various stakeholder groups, including project promoters/ entrepreneurs, investors, financial institutions, industry leaders, government/ policymakers (among others). A majority of the events focused on facilitating networking and collaboration between project promoters and investors, which is why coaching and pitching events featured prominently among the array of events organised by the Portal. The events were considered to be highly beneficial/ value-adding, as evidenced by the significant number of connections forged between promoters and investors following the Portal events, resulting in an estimated EUR 13 million in secured investments over the course of the three years.

The feedback/ evidence collected indicated positive experiences with event organisation, highlighting smooth planning and effective strategic partnerships (with EBAN, ENRICH, EuroQuity) as key to success. However, there were various suggestions for improvement and/or keeping the events relevant and purposeful, including:

- Focusing on meticulous planning to ensure events continue to meet objectives, target the right audience, and deliver engaging content and networking opportunities;
- Increasing communication and marketing efforts, utilising social media and awareness-raising activities to reach a broader audience and boost engagement/ participation at Portal events;
- Improving the selection process for participating promoters/ entrepreneurs to attract investors effectively, focusing on innovative and investment-ready companies/ projects;
- Increasing events targeted at women entrepreneurs to foster diversity.

The events have additionally been geared towards showcasing the Portal as a trustworthy and effective platform for matchmaking at EU level. Nevertheless, certain challenges pertaining to the Portal (such as navigation difficulties, language issues, and resource constraints), have been noted, along with proposed enhancements to remedy these issues.

6.8.2 Scope of the case study and methodology

Since its inception, matchmaking (and pitching) events have been serving as a key offering of the Portal. Evidence gathered from various stakeholders as part of the 2022 EFSI evaluation[92] confirmed that matchmaking and pitching events have been an important component of the Portal's offer and that more of such events ought to be organised to increase visibility around listed projects, facilitate networking and engagement with potential investors, and create opportunities for further exploration and investment.

[92] European Commission/ ICF. 20222. 'Study supporting the ex-post Evaluation of the European Fund for Strategic Investments, following Regulation 2017/2396 (EFSI 2.0).' Available at: https://commission.europa.eu/document/download/874fbe1a-5898-4be6-b431-cf02207a0344_en?filename=Ex%20post%20evaluation_EFSI_EIAH_EIPP%20Final%20report.pdf

This case study explores the relevance, usefulness and impact/ added value of the events that have taken place since the introduction of the revamped Portal (in 2021) and how they can be improved going forward to maximise impact.

This case study draws on both primary and secondary research evidence gathered from multiple sources, notably:

- A Commission-led survey of promoters and investors;
- Tailored qualitative interviews with relevant stakeholder groups (e.g., Commission and Portal representatives, selected DGs, selected implementing partners, and selected Portal partners[93]); and
- Desk research comprising mainly management information, event-specific information (such as newsletters, factual leaflets/ brochures, feedback reports), and past surveys and research.

6.8.3 Overview of matchmaking and pitching events organised by the Portal

6.8.3.1 In a nutshell

A total of 48 Portal-related events were organised over the period 2021-23, of which 12 took place in 2021, 17 in 2022 and 19 in 2023. Of these, almost half (n=20) saw the direct involvement of the Portal team (along with external partners), while the rest (n=28) were organised by the Commission, either independently or in close collaboration with external partners (including the European Business Angels Network (EBAN), the European Network of Research and Innovation Centers and Hubs (ENRICH), the Enterprise Europe Network (EEN), EuroQuity/ BPI France). The format of independently and/ or jointly - organised events varied, ranging from conferences and workshops to (in-person or virtual) pitches.

The actual budget allocated to communication efforts/ activities carried out by the Portal team was close to EUR 91,000 in 2021, rising to almost EUR 110,000 in 2022 before reaching EUR 75,000 in 2023[94]. The costs borne by the Commission per event varied, depending on whether an event took place virtually or face-to-face. In general, though, the cost per event would not have exceeded EUR 30,000[95] (especially for events that were jointly organised by the Portal team/ Commission and either EBAN or ENRICH). .As regards events co-organised with BPI France/ EuroQuity (e.g., investor office hours - related events and pitching sessions), the costs-per-event incurred by the Commission are not clear.

Most of the Portal events were held in-person (n=29) and targeted various audiences, notably: the business community (including start-ups and SMEs), financiers/ investors, financial institutions, public agencies, government/ policymakers, NGOs, academia, civil society representatives and the general public. Events were primarily hosted in the EU (across selected Member States), except for a few which were held overseas (e.g., the USA). The events generally spanned various thematic domains, such as: climate change, digitalisation, women entrepreneurship, and financing (among others).

[93] Contact was made with participants to the Portal events (i.e., investors and project promoters) to gather additional views but no interviews were eventually secured.

[94] Source: Information shared by the Commission on the allocated budget for the Portal over the period 2021-23

[95] Source: ICF consultation with Commission representatives

Data pertaining to participation levels at the Portal events are limited, although **indicative participation rates are available for joint EBAN-InvestEU Portal events, which typically attracted between 300 and 400 participants**[96] (per event). These joint events also comprised dedicated pitching sessions which, in 2021, saw the participation of 18 Portal project promoters. Another 55 Portal project promoters were offered virtual booth assistance/ support in the same year.

6.8.3.2 About the Portal

The InvestEU Portal (referred to henceforth as the "Portal") is a 'matchmaking' tool that brings together project promoters and investors on a single EU-wide database of investment opportunities that span the EU, Norway, and Iceland. Launched in March 2021 as an integral part of the Invest EU Programme and building on the work already started under the European Investment Project Portal (EIPP), the Portal seeks to *inter alia*[97]:

- boost visibility of EU, Norway and Iceland -based projects (across pre-determined sectors[98]) to a large network of international investors, thereby increasing promoters' ability to secure financing;
- facilitate networking opportunities via different channels, notably matchmaking events; and
- provide a medium via which project promoters and investors can contact each other and exchange.

Projects that are received for publication on the Portal may also be transmitted, as appropriate, to[99]:

- *InvestEU implementing partners* (i.e., the EIB group and other financial institutions, including National Promotional Banks and International Financial Institutions), for access to finance; and/ or
- *The InvestEU Advisory Hub*, for advisory support.

Latest statistics show that more than 1,500 projects have been published on the Portal[100]. Most of these projects[101] stem from the knowledge & digital economy space (n=800), followed by financing for SMEs and mid-caps (n=731), and social infrastructure (n=556)[102]. Other prominent sectors include resources and environment (n=269), transport (n=168) and energy (n=150).

[96] Sources: InvestEU Portal Newsletter-Issue 8; and InvestEU Portal Newsletter- Issue 9 (see: https://ec.europa.eu/investeuportal/desktop/en/find-out-more.html#eipp-stories)
[97] European Commission. Date unknown. 'InvestEU Portal – Connecting Investors and Promoters.'
[98] Selected sectors are blue economy, agriculture/ fishery, energy, environment, connectivity, Digital Europe, R&D, SME & mid-caps financing, defence, industrial site rehabilitation, space, culture, society, tourism, and mobility.
[99] InvestEU. Date unknown. 'Frequently asked questions about the InvestEU Portal.' Available here: https://investeu.europa.eu/investeu-programme/investeu-portal/frequently-asked-questions-about-investeu-portal_en
[100] European Commission. 2023. 'InvestEU Portal State of Play - December 2023.'
[101] Note that certain projects may span several sectors but, when calculating the total number of projects published, these projects are counted only once (to avoid double counting).
[102] European Commission. Date unknown. 'About the InvestEU Portal.' Available at: https://ec.europa.eu/investeuportal/desktop/en/index.html

6.8.3.3 Rationale for Portal events

The underlying motivation for hosting Portal events over the period 2021-23 was quite varied, depending on the end-goals set, the target audience, the thematic focus, etc. Nonetheless, there was some commonality in the overarching objectives these events generally sought to achieve (which largely justified the need for such events), including[103]:

- Facilitating investment, by bringing together investors and potential investees to explore funding opportunities;
- Supporting access to finance for SMEs, startups, and other businesses by providing information about available funding options, investment opportunities, and financial instruments;
- Promoting entrepreneurship, by providing support, guidance, and networking opportunities to aspiring entrepreneurs and startup founders;
- Fostering innovation, by showcasing innovative projects, technologies, and business ideas and connecting innovators with potential investors, partners, or collaborators;
- Encouraging collaboration among stakeholders in the investment ecosystem;
- Facilitating knowledge-sharing through workshops, conferences/ panel discussions, and presentations; and
- Promoting networking and relationship-building among participants, enabling them to establish valuable connections and expand their professional networks.

6.8.3.4 Organisation of Portal events

The planning process for Portal events was not thoroughly discussed as part of the case study research. It is our understanding that most Portal events have been co-organised with external partner organisations, notably: EBAN, ENRICH and EuroQuity (BPI France), instead of being planned and managed by the DG ECFIN Portal team.

The rationale and process for selecting partners is equally not well-documented. It could however be argued that the Portal team and/ or Commission would have chosen to collaborate with partners like EBAN to leverage their expertise, networks, and resources in fostering investment and entrepreneurship across Europe. In addition, such partnerships would have helped towards enhancing the credibility/ reputation of the Portal events by signalling to potential participants that the events were being endorsed by respected entities in the investment community. We can also assume that resource-sharing would have been possible (notably in terms of funding, staff, marketing efforts and event logistics), which would have helped towards reducing costs and increasing the overall efficiency and impact of the Portal events.

To maximise participation, the Portal events were commonly advertised via the Portal's webpage as well as websites run by the Commission and the implementing partners, such as the European Investment Bank (EIB)[104]. The InvestEU Portal's half-yearly published newsletters also served as a platform for promoting events[105]. In essence, the newsletters were used to reach out to the relevant audience(s) directly and encourage their attendance or participation in upcoming events. Moreover, larger-scale Commission and industry

[103] Assessment based on the full list of Portal events organised between 2021 and 2023 (shared by the Portal team/ Commission)

[104] Past and future events (including InvestEU/ InvestEU Portal events) are commonly advertised on the European Investment Fund's webpage (see: https://www.eif.org/InvestEU/events/index.htm)

[105] See: https://ec.europa.eu/investeuportal/desktop/en/find-out-more.html#eipp-stories

events (see the box below) were also leveraged for outreach and for increasing visibility around the InvestEU programme, including the Portal and its associated events. In 2023, the InvestEU Portal was presented to more than 70,000 attendees at the Web Summit in Lisbon, and to approximately 1,200 participants at the EU Industry Days 2023[106].

The full list of Portal events is provided at the end of this case study. It comprises events that took place over the period 2021-23, broken down (as much as possible) by date, location/ geography, organiser(s), target audience(s), format/ structure, mode of delivery, theme(s) explored, number and type of participants, and spend.

Leveraging EU-wide events for maximum visibility

The Brussels Economic Forum: one of the flagship events organised by the Commission/ DG ECFIN annually. It serves as a platform for policymakers, academics, business leaders, and civil society representatives to discuss and debate key economic issues facing Europe and the world.

The InvestEU Roadshows: a series of high-level events organised by the EIB Group to explain how the InvestEU programme works and can benefit EU cities or regions, businesses and/ or wider communities.

The EU Industry Days: an annual event organised by the European Commission, which brings together policymakers, industry representatives, academia, and civil society to foster dialogue, raise awareness about the importance of industry for Europe's economy and society, and support the EU's efforts to strengthen its industrial base, enhance competitiveness, and drive sustainable growth and innovation.

The EU Finance Days: organised by the European Commission services and Representations and aim at providing information about current and new EU financial and support programmes, such as InvestEU.

The Hannover Messe: one of the world's largest industrial trade fairs, held annually in Hannover, Germany. It constitutes a platform for showcasing innovations, technologies, and solutions across various industrial sectors, including automation, energy, digitalisation, and manufacturing. The event typically attracts exhibitors and visitors from around the globe, including industry leaders, policymakers, researchers, and investors.

[106] InvestEU Portal. 2023. 'InvestEU Portal Newsletter-Issue 12.' Available at: https://ec.europa.eu/newsroom/ecfin/newsletter-archives/49997

The Web Summit: one of the largest technology conferences in the world that is held annually in Lisbon, Portugal. It is targeted at entrepreneurs, investors, startups, technology companies, policymakers, and thought leaders around the globe. It covers a wide array of topics related to technology, innovation, entrepreneurship, digital transformation, and the future of various industries.

6.8.4 Early assessment of matchmaking and pitching events

6.8.4.1 Relevance/ usefulness of the Portal events

The relevance and usefulness of the Portal events are closely tied to the objectives they were set out to achieve. As alluded to in previous sections, the purpose of the Portal events is multi-fold, including: showcasing investment projects, promoting dialogue between project promoters and investors, facilitating networking and collaboration, and unlocking opportunities for investment.

Among project promoters who were surveyed as part of the 2024 InvestEU Portal survey and who reported having attended a Portal event (n=16 out of 57 survey respondents)[107], a majority were satisfied with:

- how they were organised (n=10 out of 16 respondents);
- the extent of networking that was made possible thanks to a strong presence of potential investors/ business partners at the events (n=11 out of 16 respondents); and
- the tangible investment opportunities that were enabled (n=11 out of 16 respondents).

Other surveys have also attempted at measuring the relevance/ usefulness of Portal events via the level of satisfaction exhibited by participants with respect to the exposure/ visibility they received during the events or the quality of the connections made. Following EBAN's Annual Congress in 2023 (co-organised with the Portal team), a follow-up survey was sent to entrepreneurs and investors who participated to the event[108]. 14 entrepreneurs took part, of which 10 were companies selected to pitch at the event. The average score provided by the 14 entrepreneurs with respect to the event was 3.0 out of 5. On the other hand, six investors responded to the 2023 EBAN Annual Congress follow-up survey, out of which five rated their level of satisfaction with the startups present at the event. The average score for the investors' level of satisfaction was 3.4. Another feedback survey was run by EBAN following the 2023 European Angel Investment Summit (EAIS)[109], co-organised with the Portal team, which saw the participation of 18 entrepreneurs. The average score awarded to the event by the survey participants was 3.1 out of 5. In contrast, 58 investors filled out the follow-up survey. The average score for the investors' level of satisfaction was relatively high at 7.6 (out of 10). Through the feedback surveys, EBAN further tested the usefulness of the joint events by asking entrepreneurs about whether they would recommend the

[107] European Commission. 2024. 'InvestEU Portal – Survey Results 2024.'
Note: the survey targeted 1,451 project promoters and received a total of 57 responses. The participation rate of promoters responding to the survey was thus 4 per cent. The investors survey, on the other hand, targeted 448 investors and received 14 contributions in total. The participation rate of investors responding to the survey was thus 3%.
[108] EBAN. 2023. 'Report on Startup Participation at EBAN Annual Congress 2023.'
[109] EBAN. 2023. 'Report on Startup Participation at European Angel Investment Summit 2023.'

events to counterparts. Overall, the majority of entrepreneurs expressed a willingness to recommend both the Annual Congress (71 per cent) and EAIS (78 per cent).

The above survey results offer some indication of the relevance/ usefulness of Portal events, notably towards encouraging dialogue, fostering collaboration, and catalysing investment opportunities. However, given the low response rate to these surveys, it is important to proceed with caution and to refrain from generalising these findings. Additionally, the perceived relevance/ usefulness of the Portal events could have also depended on inherent factors, such as selection of projects, investors targeted, themes explored, etc.

Interviews conducted with certain stakeholders provided additional corroborating evidence of the relevance and usefulness of the Portal events[110]. As such, some stakeholders[111] recognised that the Portal events acted as "complementary services," increasing visibility around investment opportunities (in eligible Member States). One stakeholder also indicated having received positive feedback from participants to specific Portal events, notably pitching events, which helped facilitate an important number of "successful matches between promoters and investors." In some instances, however, events were deemed less relevant/ useful, especially where they failed to adequately target "innovative and investment-ready" companies/ promoters (for which investors would have exhibited greater inclination to invest)[112]. As such, concerns were raised as regards the Portal events' ability to "effectively match investors with projects." Some stakeholders were particularly critical of the process for selecting projects that went on to be presented to investors, citing them as "too small" in scale or lacking in quality.

6.8.4.2 Impact/ added value associated with the Portal events

To measure the impact/ success of the Portal events, various metrics were considered.

Reach

The number of attendees at the events can indicate the degree of interest and engagement fostered within the business and investment community, providing insight into the level of networking and connections established between investors and promoters as a direct consequence of the Portal events. Joint events organised by the Portal team and external partners, such as EBAN, have generally been satisfactory, attracting between 300 and 400 participants at each event (of whom close to 200 participants typically identified as "investors")[113]. Similarly, e-pitching sessions that are regularly organised in collaboration with Euroquity are reported to attract more than 100 investors per session[114]. The joint INVESTEU Portal-EuroQuity pitching sessions seem to be more successful compared to other (non-Portal) events involving EuroQuity. As such, a recent European Investment Council (EIC)-EuroQuity 'Investor Day,' whereby startups specialised in deeptech were invited to pitch their disruptive innovations to a panel of European investors, saw a lower turnout of investors estimated at 77[115] (although it is unclear if this event was intentionally exclusive, with invitations extended to selected promoters and/ or investors only).

Project promotion and secured investments

[110] ICF consultation with Portal representatives, implementing partners and partner organisations.
[111] ICF consultation with Portal representatives and partner organisations
[112] ICF consultation with implementing partners.
[113] EBAN. 2023. 'Report on Startup Participation at EBAN Annual Congress 2023.'
[114] ICF consultation with partner organisations.
[115] BPI France. 2023. 'Bpifrance for an innovative Europe.' Available at: https://www.bpifrance.com/2023/03/15/bpifrance-for-an-innovative-europe/

The impact/ success of the Portal events can also be measured by the number of promoters who are given the opportunity to showcase their business idea/ project to prospective investors (which they would have less likely been able to do in the absence of the events). The evidence gathered indicates that, on average, joint Portal-EuroQuity pitching events allow for at least five promoters to pitch to investors (at each session), while events co-organised by the Portal team and EBAN tend to offer pitching opportunities to a broader audience of promoters. At the 2023 EBAN Annual Congress and 2023 European Angel Investment Summit respectively, close to 40 promoters were selected to pitch to investors[116].

The success of Portal events can also be gauged by the quantity of "matches" made between project promoters and investors, alongside the level of financing attained[117]. The evidence reviewed[118] indicates that, over the period 2021-23, at least 11 projects[119] have received financing from investors following pitching sessions at Portal events (co-organised by the Portal team and external partners). The total amount of financing secured was approximately EUR 13.1 million. The table below outlines the projects in question, along with the level of investment secured.

Table 20. Projects that received financing following specific Portal events over the period 2021-23

Project name	Activity/ sector	Portal event(s) concerned	Amount of financing
2021			
Silina	Imaging/ manufacturing	EBAN Annual Congress 2021	EUR 2, 300,000
Bikeep	Transport security	EBAN Annual Congress 2021	EUR 2, 300,000
Valyuu	Circular economy marketplace	European Angel Investment Summit 2021	EUR 600,000
2022			
Interstellar Lab	New cultivation methods	European Angel Investment Summit 2022	Not available
2023			
FFBS-Fashion For Biodiversity Solutions GmbH	Application of digital methods to agricultural organic certification	Pitching session at a 2023 Portal event (co-organised with EBAN and/ or EuroQuity)	EUR 1,600,000
Project DENN	Communication/ media	Pitching session at a 2023 Portal event (co-organised	EUR 20,000

[116] EBAN. 2023. 'Report on Startup Participation at EBAN Annual Congress 2023;' EBAN. 2023. 'Report on Startup Participation at European Angel Investment Summit 2023

[117] ICF consultation with Commission and InvestEU Portal representatives and partner organisations

[118] Source: InvestEU Newsletters (see: https://ec.europa.eu/investeuportal/desktop/en/find-out-more.html#eipp-stories)

[119] The total number of projects pitched during the Portal events (over the three years) is not clear and varied depending on the format of the events

Project name	Activity/ sector	Portal event(s) concerned	Amount of financing
		with EBAN and/ or EuroQuity)	
Novige AB	Clean/ renewable energy	InvestEU Portal Climate Change e-Pitch	EUR 2,100,000
Wavepiston	Clean/ renewable energy	InvestEU Portal Climate Change e-Pitch	EUR 600,000
APSU	Waste systems	InvestEU Portal Women Entrepreneurs e-Pitch.	EUR 450,000
Mantis Photonics	Digital/ imaging	EAIS 2023	EUR 17,000
Novo Building	Real estate	InvestEU Portal Energy and sustainable solutions e-Pitch	EUR 1,014,400
Orbify	Data/ software development	Pitching at the Space Session of the European Angel Investment Summit	EUR 1,100,000 million
IBIS Power	Clean/ renewable energy	InvestEU Portal Energy and sustainable solutions e-Pitch	EUR 1,000,000
Total investment secured			**EUR 13,101,400**

Source: InvestEU Newsletters

While some investors may have chosen to make investment offers to project promoters on the day of a pitch/ Portal event, financing has often resulted from thorough follow-up discussions between promoters and investors after a Portal event. The survey conducted by EBAN after the 2023 Annual Congress indicated that, among the 14 entrepreneurs who provided a survey response, most of them (71 per cent) were able to make more than three investor contacts during the event. A majority (86 per cent) also confirmed that discussions with their investor contacts were ongoing even after the Congress. Similar results were obtained from the follow-up survey to the 2023 European Angel Investment Summit, whereby 89 per cent of the 18 entrepreneurs/ promoters who responded to the survey indicated having connected with one or more investors and 39 per cent more than five investors on the day of the event. Furthermore, 61 per cent of surveyed promoters indicated that they were having ongoing discussions with investor contacts they had met during the Summit.

The 2024 INVESTEU Portal survey carried out by the Commission painted a relatively different picture as regards the added value/ impact of the Portal events. When asked about how they first connected with a potential investor, fewer promoters (n=2 out of 11 respondents) indicated that a connection was made following a matchmaking event organised by the INVESTEU Portal team as opposed to promoters who indicated having been contacted through their published Portal project profile (n=7 out of 11 respondents). Nonetheless, four out of five promoters having been surveyed acknowledged that their participation in the Portal events had led to improved/increased networking opportunities. Investors were mostly questioned on the Portal itself as opposed to their experience at Portal events.

The Portal events may have also played a successful role in positively impacting the visibility of the INVESTEU Portal and bolstering traction[120]. Between 2021 and 2023, the Portal saw over 70,000 visitors, with page views totalling around 145,000. Portal representatives consulted during this research have indicated that initial plans were to publish up to 1,000 new projects by 2027. This target was exceeded as early as 2023, with the total number of projects published on the Portal reaching 1,500 and the total proposed investment value EUR 15 billion. It is important to note that, while the Portal events may have contributed to these outcomes, they cannot be attributed solely to the Portal events.

6.8.4.3 Good practices

Effective event planning/ management plays a crucial role in achieving the best possible outcome for the target audience(s). By adhering to best practices in event planning, execution, and evaluation, it is possible to maximise impact/ value for participants. In the context of the Portal events, good/ best practices were not explicitly discussed during the case study research; however, the evidence gathered from interviews with selected stakeholders[121] sheds light on potential strategies that could be considered as best practices, namely:

- **Thorough planning**, in that Portal events appear meticulously organised, with careful consideration given to end-objectives, target audience(s), thematic/ sector focus, and logistical details;
- **Engaging content and format**, combining presentations, networking/ pitching sessions, workshops, coaching sessions (among others), which allow for Portal events to be informative but ,equally, interactive and captivating for participants;
- **Diverse participation and networking opportunities**, whereby Portal events seek to attract a variety of participants, including project promoters, investors, industry experts, policymakers, etc., thereby offering ample opportunities for networking, collaboration, and knowledge exchange;
- **Strategic partnerships** with external partners, such as EBAN, EuroQuity/ BPI France, which can help towards expanding the reach of the Portal events and enhancing their effectiveness in promoting/ realising investment opportunities;
- **Promotion and visibility**, whereby Portal events are actively promoted through various channels, including Commission/ implementing partners' websites, EU-wide events, etc. which can help towards expanding their reach and enhance their effectiveness in promoting/ realising investment opportunities; and
- **Feedback mechanisms** are in place to gather insights from participants, thereby allowing the Portal team (and co-organisers) to evaluate the success of the events and make improvements.

6.8.5 Reflections and future perspectives

The evidence collected primarily focuses on the Portal itself as opposed to the Portal events when assessing aspects that have worked well and/ or less well, and areas for potential improvement.

However, with respect to the Portal events specifically, some of the stakeholders consulted as part of this research[122] recognised that the experience of organising events with the Portal team had been generally positive. The planning and delivery of the events were

[120] ICF consultation with Commission representatives.

[121] ICF consultation with Commission representatives and partner organisations

[122] ICF consultation with external partner organisations

reportedly smooth, while promotional activities aimed at enhancing visibility of the events (and the Portal more generally) were deemed effective in generating interest, engagement, and participation. The completion of investor contact forms following events also received praise, particularly for enabling introductions between investors and promoters and fostering ongoing communication between them. Conversely, what some stakeholders felt was lacking was a more targeted approach to the selection of companies/ promoters. Feedback they received from investors indicated that not every company contacted after an event could be considered investment-ready. The consultees thus emphasised the need for meticulous participant selection to facilitate a meaningful matchmaking process between potential investors and companies.

The research yielded some recommendations for enhancing InvestEU portal events, notably:

- **Increasing communication and marketing efforts**, including leveraging social media platforms (e.g., Linkedin) and implementing more awareness-raising activities around the events to reach a broader audience and increase engagement; and
- **Ensuring better selection of companies/ promoters for events to attract investors effectively**, focusing on innovative and investment-ready companies, women-led projects/ ventures (where possible), projects treating specific themes/ societal issues (e.g., climate change, digitalisation, AI, etc.).

Table 21. Mapping of InvestEU Portal events over the period 2021-2023

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
2021									
European Maritime Day	21 May 2021/ The Netherlands	DG AGRI	Businesses, governments, public institutions, NGOs, EU citizens	Presentations, multiple breakout sessions and project pitch sessions	Online/ virtual	Maritime affairs and sustainable blue economy	N/A	Promotion of INVESTEU Portal	N/A
EU Open for Business- A new compass for SMEs	26-28 May 2021/ Virtual	DG GROW	Start-ups, SMEs	Webinars	Online/ virtual	Business set-up, access to finance, growth opportunities	N/A	Promotion of INVESTEU Portal	N/A
Workshops with EEN on NIH, DoD and EU collaboration and funding	9 June 2021/ Virtual	DG GROW, EEN	Start-ups, SMEs	N/A	Online/ virtual	N/A	N/A	Promotion of INVESTEU Portal	N/A
EBAN Annual Congress	16-18 June 2021/ Virtual	EBAN, INVESTEU Portal	Start-ups, SMEs, policymakers, venture capitalists, angel investors, banks	Investor-led workshops, keynotes, pitching sessions, roundtable workshops	Online/ virtual	Space-tech, trends in sourcing, existing deals, climate action investing, and trends in impact investment	~ 400	N/A	~ EUR 30,000 (Commission expenses)
ENRICH Funding Summit at Bio Digital 2021	21 June 2021/ USA	ENRICH, DG ECFIN	Start-ups, SMEs, investors	E-pitch competitions	Online/ virtual	Deep tech	N/A	One selected company (20 companies over the year), grant	N/A

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
								per company: USD 5,700	
Seal of Excellence Community of Practice	16 September 2021/ Virtual	DG RTD	Local agencies, local governments, businesses	N/A	Online/ virtual	N/A	N/A	More than 300 Seal of Excellence projects published on the Portal	N/A
EuroQuity e-pitching Women-entrepreneurship	29 September 2021/ Virtual	Euroquity/ Bpifrance, INVESTEU Portal	Start-ups, SMEs, investors	E-pitching sessions	Online/ virtual	Medtech, edtech, blockchain/ logistics to fintech	N/A	E-pitch of Seven Portal companies (led by women)	~ EUR 5,000 (EuroQuity expenses)
EEN workshop	01 October 2021/ Germany	EEN, DG GROW	Start-ups, SMEs, investors	N/A	N/A	N/A	N/A	Promotion of INVESTEU Portal	N/A
European Angel Investment Summit	27-28 October 2021/ Belgium	EBAN, INVESTEU Portal	Start-ups, SMEs, policy makers, VC, angel investors, banks	Keynotes, training workshops, networking and pitching sessions	Physical attendance	N/A	300+	N/A	~ EUR 30,000 (Commission expenses)
Web Summit	01-04 November 2021/ Portugal	DG ECFIN	Industry leaders, start-ups, SMEs, investors, policymakers, banks	Dedicated INVESTEU Portal workshop	Physical attendance	N/A	42,000+	N/A	N/A

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
InvestEU Workshop	4 November 2021/ Spain	DG ECFIN	Start-ups, SMEs, policy makers, VC, angel investors, banks	N/A	Physical and virtual attendance	N/A	N/A	Promotion of INVESTEU Portal	N/A
EEN Access to Finance Workshop	19 November 2021/ Belgium	EEN, EISMEA, GD GROW	SMEs, clusters	Dedicated INVESTEU Portal workshop	Physical attendance	SME financing	N/A	Promotion of INVESTEU Portal	N/A
2022									
ENRICH Funding Summit (post JP Morgan Healthcare Conference Digital 2022)	19 January 2022	ENRICH, INVESTEU Portal	Start-ups, SMEs, investors	E-pitch competitions	Online/ virtual	Technology, health	N/A	One selected company (30 companies over the year), grant per company: USD 2,200	N/A
ENRICH Funding Summit (post CES 2022)	04 February 2022	ENRICH, INVESTEU Portal	Start-ups, SMEs, investors	E-pitch competitions	Online/ virtual	N/A	N/A	N/A	N/A
EuroQuity/ InvestEU Portal Climate Change E-pitching event	22 February 2022	Euroquity-Bpifrance, InvestEU Portal	Start-ups, SMEs, investors	E-pitching	Online/ virtual	Solutions fighting climate change	N/A	Five selected INVESTEU Portal projects took part received specific pitching training and pitched to investors	~ EUR 5,000 (EuroQuity expenses)

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
EuroQuity/ InvestEU Portal e-pitching Digital Solutions event	26 April 2022	Euroquity-Bpifrance, InvestEU Portal	Start-ups, SMEs, investors	E-pitching	Online/ virtual	Innovative digital solutions	N/A	Five selected INVESTEU Portal projects took part received specific pitching training and pitched to investors	~ EUR 5,000 (EuroQuity expenses)
Brussels Economic Forum	17 May 2022/ Belgium	DG ECFIN	Policymakers, academics, civil society, business leaders	Presentations, discussions	Physical attendance	Europe's current and future economic challenges	1,000+	Promotion of INVESTEU Portal	N/A
EBAN/ InvestEU Portal Annual Congress	18-19 May 2022/ Ireland	EBAN, INVESTEU Portal	Business leaders, early stage investors, business angels, VCs, entrepreneurs, accelerators, seed funds and start-ups	Pitching sessions, keynote speeches, panel discussions, breakout sessions and round table discussions.	Physical attendance	N/A	300+	16 Portal projects pitched in front of angel investors	~ EUR 30,000 (Commission expenses)
EBAN Hellenic International Business Angels Summit	23 – 24 June 2022/ Greece	EBAN	Start-ups, SMEs, policymakers, VCs, angel investors, banks	N/A	Physical attendance	N/A	N/A	Promotion of INVESTEU Portal	N/A
Announcement on InvestEU Roadshow events	June-early July 2022	EIB, DG ECFIN	Policymakers, start-ups, investors	Multi-country announcements	N/A	N/A	N/A	Promotion of INVESTEU Portal	N/A

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
Presentation at the Forum on Protecting and Facilitating Investment in the Single Market	28 June 2022/ Belgium	DG FISMA	Policymakers	Presentation	Physical attendance	Investment in the Single Market	N/A	Promotion of INVESTEU Portal	N/A
ENRICH Post BIO 2022 - Online Funding Summit		ENRICH, INVESTEU Portal	Soft landing incubators, equity accelerators, corporations, networks of business angels, and venture capital firms	Real-time feedback to deep tech entrepreneurs and researchers Pitch Training session PR/Media Training workshop Pitches Q&A meetings	Online/ virtual	Deep tech	N/A	Promotion of INVESTEU Portal	N/A
Announcement on InvestEU Roadshow events – Malta, Netherlands, Romania	September 2022	EIB, DG ECFIN	Policymakers, start-ups, investors	Multi-country announcements	Online/ virtual	N/A	N/A	Promotion of INVESTEU Portal	N/A

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
EuroQuity/ InvestEU Portal Women Entrepreneurs E-pitching event	27 September 2022	Euroquity-Bpifrance, INVESTEU Portal	Start-ups, SMEs, investors	Tailored e-pitching event	Online/ virtual	Women-entrepreneurship	N/A	Pitches by the best, innovative start-ups co-founded or led by entrepreneurs	~ EUR 5,000 (EuroQuity expenses)
EBAN/ InvestEU Portal European Angel Investment Summit (EAIS)	11 – 12 October 2022/ Belgium	EBAN, INVESTEU Portal	Start-ups, SMEs, policymakers, VCs, angel investors, banks	Keynotes, training workshops, networking and pitching sessions	Physical attendance	Science, innovation	100+	N/A	~ EUR 30,000 (Commission expenses)
Announcement on InvestEU Roadshow events (Italy, Poland)	October 2022	EIB, DG ECFIN	Policymakers, start-ups, investors	Multi-country announcements	Physical attendance	N/A	N/A	Promotion of INVESTEU Portal	N/A
EuroQuity/ InvestEU Portal Space Solutions E-pitching event	10 November 2022	Euroquity-Bpifrance, INVESTEU Portal	Start-ups, SMEs, investors	E-pitching event	Online/ virtual	Innovative space solutions	50+	N/A	~ EUR 5,000 (EuroQuity expenses)
Presentation at the EU Finance Days 2022	23 November 2022	DG GROW	Start-ups, SMEs, investors	Seminars and webinars	Online/ virtual	EU financial and support programmes	N/A	N/A	N/A
Announcement on the InvestEU Roadshow event (Greece)	November 2022	EIB, DG ECFIN	Policymakers, start-ups, investors	N/A	Physical attendance	N/A	N/A	Promotion of INVESTEU Portal	N/A

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
2023									
InvestEU Roadshow event (Paris)	27 January 2023/ France	EIB, DG ECFIN	Policymakers, start-ups, investors	Presentations	Physical attendance	N/A	N/A	Promotion of INVESTEU Portal	N/A
EuroQuity/ InvestEU Portal Energy and Sustainable Solutions E-pitching event	21 February 2023	Euroquity-Bpifrance, InvestEU Portal	Start-ups, SMEs, investors	E-pitching event	Online/ virtual	Energy and sustainable solutions	N/A	5 Portal projects had an opportunity to pitch in front of international investors	~ EUR 5,000 (EuroQuity expenses)
InvestEU Roadshow event (Slovenia)	06 March 2023/ Slovenia	EIB, DG ECFIN	Policymakers, start-ups, investors	Presentations	Physical attendance	N/A	N/A	Promotion of INVESTEU Portal	N/A
InvestEU Roadshow (Greece)	30 March 2023/ Greece	EIB, DG ECFIN	Policymakers, start-ups, investors	Presentations	Physical attendance	N/A	N/A	Promotion of INVESTEU Portal	N/A
DG COMM, InvestEU – 2023 Update for Comm Reps	18 April 2023/ Belgium	DG COMM, DG ECFIN	EC representation employees in EU Member States	N/A	Physical attendance	N/A	N/A	N/A	N/A
Hannover Messe 2023	20 April 2023/ Germany	DG GROW	Industry players, start-ups, SMEs, investors	Dedicated INVESTEU presentation, focusing on key components	Physical attendance	N/A	N/A	Promotion of INVESTEU Portal	N/A

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
				and funding opportunities					
InvestEU Portal Investors Office Hours – Women entrepreneurs with Cleantech and Healthtech solutions	26 April 2023	Euroquity-Bpifrance, INVESTEU Portal	Start-ups, SMEs, investors	Advice and coaching from experienced members of investing teams working all across Europe (including EDF Pulse, Tilt Capital, HV Capital, etc.)	Online/ virtual	Cleantech and healthtech solutions	N/A	10 INVESTEU Portal founders addressed topics such as fundraising, valuation, setting up a proof of market or scaling up a business	N/A
InvestEU Roadshow event (Spain)	04 May 2023/ Spain	EIB, DG ECFIN	Policymakers, start-ups, investors	Presentations	Physical attendance	N/A	N/A	Promotion of INVESTEU Portal	N/A
Brussels Economic Forum	04 May 2023/ Belgium	DG ECFIN	Policymakers, academics, civil society and business leaders	Presentations, discussions	Physical attendance	Europe's current and future economic challenges	1,000+	N/A	N/A
EBAN Congress 2023	24 – 26 May 2023/ Greece	EBAN, InvestEU Portal	Business leaders, early-stage investors, business angels, VCs, entrepreneurs,	Pitching sessions, keynote speeches, panel discussions, breakout	Physical attendance	N/A	300+	38 Portal projects had the opportunity to pitch in front of	~ EUR 30,000 (Commission expenses)

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
			accelerators, seed funds and start-ups	sessions and round table discussions.				international investors	
EU Finance Days 2023	06 June 2023/ Portugal	DG GROW	Start-ups, SMEs, investors	Seminars and webinars	Physical attendance	EU financial and support programmes	N/A	N/A	N/A
EuroQuity/ InvestEU Portal Women Entrepreneurs E-pitching event	13 June 2023	Euroquity-Bpifrance, INVESTEU Portal	Start-ups, SMEs, investors	E-pitching event	Online/ virtual	Women-entrepreneurship	N/A	5 selected Portal innovative start-ups co-founded or led by brilliant women took part and pitched to top investors	~ EUR 5,000 (EuroQuity expenses)
EuroQuity/ InvestEU Portal Investors Office Hours – Healthtech / Circular Economy	04 July 2023	Euroquity-Bpifrance, INVESTEU Portal	Start-ups, SMEs, investors	Advice/ coaching sessions around fundraising, valuation, setting up a proof of market or scaling up a business.	Online/ virtual	Healthtech / Circular Economy	N/A	10 HealthTech Portal start-ups held one-on-one coaching sessions with European investors	~ EUR 5,000 (EuroQuity expenses)
The Agritech, Food & Beverages startups e-pitch event	27 September 2023	Euroquity-Bpifrance, INVESTEU Portal	Start-ups, SMEs, investors	E-pitch	Online/ virtual	Agritech, Food & Beverages	N/A	N/A	N/A

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
EU Industry Days 2023	04-06 October 2023 / Spain	DG GROW	Industrial leaders, policymakers, SME representatives, start-uppers, researchers, and civil society representatives	Plenary and parallel sessions Matchmaking sessions Exhibitions	Physical attendance	Several topics: green, digital, and resilient transition, EU open strategic autonomy, and the integration of Ukraine into the single market	1,800	N/A	N/A
EU Finance Days 2023	05 October 2023/ Finland	DG GROW	Start-ups, SMEs, investors	Seminars and webinars	Physical attendance	EU financial and support programmes	N/A	N/A	N/A
European Angel Investment Summit (EAIS 2023)	10 – 11 October 2023/ Belgium	EBAN, INVESTEU Portal	Start-ups, SMEs, policymakers, VCs, angel investors, banks	Keynotes, training workshops, dedicated INVESTEU workshop, networking and pitching sessions	Physical attendance	Multiple	100+	Pitching opportunities for 25 selected Portal innovative start-ups	~ EUR 30,000 (Commission expenses)
InvestEU Portal/EuroQuity Investors Office Hours	08 November 2023	Euroquity-Bpifrance, INVESTEU Portal	Start-ups, SMEs, investors	Advice/ coaching sessions around fundraising, valuation, setting up a proof of market or scaling up a business	Physical attendance	ClimateTech Solutions	N/A	10 ClimateTech Portal start-ups held one-on-one coaching sessions with European investors	~ EUR 5,000 (EuroQuity expenses)

Event name	Date/ location	Organiser(s)	Target audience(s)	Format	Mode of delivery	Theme/ focus	Attendance numbers	Outcome	Cost/ allocated budget
Websummit 2023	13 - 16 November 2023/ Portugal	DG ECFIN	Industry leaders, start-ups, SMEs, investors, policymakers, banks	N/A	Physical attendance	N/A	70,000+	N/A	N/A

7 Assessment of costs and benefits

7.1 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 program like InvestEU for several reasons, including:

- **Many of the intended benefits of the InvestEU programme are intangible and cannot be monetised, let alone quantified**. 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 key 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, 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, **the annex provides a partial assessment of the costs and benefits of the programme**. Future evaluations should consider approaches such as Value for Money (VfM)/ Value for Investment (VfI) which are built upon the 5Es framework: equity, economy, effectiveness, cost-effectiveness, and efficiency. These approaches offer a more comprehensive and nuanced evaluation of the overall value created by a programme relative to resources used, capturing both quantitative and qualitative aspects.

7.2 The costs of the InvestEU Programme at EU level

7.2.1 Cost to the EU budget

7.2.1.1 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 22. Consumption of the EU guarantee as of 31 December 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**

Source: DG ECFIN. 2023 data includes Q4 2023 claims which were paid in 2024.

Table 23. Consumption of the EU guarantee as of 31 December 2023 by IP, 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

IP	2022 (EUR)	2023(EUR)	Total
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**

Source: DG ECFIN. 2023 data includes Q4 2023 claims which were paid in 2024.

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[123]. Inflows include remuneration of the EU guarantee by the implementing partners and recovery proceeds.

Budgetary guarantees create contingent liabilities for the EU. These are potential financial liabilities of the EU, which stem from guarantee commitments[124]; 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[125]. Contingent liabilities arising from budgetary guarantees are partially provisioned (40% incase 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

7.2.1.2 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 evaluation team does not have a complete picture of the actual consumption of this budget.

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 only until November 2023.

Table 24. Advisory Hub costs incurred during 2023, EUR

	Bpifrance *	EBRD	EIB	CDC**	CDP	CEB	CINEA	Total

[123] 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"

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

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

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

*Source: compiled from unstructured technical reports submitted by APs. *Bpifrance data are for 2022. **CDC data are until Nov 2023*
AP contribution not applicable for EIB and CINEA.

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

Table 25. Budget for Portal to communication activities, 2021-2023, EUR

Year	Commitments (EUR thousand)	No of operations
2021	90,627	7
2022	108,500	3
2023	75,000	3
Total	**274,127**	**13**

Source: DG ECFIN

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

- Costs associated with running the Investment Committee (cost of running the independent secretariat as well as costs related to fees and reimbursement of expenses of Investment Committee members)
- Cost of the Technical Assessment Unit (TAU)
- Cost of developing and implementing InvestEU Management Information System (MIS). These include IT development costs, maintenance costs and costs 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 26. 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

7.2.2 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, PRD)
- Managing in-house the Hub central entry point and Portal activities
- Other tasks such as development of MIS, running the IC secretariat, communication etc.

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).

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*

7.2.3 The costs of the InvestEU Programme: implementing/ advisory partners

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.

7.2.4 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.
- 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.
- 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.

7.2.4.1 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.

7.2.4.2 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.

7.2.5 Administrative costs and burden for final recipients (Fund and Advisory Hub)

A project promoter survey (InvestEU Fund – direct operations) was carried out (see Annex 5). Of the proposed aspects of the Implementing Partner’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 Member States, 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.

7.3 Benefits of the InvestEU Programme

7.3.1 Benefits of the Fund

The benefits reported until 2023 are summarized below.

7.3.1.1 Financing approved and signed

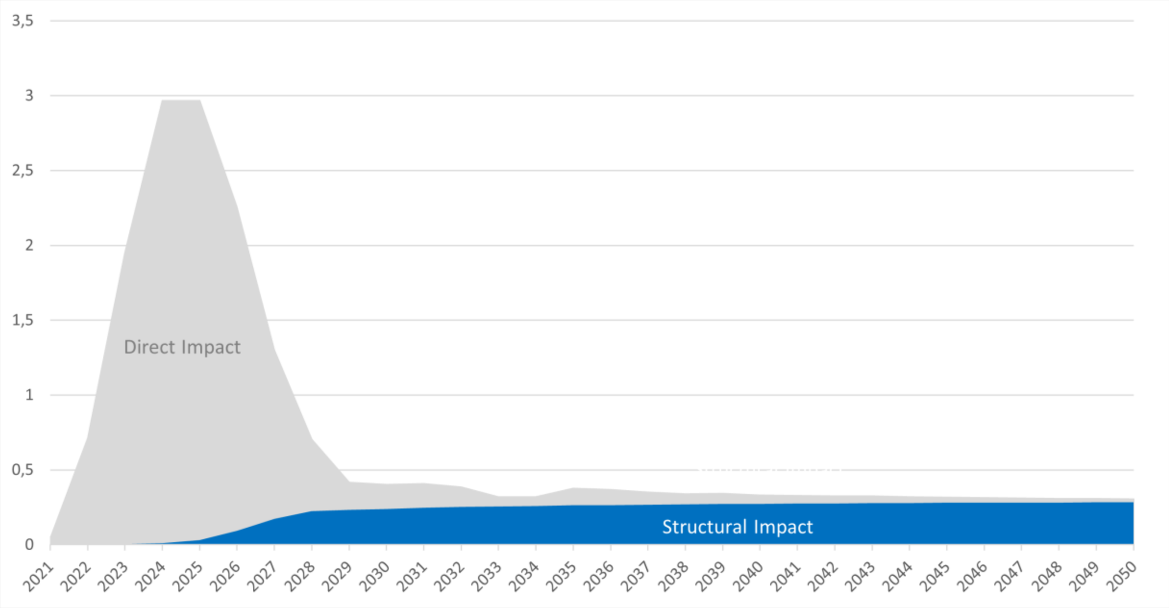
EUR 42.3 billion of InvestEU guaranteed operations have been approved. Of these, signed operations accounted for EUR 19.2 billion of financing, while EUR 23 billion were still in the pre-contracting stage.

7.3.1.2 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, 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 bn. Figure 8 and Figure 9 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 was estimated through EIB-

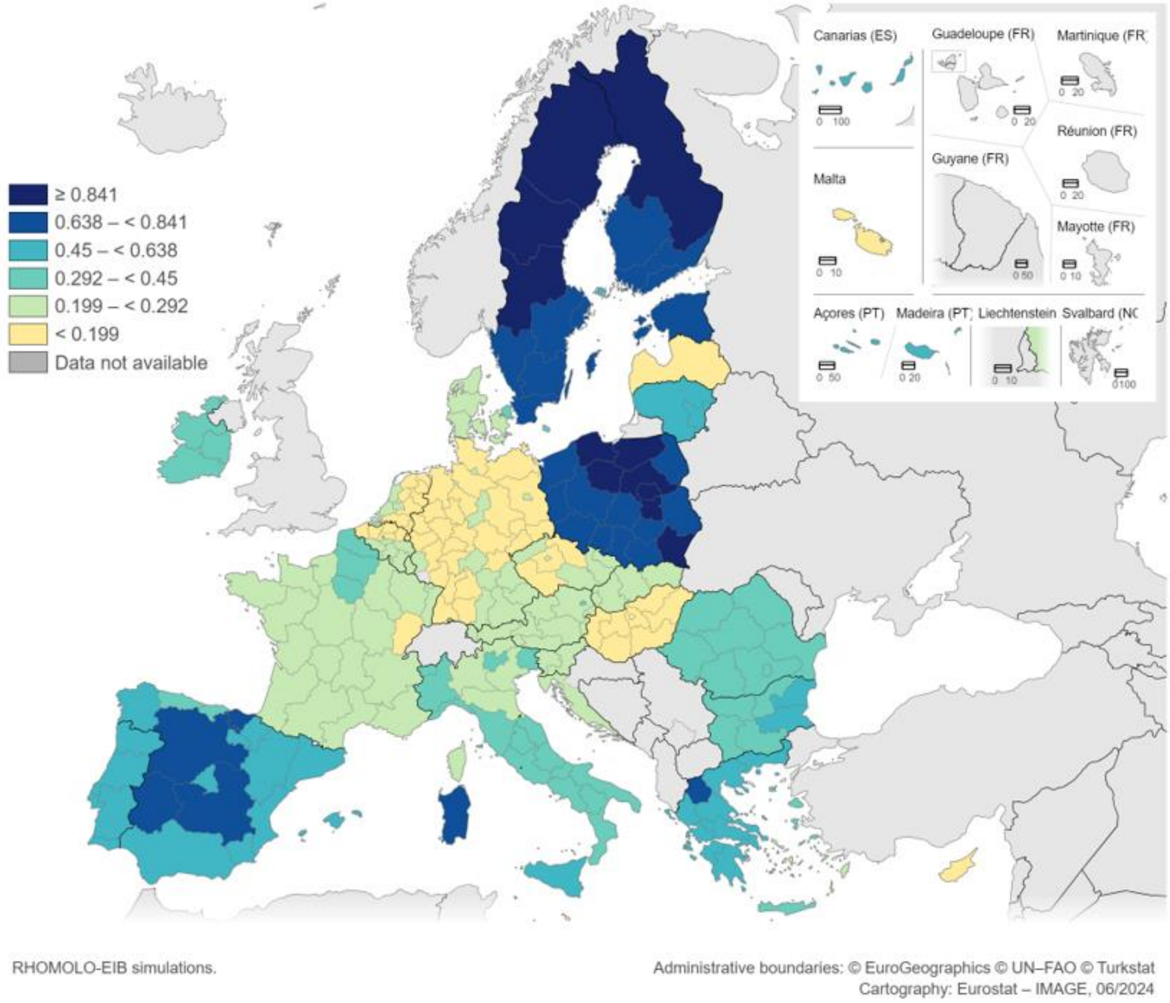
JRC RHOMOLO model. Two main channels were taken into consideration: a shorter-term investment effect and a longer-term structural and competitiveness effect

Figure 8. Investment mobilised (% change over baseline), based on approvals



Source: EIB-JRC analysis

Figure 9. Geographical distribution of investment mobilised (% change over baseline), based on approvals



Source: EIB-JRC analysis

7.3.1.3 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.

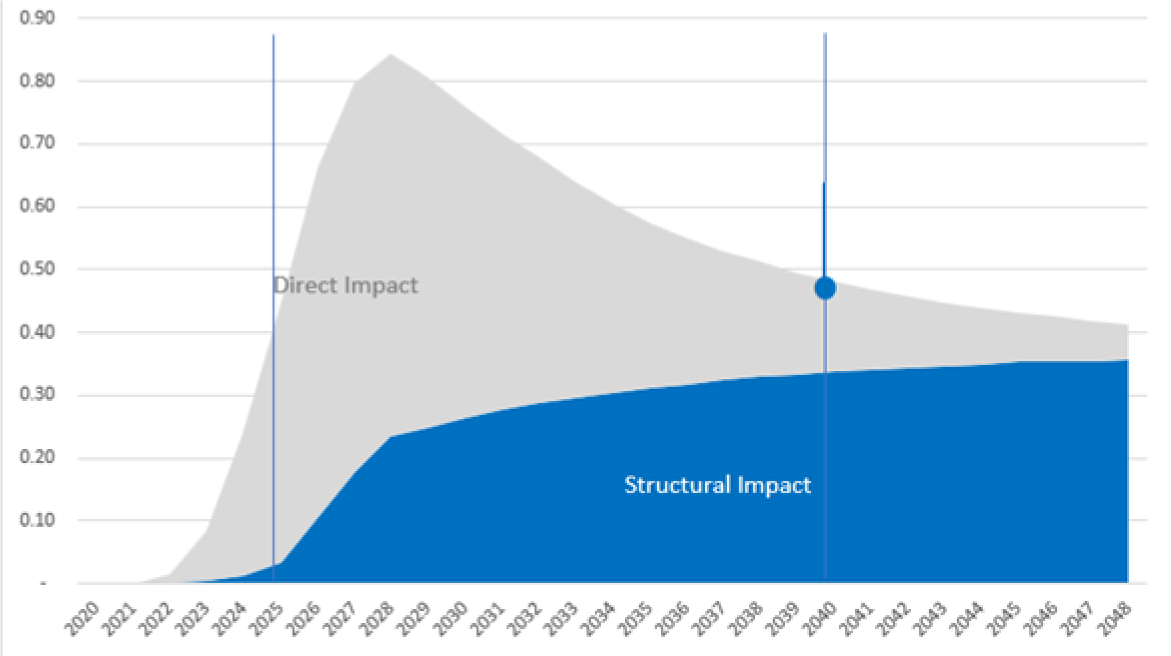
- 104 projects have received financing.
- 5,997 businesses have received guaranteed loans (EIF)
- 25,070 microfinance recipients (EIF and CEB)
- 957 social enterprises supported (EIF and CEB)
- 692 startups and companies received funding from InvestEU-backed equity funds (EIF and CDPE).

7.3.1.4 Impact on GDP and jobs

As estimated with the RHOMOLO model, the 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 10 and Figure 11Figure 11 show the estimated trend and geographical distribution of GDP, as percentage change over the baseline, based on approved operations. Similarly,

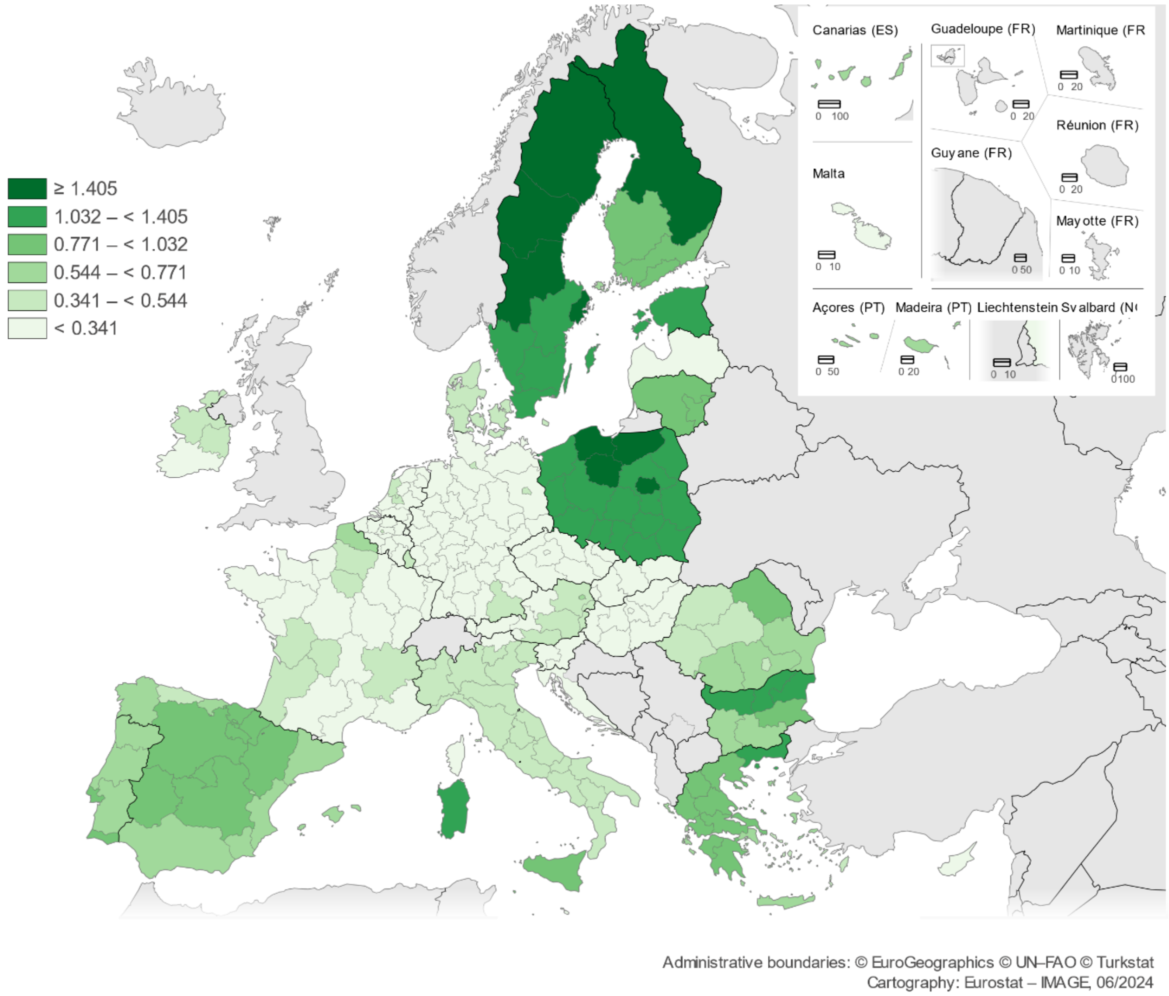
Figure 12 and Figure 13 illustrate the estimated trend and geographical distribution of jobs created, in thousands over the baseline, based on approved operations.

Figure 10. GDP (% change over baseline), based on approvals



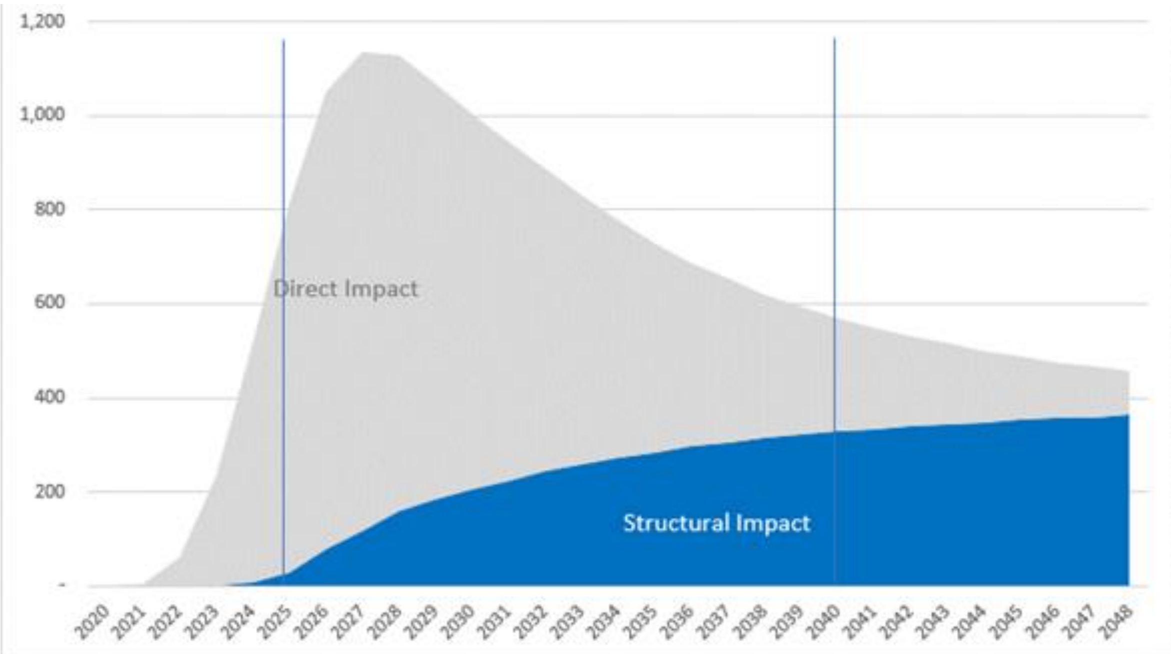
Source: EIB-JRC analysis

Figure 11. Geographical distribution of GDP (% change over baseline), based on approvals



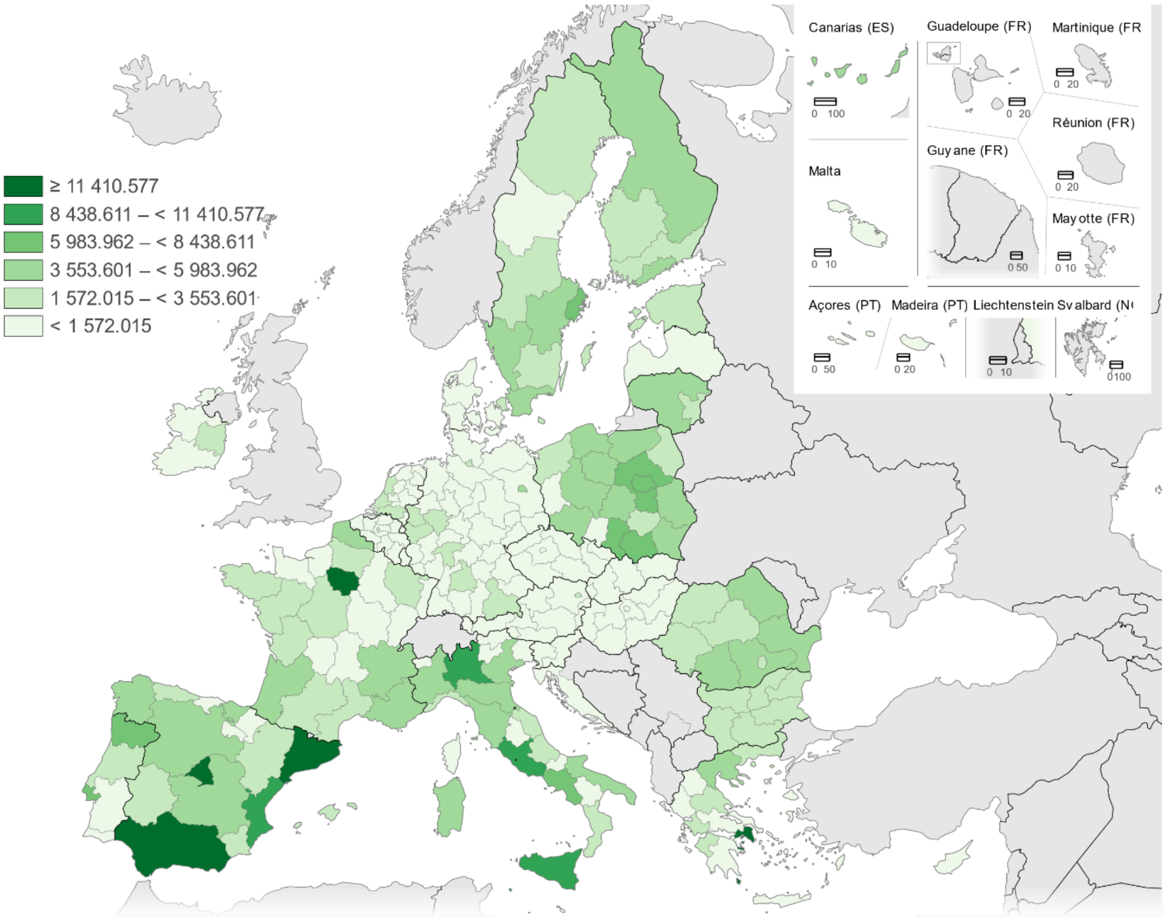
Source: EIB-JRC analysis

Figure 12. Jobs (thousands over baseline), based on approvals



Source: EIB-JRC analysis

Figure 13. Geographical distribution of jobs (thousands over baseline), based on approvals



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

7.3.1.5 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 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 6 examines the contribution of the Programme to the EU's green transition in further detail.

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

- **Investment supporting digitisation (reported by EIB, EIF, CDPE)**
  - Amount: EUR 6.6 billion (signed volumes)
  - Share of total investment: 34% of total signed volume
- **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
- **Innovation and digitisation guarantee (EIF)**
  - Number of enterprises receiving financing = 1,166
  - Number of individuals receiving financing = 12
- **Equity (EIF and CDPE)**
  - Number of companies receiving investment from InvestEU backed funds = 269
  - Amount of investment received = EUR 551 million
- **Advisory hub assignments contributing to digitalisation (Bpifrance, CDP, EBRD and EIB)**
  - Number = 228
  - Share = 23.6% of assignments

- **Investment supporting digitisation (reported by EIB, EIF, CDPE)**
  - Amount: EUR 6.6 billion (signed volumes)
  - Share of total investment: 34% of total signed volume
- **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
- **Innovation and digitisation guarantee (EIF)**
  - Number of enterprises receiving financing = 1,166
  - Number of individuals receiving financing = 12
- **Equity (EIF and CDPE)**
  - Number of companies receiving investment from InvestEU backed funds = 269
  - Amount of investment received = EUR 551 million
- **Advisory hub assignments contributing to digitalisation (Bpifrance, CDP, EBRD and EIB)**
  - Number = 228
  - Share = 23.6% of assignments

Case study 7 examines the contribution of the Programme to the EU's digital transformation in further detail.

7.3.1.6 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 implementing partners, InvestEU facilitates investments that might otherwise be deemed too risky. (See the section 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: 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.

7.3.2 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 summarized 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.

7.3.3 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 summarized 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.

7.4 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 at this stage due the early stage of the implementation of the Programme as well as non-availability of data.

	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 and financial instruments through their partial provisioning and higher multiplier effect (as compared to grants) 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	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

	Costs	Benefits
	entrants to the Programme – expected to decline over time	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 complexity	*Benefits as of end 2023* **Financing of projects and businesses:** 104 projects have received financing. 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)**

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