



HYDROGEN
EUROPE



Hydrogen in the EU's Economic Recovery Plans

Table of contents

01 Introduction

02 Overview

04 Analysis

05 Strengthened InvestEU programme and the Strategic Investment Facility

09 Recovery and Resilience Facility

14 Recovery Assistance for Cohesion and the Territories of Europe - REACT-EU

16 Reinforced rural development programmes

18 Solvency Support Instrument

20 Key documents

Introduction

On 27 May 2020, the European Commission announced a Recovery Plan for Europe to counter the crisis caused by COVID-19 and to restart the economy. As said by the Commission, **the EU Green Deal is the “EU’s growth strategy”**. To ensure consistency, recovery plans and investments will have to follow “the green oath to ‘do no harm’”. As a first-response package, three ‘safety-nets’ measures worth about €540 billion were already agreed: 1) SURE, a new support mechanism for temporary employment measures for workers, 2) a credit line provided by the European Stability Mechanism for Euro area Member States, and 3) a European Investment Bank loan guarantee for businesses.

The **EU Recovery Plan consists of two instruments** which add up to this first response: the **Next Generation EU fund** and a **revised EU budget**. Worth a total €750 billion and €1.100 billion respectively, both will compose the next Multiannual Financial Framework (MFF), or EU budget, for the period 2021-2027. This brings the total sum to €1.85 trillion, and €2.4 trillion if adding the short-term ‘safety nets’.

Most Next Generation EU’s funding is to come as grants (€500 billion) and the rest (€250 billion) as loans. New income sources are also proposed to finance the instrument. The Commission would, for the first time, levy money on the financial markets via long-maturity bonds and fund itself via new own revenue sources, including earnings from the EU Emission Trading System allowance auctions, and the potential implementation of a Carbon Border Adjustment Mechanism (should differences in environmental standards persist with international partners) and additional EU-wide taxes (from digital to plastics, and more).

Hydrogen is featured as a key sector that should receive support under the recovery plans especially due to its ability to bolster the longer-term objectives of the European Union, such as the EU Green Deal’s targets, climate-neutrality, and the EU’s strategic autonomy. Hydrogen and the hydrogen sector are explicitly mentioned multiple times across the Commission’s set of Communications. Under the current plans put forward, it is set to feature prominently in several of the various schemes.

This report gives an overview of the announced support instruments under Next Generation EU and analyses how it will impact the hydrogen and fuel cell industry.

Overview

These are the EU recovery instruments under the Commission's proposal in a nutshell:

'Safety nets' or 'First-response package': SURE / ESM Pandemic Crisis Support / EIB Guarantee Fund for Workers and Businesses	€540 billion
EU's Recovery Instrument: Next Generation EU (a temporary reinforcement)	€750 billion
EU budget: Multiannual Financial Framework	€1.100 billion
Total	€2.390 billion

Next Generation EU combined with the revised 2021-2027 MFF will give the Union a firepower worth up to €1.8 trillion in order to rekindle the economy and achieve the Union's priorities such as the Green Deal and the digital transition.

Next Generation EU is the European Recovery Instrument, it will be exceptional and temporary, and it addresses the most urgent challenges of the recovery. Amounting to a total of €750 billion, the funds will be raised on financial markets. They will consist of grants and loans, which will be channelled through EU programmes. The funds foreseen under Next Generation EU should be consumed at an accelerated pace, by end of 2024.

As regards the EU budget, **the 2021-2027 MFF is also reoriented to act as an essential tool for the European recovery**. It will amount to €1.100 billion and will be complemented by Next Generation EU and by the above mentioned 'safety nets'. Besides, the Commission proposes to **upgrade the current MFF** for the period 2014-2020, in order to make an extra €11.5 billion available in funding for 2020, through REACT-EU, the Solvency Support Instrument and the European Fund for Sustainable Development.

The instrument articulates in three pillars. They respectively include the creation of new instruments, facilities, and programmes, as well as the reinforcement of pre-existing ones, all aimed at tackling the crisis and supporting the EU's recovery.

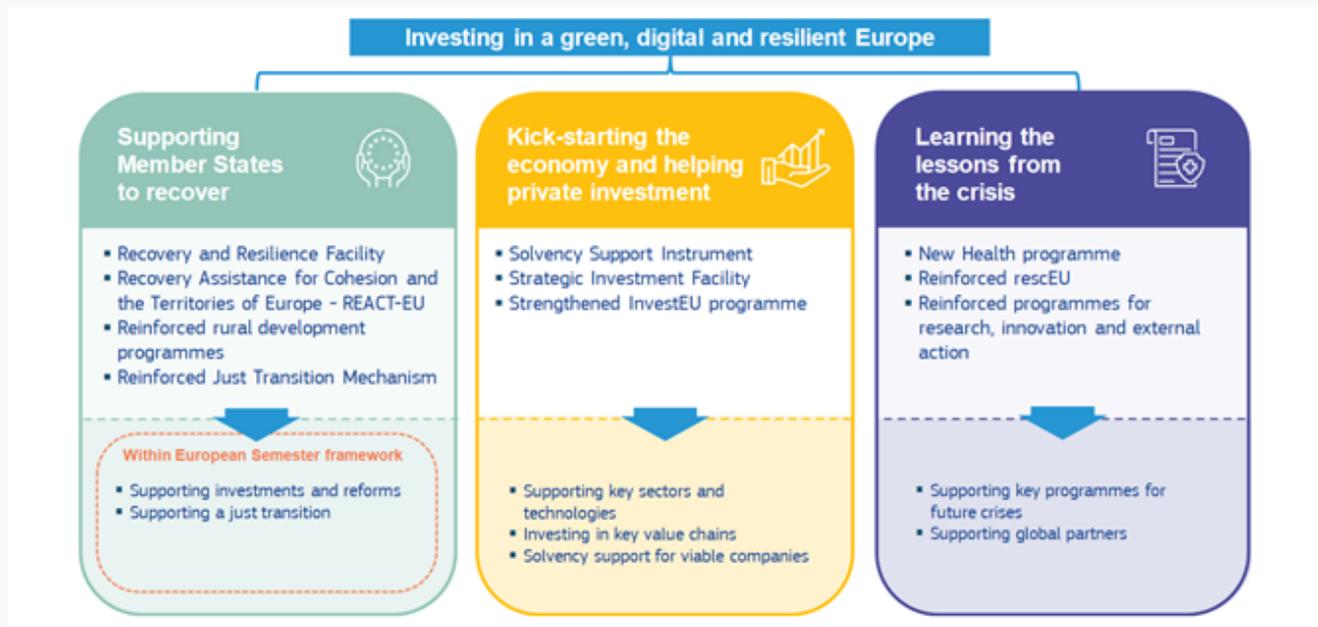


Figure 1: The EU budget powering the Recovery Plan for Europe – Factsheet May 2020. Source: European Commission,

This report will only focus the schemes that are the most relevant for hydrogen, meaning those under the first and second pillars.

Analysis

In the Communication presenting Next Generation EU[1], the Commission affirms the “recovery plan must guide and build a more sustainable, resilient and fairer Europe” and reasserts the need to steer forward “the twin green and digital transition”. In that regard, the Commission emphasized that the EU Green Deal should be the EU’s recovery strategy, whose policy fundamentals highlight the need for **“kick-starting a clean hydrogen economy in Europe”**.

Across the various funding programmes outlined under Next Generation EU, **hydrogen industry could benefit from extra funding support**, especially from a number of instruments such as:

- The Strategic Investment Facility,
- The Recovery and Resilience Facility,
- The reinforced Just Transition Fund, where hydrogen projects would be eligible.

Overall, and especially under the main recovery instrument – the Recovery and Resilience Facility – access to recovery funding is not strictly conditional to the achievement of Green Deal objectives by Member States. Yet, contribution of national recovery plans to green objectives will be part of a wider assessment framework and should follow a “do no harm” guiding principle, aiming to foster a green recovery and the emergence of adapted technologies.

The following instruments provide with most support potential for the hydrogen industry.



[1] https://ec.europa.eu/info/sites/info/files/communication-europe-moment-repair-prepare-next-generation.pdf?utm_source=POLITICO.EU&utm_campaign=957f2935f7-EMAIL_CAMPAGN_2020_05_29_04_14&utm_medium=email&utm_term=0_10959edeb5-957f2935f7-190284245

Strengthened InvestEU programme and the Strategic Investment Facility



Key facts

"InvestEU is the EU's proposed flagship investment programme to kick-start the European economy", building on the 'Juncker Plan' and the European Fund for Strategic Investments (EFSI). The Commission updates its 2018 original InvestEU proposal, it adds a fifth investment window (the 'Strategic European Investment Window' via the new Strategic Investment Facility) and updates the budget of the four others:

InvestEU investment windows	New allocated budget
Sustainable Infrastructure	€20 billion
Research, Innovation and Digitisation	€10 billion
Small and Medium-Sized Companies	€10 billion
Social Investment and Skills	€3.6 billion
Strategic European Investment (Strategic Investment Facility)	€31 billion

InvestEU will focus on economically viable projects addressing market failures and investment gaps that hamper growth and help to reach EU policy goals. Of the four original windows, 'Sustainable Infrastructure' gains the most from the revision as its budget is doubled. This window comprises financing for sustainable transport and energy, supply and processing of raw materials, and the deployment of innovative technologies contributing to EU green objectives. Among others, projects will support the development of renewable energy and of alternative and synthetic fuels from renewable/carbon-neutral sources, energy and transport infrastructure modernisation, transport fleet renewal for cleaner mobility, energy savings, CCU/S, decarbonisation of energy-intensive industries, etc.

The fifth and new window, via the Strategic Investment Facility, will focus on 'Strategic European Investments' by investing in key European value chains crucial for Europe's future resilience and strategic autonomy, in the context of the green and digital transitions and in line with the Union's strategic agenda and new Industrial Strategy for Europe. It will aim at making these value chains stronger by supporting activities in critical infrastructure and technologies. It will “both target specific projects (e.g. supporting large consortia or public-private partnerships aimed at developing a specific technology and building critical infrastructure) and provide diffused financing, for instance by supporting the emergence of whole ecosystems of entrepreneurs active in the targeted sectors”. Eligible companies should “have their registered office in a Member State and they should be active in the Union in the sense that they have substantial activities in terms of staff, manufacturing, research and development or other business activities in the Union”. The aim is to foster “production within the Union or under the control of European investors” and the “scaling-up and deployment of innovative technologies”.

Besides its five investment windows, the InvestEU Fund will also provide a cross-cutting and dedicated scheme to finance just transition plans under the Just Transition Mechanism (cf. specific section).





Value and type of funding

The InvestEU Fund will mobilise public and private investments through a guarantee (i.e. collateral) that will back the investment projects of implementing partners such as the European Investment Bank (EIB) Group and others and will increase their risk-bearing capacity. The fund will provide an EU budgetary guarantee of €75 billion (up from €38 billion), generated by a €30.3-billion budget (up from €15.2 billion). Combined with financial partner's estimated resources, it will aim to stir total investment worth up to €1 trillion (up from €650 billion). The guarantee under InvestEU will have a 45% provisioning rate (up from 40%), meaning that 45% of the EU budgetary guarantee (€34 billion) is set aside in case calls are made on the guarantee, such as in the event of a loan default. The Strategic European Investment Window will have a dedicated EU budgetary guarantee allocation of €31.5 billion, generated by a €15-billion EU budget (under InvestEU's total budget). Combined with financial partner's estimated resources, it will aim to stir a total investment worth up to €150 billion in equity and loans.

It should be noted that InvestEU financing can be blended with grants from other EU programmes.



Implementation method and organisations involved

The InvestEU Fund is managed by the Commission with the support of financial partners for its delivery. An Advisory Board allows the Commission to consult the financial partners and Member States when preparing and designing new financial products, to follow market developments and to share information. Commission staff are responsible for verifying the consistency of the proposed operations with EU law and policies. Finally, an independent Investment Committee, composed of external experts, approves the use of the EU guarantee for financing and investment operations proposed by the implementing partners. As regards the implementing partners, "the EIB Group will implement 75% of the EU guarantee. Other implementing partners include national promotional banks and institutions, as well as international financial institutions such as the European Bank for Reconstruction and Development or the Council of Europe Development Bank." Besides, "the InvestEU Fund will also feature a Member State compartment for each policy area, meaning that Member States may add to the EU guarantee's provisioning by voluntarily channelling up to 5% of their Cohesion Policy Funds to these compartments. Like this, Member States will benefit from the EU guarantee and its high credit rating, giving national and regional investments more firepower."



What's in it for hydrogen?

"The new Strategic Investment Facility will invest in technologies key for the clean energy transition, such as [...] clean hydrogen," announces the Commission. Clean hydrogen, along with storage technologies, sustainable transport technologies and energy infrastructure, is repeatedly highlighted as a part of key strategic sectors: "Investment in key sectors and technologies, from 5G to artificial intelligence and from clean hydrogen to offshore renewable energy, holds the key to Europe's future". The strategic aspect of the facility is to be understood as European control (i.e. by producing in the EU or European ownership) of key value chains and industries (i.e. which the EU should secure for its strategic autonomy). The aim of the instrument is to support the value chains, meaning intervening at the different levels of the industry. This support opportunity is therefore expected to be comprehensive as regards industry player types across hydrogen production, distribution, and end-uses. As for other instruments, the EU Green Deal targets will also be the main support guideline. While the Commission acknowledges clean hydrogen's "enormous potential to get Europe's economy growing", the sector's capacity to contribute to green and strategic EU objectives comforts the industry's chance to benefit from the Facility. Concretely, this instrument belongs to those under the EU Recovery Plan that offer most potential for hydrogen development. The provided guarantee will enable participating stakeholders to profit from improved lending conditions to finance their projects. Support both via targeting specific projects (public-private partnership for key technology is mentioned) or via diffused financing for a targeted sector, are relevant and offer potential for the development of the whole hydrogen industry, across its various stakeholders and applications. In this regard, **"the Clean Hydrogen Strategy and Alliance will steer and coordinate the rapid upscaling of clean hydrogen production and use in Europe,"** plans the Commission. The Strategic Investment Facility will bolster these initiatives further.

Besides the support potential offered by InvestEU's fifth window, hydrogen will also benefit from other parts of the programme and its overall budget increase. Many eligible areas include applications of hydrogen and fuel cell technologies, especially under the first window on Sustainable Infrastructure; from transport (fleet renewal with clean vehicles, alternative fuels infrastructure deployment...) and energy (production of renewable energies and of alternative and clean synthetic fuels, infrastructure modernisation) to industry (decarbonisation of heavy industries) and agriculture (potentially hydrogen-based fertilisers). For example, InvestEU, via its Connecting Europe Facility, will "support the financing of the installation of one million charging points, clean fleet renewals by cities and companies, [and] sustainable transport infrastructure." The opportunities are large and apply broadly across the fuel cell and hydrogen value chain, such as hydrogen in mobility and heavy industries. The provided guarantee will enable participating stakeholders to benefit from bettered lending conditions to finance their projects.

Recovery and Resilience Facility



Key facts

The Recovery and Resilience Facility is a new facility that aims to "support investments and reforms essential to a lasting recovery, to improve the economic and social resilience of Member States, and to support the green and digital transitions". Aid is focused on parts of the EU and sectors that are most affected by the crisis.



Value and type of funding

The facility will fund €310 billion of grants and €250 billion of loans to be paid in instalments, following the fulfilment of milestones and targets. Next Generation EU will finance the €560-billion budget.



Implementing method and organisations involved

EU support will be anchored in national Recovery and Resilience Plans designed by Member States and assessed by the Commission against their contributions to 7 criteria:

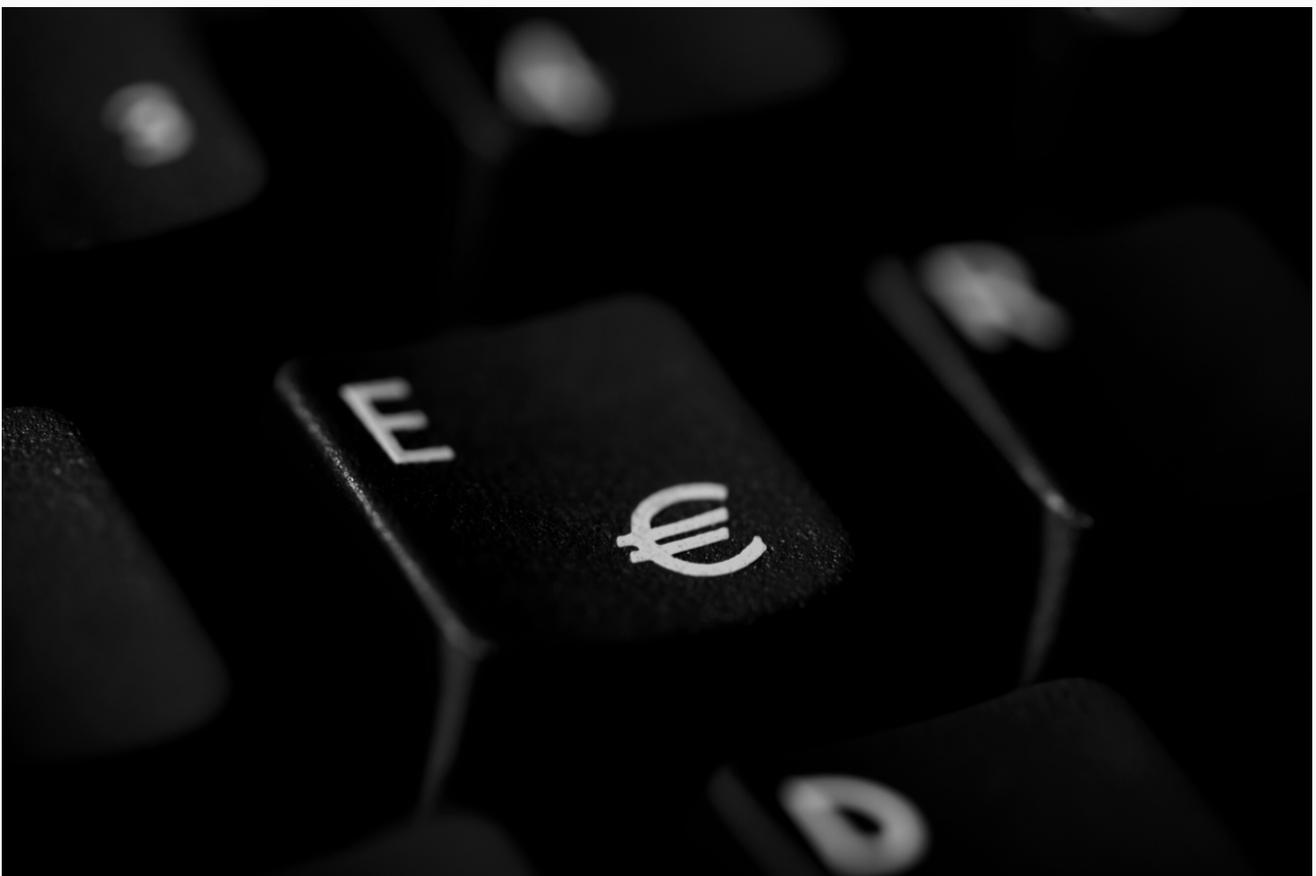
1. Country-specific recommendations adopted by the Commission in the European Semester;
2. The green and digital transitions objectives;
3. Expectation from structural reforms or changes to bring about lasting impacts on the Member State concerned;
4. Growth potential, job potential and socio-economic resilience;
5. Proportionality of the support in the recovery and resilience plans with the expected impact of the crisis on the economy and employment;
6. Coherency between reform implementation and public investment projects; and
7. Adequate arrangements for effective implementation of the plan.

Ratings will range from A to C depending on the assessed contributions ('large', 'moderate' or 'small'). If the assessment criteria are fulfilled, Member States will be able to receive grants with the possibility to complement with loans. Maximum allocation in grants for each EU country will depend on population, GDP per capita and unemployment rate for the 2015-2019 period. Maximum volume of the loan for each Member State can be up to 4.7% of its Gross National Income. Loans can be requested together with the plan, or at a different moment in time accompanied by a revised plan.



What's in it for hydrogen?

The Recovery and Resilience Facility is the main tool of the EU recovery. It is broad by its scope and large by its allocated funding (€560 billion, thereof a majority in the form of grants). Allocations are to be used, among others, to address “the challenges and priorities identified in the European Semester[...], the national energy and climate plans, [and] the just transition plans” and therefore, in a wide range of green projects in line with the Green Deal priorities – including energy efficiency building upgrades. Indeed, projects will have to be part of national Recovery and Resilience Plans (RRPs), which will be assessed, i.a., against “green transition” criteria. Hydrogen technology is therefore eligible and can benefit from this scheme, provided hydrogen projects are included in Member States’ RRP and that these get the Commission’s approval. Countries with hydrogen-ambitious NECPs, such as the Netherlands, Austria, Czechia, or Portugal, are expected to better highlight hydrogen in their RRP.



Reinforced Just Transition Mechanism (JTM)



Key facts

The Just Transition Mechanism is a main mechanism of the European Green Deal and is dedicated to helping the most vulnerable sectors, Member States, and regions in the transition in order to 'leave no one behind'. It is made of three pillars:

1. It will aim to alleviate the socio-economic impacts of the transition, supporting re-skilling, helping SMEs to create new economic opportunities, and investing in the clean energy transition.
2. It will consist of an additional investment scheme under InvestEU to support the financing of the transition towards a climate-neutral economy.
3. A public sector loan facility will aim to mobilise public investment to support communities in the affected regions and reduce the socio-economic costs of the transition.



Value and type of funding

1. The Just Transition Fund is strengthened to €40 billion, up from the initial €7.5 billion, and it will provide grants to Member States.
2. Originally designed to mobilise up to €45 billion of investments, the Just Transition Scheme is reinforced by the increase of the InvestEU guarantee (cf. InvestEU section) and will strengthen investment capacities of eligible regions via increased guarantees.
3. The public sector loan facility will be supported by €1.5 billion in grants from the MFF and €10 billion in loans by the EIB to mobilise €25-30 billion of investments.

The whole Just Transition Mechanism is now expected to mobilise a total of €150 billion of investments over the period 2021-2027, up from €100 billion.



Implementing method and organisations involved

All investments under the JTM will need to be implemented based on 'territorial just transition plans' prepared by Member States, take into account the Commission's analysis in the European Semester and in consistency with the NECPs. There can be one or several plans per Member States. The plans will provide an outline of the transition process until 2030 and will identify the most impacted territories that should be supported. Once the plans are approved by the Commission, funding through the three JTM pillars can be made available.

1. The distribution of allocations to Member States under the Just Transition Fund is meant to "reflect the capacity of Member States to finance the necessary investments to cope with the transition towards climate neutrality." Besides, "Member States will match each euro from the Just Transition Fund with a minimum of €1.5 and a maximum of €3 from the European Regional Development Fund and the European Social Fund Plus", completed with national co-financing measures.
2. "Under the InvestEU Just Transition Scheme, support to investments in just transition regions (regions having an approved transition plan under the Just Transition Fund Regulation) will be possible through any of the InvestEU policy windows, depending on the specific investment needs identified by Member States in their territorial just transition plans. Such support targeting economically viable investments by private and public sector entities in these regions will be implemented through InvestEU financial products proposed by the InvestEU implementing partners [...]. To this end, the InvestEU investment guidelines laying down the requirements for investment operations supported through the InvestEU Fund will include a section on the InvestEU Just Transition Scheme and its implementation modalities."
3. Funding via the public sector loan facility will be accessible through calls for proposals based on approved territorial just transition plans. Concretely, "the grant component of the facility will be managed under direct management by the European Commission and the loan component will be provided by the European Investment Bank, in line with the Bank's rules, policies and procedures. To secure access to the facility, the grant component will be available to eligible projects in Member States, through national envelopes which will be earmarked until December 2024. Beyond this date, calls will be launched at EU level, to ensure the full implementation of the facility."



What's in it for hydrogen?

The overarching goal of the JTM is to help EU Member States and regions whose economies are most carbon-dependent and vulnerable, and potentially most affected by the energy transition challenges, to steer their transition towards a climate-neutral economy. The various funding instruments are aimed at investing in the clean energy transition. Focus will be on most carbon-intensive regions, most affected by the energy transition and highly reliant on fossil fuels. These cases correspond especially to Member States from Central and Eastern Europe, such as Poland, expected to receive the most funding from the Just Transition Fund in absolute terms (€8 billion), but also Czechia, Romania, or Bulgaria. The reinforcement of the JTM could increase the support potential for hydrogen development, should hydrogen be featured in Member States' just transition plans. Indeed, the role hydrogen is meant to play in just transition plans will be crucial in determining the support hydrogen projects receive. Should hydrogen projects be integrated in these plans and should the plans be approved, hydrogen will then have the potential to benefit from support whether in the form of grants (1st and 3rd pillars), guarantees (2nd pillar), or loans (3rd pillar). Considering eligible areas under the three pillars, support could be available for a wide range of applications (hydrogen production, energy infrastructure and storage, energy efficiency and mCHP, mobility infrastructure and public procurement) and some in which hydrogen could be the most cost-effective technology to achieve decarbonisation (e.g. heavy industry for steel and cement).



Recovery Assistance for Cohesion and the Territories of Europe - REACT-EU



Key facts

REACT-EU is an emergency temporary instrument that bridges the gap between short-term 'safety-nets' and longer-term measures. It consists in a reinforcement of already-existing Cohesion Policy funds for the period 2020-2022: the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Fund for European Aid to the Most Deprived (FEAD). They will aim to support social schemes, especially on the labour market (supporting the self-employed and youth employment), for health care systems and SMEs. Support will be channelled to "much-affected tourism and culture sectors" but will also be invested "in the European Green Deal and the digital transition". The proposal provides for additional flexibility for Member States "to transfer resources among the funds at any point in time of the programming period."



Value and type of funding

REACT-EU provides an additional €55 billion to the targeted Cohesion Policy funds (ERDF, ESF and FEAD) – €50 billion via Next Generation EU for 2021 and 2022 and €5 billion via the current MFF for 2020. Funding is accessible via grants mainly and, increasingly, through financial instruments (loans, microcredit, guarantees, equity stakes, financing of working capital in SMEs).



Implementing method and organisations involved

Although they are part of the EU budget, the Funds are managed via shared responsibility between the European Commission and national authorities:

- The Commission negotiates and approves programmes proposed by EU countries and allocates resources.
- The EU countries / regions manage the programmes, implement them by selecting projects, control and assess them.
- The Commission is involved in programme monitoring, commits and pays out approved expenditure and verifies the control systems.



What's in it for hydrogen?

The REACT-EU scheme bolsters Cohesion Policy via various supporting funds. It aims to help all economic sectors, "including for the much-affected tourism and culture sectors." Yet, "additional support will also serve to invest in the European Green Deal and digital transition". Financing will therefore be channelled also to support technologies "laying the basis for a green recovery" and enabling the green transition. Amongst the three funds, the ERDF, which aims to address inequalities in the levels of regional development across the EU, provides the largest potential for green energy and transport projects. It includes a low-carbon project mainstreaming across the fund ranging between 12% and 20% depending on the region type, and numerous eligible areas such as energy efficiency, cogeneration, or sustainable transport. Hydrogen fits the eligibility criteria and can contribute to reaching the objectives of the funds by both supporting the economy of less developed regions and helping them to meet decarbonisation targets in line with the NECPs and the EU Green Deal. Amongst companies belonging to the hydrogen and fuel cell value chain, SMEs will be able to benefit from extended assistance, through liquidity support for working capital for instance. Overall, the available financial instruments are diverse, as they range from guarantees to direct grants. The shared management of the ERDF, added to its regional focus, make it crucial for hydrogen project promoters to target regions willing to support hydrogen projects. Countries and regions ambitious on hydrogen development (via their national hydrogen strategy or their NECPs, such as Germany, the Netherlands, Austria, France and Czechia, for instance) could be priority investment targets. This strategy aspect should be thought of in consistency with the aim of Cohesion Policy to support least developed and most vulnerable EU regions.

Reinforced Rural Development Programmes



Key facts

The European Agricultural Fund for Rural Development (EAFRD) is the funding instrument of the EU's Common Agricultural Policy (CAP) and, like the ERDF and ESF, it is one of the European Structural and Investment Funds (ESIF). The Commission proposes to reinforce the (2021-2027) budget for the EAFRD to "help farmers and rural areas to deliver the green transition and support investments and reforms essential to Europe's ambitious environmental targets". Among other objectives, financial support should aim at "promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy", which includes boosting renewable energies, energy efficiency, and "reducing greenhouse gas and ammonia emissions".



Value and type of funding

The fund's budget reinforcement amounts to an additional €15 billion, which would take its total 2021-2027 budget to around €90 billion. Support will be channelled through grants and annual payments. Other financial instruments (loans, microcredit, guarantees, and equity stakes) will complement by addressing identified market gaps.



Implementing method and organisations involved

The fund is under shared management of the Commission and the EU countries. Funding is channelled under Rural Development Programmes (RDPs) designed by Member States for national or regional level. The Commission assesses, approves, and monitors Member States' RDPs. Once approved, funds are allocated based on that assessment and on the planned projects by the competent national or regional authorities, which execute payments to beneficiaries via national or regional paying agencies. RDPs should be "tailored to fit [Member States'] own unique challenges and capabilities" and address the fund's investment priorities.



What's in it for hydrogen?

As for other schemes, the EU Green Deal applies as a guideline for the EU recovery. The agricultural sector, too, is encouraged to deliver on the green and low-carbon transition. The 30% climate-project-mainstreaming within the fund's financing confirms this ambition. Under the EAFRD, Member States' Rural Development Programmes can be entitled to receive "agri-environment-climate payments" for ambitious commitments aiming to go beyond relevant minimum requirements for fertiliser established in national law, for instance. Considering the criteria set at national level, bio-fertilisers and clean-hydrogen-based fertilisers could benefit from a wide range of financial instruments available under the fund, from guarantees to direct grants.



Solvency Support Instrument



Key facts

The Solvency Support Instrument aims to “help mobilise private resources to provide urgent support to European companies that would otherwise be viable to address immediate liquidity and solvency concerns”. It is a new tool, “temporary, and targeted solely and strictly at addressing the economic impact of the pandemic”. Created under the European Fund for Strategic Investments (EFSI), it will be available as early as possible in 2020 (Commissioner Breton mentioned September) and until end 2024 for approvals and until end 2026 for signature of the operations. It will be open to all Member States and to all sectors covered by the EFSI, “with a focus on the Member States most economically impacted by the pandemic and where national solvency support is more limited”, and on EU priorities of the green and digital transition and cross-border economic activities. EFSI eligible areas include development of the energy sector in accordance with the Energy Union priorities and of transport infrastructures and innovative technologies.



Value and type of funding

The instrument will work via a €66-billion EU guarantee generated by a €31-billion EU budget (€5 billion from the current MFF and €26 billion from Next Generation EU). The guarantee will have a 50% provisioning rate. It will be provided to the European Investment Bank (EIB) Group under the EFSI and it will aim to generate more than €300 billion of investments in solvency support through equity and loans.



Implementing method and organisations involved

Under the EFSI, projects need to undergo a standard EIB due diligence process. In particular, EFSI projects need to be economically and technically sound, in at least one of the EFSI eligible sectors as defined in Article 9 of the EFSI Regulation, contributing to EU objectives (including sustainable growth and employment), mature enough to be bankable, and priced in a manner commensurate with the risk taken. The EFSI had two investment windows: The Infrastructure and Innovation Window (IIW) managed by the EIB and the SME Window implemented by the EIF. Solvency support will form a separate window under the EFSI to mobilise private capital. The EIB Group will use the guarantee to provide financing directly or via intermediaries such as equity funds, special purpose vehicles, or national promotional banks. These intermediary funds or vehicles must be established and operate in the EU. The instrument should predominantly channel solvency support through financial market intermediaries and only to a lesser degree facilitate direct support to companies by the EIB Group.



What's in it for hydrogen?

The Solvency Support Instrument builds on the EFSI and adds to it a third investment window. The instrument is aimed at tackling the consequences of the COVID-19 crisis and will focus on hardest-hit countries and where national solvency support is more limited. This could include Italy, Spain, Greece, and France, for instance. The guarantees made available will aim to stir loans and equity acquisition, particularly in sectors supporting the EU Green Deal. As hydrogen contributes to the objectives of the Green Deal and fits eligible areas of the EFSI (especially under many energy and transport applications), the hydrogen industry could not only benefit from the instrument via allocated support to companies from the hydrogen value chain facing solvency issues and in the targeted regions, but also support the EU recovery as our analytical report on post COVID-19 and the hydrogen sector[1] explains in detail.

[1] [https://hydrogeneurope.eu/sites/default/files/Post%20COVID-19%20for%20the%20Hydrogen%20Sector%20\(2\).pdf](https://hydrogeneurope.eu/sites/default/files/Post%20COVID-19%20for%20the%20Hydrogen%20Sector%20(2).pdf)

Key documents

- Communication 456 final: Europe's moment: Repair and Prepare for the Next Generation: https://ec.europa.eu/info/sites/info/files/communication-europe-moment-repair-prepare-next-generation.pdf?utm_source=POLITICO.EU&utm_campaign=957f2935f7-EMAIL_CAMPAIGN_2020_05_29_04_14&utm_medium=email&utm_term=0_10959edeb5-957f2935f7-190284245
- Communication 442 final: The EU budget powering the recovery plan for Europe: https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/1_en_act_part1_v9.pdf
- Annex to Communication 442 final: The EU budget powering the recovery plan for Europe – Annex: https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/1_en_annexe_autre_acte_part1_v11.pdf
- Questions and Answers: The proposed InvestEU Programme: https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_947
- The InvestEU Programme: Questions and Answers: https://ec.europa.eu/commission/presscorner/detail/en/MEMO_18_4010
- Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a Recovery and Resilience Facility COM/2020/408 final: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2020:0408:FIN>
- EU budget for recovery: Questions and answers on REACT-EU, cohesion policy post-2020 and the European Social Fund: https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_948
- Cohesion Policy at the centre of a Green and Digital Recovery – Factsheet: https://ec.europa.eu/regional_policy/sources/docgener/factsheet/2020_mff_reacteu_en.pdf
- EU budget for recovery: Questions and answers on the Just Transition Mechanism: https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_931
- Press release: Commission proposes a public loan facility to support green investments together with the European Investment Bank: https://ec.europa.eu/commission/presscorner/detail/en/IP_20_930
- Questions and Answers: Solvency Support Instrument: https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_946
- Solvency Support Instrument helping kickstart the European economy – Factsheet: <https://ec.europa.eu/info/sites/info/files/economy-finance/ssi-factsheet.pdf>



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