

Editorial

# New Project Financing and Eco-Efficiency Models for Investment Sustainability

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**Abstract:** In the paper, we introduce the Special Issue entitled “New Project Financing and Eco-Efficiency Models for Investment Sustainability”, and later present the form and contents of the thematic issue.

**Keywords:** project financing; public-private partnership; renewable energy; agricultural; food; infrastructures; ethical; legal; technical and organizational aspects; eco-efficiency performance; supply chain; sustainability

## 1. Introduction to the Special Issue

The use of project financing (PF) has a relatively long history for industrial projects (such as mines, pipelines and oil fields) [1].

This financial technique involves the creation of a legally independent project company (the so-called “Special Purpose Vehicle”) financed with limited-recourse debt and with equity from one or more corporate entities (sponsors) for financing a specific project. The project, and its assets, contracts and cash flows are segregated from those of the sponsors in order to obtain the credit appraisal and the loan for the project, independently, from the same sponsors [2].

Innovation has become a leading tenet in the rhetoric and practice of governments around the world, who are searching for ways to develop more efficient services [3–5]. To achieve this aim, it is well known and documented that governments increasingly involve private actors to create public value through such instruments as contracting out or public–private partnerships (PPPs) [5–8].

In PPPs, the public and private entities collaborate to develop new services or technologies for use in the public sector. This approach was recently extended to infrastructure projects, such as toll roads, power plants, telecommunication systems, schools, hospitals and prisons [9,10].

PPPs, implementing large projects under a PF arrangement, exhibit the following important features [11]:

- Projects operate under a concession obtained from the host government;
- The sponsors provide a large portion of the equity for the project company and expertise in developing and running the project;
- The host government may provide equity and running capital for the project company, facilitation for authorizations, and fiscal agreements;
- The sponsors and the government may enter into contracts regarding the long-run ownership and operation of the project.

PF creates value and thus reduces funding costs by resolving agency problems, reducing asymmetric information costs and improving risk management [12]. However, there are some main problems related to the use of PF, such as complexity in terms of designing the transaction and writing the required documentation, higher costs of borrowing when



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compared to conventional financing, and the negotiation of the financing and operating agreements, which is time-consuming [2]. Nevertheless, when comparing PF to corporate financing, the additional costs are more than compensated for by the advantages that arise from the reduction in the net financing costs associated with large capital investments, off-balance sheet financing and appropriate risk allocation [13].

Sustainability has been a global focus in recent decades. It has been viewed in various forms and measured across many fields. One of the critical assessment tools that measures both environmental sustainability and economics is eco-efficiency [14].

The eco-efficiency concept and its approaches have been applied across a wide range of sectors. Besides engineering, and environmental science, the concept is also trending in the business economics sector. There is an increasing-growth trend of its application in industrial and environmental sustainability. The benefits of eco-efficiency research are significant and show that its application will lead to efficient resource utilization while minimizing environmental impact [14].

The purpose of the Special Issue entitled “New Project Financing and Eco-Efficiency Models for Investment Sustainability” is to explore new findings and approaches associated with the use of project financing techniques to achieve greater investment sustainability, thus extending previous academic and managerial knowledge. It encourages submissions investigating the application of innovative project financing schemes in—but not limited to—renewable energy, food, agricultural, and infrastructure sectors. It also welcomes articles that address ethical, legal, technical, and organizational aspects to support the sustainability of investments and the “eco-efficiency” performance, not only within the single organization (or local community) but also across organizations’ borders (i.e., along the entire supply chain). Finally, it hopes to see articles dealing with project financing models in public–private partnerships relating to public subjects lacking in practice, know-how, and monetary resources.

## 2. Form and Contents of the Thematic Issue

The content of this Special Issue highlights some pertinent topics, which can be grouped into three main fields: (1) healthcare, (2) stock market and (3) urban regeneration.

As regards the healthcare sector, Visconti et al. [15] point out how PPPs can support healthcare investments for smart (technological) hospitals. Following a review of the implementation of innovative technologies in today’s patient-centered healthcare systems, the paper discusses the importance of PPPs where public actors interact with private players. On one hand, public actors can benefit from the expertise of the private investors, which are skilled in technological innovation; on the other hand, private investors can obtain adequate returns, which are compensated for by the technology-driven savings and efficiency gains. Then, Visconti and Morea [16] further investigate healthcare PPPs investments by providing an interdisciplinary approach which combines complementary aspects concerning big data, healthcare information technology, and PF investments.

As regards the second field of research, La Torre et al. [17] investigate how environmental, social and governance (ESG) drivers affect stock returns by developing a two-step methodology. This approach has been applied to analyze the performances of companies included in the Eurostoxx50 index over the 2010–2018 period according to their ESG score.

Lastly, Caneparo [18] addresses the issues of energy efficiency (EE) and quality of urban living. The paper reviews several energy-efficiency finance (EEF) models and assesses their suitability for funding the regeneration of cities, buildings, and open spaces.

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