

OPSG

OCCUPATIONAL PENSIONS STAKEHOLDER GROUP

Own-initiative OPSG Advice

Unlocking Investment Opportunities in the European Union

Aligning Strategic Priorities with Institutional Investor Realities

OPSG-26/20

24 September 2026



eiopa

European Insurance and
Occupational Pensions Authority

EXECUTIVE SUMMARY

Europe has the savings. It lacks the fit. The European Union faces major investment needs in innovation, energy, infrastructure, defence and resilience. At the same time, it commands very large pools of long-term institutional savings: European insurers hold over EUR 10 trillion in assets, and Institutions for Occupational Retirement Provision (IORPs) manage roughly EUR 3 trillion (EIOPA, 2025a). European asset managers managed over EUR 34 trillion at the end of 2025, around 68 percent of it on behalf of institutional investors, primarily pension funds and insurers (EFAMA, 2025). The question for policymakers is therefore not whether capital exists, but under what conditions it can flow into European strategic priorities. This report, written from the practical perspective of pension funds, answers that question with a framework, three sector diagnoses, and a set of documented examples showing what actually works (collected in Annex A).

The Investible Window. Building on the framework developed by Betermier and Steenbeek (2025) for 50 large international pension organisations working together in the International Centre for Pension Management (ICPM), this report uses a simple idea: before a pension fund can invest in anything, the opportunity must pass four tests at the same time. Does it offer a competitive return for the risk taken? Is it big enough, and can we get out (or credibly stay in) when needed? Are our rights as investor protected by stable rules and contracts? And is the underlying business proven enough for money that belongs to (future) pensioners? Together, these four tests form the Investible Window. Opportunities that pass flow naturally into portfolios; opportunities that fail one test do not, however strategically important they may be. The ICPM report's central message applies with full force to the EU: capital responds far more reliably to structure and incentives than to persuasion. And, crucially, many opportunities that currently sit outside the window can be redesigned to fit it. Every one of the four tests can be addressed through deliberate design, by governments and by investors themselves.

Three sectors, three different repairs. Applied to the three sectors dominating the EU debate, the framework shows that each fails different tests and therefore needs different repairs. Infrastructure, energy and resilience assets fit pension portfolios naturally, but only when regulation is predictable and risks are allocated to the parties best able to carry them; the Anholt offshore wind farm and London's Thames Tideway Tunnel show in concrete detail how deliberate risk allocation turned construction-stage projects into pension investments. Growth and venture capital fails on scale and exits; France's Tibi initiative, the EIF's ETCl programme and the new Scaleup Europe Fund show how coordination and structuring can bring this asset class closer, although their scale so far remains modest against the gap and their results are still to be proven. Defence historically failed all four tests at the same time for most of the sector; the EUR 150 billion SAFE instrument and the wider ReArm Europe agenda are now converting rearmament budgets into the multi-year order books that can anchor institutional investment. Nordic pension investors have responded with remarkable speed, and Dutch funds have stated their conditions, where conditions genuinely changed.

The pension sector should be pro-active. The report also holds up a mirror. Where investors wait for perfect products to arrive, political impatience grows and calls for mandatory investment quotas follow, as the current debate around mandatory allocation in the United Kingdom illustrates. The best insurance against mandates is visible, credible, self-directed engagement: building or co-owning the specialist managers the market lacks (as PensionDanmark did in founding Copenhagen Infrastructure Partners, now a EUR 33 billion manager), joining founding coalitions where design influence is greatest, stating publicly and early what would make strategic sectors investible, and reporting transparently on European allocations.

Insurance capital matters, and deserves its own assessment. Insurers hold the largest single pool of European institutional capital, and several of the instruments discussed here are designed with insurance balance sheets in mind. This report is written from a pension fund's perspective and does not presume to speak for the insurance sector; its observations on Solvency II are correspondingly cautious. We note only that the prudential treatment of long-term investment shapes how much of this pool can participate, and we welcome EIOPA's Solvency II monitoring mandate (Sections 2.3 and 7.5). A fuller assessment belongs with the insurance sector and its own stakeholder group.

What we ask of policymakers is a change of focus: less pressure on institutions, more work on conditions. That means, before anything else, treating fiduciary duty as the operating system of institutional capital rather than as an obstacle to be argued away; completing the Savings and Investments Union (SIU) and repairing exit markets, that is, the routes through which investors can eventually sell and recycle their capital: deep and liquid European listing venues, trade sales and well-functioning secondary markets; keeping regulation and supervision consistent with long horizons, with the ongoing IORP II review as the live test case; preparing projects professionally and publishing credible pipelines; using public de-risking as a catalyst rather than a permanent subsidy; and, in defence, designing procurement contracts with investors in mind.

What we ask of EIOPA. As the advisory body to EIOPA, the OPSG addresses part of this report directly to its own authority, because several of the conditions that determine investibility are supervisory rather than legislative. EIOPA can help widen the window without any change in law: by promoting supervisory convergence around horizons consistent with long-term investment, so that reporting expectations, cost scrutiny and stress-test design do not penalise well-governed illiquid positions; by advising, in the ongoing IORP II negotiation, that performance-monitoring provisions are calibrated to appropriate evaluation periods; by using its occupational pensions statistics to make the sector's productive European allocations visible, replacing political conjecture with data analysis; and by extending to the pension sector the accountability logic it already applies to insurers, monitoring whether supervisory practice supports or constrains prudent long-term risk-taking.

The conclusion is simple. The EU does not primarily need stronger appeals to institutional investors. It needs better investment conditions. Where strategic ambition is matched by investible design, institutional capital, European and global, will follow at scale and on commercial terms. The documented cases in this report show that this is not a theory. It has already happened, wherever someone did the work.

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1. INTRODUCTION

This report is an own-initiative advice of the Occupational Pensions Stakeholder Group (OPSG), prepared for EIOPA. It addresses a question that has become central to European economic policy: under what conditions can long-term institutional capital be invested in European strategic priorities? To be precise about scope from the outset: this is a report about designing investible opportunities, not about raising pension allocations to politically preferred destinations. Its subject is the supply side of the market (the quality, structure and pipeline of what institutions are asked to hold) and every recommendation in it should be read in that light.

The question is not new, but it has acquired greater urgency. The Draghi (2024) and Letta (2024) reports have documented the EU's investment needs in detail, and the geopolitical environment has added a security dimension that was largely absent from the debate only a few years ago. Political attention is high, the Savings and Investments Union is advancing, and new instruments, from the Scaleup Europe Fund to the EUR 150 billion SAFE defence instrument, are moving from announcement to implementation. And still, the gap between European savings and European strategic investment persists.

The OPSG writes from the practical perspective of pension funds. Its members represent occupational pension institutions and their beneficiaries across the EU, and they operate daily within the prudential and fiduciary frameworks that determine what is investible in practice. Where this report touches on the insurance sector, whose capital pool is the largest in Europe, it does so with deliberate caution, as observer rather than assessor: its observations on Solvency II are correspondingly limited, and insurance-specific conclusions are left to the insurance sector and its own stakeholder group (Sections 2.3 and 7.5). The perspective throughout is neither that of government nor that of industry advocacy: it is the perspective of the institutions whose participation the policy debate seeks.

Two features distinguish this report. First, it is built around documented examples: for each barrier it identifies, it shows a real case in which the active involvement of specific parties, a ministry, a development bank, a regulator, a pension fund, brought an investment into the investible window, with references. The cases are summarised briefly where they support the argument and documented in full in Annex A. Second, it addresses the pension fund sector itself: alongside its requests to policymakers, it sets out what pension funds and their associations can do pro-actively, both because it accelerates results and because visible engagement is the best argument against mandatory investment quotas.

The report proceeds in three steps. Sections 2 and 3 set the scene: the EU's institutional capital base in brief, and the Investible Window as the analytical framework. Sections 4 to 6 apply the framework to three priority sectors: infrastructure, growth and venture capital, and defence. Sections 7 and 8 draw the policy and sector conclusions, ordered by addressee: policymakers first (Sections 7.1–7.4), then EIOPA and supervisors (Section 7.5), then the pension sector itself (Section 8). Section 9 concludes. Annex A contains the documented case studies in full; Annex B offers practical tools for each of the three audiences.

2. THE EU'S INSTITUTIONAL CAPITAL BASE IN BRIEF

Any assessment of strategic investment in the European Union must begin not with political ambition but with institutional reality. The relevant question is not how much savings exist in aggregate, but where those savings sit, in what legal form, under which prudential regime, and with what capacity to bear long-term risk. Three features define the starting point.

2.1 FRAGMENTATION

The EU is not a single pension market, a single supervisory system, or a single capital market. Pension systems differ sharply across Member States in structure, funding level and legal basis, and institutional investors operate under different national rules, governance models and supervisory practices. On the opportunity side, projects, companies and exit routes are embedded in fragmented national environments. The relevant question for the EU is therefore not simply whether an institution invests at home or abroad, but whether European capital can move freely and efficiently across the Union without unnecessary friction. Today it cannot.

2.2 FUNDED PENSION CAPITAL: LARGE IN PLACES, THIN OVERALL

Aggregate savings figures mask a constrained reality for funded long-term capital specifically. European IORPs manage roughly EUR 3 trillion (EIOPA, 2025a), but these assets are heavily concentrated in a small number of Member States, with the Netherlands alone accounting for more than half that amount, while funded occupational pillars remain small or absent in much of the Union. The consequence is an asymmetry the policy debate does not always capture: in Member States with large funded systems the central question is one of allocation; in Member States with limited funded capital the prior question is capital formation. Ageing populations and rising fiscal pressure on pay-as-you-go first pillars strengthen the long-run case for expanding funded second pillars across much of the EU, a reform agenda that is complementary to, but distinct from, the investibility agenda of this report. The scale of what is at stake is quantifiable: comparative research on nine pension systems estimates that, had France and Germany followed the capitalisation path taken by Australia, Canada and Sweden in the 1990s, their combined stock of risk capital would today be roughly EUR 10 trillion higher (Augustin et al., 2025).

2.3 INSURANCE CAPITAL: THE LARGEST POOL, VIEWED WITH DUE CAUTION

In many Member States, insurance companies rather than pension funds are the dominant institutional balance-sheet investors: European insurers held over EUR 10 trillion in total assets in 2024 (EIOPA, 2025a). Any serious strategy for mobilising European institutional capital must therefore treat insurers as a core constituency. At the same time, this report is written from a pension fund's perspective and is careful not to overstate what it can say about the insurance sector. Insurers' liability structures, product designs and prudential framework (Solvency II rather than IORP II) differ fundamentally from those of pension funds, and their portfolios reflect this: roughly two-thirds of general-account investments sit in fixed income, with modest allocations to less liquid private assets (EIOPA, 2025a). We limit ourselves to two observations. First, the prudential

treatment of long-term equity and qualifying infrastructure under Solvency II materially shapes how much of this pool can participate in the investments discussed in this report; several of the instruments described below, notably the ETCI 2.0 platform, are explicitly designed with that constraint in mind. Second, EIOPA has been mandated to monitor whether capital released by the current Solvency II review actually flows to productive European investment, a welcome accountability mechanism.

One concrete bridge between the two frameworks deserves mention. Article 4 of the current IORP II Directive allows Member States to apply parts of the Directive, such as governance, investment rules and member disclosure, to the occupational retirement provision business of life insurance undertakings, provided the relevant assets and liabilities are strictly ring-fenced from the rest of the insurance activities. Capital requirements are not among these: since January 2023, ring-fenced occupational pension business under Article 4 remains subject to Solvency II's own, EU-harmonised solvency capital rules, unless a Member State legislates a specific route into full IORP status, as Sweden has done (insurers such as Alecta converted to IORPs; others, such as Skandia, remained under Solvency II). Several Member States nonetheless use Article 4 this way to let insurers manage occupational pension business under an otherwise IORP-type governance framework. The OPSG has argued in its opinion on the IORP II review that this well-established option should be preserved (OPSG, 2026). This is one pragmatic route through which part of Europe's largest capital pool can align with the long-horizon logic this report describes, even as its capital regime remains Solvency II's. Beyond this, insurance-specific policy conclusions are for the insurance sector and its own stakeholder group to draw.

2.4 TWO DISTINCT PROBLEMS

These features clarify a distinction that is essential for the rest of this report: the difference between a capital formation problem and an investibility problem.

- **The capital formation problem** is structural and long-run. In much of the EU there is simply not enough funded long-term risk-bearing capital: pay-as-you-go systems dominate and funded pillars are small.
- **The investibility problem** is different and more immediately actionable. Even where funded capital exists at scale, much of it does not flow into strategic European priorities, not primarily because of investor reluctance, but because available opportunities frequently do not meet institutional requirements. The large flows of European institutional capital to the United States, where investible opportunities are abundant, make the same point: institutions take risk at scale when the opportunity is structured to their requirements. The task for Europe is to supply such opportunities, not to retain capital by other means.

Policy that addresses investibility without tackling capital formation will remain limited in reach across much of the Union; policy that tries to build funded pillars without improving the quality of investment opportunities will disappoint. This report focuses on the investibility problem, using the Investible Window as its analytical framework.

3. THE INVESTIBLE WINDOW

3.1 ORIGIN AND DEFINITION

The concept of the Investible Window was developed by the ICPM Domestic Investments Working Group in its 2025 guide *Unlocking Domestic Investment Opportunities: Aligning Public Goals with Pension Fund Realities* (Betermier and Steenbeek, 2025). The ICPM report starts from a simple observation: pension funds have a well-established fiduciary duty to invest in the best long-term interest of their beneficiaries, and they are willing to allocate capital to domestic or strategic investments when those investments meet a defined set of conditions consistent with that duty. Those conditions form the Investible Window: the space where project characteristics are financially attractive, legally stable, and operationally viable within a long-term, risk-managed portfolio. The report's core message, that capital does not respond to persuasion but to structure and incentives, is the foundation on which this OPSG advice builds.

Definition: The Investible Window

The set of legal, financial, prudential and governance conditions that must simultaneously be in place for institutional capital to flow into strategic investments on a sound commercial basis and in full consistency with fiduciary duty and prudential regulation.

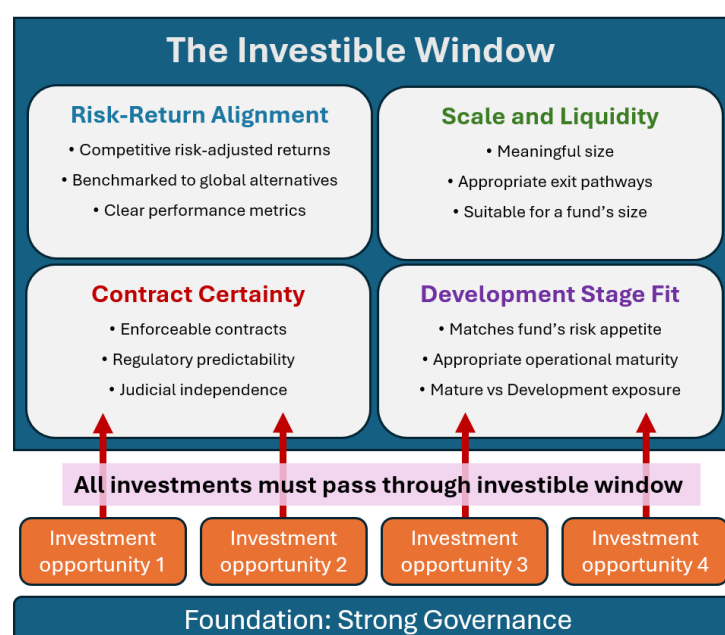


Figure 1: The Investible Window. Source: Betermier and Steenbeek (2025)

In plain terms: before a pension fund can commit its members' retirement savings to anything, the opportunity must pass four tests at the same time (Figure 1). A weakness in one test is rarely

compensated by strength in another. The task for policymakers is not to push institutions beyond these tests, and not to rely on mandates, percentage pledges or political pressure. It is to design opportunities that pass. The Investible Window extends the familiar notion of bankability, the vocabulary in which the Draghi report, the EIB and the blended-finance community frame Europe's pipeline problem. Bankability is a project-level lender's test: a project is bankable when it can reach financial close and attract debt finance on its own merits. Investibility takes the institutional investor's portfolio perspective, spans debt and equity, and adds the fiduciary, prudential and governance dimensions that bankability ignores. A bankable project can therefore still fall outside the window (because it is sub-scale, offers weak governance rights, or carries the wrong prudential treatment), which is precisely the gap this report addresses.

There is a further prize: structures that satisfy the investible window attract not only European institutional capital but also the much deeper pool of global institutional capital. This matters for two reasons. First, the notion that Europe's investment needs can, or should, be financed from domestic savings alone rests on a fallacy: there is no fixed stock of capital to be divided, and an economy that offers investible opportunities draws in capital from wherever it sits. Second, foreign institutional capital may function as the canary in the coal mine: it arrives where the investment climate is sound and leaves faster than domestic investors when rules become unstable, making its presence a real-time indicator of the very conditions this report describes. Legitimate concerns about strategic dependencies on third-country investors are addressed through the EU's investment screening framework, not by narrowing the investor base (Regulation (EU) 2019/452).

3.2 THE FOUR TESTS

1. **Risk-return alignment.** Does the investment offer a competitive risk-adjusted return relative to global alternatives, assessed from a total-portfolio perspective? Strategic relevance does not justify sub-commercial returns; elevated market, political, liquidity or development risk must be compensated or actively removed.
2. **Scale and liquidity.** Is the opportunity efficient relative to the size and governance capacity of the investor? Large institutions need meaningful ticket sizes; smaller ones need pooled access routes; all need credible exit pathways or explicit long-term holding structures. Scale, moreover, need not reside in the institution itself: a small IORP executing through a large asset manager or pooled vehicle obtains the same economies at the back end.
3. **Governance and legal certainty.** Are investor rights enforceable, regulation predictable, decision-making transparent, and dispute resolution credible? Institutional investors are frequently minority investors and depend on these protections.
4. **Development-stage fit.** Is the underlying business proven and operational, with predictable cash flows? Greenfield, early-stage or unproven-technology exposures generally sit outside the window unless de-risked or accessed through specialised vehicles.

These four tests sit inside an outer layer: a stable political, legal, macroeconomic and financial environment through which all investments must pass. In the EU, three structural conditions dominate that outer layer: progress towards a genuine Savings and Investments Union, the quality

of exit markets, and the predictability of the wider legal and administrative setting, including permitting. Improvements in the outer layer widen the window across all asset classes at once.

A word on why these four tests, and not others. The list follows the sequence an investment committee actually works through: is the return adequate for the risk (test 1); can we execute at our size and exit, or credibly stay, when needed (test 2); are our rights protected while we hold (test 3); and is the underlying business mature enough to underwrite (test 4). Dimensions a reader might expect to see listed separately are contained within these four rather than omitted: valuation and portfolio concentration are part of the risk-return assessment; ESG considerations enter through fiduciary risk-return analysis and through governance; operational capability sits on the investor side and is addressed in Section 3.3; and political stability belongs to the outer layer through which every investment must pass. The claim is not that this taxonomy is the only possible one, but that an opportunity failing any one of the four will not be held at scale by fiduciary capital, which is what makes the tests jointly a useful diagnostic.

3.3 DIFFERENT WINDOWS FOR DIFFERENT INVESTORS

The Investible Window is a common framework, not a single fixed template. Its practical contours differ by investor: a large Dutch or Danish pension investor with direct investment teams can hold assets that a smaller IORP can only access through pooled vehicles, and an insurer's window is shaped by Solvency II capital charges and liability matching in ways a pension fund's is not. The DB/DC distinction matters here too: defined-benefit funds manage to a collective liability and can absorb illiquidity on a pooled balance sheet, while defined-contribution arrangements must accommodate individual accounts, frequent valuation and lifecycle de-risking, which shapes both the ticket sizes and the liquidity terms they can accept. The ICPM report calls this 'mapping the match' between investor type and project characteristics: the same project may be investible for one institution and out of bounds for another. The practical implication for policymakers and project sponsors is to ask not whether an asset is investible in the abstract, but for whom, through which channel, and under what structure.

3.4 OPPORTUNITIES CAN BE STRUCTURED TO FIT THE WINDOW

The most important insight of the ICPM framework for policymakers is not that fiduciary standards can be stretched, but that investment opportunities can often be structured so that they fit within those standards. The window itself is not a bargaining position. It reflects the conditions under which institutional capital can be invested consistently with fiduciary duty, prudential regulation and portfolio discipline. The practical task is therefore to reshape the opportunity, not to ask the investor to relax the tests: construction risk can be retained by a sponsor, policy risk can be absorbed through guarantees or contracts for difference, demand risk can be converted into availability payments, sub-scale projects can be aggregated, and early-stage exposure can be channelled through specialist vehicles or catalytic public capital. In each case, the investment is not made acceptable by compromise; it is made investible by design. Structuring *shifts* risk; it does not remove it. Every risk moved to a sponsor, a guarantor or the public balance sheet must remain visible, priced

and capped, and the safeguards that keep the investor within the window must not be engineered away in the process.

The image of the window is useful precisely because it clarifies the boundary: when a project falls just outside the window, the answer is not to break the wall or force the window open, but to change how the project is brought to the investor. If the government removes a risk the fund cannot bear, provides a guarantee, improves the revenue contract, or aggregates the opportunity into an institutional-grade vehicle, the same underlying policy objective may become investible without weakening the fund's standards. That is the conversation this report seeks to equip: not a negotiation over fiduciary duty, but a joint design exercise around risk allocation, structure and fit.

4. SECTOR I: INFRASTRUCTURE, ENERGY AND RESILIENCE

4.1 A NATURAL FIT, BUT NOT AUTOMATICALLY INVESTIBLE

The EU faces major long-term investment needs in physical and strategic infrastructure: energy grids and transition infrastructure, digital backbone assets, water and climate-resilience works, housing, and transport. The underlying fit with pension portfolios is strong: these assets can offer scale, duration, inflation linkage and stable, often regulated revenues. It is no accident that infrastructure has been the traditional focus of institutional domestic-investment discussions.

Yet the fit is structural, not automatic. Infrastructure assets fall outside the Investible Window when tariff regimes are unstable, permitting is slow or uncertain, risk allocation between public and private parties is unclear, or policy changes undermine long-term cash-flow visibility. The window diagnosis for this sector is therefore concentrated in the third test, governance and legal certainty, with secondary weaknesses in the fourth (construction risk on greenfield projects) and the second (fragmented, one-off national projects rather than repeatable pipelines).

4.2 CONTRACTUAL DESIGN DETERMINES INVESTIBILITY

Partnerships between governments and private infrastructure investors rely on three main business models, and choosing between them is not a technical detail: it determines who controls the asset, who bears which risks, and what the cash-flow profile looks like.

- **Regulated model.** A private investor holds a long-term stake in an asset operating under a regulatory regime that sets allowed returns. Terna, operator of Italy's high-voltage transmission network under multi-year determinations by the regulator ARERA, is a good example: revenues are stable and transparent, and investibility rests almost entirely on the credibility and predictability of the regulator (Terna, 2025).
- **Concession model.** A private investor acquires operating rights for a defined term, often ten to twenty years, and receives revenues directly from end users, as with airports and toll roads. This model offers more commercial autonomy but requires credible legal protections against unilateral change and greater demand-risk tolerance.
- **PPP / availability model.** The government pays fixed or availability-based remuneration over twenty to thirty-five years while retaining ownership. Delfluent Services, which treats wastewater for the Delfland water authority under a 30-year contract, illustrates the model: the public authority pays for availability and performance, the asset remains publicly owned, and the private consortium bears operational risk (CMS, 2012).

In window terms: the regulated model converts policy risk into regulatory process; the availability model converts demand risk into government credit risk; the concession model leaves the most risk with the investor and therefore demands the strongest legal protections. Each is a different route to the same destination: predictable, enforceable, long-duration cash flows.

4.3 WHO DID WHAT: DOCUMENTED CASES

The clearest way to see how investments are brought into the window is in cases where a project initially failed a test and identifiable actors, whether a government, a sponsor or an investor, changed that. Two flagship cases, documented in full in Annex A, concern construction-stage assets, precisely the development-stage exposure pension funds normally avoid; one comes from outside the EU and is included for its design lessons, not as EU practice.

- **Anholt Offshore Wind Farm (Denmark, 2011).** PensionDanmark and PKA financed a 400 MW offshore wind farm that did not yet exist by slicing the risk until it fitted: the utility kept majority ownership and operating risk, Siemens gave a multi-year turbine guarantee, the state transmission operator took the grid-connection risk, and pension money entered during construction as debt converting to equity once the farm was proven to work. The structure, at expected returns of 6 to 8 percent, became the template for a wave of institutional investment in European offshore wind (Annex A, Case 1).
- **Thames Tideway Tunnel (United Kingdom, 2015).** For London's GBP 4.2 billion 'super sewer', government and regulator engineered all four tests before asking anyone for money: a separate Ofwat-licensed company earning inflation-linked revenues during construction, with a government support package absorbing extreme tail risks. More than 1.7 million UK pension savers acquired an indirect stake in a construction project at a 2.5 percent weighted average financing cost, and consumer bills fell accordingly (Annex A, Case 2).

Beyond these flagship cases, the same logic runs through a series of quieter European examples. The Dutch PPP programme showed that institutional participation follows public-sector preparation: dedicated PPP units, standardised DBFM(O) contracts and uniform reporting converted one-off projects into a recognisable, repeatable asset class, lowering due-diligence costs for smaller institutions (World Bank, 2016; CMS, 2012). Dutch pension investors hold substantial positions in regulated and mid-market rental housing through pooled funds, resting on clear regulatory parameters and professional external management, a template directly relevant to the EU's housing agenda. Canada's C\$15 billion Growth Fund, managed at arm's length by a public pension investment manager, uses contracts-for-difference to absorb precisely the risks (carbon-price policy risk, first-of-a-kind technology risk) that private windows cannot hold, while crowding in institutional co-investment (Betermier, 2025). And EU-level instruments, InvestEU guarantees and EIB project finance, shift transition and resilience assets towards the window; their role should remain catalytic, bringing assets to the edge of the window, after which private capital takes over on commercial terms.

A recent Dutch transaction shows the same logic at the scale of a single deal: APG, alongside GIC and Norges Bank Investment Management, committed up to EUR 9.5 billion of new equity for a 46 percent minority stake in TenneT Germany (TenneT, 2025). Two conditions were decisive, and both map directly onto the window: the ticket was too large for any single institution, so scale was solved through a partner consortium (test 2), and APG required governance rights proportional to the investment in its agreement with the state, which remains majority shareholder (test 3).

The same transaction exposes a barrier that deserves to be named explicitly, because it sits inside the governance test and is entirely in governments' hands: statutory limits on private ownership of, and control over, naturally monopolistic or oligopolistic infrastructure. Under Dutch law the national transmission operator must be fully publicly owned, so the TenneT Germany structure would not have been possible for TenneT's Dutch network; the recent Dutch Collective Heat Act ("Wet collectieve warmte") similarly requires majority public ownership of heat-network companies. Governments have legitimate reasons to set strict rules for essential networks. But the mirror image of every such restriction is that the public balance sheet must then finance the network alone, in competition with every other budget priority and on the timetable of electoral cycles, which is not obviously a better guarantee of long-term commitment than a well-designed private stake. Policymakers who choose control should therefore say how the capital will be found and the horizon protected, or use the structures that reconcile the two: minority stakes with proportional governance rights, regulated returns under an independent regulator, availability-based contracts, or public ownership financed with long-dated private debt. Ownership rules that are set without this second step do not protect the public interest; they simply move the financing gap onto the taxpayer.

Finally, many of the EU's infrastructure needs, energy interconnection, digital backbones, military-mobility corridors, are European rather than national. Cross-border projects can improve scale and diversification, but only if regulatory treatment and permitting are coordinated; otherwise fragmentation costs simply reappear at project level.

5. SECTOR II: GROWTH AND VENTURE CAPITAL

5.1 THE SCALE-UP GAP

Innovation finance is central to the EU's long-term competitiveness, and here the weakness is not at the start-up stage but later in the financing chain. Later-stage venture capital investment in the EU amounted to roughly USD 21 billion in 2024, against roughly USD 133 billion in the United States (European Commission, 2025-2026). Growth rounds above EUR 100 million remain rare in Europe, listing markets are fragmented, and exit routes, the channels through which early investors eventually sell their stakes and recycle capital: initial public offerings on deep and liquid exchanges, trade sales to strategic buyers, and functioning secondary markets, too often run through New York or through acquisition by non-EU buyers, breaking the return loop that would justify recurring institutional commitment. Nearly a third of European unicorns of the past fifteen years have relocated abroad, typically at the point of raising late-stage capital (European Commission, 2025).

The comparison with the United States should nonetheless be treated carefully. US pension capital plays a larger role in venture because a broader ecosystem supports it: deep exit markets, legal clarity (the 1979 ERISA prudence clarification permitted, but never required, private-equity allocations), decades of public innovation spending, and public pension plans whose under-funding invites a search for yield that Europe should not wish to import. Exit markets are the most actionable element of that ecosystem, but smaller home markets, lower entrepreneurial churn and a more cautious investment culture all contribute, and repairing exits will narrow the gap without closing it. Even in the Member State with Europe's largest funded system, Dutch pension funds supplied only some 11 percent of the capital raised by Dutch venture funds between 2007 and 2024 (NVP, 2025).

5.2 WHY VC SITS AT THE EDGE OF THE WINDOW

The window diagnosis for this sector is a failure of two tests simultaneously: scale and liquidity (thin exit markets, sub-scale funds, small tickets) and development-stage fit (unproven business models by definition). But there is a deeper, structural reason why pension funds cannot simply 'do VC' directly, and it is worth stating plainly because it explains why intermediation is not a luxury but a necessity.

Venture returns follow a power law: on the order of 60 percent of returns come from roughly the top 5 percent of deals (Mallaby, 2022, citing Horsley Bridge data). An asset class with this return distribution demands failure tolerance, speed and conviction-based decision-making, the exact opposite of the committee-based, process-driven, reputation-sensitive governance that fiduciary institutions rightly maintain. The mismatch is structural:

	Pension fund	VC manager
Ticket size	EUR 50m+ to be efficient	EUR 1-5m typical early round
Time horizon	Decades (liability-driven)	Around 10 years per fund
Failure tolerance	Near zero; reputation risk	Expected; 'fail fast'
Decision style	Committee, process, consensus	Conviction, speed, instinct
Governance	Arm's-length, documented	Personal, relationship-driven
Identity	Fiduciary / steward	Entrepreneur / founder

Table 1: The structural mismatch between pension funds and venture capital.

The key implication: institutional capital reaches venture and growth assets through specialist intermediaries and appropriately structured vehicles, or not at all. Policy should therefore focus on creating institutional-grade access structures at scale, which is precisely what the most successful documented initiatives have done.

5.3 WHO DID WHAT: DOCUMENTED CASES

- **The Tibi initiative (France, 2019-2026).** The French Treasury did not ask institutions for money; it built infrastructure: technical committees, staffed by the investors themselves, vet fund managers against a published specification and award an accreditation, after which each institution decides freely under normal fiduciary rules. Phase 1 deployed EUR 6.4 billion, Phase 2 had deployed EUR 7.6 billion by September 2025 with the target raised to EUR 15 billion, 160 funds carry the label, and a state evaluation found investment in French tech roughly tripled at near-zero budgetary cost, though from a low base: the case demonstrates a mechanism, not a solved problem. A pan-European third phase (2027-2030) is the first operational priority of the Franco-German FIVE roadmap (Annex A, Case 3).
- **ETCI and ETCI 2.0 (EU, 2022-2026).** The EIF and EIB Group first used public money to anchor fourteen European venture mega-funds of over EUR 1 billion each; the second phase restructures the offer for private balance sheets through an asymmetric design in which institutions subscribe to an investment-grade senior instrument, bookable from a fixed-income allocation, while public capital takes the junior position. It is an instructive example of redesigning the product to fit the investor rather than exhorting the investor to change, but the design is not yet a result: reception among private-markets practitioners has been mixed, the fund selection and fee layers of a public fund-of-funds remain a fair criticism, and the test is whether institutional commitments actually follow at scale (Annex A, Case 4).
- **Scaleup Europe Fund (EU, 2025-2026).** Founding investors, including ABP with APG as asset manager, and Allianz, alongside the European Commission's EUR 1 billion cornerstone on equal terms, helped design the fund's structure, governance and investment framework

before committing, anchoring a EUR 5 billion target (with stated ambition towards EUR 25 billion) for direct tickets of EUR 100 million and above in strategic deep-tech companies. First investments are expected in autumn 2026; the design lesson stands already: institutions that arrive early shape the window; institutions that wait inherit someone else's design (Annex A, Case 5).

The replicable core of Tibi is the accreditation machinery, and nothing in it requires a treasury: a credible private platform (a group of allocators, an industry association, a gatekeeping fund-of-funds) can run the same committees and award the same badge. The state contributed convening power and legitimacy, valuable as a catalyst but not a licence requirement. The design question for those replicating it is therefore not 'how do we involve the ministry' but 'who can credibly run the committees'.

Three further mechanisms complete the picture. Germany's WIN initiative (2024) assembled government, KfW and over thirty institutions around roughly EUR 12 billion of intended venture investment by 2030, with annual monitoring: coordination with measurement, not compulsion (KfW, 2024). Upstream, EIC Fund equity of up to EUR 30 million and ARPA-model agencies (DARPA, ARIA, SPRIN-D, and NADI in the Netherlands with an initial EUR 500 million) strip technology and market risk before private capital enters; in the Dutch case, private investors have publicly committed to match NADI's annual spending with follow-on investment in companies emerging from its challenges (Ministry of Economic Affairs (Netherlands), 2026).

None of these substitutes for the structural repair: deeper, more integrated European exit markets. Harmonised listing regimes, the proposed EU Inc. corporate framework, and EIB Group work on divestment tools (acquisition finance, convertibles, listing support, secondary markets) address the liquidity test at its root. Without credible exits, every instrument in this chapter fights the current.

5.4 WHAT REMAINS HARD

Even with these instruments, honest caveats remain. Europe's institutional culture is built for stewardship, not conviction bets, and boards need governance arrangements that let specialist managers take portfolio-level risk. Twenty-seven legal and supervisory regimes still impose friction on every cross-border fund commitment. The European growth-fund ecosystem, though maturing, remains thin. And in much of the Union the underlying pool of long-term risk capital is simply shallow: the capital formation problem of Section 2, which no investibility instrument can solve by itself. Finally, coordination frameworks must remain genuinely voluntary. Percentage-based commitments and similar signalling devices sit uneasily with the prudent person principle; the initiatives documented above succeeded precisely because participation remained a fund-by-fund fiduciary decision within a better-organised market.

6. SECTOR III: DEFENCE AND SECURITY

6.1 A TRANSFORMED DEMAND SIDE

Since 2022, and at accelerating pace since 2025, the demand side has been transformed by public action. ReArm Europe / Readiness 2030 aims to unlock over EUR 800 billion this decade, with mobilisation of private capital as one of its five pillars. SAFE provides up to EUR 150 billion in long-maturity EU loans for joint procurement, was heavily oversubscribed and moved from regulation to first disbursement within a year, with a 35 percent cap on non-EU components channelling demand to the European industrial base. The European Defence Fund, the forthcoming AGILE programme, the June 2026 procurement omnibus and a more permissive EIB Group now address R&D, start-ups, permitting and equity financing (European Commission, 2025; Council of the EU, 2025-2026; EIB Group, 2025-2026). Beneath these EU instruments, NATO's Hague commitment of 3.5 plus 1.5 percent of GDP by 2035 locks in a decade of rising budgets, and the July 2026 Ankara 'Call to Action' asked financial institutions directly to expand defence lending and equity (NATO, 2026).

For the investible window, the significance of this list is not the headline amounts. It is that European defence demand is becoming what it never was: large, consolidated, multi-year, and contractually visible. Publicly financed, long-duration procurement is to defence what availability payments are to infrastructure: a revenue anchor.

6.2 WHY DEFENCE SAT OUTSIDE THE WINDOW

Historically, European defence failed all four tests at once for most of the sector, which is why exclusion was overdetermined. Risk-return: boom-bust national procurement cycles, single-customer dependence and political cancellation risk made cash flows unpredictable, with ESG frameworks adding reputational and mandate risk on top. Scale and liquidity: the sector was two-tiered. A small group of listed primes (Thales, Rheinmetall, BAE Systems, Airbus among them) was investible and widely held; below them, the supply chain consisted of small, private, nationally protected firms, sub-scale tickets with no exit route. Governance: state influence, golden shares, export controls and security-clearance requirements limited investor rights and transparency. Development stage: defence-tech ventures carried both technology risk and a market risk peculiar to the sector, namely procurement systems that rarely bought from new entrants. Fiduciary exclusion was therefore not only an ethical stance; it was a window judgment. What is changing is not investors' values but the underlying conditions.

6.3 THE INVESTIBLE UNIVERSE: FOUR LAYERS

Defence is not a single asset class, and treating it as one obscures where pension capital actually fits. The investible universe has four layers, each with a distinct risk-return profile (Betermier and Steenbeek, 2026):

- **Prime contractors:** large, mostly listed system integrators, liquid and accessible but trading at demanding valuations after several years of exceptional performance.

- **Neo-primes and dual-use ventures:** software-first, venture-backed challengers such as Anduril in the US and Helsing in Europe, which have shown that battlefield-proven technology can scale at commercial speed.
- **The supply chain:** thousands of SME and family-owned component makers, the actual bottleneck in rearmament and where the Draghi report located Europe's most acute financing gap; growth capital, private credit and consolidation capital are scarcest here.
- **The enabling base:** production facilities, test ranges, military-mobility corridors, ports, secure energy and data infrastructure, and logistics: familiar infrastructure-style risk with dual civil-military use, eligible under NATO's 1.5 percent tranche, and the natural habitat of pension capital.

Institutional capital is rarely a natural seed investor in early-stage defence technology, but it is a natural financier of industrialisation, the supply chain and the enabling base, precisely where the rearmament bottlenecks sit.

6.4 WHO DID WHAT: THE INVESTOR PIVOT, DOCUMENTED

- **From exclusion to conditional inclusion: the Nordic and Dutch pivot (2022-2026).** Several Nordic funds formally lifted long-standing exclusions, and Dutch funds ABP and PME clarified conditional openness; Danish funds collectively more than doubled their defence investments to close to EUR 19 billion in fifteen months. The investors restated their conditions in window terms and acted where those conditions were met. The Dutch formulation, multi-year order books as the condition for capacity finance, is the investible window in one sentence; the honest counterpart is that Dutch allocations have so far moved much less than Nordic ones, and a stated condition only becomes a practice when capital follows (Annex A, Case 6).
- **ATP and Terma (Denmark, 2024).** Denmark's statutory pension fund made a 'single-digit billion' DKK unlisted equity and loan investment in the country's largest defence company, with a minority stake and board seat. A 75-year-old company with proven products and a 30-year framework agreement with the Danish Defence passed the development-stage test; board representation passed the governance test (Annex A, Case 7).
- **Danske Flaadeskibe (Denmark, 2023-2026).** The Danish procurement agency selected a consortium including PensionDanmark as full-line supplier for the Navy's new patrol vessels, with the fund inside the structure from day one, a staged agreement that grows capital exposure as the programme de-risks, and a multi-party parliamentary agreement insulating it from single-election reversal (Annex A, Case 8).

Access structures are following the same path at portfolio level. Danish funds anchored ETNA, a dedicated defence private-markets fund, in December 2025, and Tikehau Capital has extended access to insurers and smaller balance sheets through an evergreen ELTIF 2.0 vehicle with regular liquidity windows (Betermier and Steenbeek, 2026).

Three governance patterns recur across the funds that moved. **Treaty-based red lines hold:** weapons prohibited under international conventions remained excluded even as funds relaxed other rules. **Conduct still counts:** lifting an exclusion does not suspend norms on corruption, export

destinations and humanitarian law. And **process protects legitimacy**: funds that changed policy consulted beneficiaries and documented their reasoning.

6.5 BRINGING DEFENCE INTO THE WINDOW: THE LEVERS

- **Multi-year procurement commitments as revenue anchors.** The single most powerful lever is one governments already hold: converting rearmament budgets into long-duration, contractually firm order books. Where SAFE-financed joint procurement translates into multi-year purchase agreements, capacity-expansion finance (new production lines, facilities, working capital) acquires exactly the predictable cash-flow profile institutions require. Governments should understand offtake design as investor-facing policy: framework contracts with committed volumes bring an asset into the window; annual, cancellable orders keep it out.
- **Defence industrial infrastructure as an asset class.** Much of the rearmament need is physical: production facilities, test ranges, ammunition plants, military-mobility corridors (supported by EUR 1.76 billion under the Connecting Europe Facility), secure logistics and energy resilience. These can be structured under the same three business models as civilian infrastructure, availability-based PPPs in particular, allowing institutions to finance defence capacity through familiar, governance-tested structures rather than direct equity in weapons producers. Dutch institutional investors have already financed the renovation of a major barracks complex; dual-use design, from convertible barracks to radar serving civil aviation, widens the ESG-compatible universe further.
- **Intermediated access to defence technology.** For the venture end of the sector, the intermediation logic of Section 5 applies with extra force. The EIF's Defence Equity Facility and the 24-nation NATO Innovation Fund anchor specialist funds and offer portfolio companies structured, multi-year access to allied armed forces as customers. As these funds mature and demonstrate exits, they create the track record without which fiduciary allocation cannot follow.
- **Dual-use: frame it, and keep it inside the general instruments.** Much relevant technology (drones, sensors, AI, space, cyber, maritime autonomy) is dual-use, which widens the ESG-compatible universe and links defence to the innovation agenda of Section 5; challenge-based agencies on the NADI model can make defence ministries launching customers for new entrants. Yet the general-purpose instruments (ETCI, the Scaleup Europe Fund, InvestEU, national vehicles such as the Dutch DIGF) mostly carry broad defence exclusions, leaving the sector to concentrated single-theme funds that are riskier for a fiduciary precisely because they lack diversification. Making legal defence and dual-use activity eligible by default in the general instruments would widen the window more than any new dedicated fund.
- **Clear, harmonised exclusion boundaries.** Investibility requires certainty about what remains excluded. Weapons prohibited under international conventions (cluster munitions, chemical and biological weapons, anti-personnel mines) remain outside institutional mandates, and nothing in the EU agenda should blur that line. Conversely, divergent national definitions of 'controversial' create precisely the governance uncertainty that narrows the window; an EU-level common understanding of exclusion boundaries, consistent with international law, would

itself be a window-widening measure, as would confirmation that financing legal defence activity is compatible with sustainable-finance regulation.

6.6 WHAT POLICYMAKERS SHOULD NOT EXPECT

Four cautions complete the diagnosis.

First, institutional capital will not fund the procurement gap itself: SAFE loans, national budgets and EU instruments pay for equipment; private capital finances the industrial capacity, technology and infrastructure that deliver it. Confusing the two leads to unrealistic expectations.

Second, pressure, whether political, reputational or regulatory, to allocate to defence would repeat the error this report warns against throughout: allocation decisions must remain grounded in fiduciary judgment, or the resulting capital will be neither stable nor at scale. The speed of the Nordic repositioning shows that when conditions genuinely change, no pressure is needed.

Third, conditional openness is not uniformity. Beneficiary preferences and mandates differ legitimately across and within Member States: some funds lifted exclusions after consulting members and sponsors, others maintained them after the same consultation, and both are exercises of the same fiduciary governance. The window framework describes when defence investment becomes possible, not when it becomes obligatory; a fund that concludes that its members' preferences or its mandate point elsewhere is applying the framework, not resisting it.

Fourth, structural demand does not suspend price discipline. Defence equities have re-rated sharply since 2022 and entry valuations already price years of budget growth; discipline on entry is what distinguishes a strategic allocation from a cycle-top mistake (Betermier and Steenbeek, 2026). The risk-return test is passed structure by structure, not as a sector call.

7. EXPANDING THE INVESTIBLE OPPORTUNITY SET: THE POLICY AGENDA

The previous chapters focused mainly on structuring individual opportunities so that they can pass through the existing investible window. This chapter turns to a broader question: how the investible opportunity set can become larger over time because the surrounding market, regulatory and institutional conditions improve. That distinction matters. Expanding the opportunity set should not mean weakening fiduciary duty, overriding the prudent person principle, or changing pension fund mandates so that politically preferred investments automatically qualify. In particular, domestic or strategic-investment mandates are not a shortcut to investibility. They may appear to enlarge the window, but in practice they risk breaking the very frame that protects beneficiaries, investors and policymakers alike.

The policy agenda below is therefore about improving conditions, not compelling allocation. The sector chapters show a consistent pattern: investments are brought into the window when someone deliberately restructures the opportunity or improves the conditions around it. In every documented case, an identifiable party did identifiable work: a Treasury built an accreditation machine, a regulator built a bespoke licence, a public fund took the junior tranche, a transmission operator took the connection risk, and governments turned budgets into order books. This chapter consolidates those levers, addressed first to policymakers (Sections 7.1 to 7.4) and then to EIOPA and national supervisors (Section 7.5); Section 8 turns to the investors themselves. The agenda distinguishes two kinds of public action: setting conditions (regulation, supervision, data), where public institutions are irreplaceable, and structuring transactions, where they are one possible actor among several.

7.1 STRUCTURAL LEVERS

- **Savings and Investments Union.** Deeper market integration broadens the investor base, strengthens exit markets, and reduces the cross-border friction that fragments both capital supply and opportunity pipelines. It is the single broadest window-widening programme available and deserves consistent political priority.
- **Prudential calibration for insurers.** As set out in Section 2.3, the Solvency II treatment of long-term equity and qualifying infrastructure shapes how much of Europe's largest capital pool can participate, and EIOPA's mandate to monitor whether released capital flows to productive investment should inform future calibration. A fuller assessment is for the insurance sector and its own stakeholder group.
- **Supervisory practice with a long-term horizon.** If policymakers want institutions to take more long-term risk where appropriate, supervisory reporting expectations, cost scrutiny and peer comparisons must leave room for them to do so. Section 7.5 develops this into a supervisory agenda for EIOPA.

7.2 WHAT THE EUROPEAN COMMISSION CAN DO

The Commission holds two distinct levers over the window: it designs the legislation under which institutional investors operate, and it can guard, article by article, against provisions that would narrow the window from the inside. Legislative files come and go; the test the OPSG proposes endures and applies to every file that touches institutional capital: does a provision help opportunities pass the four tests, or does it add a fifth test of its own? The review of the IORP II Directive, presented in November 2025 as part of the supplementary pensions package and now under negotiation in the European Parliament and the Council (European Commission, 2025), is the live application of that test within the current legislative cycle, and it illustrates both what the Commission can do right and how well-intentioned provisions can produce unintended consequences. Four elements deserve attention.

First, confirm that prudence attaches to the portfolio. The review should clarify the relationship between the prudent person principle and long-term, less liquid investments: an explicit confirmation that well-structured venture capital and growth equity are not, in themselves, inconsistent with the prudent person principle, provided they form part of a diversified portfolio within an appropriate governance framework. The United States offers an instructive precedent: the 1979 clarification of the ERISA ‘prudent man’ rule, confirming that prudence attaches to the portfolio rather than to each individual asset, is widely credited with opening US pension capital to venture investment (U.S. Department of Labor, 1979). A comparable clarification would be largely declaratory, but symbolically powerful. EIOPA has itself welcomed the proposal’s elements on increasing the investment flexibility of DC schemes within a prudent, principle-based approach, and has argued that these elements should be prioritised and preserved in the legal text (EIOPA, 2026); this report supports that position.

Second, do not narrow the window from the inside. The proposal contains a provision that illustrates, better than any hypothetical, how policy with a consumer-protection intent can work against a policy’s own investment objectives. A new Article 41a would require pension funds to monitor their performance against benchmarks established by their national regulator and to inform the regulator where performance materially deviates; where underperformance persists for three years, funds would have to explain themselves to their members. A supervisory test calibrated to a three-year horizon functions as a structural disincentive for exactly the illiquid, long-duration assets the SIU seeks to mobilise: private equity, venture capital and infrastructure routinely show J-curve patterns over such periods. The Dutch pension federation has warned that the provision could discourage allocations to alternative and illiquid assets, undermining the review’s own stated objective (Pensioenfederatie, 2026). The repair is straightforward: benchmarks should be defined by the IORP itself, consistent with its strategic asset allocation and liability profile, and evaluation periods should match the investment horizon of the assets held, five years at minimum for private-market allocations. Whatever the fate of this particular article, the general lesson stands: every disclosure, benchmarking or reporting provision aimed at institutional investors should be screened for the investment horizon it implicitly rewards.

Third, keep proportionality in the service of access. Most European IORPs are small. Proportionality measures should make it easier, not harder, for smaller institutions to reach long-term assets through pooled vehicles, shared platforms and cross-border arrangements: the collective routes described in Section 8. Provisions that raise fixed compliance costs fall hardest on precisely the institutions that can only participate collectively.

Fourth, respect the diversity of national systems. Occupational pensions are embedded in national social and labour law, and the diversity of European pension systems is a fact, not a defect. Legislation that respects this while strengthening supervisory cooperation will command broader support, and faster implementation, than legislation that attempts uniformity (PensionsEurope, 2026).

Beyond the legislative file, the Commission can also widen the window externally. Preparations for the EU-Canada Summit of October 2026 include dedicated negotiating tables on financial services, including pensions, aimed at identifying and removing regulatory barriers faced by pension funds and other institutional investors in either jurisdiction, including impediments to investment in sectors that are strategic for the EU such as digital transformation, climate resilience and defence. This is the international counterpart of the argument in Section 3.1: structures that satisfy the window attract global as well as European capital, and bilateral work that removes friction for allied long-term investors enlarges the pool available to every European opportunity. The OPSG encourages the Commission to bring institutional investors into this fact-finding early, as holders of practical knowledge about where the barriers actually bind.

7.3 ORIGINATION, PIPELINE AND INVESTOR FIT

Many opportunities fail not because they lack strategic value but because they are never prepared in a form institutions can hold. Idea generation matters as much as financing capacity: in several strategic sectors the binding shortage is of bankable projects with credible business models, clear governance, sufficient scale and a realistic path to institutional participation. Published, credible pipelines give investors forward visibility and allow due-diligence resources to be allocated; the Tibi accreditation machinery and the Dutch PPP programme show what this looks like in practice. Institutional investors should be engaged early, not only as suppliers of capital but as holders of practical knowledge about risk allocation and governance design; the Anholt and Tideway structures were negotiated with investors at the table, not presented to them afterwards.

7.4 CATALYTIC PUBLIC ACTION AND ITS LIMITS

Guarantees, first-loss structures, blended finance, contracts for difference, fund-of-funds models, asymmetric senior-junior designs, and specialised public or quasi-public institutions can all carry projects across a window boundary. Their role should be catalytic and time-limited, not a permanent substitute for commercial viability. Conversely, expanding the window must not be confused with pressuring institutions to allocate. Percentage-based commitments, pre-commitment frameworks and political signalling may create visibility, but they do not solve the

underlying investibility problem and sit uneasily with fiduciary autonomy and the prudent person principle.

Fiscal incentives as a complementary lever. Tax treatment is part of the window even where this report does not make it central. Well-designed fiscal incentives have repeatedly shifted institutional and household capital towards productive assets: Italy has recently attached a tax incentive to its national variant of the Tibi framework, and comparative evidence on pension systems identifies tax-advantaged vehicles as among the most consistent drivers of voluntary risk-capital formation (Augustin et al., 2025). Fiscal incentives should follow the same discipline as guarantees: targeted, time-limited, and aimed at carrying opportunities across a window boundary rather than permanently subsidising sub-commercial returns.

Public involvement is instrumental, not intrinsic. The window does not care who does the structuring work; it cares that the work is done. Vetting, accreditation, pooling, anchoring and pipeline visibility are functions, and nothing in this report should be read as reserving them for public institutions. Where private coordination can supply the same functions at lower friction, it is the better route: every additional public layer adds process, and the burden of proof lies with whoever adds a layer. Public capital and convening power earn their place where they remove a risk that private parties cannot remove for themselves (junior and first-loss positions, procurement visibility, legal certainty), not as a default presence at every table. The market is beginning to demonstrate the point: in July 2026, Generali launched its European Sovereignty Program, a EUR 300 million fund-of-funds directing capital to European SMEs, strategic infrastructure and innovation, structured and launched entirely on private initiative (Generali, 2026). The sum is modest against the investment gap, but the signal to other allocators is not: private capital can organise its own keystones. The state is one possible keystone, not a necessary one.

7.5 WHAT EIOPA CAN DO

The OPSG's first addressee is EIOPA itself. Much of what determines investibility in practice is supervisory rather than legislative, and there EIOPA holds levers of its own. Five stand out.

Convergence around long horizons. Europe's pension sector operates under minimum harmonisation with, as EIOPA has noted, a low level of supervisory convergence (EIOPA, 2026). That heterogeneity extends to how national authorities treat illiquid assets in reporting, cost scrutiny and risk assessment. Through opinions, peer reviews and supervisory handbooks, EIOPA can promote a shared supervisory posture in which long-term, less liquid investments held within sound governance are treated as a normal feature of a pension balance sheet rather than an anomaly requiring justification. The issue, as elsewhere in this report, is not weaker standards but consistent horizons.

Technical guardianship in legislative negotiation. As technical adviser to the legislator, EIOPA is well placed to advise that monitoring and benchmarking provisions are calibrated to evaluation periods consistent with a review's own objectives, Article 41a being the clearest current example of where this matters (Section 7.2). EIOPA's advice that the IORP II proposal's investment-flexibility elements

be prioritised and preserved is welcome; the same rigour should be applied to ensuring that monitoring provisions keep the window open from the inside (EIOPA, 2026).

Data in place of conjecture. Section 8 argues that transparent reporting of European allocations is the sector's best defence against mandate proposals. EIOPA can institutionalise this at Union level: its occupational pensions statistics and risk dashboard could track, on a consistent basis, IORPs' allocations to productive European assets: infrastructure, unlisted equity, venture and growth capital. EIOPA's own data already documents pension funds' rising allocations to private markets; presenting this systematically would replace the political debate's worst numbers with the sector's real ones, at no cost to fiduciary autonomy.

Symmetry in monitoring. This report welcomes EIOPA's mandate to monitor whether capital released by the Solvency II review flows to productive European investment. The pension-sector counterpart is monitoring in the other direction: assessing periodically whether supervisory practice across Member States supports or constrains prudent long-term risk-taking by IORPs, and publishing the findings. An authority that measures the effect of its own framework on the investible window closes the accountability loop this report asks of everyone else.

Balanced vigilance on liquidity. Growing private-market allocations do raise genuine liquidity-management questions, and EIOPA is right to examine them. The recommendation here is one of calibration: liquidity guidance should target governance and stress-testing capability, not discourage the asset class itself. A framework that asks 'can you manage the illiquidity?' widens the window; one that asks 'why are you holding illiquid assets?' narrows it.

7.6 SUMMARY: MAPPING LEVERS TO THE WINDOW

If the agenda of this chapter had to be reduced to its highest-impact elements, the OPSG would name three. First, within the current legislative cycle, get the IORP II review right: confirm portfolio-level prudence and repair Article 41a's short-horizon benchmarking (Section 7.2). This is immediately actionable and squarely in co-legislators' hands. Second, over the medium term, repair Europe's exit markets through the Savings and Investments Union (Section 7.1): every growth-capital instrument in this report ultimately depends on this. Third, in defence, convert rearmament budgets into multi-year, contractually firm order books (Section 6.5): the one lever governments already hold that directly changes the cash-flow reality institutions price. The three differ in horizon (immediate, structural, sectoral) but each addresses a test that no investor-side action can substitute for.

Table 2 consolidates the report's core content: how public policy, project design and investor action can bring investments into the Investible Window. For each of the four tests, it maps the principal levers and documented instruments by sector.

Window test	Generic lever (ICPM)	Infrastructure / resilience	Growth / VC	Defence / security
Risk-return alignment	De-risking tools, co-investment, first-loss capital	InvestEU guarantees; CfDs (Canada Growth Fund); regulated returns (Tideway, Terna)	ETCI 2.0 senior tranche; EC cornerstone in Scaleup Europe Fund	Multi-year procurement contracts as revenue anchors; EIB risk-sharing
Scale and liquidity	Aggregation platforms, pipelines, blended finance	Standardised PPP pipelines (NL); pooled housing and infra funds; index-linked bonds (Tideway)	Scaleup Europe Fund (EUR 100m+ tickets); ETCI mega-funds; Tibi label and pipeline; SIU exit repair	Consolidated joint procurement (SAFE); Defence Equity Facility fund ecosystem; ETNA and evergreen vehicles; defence infrastructure as asset class
Governance and legal certainty	Stable regulation, enforceable contracts, clear ownership	Credible regulators (ARERA, Ofwat licence); standardised DBFM(O) contracts (Delfluent); permitting reform; proportionate ownership rules for network monopolies	EU Inc. framework; harmonised listing rules; IORP II prudent-person clarification	2026 procurement simplification omnibus; harmonised exclusion boundaries and dual-use eligibility in general instruments; clarity on state control and export regimes; multi-party parliamentary agreements (Danske Flaadeskibe)
Development-stage fit	Project preparation, catalytic early-stage capital	Risk slicing in construction (Anholt); government tail-risk support (Tideway); develop-and-transfer by infrastructure banks	EIC Fund; ARPA-model agencies (NADI, SPRIN-D); NADI investor matching commitment	EDF and AGILE R&D funding; launching-customer models; NATO Innovation Fund; staged programme agreements (Danske Flaadeskibe)
Outer layer (structural)	Stable macro, legal and political environment	All sectors: Savings and Investments Union; predictable regulation and permitting; supervisory long-term horizon; deeper, more integrated EU capital and exit markets.		

Table 2: Bringing investments into the Investible Window: levers and documented instruments by test and sector. Generic levers follow Betermier and Steenbeek (2025).

8. A MORE PRO-ACTIVE PENSION SECTOR

This report asks much of policymakers. Fairness, and self-interest, require that it also address the pension sector itself. The documented cases carry an uncomfortable observation: in almost every one, the decisive move was made by someone. Where that someone was a pension investor, the sector shaped the outcome; where investors waited, others designed the structures and investors could only accept or decline what arrived.

8.1 WHY PRO-ACTIVITY MATTERS: THE POLITICAL ECONOMY OF MANDATES

There is a second, harder-edged reason. When large pools of long-term savings are perceived as passive while national investment needs go unmet, political impatience grows, and proposals for mandatory investment quotas follow. The United Kingdom shows how quickly this can escalate: alongside the voluntary Mansion House Accord of May 2025, in which seventeen large defined-contribution providers expressed the intent to allocate 10 percent of default funds to private markets by 2030 (5 percent to the UK), the government announced that it would monitor progress and reserve powers to bind pension funds to asset allocations if voluntary progress fell short (HM Government, 2025). Nor is this a British peculiarity: Canada's industry minister has framed pension allocation explicitly in terms of economic nationalism, market commentary now discusses the 'mobilisation of private wealth' as the polite face of financial repression, and the chief executive of AustralianSuper has publicly warned against a 'piggy bank mentality' towards pension savings (Martin, 2025). Similar ideas surface periodically in EU Member States. The ICPM report is unambiguous that mandates harm beneficiaries and ultimately the market itself; but the most credible argument against them is not a legal objection, it is a sector that is visibly, measurably engaged on its own initiative. Pro-activity is the best insurance against mandatory allocation.

The political economy runs in both directions: several Member States have under fiscal pressure scaled back or redirected funded second pillars, Romania's recurrent battles over its mandatory second pillar being the most visible current example. Such reversals are the system-level counterpart of the governance test: capital committed for decades requires confidence not only in project contracts but in the stability of the pension framework itself.

A note of care about the pledge route: the Mansion House Accord illustrates both its promise and its risk. Its signatories anchored the commitment explicitly in fiduciary duty and made it conditional on government delivering 'critical enablers', above all a pipeline of investible assets, terms the industry itself set. Yet the accompanying reserve-powers rhetoric shows how easily a voluntary percentage becomes tomorrow's benchmark for compulsion. The forms of pro-activity this report recommends therefore focus on shaping structures rather than promising percentages.

8.2 WHAT PRO-ACTIVITY LOOKS LIKE: FIVE PRACTICES, EACH WITH A PRECEDENT

1. **Build or co-own the intermediaries the market lacks.** Where the specialist manager a fund needs does not exist, the fund can create it: PensionDanmark did this (Annex A, Case 9);

Australian industry superannuation funds founded and still own IFM Investors, now one of the world's largest infrastructure managers (IFM Investors, 2026); Dutch funds have long owned APG and PGGM, keeping scale and alignment inside the pension system. Participation in ETQ 2.0 is a lighter variant, co-shaping a vehicle rather than founding a firm. The frontier is private-led coordination at the vehicle level: fund-of-funds and syndicated structures organised by allocators themselves, without a public cornerstone, as Generali's European Sovereignty Program (Section 7.4) and the Danish ETNA fund (Section 6.4) already show. The accreditation and pooling functions that make opportunities investible can be supplied by the sector itself, and each structure it builds is one less it must ask of public institutions.

2. **Take a founding seat where design influence is greatest.** ABP and Allianz joined the Scaleup Europe Fund as founding investors and helped shape its structure, governance and investment framework before committing (Annex A, Case 5). Tibi investors staff the technical committees that accredit funds. Founding seats convert investors from price-takers of structures into co-authors of them.
3. **State publicly, early and precisely what would make a sector investible.** Dutch funds, including ABP, have stated they would finance defence capacity expansion subject to risk, return, cost and ESG requirements, and conditional on consistent policy and multi-year order books: a design specification for governments. That becomes a practice only once allocations follow and exclusion policies state clearly, company by company, what is legally prohibited versus discretionary (Section 6.4). Nordic funds show the same discipline through published criteria for lifting defence exclusions (Annex A, Case 6). Sector associations such as the OPSG can systematise this: published, sector-by-sector investibility criteria turn calls for 'more engagement' into a concrete work programme.
4. **Organise collectively to lower the cost of participation.** Most European IORPs are too small to assess a defence-tech fund or a cross-border infrastructure platform alone. Joint due diligence, shared standard terms, pooled vehicles and knowledge platforms let smaller institutions participate on institutional-grade terms; the Tibi committees and Dalmore's pooling of UK pension funds into Tideway show two variants of the same idea.
5. **Report transparently on European allocations, on the sector's own terms.** Where engagement is real but invisible, the political debate fills the gap with worse numbers. Voluntary, standardised annual reporting of productive European investments, on the model of KfW's monitoring of the WIN initiative or the Treasury's Tibi reviews, lets the sector demonstrate progress while keeping allocation decisions where they belong: with fiduciaries.
 - **PensionDanmark and Copenhagen Infrastructure Partners (2012).** Wanting large-scale greenfield renewables exposure that no manager offered in institutional form, PensionDanmark recruited a team of senior energy executives and seeded a new manager, committing roughly EUR 1 billion as sole investor in its first fund. CIP is today the world's largest dedicated manager of greenfield renewable-energy investments, with approximately EUR 33 billion raised from more than 200 institutional investors: one pension fund's decision to act created an access route for hundreds of others, exactly the ecosystem effect EU policy seeks (Annex A, Case 9).

8.3 THE BOUNDARY THAT PROTECTS EVERYONE

Pro-activity has a boundary, and stating it plainly protects both sides. Everything above operates within fiduciary duty: building a manager, taking a founding seat, publishing criteria and reporting allocations are governance choices that improve the opportunity set; they never predetermine an allocation. The sector should resist, politely and consistently, invitations to convert engagement into percentage promises. Pro-activity also has a portfolio boundary: members already depend on the domestic economy for their labour income, and diversification remains a fiduciary virtue, not a lack of commitment. And policymakers should read the sector's engagement correctly: it is the alternative to mandates, not the first step towards them.

One consideration belongs at the level of the system rather than the deal. Draghi's warning about the viability of Europe's economic model is not political rhetoric external to pension funds; it describes a long-horizon risk to the people they serve. Pensions are claims on future economic output, and beneficiaries cannot diversify away from the economy they will retire into: they will draw their pensions, buy their services and depend on public finances in Europe. A continent that de-industrialises, cedes its technology base and leaks value to non-European infrastructure owners is therefore not somebody else's problem but a portfolio-level risk with no hedge. This is the fiduciary case for engagement with Europe's investment agenda. This has nothing to do with idealism or a licence for conviction bets, but rather a recognition that the long-term return environment of a European pension fund is inseparable from the long-term performance of Europe. The discipline of the window is unchanged by this observation; what changes is the understanding of what is at stake in using it well, and in using it now.

9. CONCLUSION

Europe's strategic investment challenge is not primarily a question of political will or investor appetite. It is a question of structure. Institutional capital flows where opportunities fit; where fit is absent, no volume of political momentum will mobilise it at scale or keep it there. The Investible Window, building directly on the ICPM framework, gives policymakers a vocabulary for that fit and, more importantly, a to-do list for bringing investments into the window: many barriers that cause opportunities to fail the four tests can be addressed by deliberate design.

The documented cases in this report show that this is not a theory. A Danish transmission operator took the grid-connection risk and two pension funds financed a wind farm that did not yet exist. A British regulator wrote a bespoke licence, and 1.7 million pension savers financed a tunnel under the Thames. The French Treasury built an accreditation machine and EUR 14 billion moved into technology funds at near-zero budgetary cost. A European public fund took the junior tranche so that fixed-income portfolios could hold venture exposure. Governments turned rearmament budgets into order books, a Danish pension fund took a founding seat in a naval shipbuilding consortium, and Danish pension funds more than doubled their defence investments within fifteen months. In every case, someone did the work, and capital followed.

The three sector diagnoses point to three different work programmes. For infrastructure, energy and resilience, the work is governance: credible regulators, standardised contracts, prepared pipelines. For growth and venture capital, the work is scale and exits: institutional-grade vehicles, coordination that respects fiduciary autonomy, and the structural repair of European exit markets through the Savings and Investments Union. For defence, the work is conversion: turning an unprecedented, publicly financed demand surge into the multi-year contracts, intermediated vehicles and familiar asset structures that let fiduciary capital participate.

And the pension sector has its own work programme: build or co-own missing intermediaries, take founding seats, state investibility conditions publicly and early, organise collectively, and report transparently. A sector that does these things visibly will rarely hear the word 'mandate'; a sector that waits will hear it more often.

The central message is this: Europe's problem is not a shortage of appeals to institutional investors but a shortage of investment conditions and investors willing to help build them. Where strategic ambition is matched by investible design, institutional capital, European and global, will follow at scale and on commercial terms.

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ANNEX A. DOCUMENTED CASE STUDIES

This annex documents in full the cases summarised in the main text. Each case follows the same format: the barrier that initially kept the investment outside the window, the parties who acted, what they did, and the result.

Case 1. Anholt Offshore Wind Farm (Denmark, 2011): slicing the risk until it fits

The barrier: A 400 MW offshore wind farm still to be built. Construction-stage energy projects combine technology, weather and completion risk, normally a clear failure of the development-stage test for pension money.

Who acted: PensionDanmark (lead investor, DKK 3.8 billion for 30 percent), pension fund PKA (20 percent), utility DONG Energy (now Ørsted), turbine maker Siemens, and the Danish state transmission operator Energinet.dk.

What they did: They cut the risk into pieces and gave each piece to the party best able to carry it. DONG remained majority owner and took operating risk; Siemens gave a multi-year technical guarantee on the turbines; Energinet.dk took the risk of connecting the farm to shore, with compensation due if it failed; and the pension funds' money entered during construction as debt, converting to equity only once the farm was proven to work.

Result: Two pension funds financed a power plant that did not yet exist, at expected returns of 6 to 8 percent, without carrying risks they could not price. The structure became the template for a wave of institutional investment in European offshore wind.

Sources: Offshore WIND (2013); PensionDanmark (2013).

Case 2. Thames Tideway Tunnel (United Kingdom, 2015): a regulator and a treasury build a window

The barrier: London's GBP 4.2 billion 'super sewer', one of Europe's largest construction projects, was too large and too risky to sit on the utility's balance sheet, and far outside any pension fund's development-stage test.

Who acted: The UK government, the water regulator Ofwat, and a consortium of long-term investors: Allianz, Amber Infrastructure (for International Public Partnerships and Swiss Life), Dalmore Capital (pooling UK pension funds) and DIF. The EIB later added a GBP 700 million loan.

What they did: Government and regulator created a bespoke structure before asking anyone for money: a separate regulated company (Bazalgette Tunnel Ltd) licensed by Ofwat, earning inflation-linked revenues from water bills during construction, with a government support

package absorbing extreme tail risks such as cost overruns beyond 30 percent. Finance was then competitively tendered.

Result: More than 1.7 million UK pension savers acquired an indirect stake in a construction project, at a financing cost (2.5 percent weighted average) far below what a conventional utility structure would have required, and consumer bills fell accordingly. The case shows a government deliberately engineering all four tests at once: regulated returns (test 1), a GBP 4 billion single asset with index-linked bonds (test 2), an Ofwat licence and support package (test 3), and tail-risk absorption during construction (test 4).

Sources: UK Parliament, Hansard (2015); Ofwat / Pinsent Masons (2015); Amber Infrastructure (2015).

Case 3. The Tibi initiative (France, 2019-2026): a ministry builds the missing marketplace

The barrier: French institutional investors, mostly insurers, held enormous savings but committed almost nothing to venture and growth funds: funds were too small, unfamiliar, and costly to assess one by one. Promising French companies raised late-stage money abroad.

Who acted: The French Treasury (Direction générale du Trésor), acting on economist Philippe Tibi's 2019 report, under the auspices of President Macron; 37 long-term investors have since signed the charter, including AXA, Crédit Agricole Assurances, Groupama and MAIF, alongside two pension funds and the Caisse des Dépôts.

What they did: The state did not ask for money; it built infrastructure. Treasury-run technical committees, staffed by the investors themselves, vet fund managers against a published specification and award an accreditation ('Tibi label'). Investors then decide freely, fund by fund, under normal fiduciary rules. The label solved the search-and-diligence problem; the club created recurring, visible deal flow.

Result: Phase 1 deployed EUR 6.4 billion (2020-2022), exceeding its target; Phase 2 had deployed EUR 7.6 billion by September 2025, more than a year ahead of schedule, with the overall target raised to EUR 15 billion; 160 funds now carry the label, over a quarter of accredited managers are first-time funds, and a formal state evaluation found annual investment in French tech roughly tripled at near-zero budgetary cost. Two qualifications keep the result in proportion: a threefold increase from a low base is still a modest level, and the amounts, some EUR 14 billion over six years against a EUR 2.9 trillion economy and a scale-up gap measured in hundreds of billions, show a mechanism that works rather than a gap that is closed. A pan-European third phase (2027-2030) is the first operational priority of the Franco-German FIVE roadmap (Kukies and Noyer, 2026).

Sources: Direction générale du Trésor (2025); Sifted (2024); Kukies and Noyer (2026).

Case 4. ETCI and ETCI 2.0 (EU, 2022-2026): engineering an asset class to fit the balance sheet

The barrier: Even where European venture funds exist, they are too small for institutional tickets, and the equity risk of a venture fund-of-funds carries capital charges and governance burdens that keep most pension funds and insurers out.

Who acted: The European Investment Fund (EIF) and EIB Group, with capital from six Member States; in the second phase the EIB Group committed EUR 1.25 billion of its own funds and opened the structure to institutional investors.

What they did: Phase one used public money to anchor large funds: ETCI became Europe's biggest fund-of-funds for scale-up capital, anchoring fourteen European mega-funds of over EUR 1 billion each. Phase two (ETCI 2.0, platform launched in 2026) restructures the offer for private balance sheets: an asymmetric design in which institutions can subscribe to an investment-grade senior instrument, bookable from a fixed-income allocation, while public capital takes the junior position.

Result: A venture exposure that passes the risk-return and scale tests for investors whose portfolios are dominated by fixed income. Fourteen mega-funds and eleven unicorns have been anchored so far; the institutional platform opened for commitments in 2026. It is an instructive example of redesigning the product to fit the investor rather than exhorting the investor to change; whether institutional commitments follow at scale, and whether the additional fund-of-funds layer earns its cost, remains to be demonstrated.

Sources: EIB Group (2025-2026).

Case 5. Scaleup Europe Fund (EU, 2025-2026): pension capital at the founding table

The barrier: No European vehicle could write the EUR 100 million-plus equity tickets that keep late-stage companies from raising in the US; and no single institution wanted to be first.

Who acted: The European Commission (EUR 1 billion cornerstone, participating on equal terms) and a founding coalition including pension and insurance capital, ABP with APG as asset manager, and Allianz, alongside Novo Holdings, EIFO, CriteriaCaixa, Santander/Mouro Capital and Italian institutional foundations. EQT was selected as fund manager through a competitive public call (December 2025 to February 2026).

What they did: Rather than waiting for a product, the founding investors helped design one: they shaped the fund's structure, governance and investment framework before committing, secured market-based management, and anchored a EUR 5 billion target (with stated ambition towards EUR 25 billion) for direct tickets of EUR 100 million and above in strategic deep-tech companies.

Result: First investments are expected in autumn 2026, with a second fundraising round to broaden the institutional base. The tests the OPSG will apply are practical: genuinely commercial

returns, a deepened rather than reallocated ecosystem, and conversion of founding commitments into a recurring institutional habit. But the design lesson stands already: institutions that arrive early shape the window; institutions that wait inherit someone else's design.

Source: European Commission (2025-2026).

Case 6. From exclusion to conditional inclusion: the Nordic and Dutch pivot (2022-2026)

The barrier: For two decades, defence was on or near the exclusion lists of most European pension investors: unpredictable revenues, reputational risk, and no institutional-grade access.

Who acted: Danish pension funds collectively; Nordic funds including Varma (FI), KPA Pension (SE), PFA, Danica and AkademikerPension (DK), which formally lifted long-standing exclusions; and Dutch funds ABP and PME, which clarified conditional openness. On the demand side: EU institutions and national governments, whose instruments (Section 6.1) changed the underlying cash-flow reality.

What they did: The investors did not simply change their minds; they restated their conditions in window terms and acted where those conditions were met. Danish funds more than doubled their defence investments to close to EUR 19 billion in the fifteen months to April 2025 (Insurance & Pension Denmark data). ABP, a long-time holder of defence-linked companies with exposures between roughly EUR 0.4 and 2 billion depending on definition, stated publicly that it is willing to finance capacity expansion provided investments meet its requirements on risk, return, cost and ESG, pointing specifically to the need for consistent policy and multi-year order books.

Result: A live demonstration that allocation follows conditions, not persuasion: where threat perception and procurement visibility rose fastest (the Nordics), capital moved fastest; where order books remain annual and cancellable, investors remain on the sidelines. The pivot did not happen in a geopolitical vacuum, and pretending otherwise would weaken the argument rather than protect it. Sharply risen threat perception (in the Nordic and Baltic region most acutely) changed the inputs to every window test at once: procurement visibility, sponsor and member preferences, and the political durability of demand. Geopolitics moved the conditions; the window translated them into allocations, fund by fund, under fiduciary rules. The Dutch formulation, multi-year order books as the condition for capacity finance, is the investible window in one sentence and tells governments which lever they hold; Dutch allocations have so far moved far less than Nordic ones, and the case will only be complete when they do.

Sources: ImpactAlpha (2025); Defence Finance Monitor (2026).

Case 7. ATP and Terma (Denmark, 2024): a statutory fund takes a minority stake in a prime

The barrier: Direct equity in a national defence champion combines single-buyer dependence, programme-cancellation risk and limited liquidity: an exposure most pension funds could not underwrite on standard terms.

Who acted: ATP, Denmark's DKK 710 billion statutory pension fund, through its Long-Term Danish Capital unit, together with the foundation that had wholly owned Terma, the country's largest defence company, and the Danish Defence as long-term customer.

What they did: In June 2024, ATP made a 'single-digit billion' DKK unlisted equity and loan investment in Terma, taking a minority stake and a board seat in a long-term partnership with the foundation owner. The development-stage test was passed by a 75-year-old company with proven products and, crucially, a 30-year framework agreement on integrated air and missile defence signed with the Danish Defence in 2023, converting political demand into contracted cash flow.

Result: A national-champion transaction that kept control domestic while bringing institutional capital and governance inside: board representation for the investor, contracted long-duration revenues for the company. ATP framed the deal squarely as return-driven, with a societal contribution alongside, not instead of, return.

Sources: Betermier and Steenbeek (2026).

Case 8. Danske Flaadeskibe (Denmark, 2023-2026): co-creation from the start in naval shipbuilding

The barrier: Building naval vessels is a decades-long, single-customer programme with heavy early development risk: normally far outside the window for pension capital.

Who acted: The Danish defence procurement agency DALO; a consortium founded by defence firm Terma, ship designer OMT and PensionDanmark, later joined by Semco Maritime and renamed Danske Flaadeskibe.

What they did: In June 2023, DALO selected the consortium as full-line supplier for the Navy's new multifunctional patrol vessels under what the parties called a groundbreaking cooperation model. The window logic is explicit in the design: a national programme large enough to matter (scale); the pension fund inside the structure from day one as founding partner rather than invited after terms were fixed (governance); a staged agreement, starting with design, so capital exposure grows only as the programme de-risks (development stage); and a broad, multi-party parliamentary agreement insulating the programme from single-election reversal (outer layer).

Result: The consortium is now preparing to build Denmark's new Arctic vessels and potential future frigates. For governments seeking private capital in defence, this is the template for co-creating structures with investors at the table from the start.

Sources: Betermier and Steenbeek (2026); DALO / consortium announcements (2023-2026).

Case 9. PensionDanmark and Copenhagen Infrastructure Partners (2012): when the product does not exist, build it

The barrier: In 2012, a pension fund wanting large-scale exposure to greenfield renewable energy found no manager offering it in institutional form: the deals sat with utilities, and the risk sat outside every window test.

Who acted: PensionDanmark, which recruited a team of senior executives from the Danish energy industry and seeded a new fund manager, Copenhagen Infrastructure Partners (CIP), committing roughly EUR 1 billion as the sole investor in its first fund.

What they did: The fund did not wait for a product; it created the producer. CIP was built around industrial capability, entering projects early and de-risking them before construction, wrapped in fund structures designed for institutional balance sheets: long horizons, contracted cash flows, cautious leverage.

Result: CIP is today the world's largest dedicated manager of greenfield renewable-energy investments, with approximately EUR 33 billion raised from more than 200 institutional investors across thirteen funds. One pension fund's decision to act created an access route for hundreds of others, exactly the ecosystem effect EU policy seeks. The lesson generalises to growth capital and defence technology: where intermediaries are missing, pension capital can call them into existence.

Sources: Copenhagen Infrastructure Partners (2025); PensionDanmark (2022); Top1000funds (2022).

ANNEX B. PRACTICAL TOOLS

This annex collects the practical instruments referred to in Sections 7 and 8, ordered by addressee: policymakers first, then EIOPA and national supervisors, then pension investors, followed by a general investibility checklist.

B.1 TEN QUESTIONS FOR EU AND NATIONAL POLICYMAKERS

These questions are addressed to public authorities because they hold the relevant levers; but most apply, *mutatis mutandis*, to any convener of capital. A private platform organising a fund-of-funds, an accreditation committee or a co-investment club should expect to answer the same questions on pipeline, risk allocation, scale and governance, and will be assessed against the same window.

1. What is the core objective for attracting institutional capital: strategic resilience, fiscal space, service delivery, market development, or innovation?
2. How much control is the public sector willing to delegate to private investors, and for how long; and where ownership of a network monopoly is reserved to the state, how will the public balance sheet finance it and protect the investment horizon?
3. Is the aim short-term financing relief, or a framework that can attract institutional capital on a recurring basis?
4. Is the asset politically sensitive, and if so, will public scrutiny constrain operations or pricing?
5. How does the project fit within the EU's broader strategic, industrial and fiscal priorities?
6. Is the legal framework stable and coherent, with sufficient investor protections, including through progress towards a harmonised EU corporate framework?
7. Are investor rights and responsibilities clearly defined, including governance rights and exit mechanisms?
8. Is procurement standardised, transparent and predictable across the life of the project, and, for defence, does it produce multi-year, contractually firm order books?
9. Is there sufficient administrative, legal and regulatory capacity to prepare, oversee and enforce the arrangement?
10. Is there a clear understanding of the objectives and constraints of the relevant institutional investors, including differences between large direct investors and smaller institutions investing through pooled structures?

B.2 FIVE QUESTIONS FOR EIOPA AND NATIONAL SUPERVISORS

1. Are supervisory reporting expectations, cost comparisons and performance assessments calibrated to horizons consistent with the liabilities IORPs actually hold?
2. Does supervisory practice treat well-governed illiquid investment as a normal feature of a long-term balance sheet, and is that treatment consistent across Member States?

3. Could EIOPA's statistics make the sector's productive European allocations visible on a standardised, voluntary basis, so that the political debate rests on data rather than conjecture?
4. In its advice on the IORP II review, has every proposed provision been tested against the question of whether it widens or narrows the investible window?
5. Do proportionality measures lower the cost for smaller IORPs of reaching long-term assets through pooled and cross-border structures?

B.3 SIX QUESTIONS FOR PENSION INVESTORS

1. Does the investment offer competitive risk-adjusted returns relative to global alternatives?
2. Is the legal, regulatory and institutional framework sufficiently predictable?
3. Does the asset offer scale, liquidity, or a credible long-term holding structure consistent with our specific portfolio and liability needs?
4. Are the political, regulatory and reputational risks acceptable within our fiduciary framework, including, for defence, clear exclusion boundaries?
5. Do we have the internal capacity, governance model or external partnerships needed to access and manage this type of investment, and if not, can we build or co-own them?
6. Which coordination functions (vetting and accreditation of managers, joint due diligence, standard terms, pooled vehicles) can the sector organise privately, rather than waiting for public sponsorship, and who should convene them?

B.4 INVESTIBILITY CHECKLIST

A project is likely to attract institutional capital when it can answer yes to most of the following 10 questions. More than two or three negative answers is a strong signal that structural work is needed before institutional capital can be expected.

1. Competitive expected return for the risk borne, benchmarked globally?
2. Revenue model contractually or regulatorily anchored over the holding period?
3. Ticket size and structure matched to a realistic investor base (direct or pooled)?
4. Credible exit pathway or explicit long-term holding structure?
5. Enforceable investor rights, transparent governance, clear dispute resolution?
6. Stable regulatory and permitting environment; no retroactivity risk?
7. Operational or de-risked development stage, or catalytic capital in place for the gap?
8. Prudential treatment compatible with the target investors' balance sheets?
9. Sponsor clarity on control, term, and what the public side wants from the partnership?
10. Investors engaged in structuring before terms are locked in?