September 24th, 2025

Towards an evidence-based and efficient design of climate and competitive investments in the next MFF



15:30 to 17:00 CET / Spinelli Building

European Parliament


Peter Sweatman, CEO

Adriana Rodríguez, Public Finance Analyst

CLIMATE STRATEGY & PARTNERS

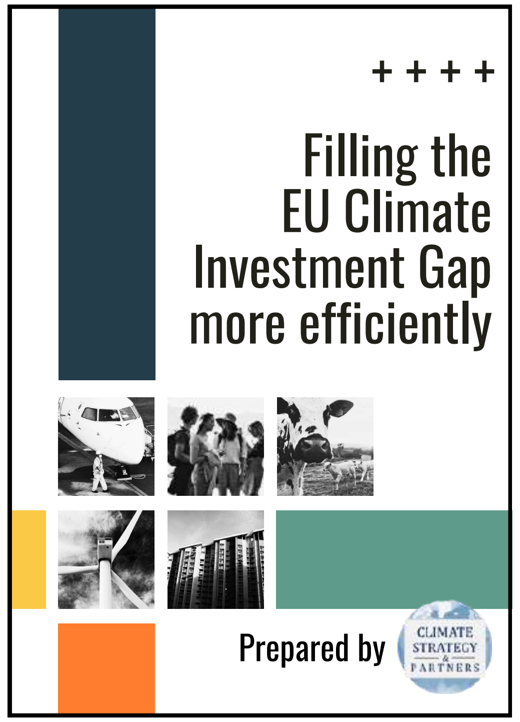
Climate Strategy & Partners

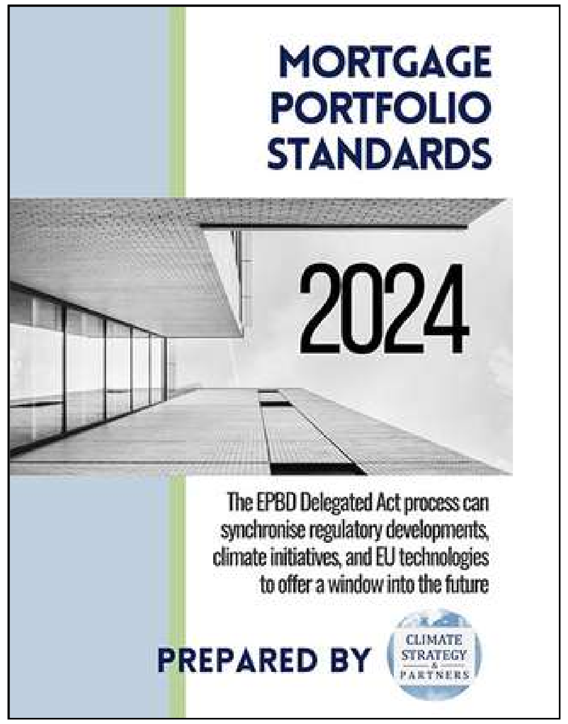
33 years of experience advising **companies, banks, and governments** across the world on accelerating the economic transition to a net-zero emissions economy.

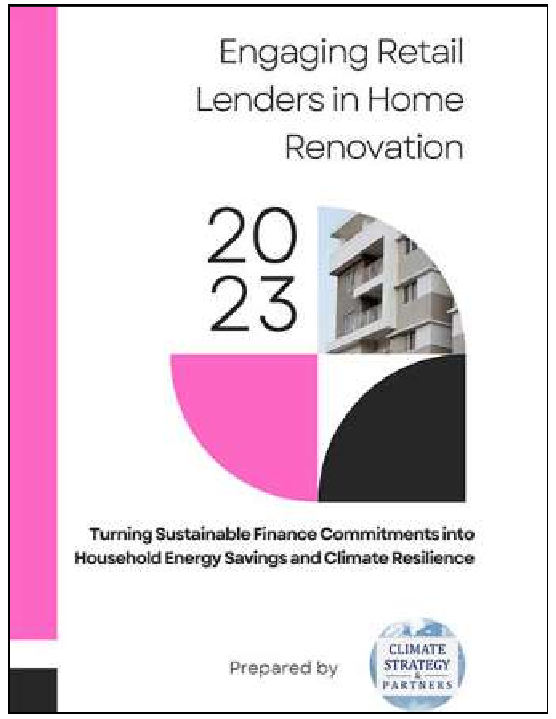
Peter Sweatman, Executive Director: 33 years of outstanding experience in finance and climate strategy with key positions at:

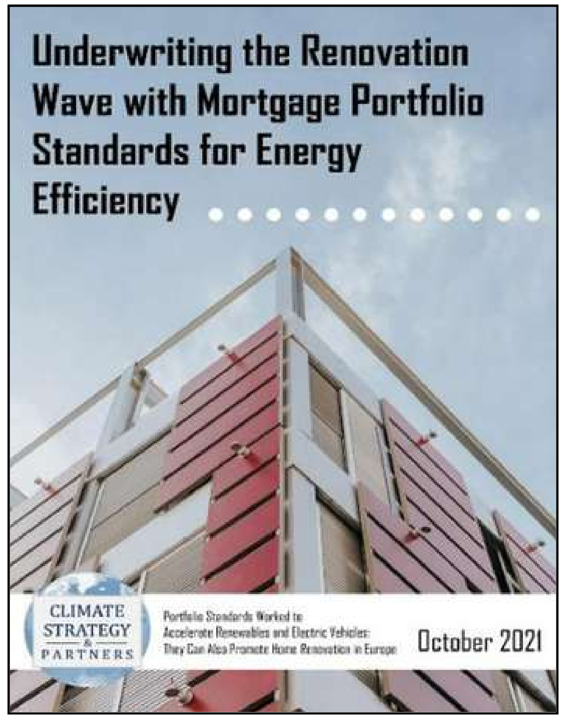
- JP Morgan
- Climate Change Capital
- G20 EEFTG and EEFIG rapporteur
- Energy Efficiency Capital Advisors

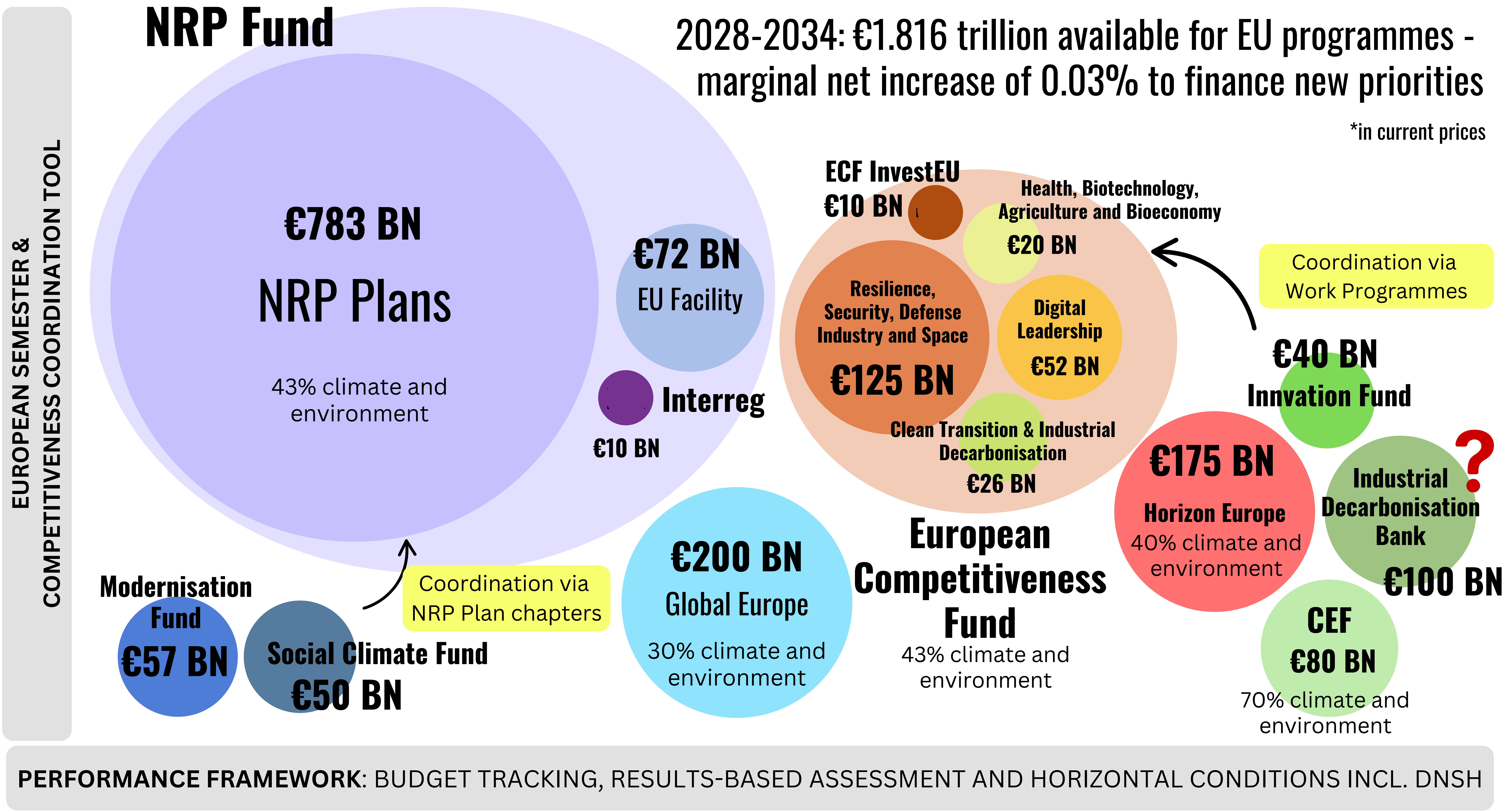
Recent CS publications:



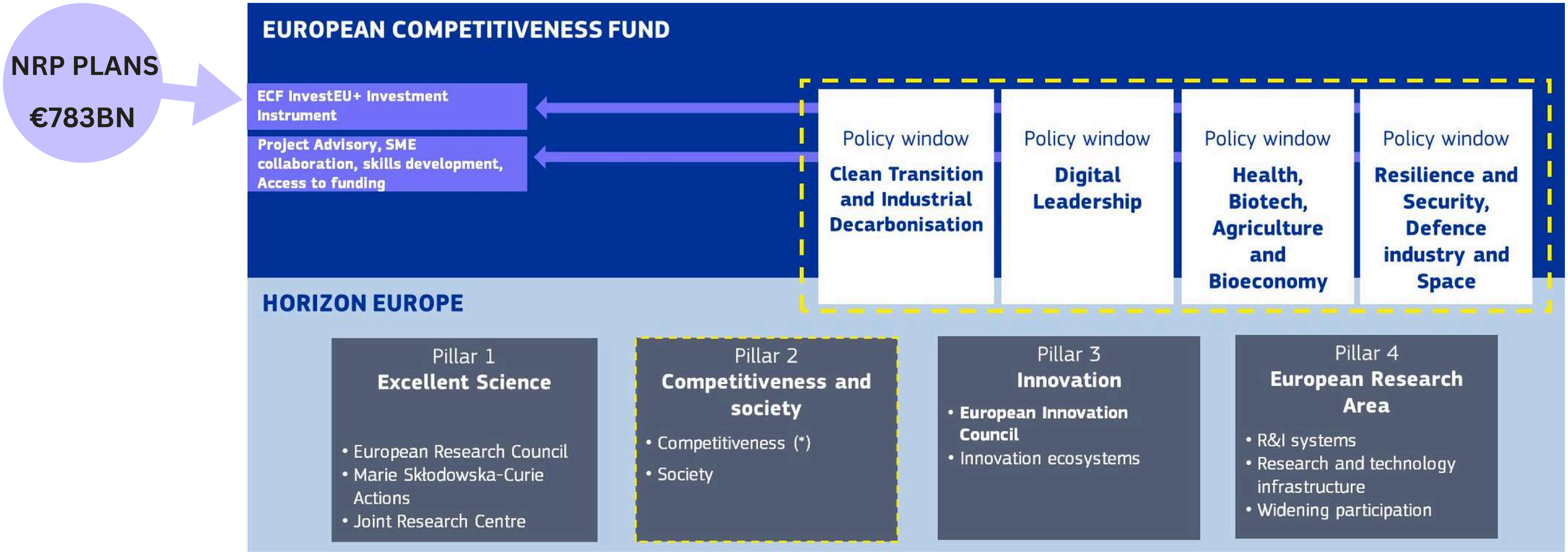







NRP Fund
2028-2034: €1.816 trillion available for EU programmes - marginal net increase of 0.03% to finance new priorities
*in current prices
EUROPEAN SEMESTER & COMPETITIVENESS COORDINATION TOOL
€783 BN
NRP Plans
43% climate and environment
€72 BN
EU Facility
Interreg
€10 BN
ECF InvestEU
€10 BN
Health, Biotechnology, Agriculture and Bioeconomy
€20 BN
Resilience, Security, Defense Industry and Space
€125 BN
Digital Leadership
€52 BN
Clean Transition & Industrial Decarbonisation
€26 BN
Coordination via Work Programmes
€40 BN
Innvation Fund
€175 BN
Horizon Europe
40% climate and environment
Industrial Decarbonisation Bank
?
€100 BN
CEF
€80 BN
70% climate and environment
European Competitiveness Fund
43% climate and environment
€200 BN
Global Europe
30% climate and environment
Coordination via NRP Plan chapters
Modernisation Fund
€57 BN
Social Climate Fund
€50 BN
PERFORMANCE FRAMEWORK: BUDGET TRACKING, RESULTS-BASED ASSESSMENT AND HORIZONTAL CONDITIONS INCL. DNSH

ECF InvestEU becomes the "horizontal delivery tool" of Union Policies, also in support of Member States' investments for decarbonisation



- ECF InvestEU Minimum budget of **€17bn**, maximum of **€70 bn.**
- ECF Work Programmes will contribute to increase the minimum earmark.
- **NRP Plans also stand as an essential resource via the Member State compartment.**

EU Financial Instruments as a Service (FIaaS) for Member States to deliver asset-tied financing

*An opportunity to **increase the size of equity and guarantee schemes** for cleantech and to **offer low-cost retail financing instruments** for the transition of SMEs, households and farmers*

HIGHER LEVERAGE

11.4x average (lower or higher depending on the risk associated to the asset)

EU-LEVEL HARMONISATION

Coordinated design and disbursement acrosss the EU and for end-beneficiaries

LOCALLY TAILORED

Member State can propose size, scope of operations, and implementing partners - approved by Commission

ADMINISTRATIVE SIMPLICIY

Design and management of reporting and monitoring led by the Commission

STREAMLINED DELIVERY

Retail-level distribution through national financial partners

TO AVOID INEFFICIENCIES OF THE PAST AND ENSURE MEMBER STATE DEMAND

- Enabling **local empowerment** and local channels to enhance national control and visibility.
- Ensure **aligned timings** with national investment planning processes.
- Excluding the impact of contributions to the EU FIaaS from the **national debt calculus.**

SG REFORM can support Member States in activating EU FIaaS and implementing the necessary institutional reforms

Four building blocks to drive a strategic and efficient design of climate and competitiveness investments in the next EU Budget 2028-2034

EVIDENCE-BASED

An evidence-based governance **led by experts and independent input with sectoral pathways and investment gaps** guiding **science-based** Work Programmes under the ECF

SUPPLY CHAIN

A supply-chain perspective in ECF Work Programmes with **granular identification of priority end-beneficiaries and financial instruments** that encourages innovation and scale-up of clean technologies, their market uptake and massive deployment

EFFICIENCY-FIRST

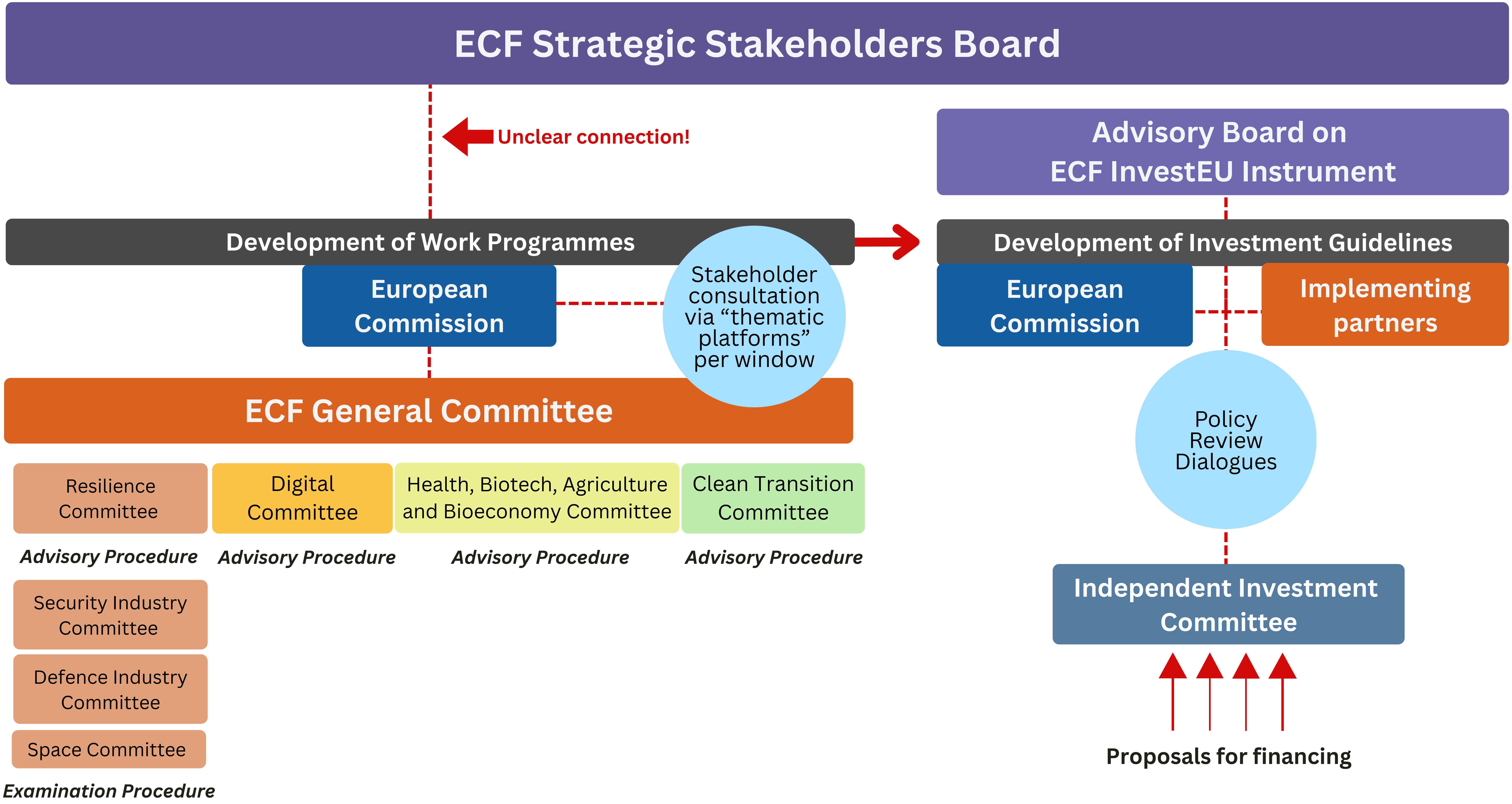
An efficiency-first approach integrated into NRP Plans with stronger **connectivity with the ECF InvestEU via EU FIaaS and with granular financial assessments** to maximise national investment capacity

SIMPLE DELIVERY

Simplified and streamlined delivery of EU financing to end-beneficiaries with the **EIB Group as the Climate Lead and competitive retail channels** to gain capillarity into SMEs, households and farmers

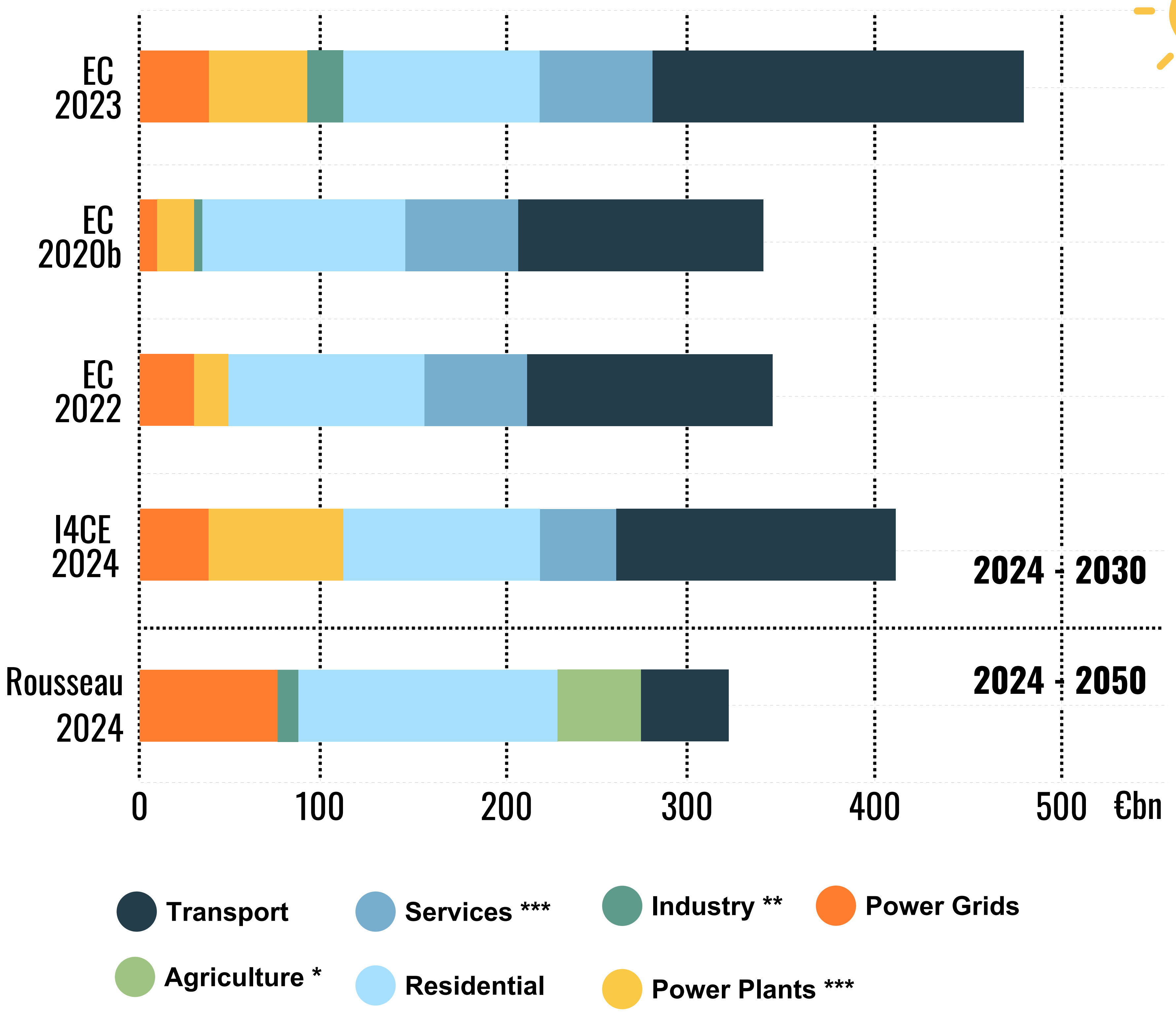
Our premise: within a limited public budget, grants are the most valuable currency and should not be used where ***financial instruments*** *are a better fit.*

EVIDENCE-BASED ECF WORK PROGRAMMES



ECF Strategic Stakeholders Board
Unclear connection!
Advisory Board on ECF InvestEU Instrument
Development of Work Programmes
Development of Investment Guidelines
European Commission
Stakeholder consultation via “thematic platforms” per window
European Commission
Implementing partners
ECF General Committee
Policy Review Dialogues
Resilience Committee
Digital Committee
Health, Biotech, Agriculture and Bioeconomy Committee
Clean Transition Committee
Advisory Procedure
Advisory Procedure
Advisory Procedure
Advisory Procedure
Security Industry Committee
Defence Industry Committee
Space Committee
Examination Procedure
Independent Investment Committee
Proposals for financing

Science-based Work Programmes to maximise competitiveness and decarbonisation outcomes



* Rousseau also looks at 2024-2030 investments, including agriculture. Same average applies.

**I4CE doesn't assess industry

*** Rousseau joins assessments on Services/Residential and Power Plants/ Grids

Competitive sustainability delivered across sectors for SMEs, farmers and European families

- **Industrial investments only represent 5%** of the total investment gap to reach net zero by 2050 (around €16 billion annually), of which around 70% is expected to come from private finance.

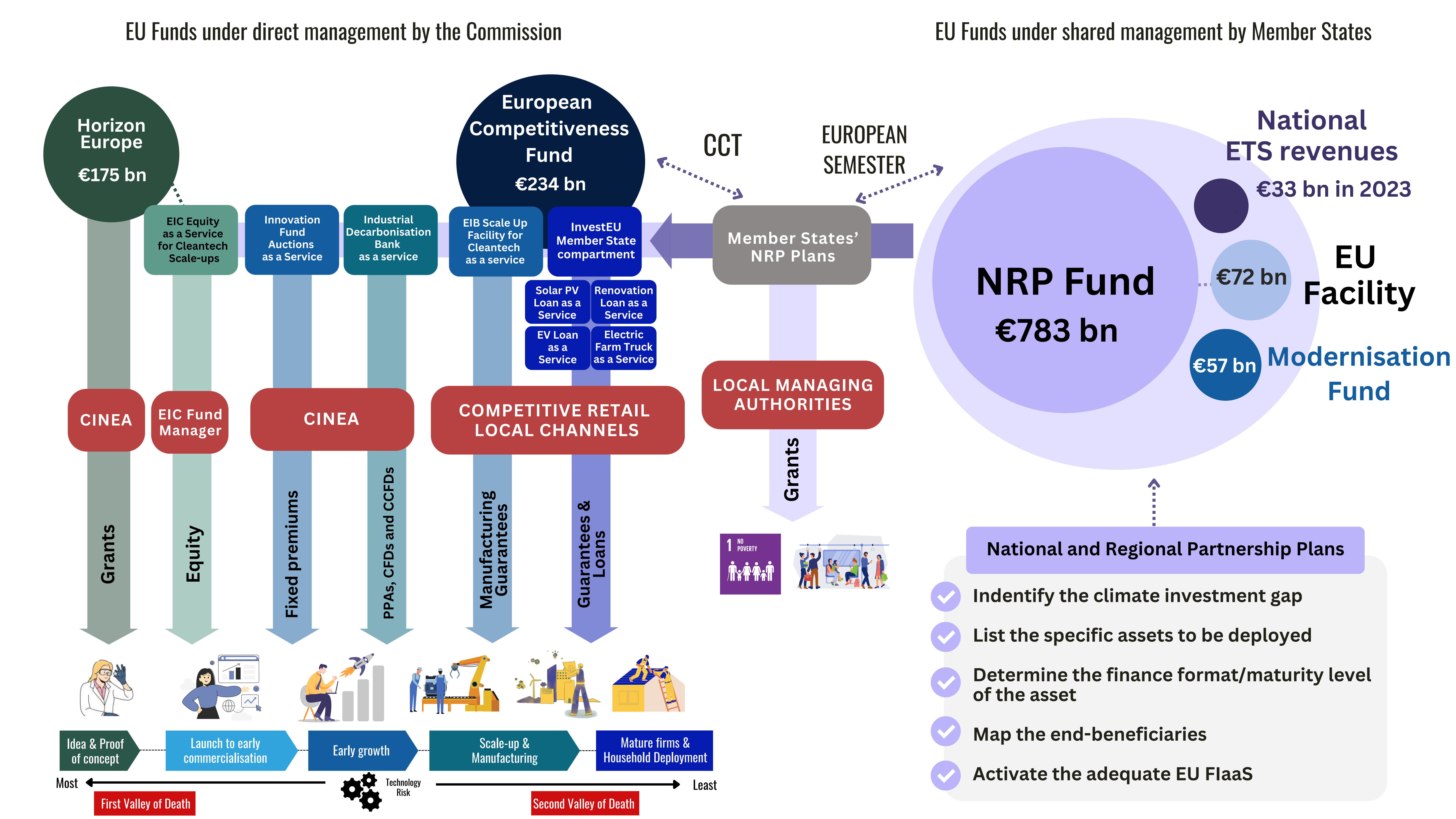
- **Demand side is 77%** of the gap. Clean industrial competitiveness **leading market demand** by supporting cleantech deployment in the **real economy** via business actors and households.

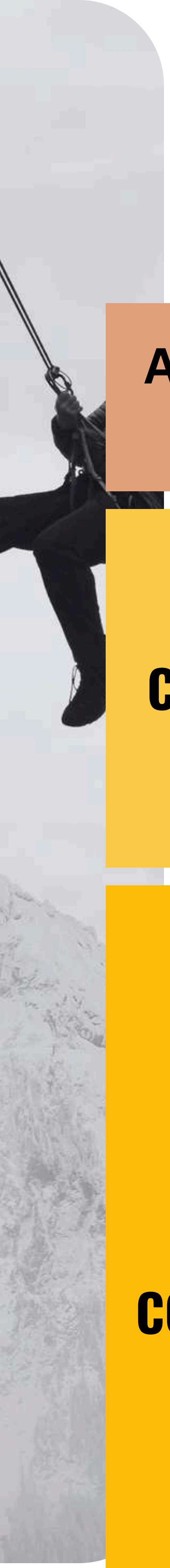
- The **tools**: NECPs, sectoral strategies, EU Taxonomy, Investment Gap Assessments

Recommendations for evidence-based Work Programmes to ensure good allocation of scarce EU resources

EXPERT-LED	**Independent experts and stakeholders in the ECF Stakeholder Board**, which should provide meaningful input for the development of Work Programmes
	Robust mechanisms for **experts and stakeholder thematic platforms** integrated in the committee procedures
	ECF InvestEU **investment guidelines to steer the design of asset-specific EU FIaaS**
	To **coordinate with HEU, SET Plan groups** can have an extended and more prominent advisory role
SCIENCE-BASED	ECF WP to reflect how **competitiveness manifests for smaller businesses and households**
	ECF WP anchored in **science-based pathways and investment gaps for sectoral decarbonisation**
	Science-based sectoral assessments should **build on existing EU and national tools**

SUPPLY CHAIN APPROACH TO FINANCIAL INSTRUMENTS


EU Funds under direct management by the Commission
EU Funds under shared management by Member States
Horizon Europe
€175 bn
European Competitiveness Fund
€234 bn
CCT
EUROPEAN SEMESTER
National ETS revenues
€33 bn in 2023
EU Facility
€72 bn
NRP Fund
€783 bn
€57 bn
Modernisation Fund
EIC Equity as a Service for Cleantech Scale-ups
Innovation Fund Auctions as a Service
Industrial Decarbonisation Bank as a service
EIB Scale Up Facility for Cleantech as a service
InvestEU Member State compartment
Member States' NRP Plans
Solar PV Loan as a Service
Renovation Loan as a Service
EV Loan as a Service
Electric Farm Truck as a Service
CINEA
EIC Fund Manager
CINEA
COMPETITIVE RETAIL LOCAL CHANNELS
LOCAL MANAGING AUTHORITIES
Grants
Equity
Fixed premiums
PPAs, CFDs and CCFDs
Manufacturing Guarantees
Guarantees & Loans
Grants
1 NO POVERTY
National and Regional Partnership Plans
Indentify the climate investment gap
List the specific assets to be deployed
Determine the finance format/maturity level of the asset
Map the end-beneficiaries
Activate the adequate EU FIaaS
Idea & Proof of concept
Launch to early commercialisation
Early growth
Scale-up & Manufacturing
Mature firms & Household Deployment
Most
Technology Risk
Least
First Valley of Death
Second Valley of Death



Recommendations for strategic choices of financial instruments and end-beneficiaries

A horizontal "efficiency-first" principle in ECF WP to ensure that grants are reserved for priorities that need them most, and drive a more targeted use of financial instruments

CLEANTECH	**Earmark part of the €26 billion of the CT window for an ambitious cleantech guarantee facility** to complement the Scale Up Facility and include **output-based instruments.**
	"As-a-service" compartments in the Scale Up Facility and the EIC to pool in national contributions.
END-CONSUMERS	Further **develop the focus on the demand-side** and end-consumers in the ECF, including a **specific mention to households.**
	Offer **low-cost, asset-specific, retail financial instruments "as-a-service"** for European SMEs, households, and farmers
	An **EU Renovation Loan as a Service** with a set-aside guarantee of **€1-3 billion under ECF InvestEU**
	The option to include **EU preference criteria in retail EU FIaaS may be considered** to boost the uptake of EU-made cleantech

CONNECTIVITY BETWEEN ECF INVESTEU AND NRP PLANS

Support efficient spending nationally via a Member State compartment in ECF InvestEU

NRP Plans will have to align with the ECF priorities on climate, competitiveness and security, including **cleantech manufacturing and R&I (with a special focus on SMEs) - but also promote a just transition and social investments**.

NRP Plans should also support “**measures, including reforms to further the Savings and Investments Union and foster the development of market-based funding options**”. This is a clear reference to the need to **increase efficiency** in shared management funding via financial instruments. **Historically this has not been the case.**

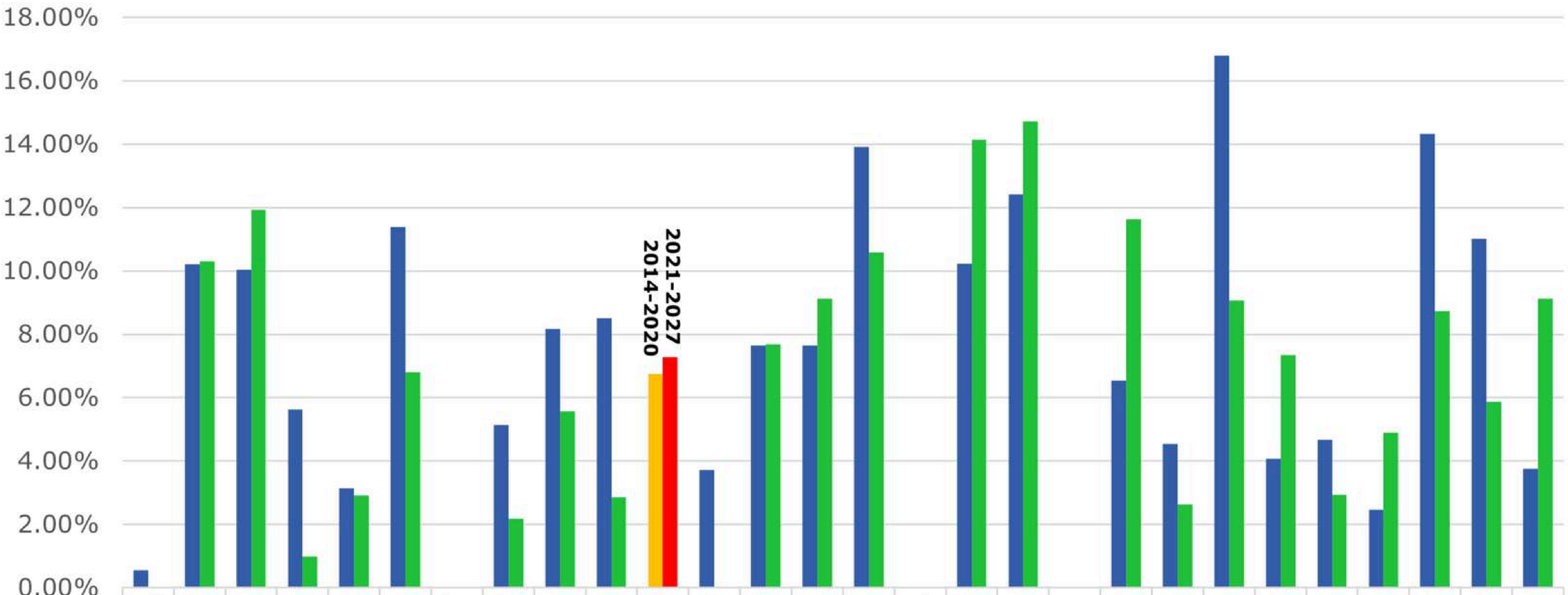
ECF InvestEU
Member State Compartment

- **Activated on-demand** (Cohesion, RRF, CAP, Social Climate Fund, ETS revenues)
- **Member State can decide** on size, scope of operations, and implementing partners - approved by EC
- **Retail-level distribution** through national financial partners
- **EC management** of reporting and monitoring

ERDF and Cohesion Fund allocated to FIs as percent of the ERDF and CF allocated to the Member State (comparison between the 2014-2020 and 2021-2027 periods)

Off-the-shelf financial instruments were created in 2014 (some of them at the EU-level managed by the EIB Group) as a way to support Member States efficiently combine public and private resources.

BUT....



	AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	EU	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK
FI% 14-20	0.5	10.	10.	5.6	3.1	11.	0.0	5.1	8.1	8.5	6.7	3.7	7.6	7.6	13.	0.0	10.	12.	0.0	6.5	4.5	16.	4.0	4.6	2.4	14.	11.	3.7
FI% 21-27	0.0	10.	11.	0.9	2.9	6.8	0.0	2.1	5.5	2.8	7.2	0.0	7.6	9.1	10.	0.0	14.	14.	0.0	11.	2.6	9.0	7.3	2.9	4.9	8.7	5.8	9.1

(European Commission, 2023)

The ECF InvestEU toolbox can deliver the mulplier effect needed in a limited budget

Type of Financial Instrument	Leverage achieved
ERDF/CF Loans (median)	1.3x
ERDF/CF Equity (median)	1.8x
ERDF/CF Guarantees (median)	4.8x
InvestEU budget guarantee (average)	14x
Retail EU FlaaS* (under InvestEU)	20-50x (?)
EU Renovation Loan as a Service* (under InvestEU)	50x (?)

Risk diversification based on a highly granular portfolio

Asset-specific instruments for mature tech with lower default risks

Recommendations for an efficiency-first approach in national investments

EFFICIENCY GOVERNANCE

Mandatory granular financial assessments in NRP Plans, that build on existing NECPs and other sectoral decarbonisation strategies

The **Commission should produce an “efficiency-first” guidance** establishing clear principles for the use of EU public finance in the context of NRP Plans.

The Commission can also offer **guidelines to inform national authorities of the advantages of the ECF InvestEU and EU FIaaS**, identifying best-practices in different countries, and **clarifying the operational links between NRP Plans, the EU Facility, and ECF InvestEU.**

Facilitate access to the Member State compartment to fund **FIaaS for regional and local authorities.**

Integrate an **“efficiency-first” principle in the Performance Regulation.**

SIMPLIFIED DELIVERY WITH LOCAL RETAIL CHANNELS

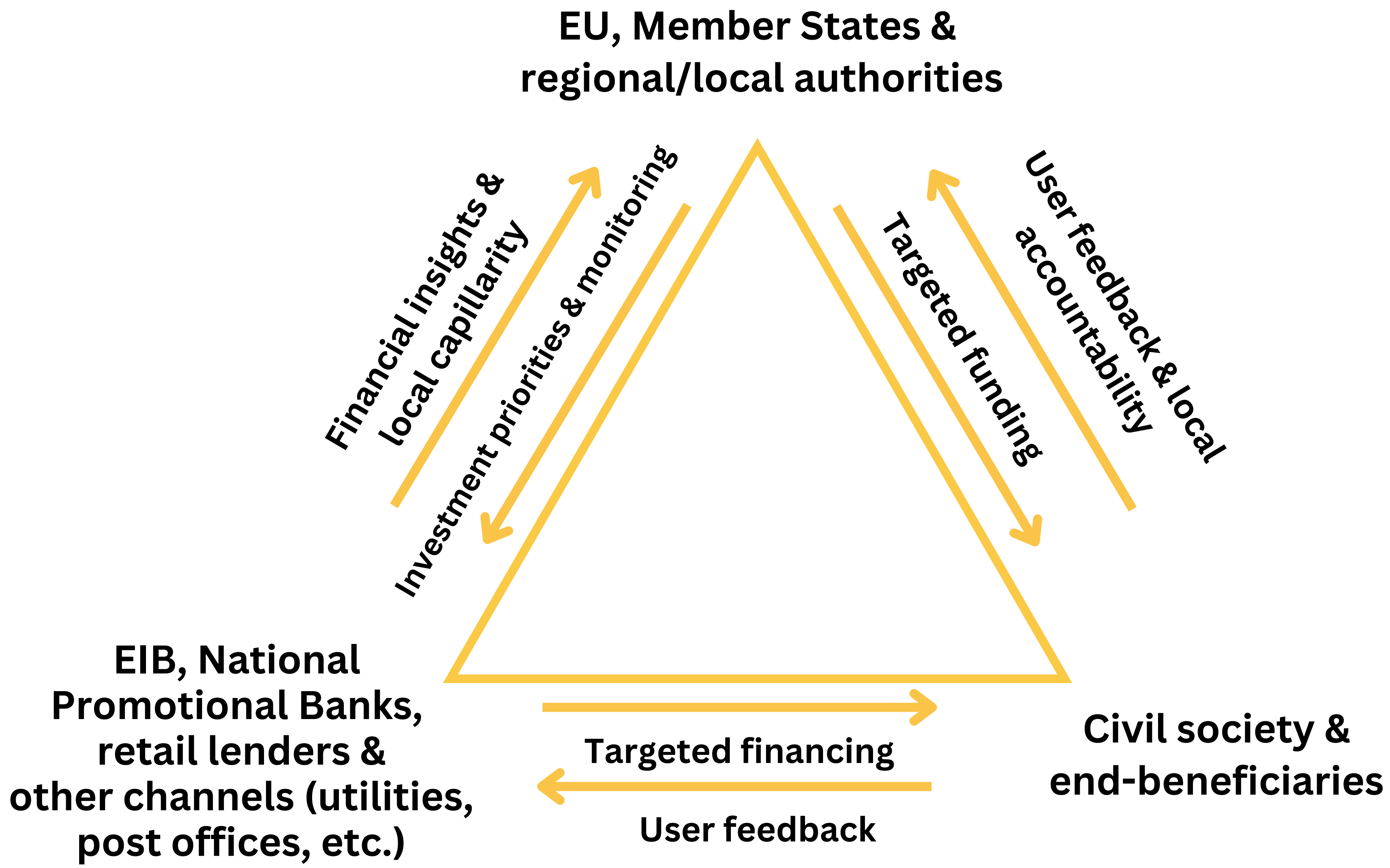
Simplifying the delivery of EU finance with a more proactive approach and greater capillarity

Several business support initiatives relevant for cleantech innovators:

- **Project Advisory services -** potential if it becomes a proactive tool led by EIB and following best practices from US DoE LPO
- **“SME Actions”** - earmarked funding in WP for small innovators and SMes, positive to avoid dominance of large incumbents in accessing EU funding
- **New “single electronic data interchange area”** that will create a single gateway to access EU funding and advisory services

To increase “the access and the **availability of finance for SMEs** including micro-finance and support to social enterprises,” we propose that **local-based capillarity via retail financing channels** provides the necessary scale and knowledge for retail financing **to SMEs and households.**

Bringing all players to the negotiation table of NRP Plans



Recommendations for simplified access and a speedy delivery to EU financing

CLEANTECH	**Proactive mandate for the EIB Group** in the new Project Advisory initiative. This can also be reflected in the updated **EIB Climate Bank Roadmap for 2026-2032.**
	ECF Policy Review Dialogues with implementing partners should have a targeted focus on cleantech and integrate experts, civil society, as well as industrial alliances.
	Earmarking part of the ECF financial envelopes **for cleantech SMEs.**
SMEs. Farmers. Households.	Active engagement under ECF with **national promotional banks and competitive retail channels.** Include **sector-specific, specialised retail channels** and proximity banks (e.g. agricultural banks)
	Involve EIB, NPBs and competitive local retail channels in the **planning and distribution of finance under NRP Plans.**
	Establish **capacity-building initiatives, particularly in lower-income regions or where retail channels and banking networks are weaker. DG ECFIN and SG REFORM** can support Member States in identifying the necessary institutional reforms

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Thanks!

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