

Conclusions

Framework Operation #27 for SME Competitiveness Guarantee (Capped Guarantee) (Multi-country)

INVEU-ICR-0062-2023 – SME Window (SMEW)

Short description of the financing or investment operation and its objectives

Type of the financial intermediaries	Guarantee intermediaries such as financial Institutions, guarantee institutions, National Promotional Banks or Institutions, commercial banks and alternative lenders such as debt funds
Final recipients	SMEs
Countries of implementation	Pan-European, with geographical distribution of Sub-projects expected across various Member States
Implementing partner	EIF

This Framework Operation will support Sub-Projects aiming at improving the competitiveness of enterprises by facilitating access to, and the availability of finance to SMEs, which are perceived by financial intermediaries as being high risk or lacking sufficient collateral. It will include also Sub-Projects aimed at providing solvency support to SMEs negatively affected by the COVID-19 pandemic. The SMEs Competitiveness Guarantee will encourage intermediaries to increase their volume of lending while reducing the cost of financing at the same time.

Global Assessment and rationale for approval

The Investment Committee (IC) of the InvestEU Fund approved the use of the InvestEU guarantee on 12 October 2023 for the above-mentioned operation.

The Sub-Projects under this Framework Operations will enable financing solutions with enhanced access to finance measures to the benefit of final recipients, such as: a) reduction of cost of financing; b) reduction or limitation of collateral requirements; c) increasing financing volumes; d) extending maturities; e) providing for a financing that improves the solvency of the final recipients; f) providing bespoke repayment terms to final recipients; g) providing financing in a form or in geographical areas or market segments, which have not been previously provided by Financial Intermediaries; h) reduction in down-payment in respect of Final Recipient Transactions, which are in the form of leases; and other measures.

Further additionality is provided through a higher guarantee rate in the case of recipients located in cohesion/ just transition regions, or benefitting from Solvency support, as well as by supporting intermediaries that will cover market segments not previously served or not served to the same extent.

Conclusions

The Investment Committee welcomed this second Framework Operation regarding the success of the predecessor initiative COSME Loan Guarantee Facility and recognised an established product with a significant additionality.