

Terms of Reference

Ex-ante assessment for a potential EU equity financial instrument supporting Critical Raw Materials projects in Greenland

1. Background and rationale

The European Commission is considering the possible establishment of an EU equity financial instrument to support investments in Critical Raw Materials (CRM) projects in Greenland.

In accordance with Article 34 and Article 212 of the EU Financial Regulation, any such financial instrument must be based on an ex-ante evaluation demonstrating the existence of market failures or sub-optimal investment situations, the added value of Union intervention, the justification for the chosen type of financial operation, and the expected effects, risks and leverage for the Union budget.

Investment in CRM projects in Greenland faces specific constraints which may hinder the timely mobilisation of risk capital, in particular at early and development stages. The ex ante assessment will provide the analytical basis required to determine whether, and under which conditions, an EU equity instrument would be justified and appropriately designed.

The assessment shall build on existing relevant analyses and evidence and shall be prepared for internal Commission use in support of decision-making.

2. Objectives of the assignment

The objective of the assignment is to provide the European Commission with an ex-ante evaluation, compliant with Articles 34 and 212 of the Financial Regulation, to support a decision on the potential use of an equity financial instrument for CRM projects in Greenland.

The assessment shall in particular:

- identify and analyse market failures or sub-optimal investment situations affecting equity investments in CRM projects in Greenland;
- demonstrate the added value, additionality and proportionality of EU intervention through an equity instrument;
- justify the choice of equity as the appropriate type of financial operation in light of policy objectives, risks and expected budgetary effects;
- assess expected impacts, key risks and leverage effects;
- provide clear operational conclusions to inform possible instrument design.

3. Scope of work and required analysis

3.1 Market failures and baseline scenario

The contractor shall:

- describe the baseline scenario for CRM project financing in Greenland in the absence of EU equity intervention;
- identify and substantiate market failures or sub-optimal investment situations affecting the mobilisation of equity capital;

- analyse the nature and magnitude of the equity financing gap, taking into account project maturity and risk profiles.

3.2 EU added value, additionality and coherence

The contractor shall:

- demonstrate the added value of EU intervention compared to market-led solutions and alternative forms of EU support;
- assess additionality and risks of crowding-out;
- assess coherence and complementarity with existing EU and non-EU financial instruments, with a view to avoiding overlaps;
- provide a high-level assessment of State aid and competition considerations, limited to risk identification.

3.3 Objectives, expected effects and risks

The contractor shall:

- define the policy objectives to be pursued by a potential EU equity instrument;
- assess expected economic, environmental and social effects at a proportionate level;
- identify key financial, operational, environmental, social and geopolitical risks, including ESG-related risks, and possible mitigation measures;
- propose a limited set of performance indicators to enable future monitoring and evaluation.

3.4 Equity instrument design and financial justification

The contractor shall:

- justify the use of equity as the chosen financial operation, in accordance with Article 212(2)(h);
- assess the suitability of equity intervention across relevant stages of the project life-cycle;
- analyse risks and potential impacts on the Union budget;
- assess expected leverage and multiplier effects, providing indicative ranges where feasible;
- define high-level eligibility criteria for final recipients, ensuring economic viability in line with internationally accepted standards.

3.5 Implementation and governance

The contractor shall:

- assess the most efficient implementation and investment strategy, including the use of indirect management;
- identify high-level governance requirements to ensure alignment of interests, including co-investment and risk-sharing principles;
- outline performance-based remuneration principles for implementing partners, where applicable.

3.6 Lessons learned

The contractor shall identify key lessons learned from comparable EU or international equity instruments supporting capital-intensive projects, with a focus on design features relevant to the proposed intervention.

4. Deliverables

The contractor shall deliver:

1. Inception note outlining the proposed methodology and work plan.
2. Draft ex-ante assessment report for Commission comments.
3. Final ex-ante assessment report, compliant with Articles 34 and 212 of the EU Financial Regulation.

The final report shall be concise, evidence-based and operational, and shall not exceed 40 pages excluding annexes.

5. Methodology and working arrangements

The contractor shall apply a proportionate methodology combining desk research, financial analysis and targeted consultations, as appropriate. Exchanges with Commission services shall be foreseen to ensure alignment with policy and operational needs.

Stakeholder consultations shall be limited to those strictly necessary to support the analysis.

6. Required expertise

The tenderer shall propose a multidisciplinary team collectively covering the following profiles:

- Expert in EU financial instruments, with proven experience in ex-ante assessments and equity instruments under the EU Financial Regulation or comparable frameworks;
- Expert in mining / raw materials investment, with experience in assessing equity risk and economic viability of capital-intensive projects;
- Expert in Greenland regulatory and institutional context, with knowledge relevant to CRM project development.

A single expert may cover more than one profile.

7. Timeline

- The assignment shall be completed by 17 April 2026, with a full draft report submitted for feedback by the Commission.
- The Commission shall submit their feedback by 24 April 2026.
- The final clean version shall be delivered by 30 April 2026.