



## **Comments on the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak**

The European Association of Guarantee Institutions (AECM) together with the Network of European Financial Institutions for Small and Medium Sized Enterprises (NEFI), very much welcome the State Aid Temporary Framework adopted by the European Commission, aimed at allowing Member States to provide support to companies affected by the COVID-19 outbreak, in particular to small and mid-size enterprises.

We highly appreciate that offering support measures to financial institutions were the Commission's immediate priority and we strongly believe that the five types of aid provided by the Temporary Framework are the right tool to mitigate the economic effects of the COVID-19 outbreak.

To this end, we fully endorse the Temporary Framework which complements the many other possibilities already available to Member States under the existing EU State Aid rules.

We highly appreciate the fact that the Temporary Framework envisages sufficient time for SMEs to submit funding applications. Currently, 31 December 2020 appears a reasonable deadline, yet since the development of the unknown disease – COVID 19 – remains uncertain and the growth of the economy is difficult to predict, it might be indicated to extend the aforementioned time limit accordingly.

Same applies to the duration of the guarantee where the period of 6 years should be increased in case the default of the SMEs occur in the year  $n+3$  or  $n+4$ , so as to support working capital needs of companies and also their rebound on a longer term.

Finally, referring to the definition of the undertakings in difficulty, we consider that an undertaking should be considered as such if it meets the EU

criteria on 31 December 2019. Demonstrating that the difficulties occurred due to COVID-19 outbreak might be complex and burdensome in a moment where a quick and reactive support is needed.

AECM and NEFI would very much appreciate if the European institutions could take our suggestions into their kind consideration. Further, we would like to take this opportunity and express our appreciation also for the speed of the European Commission's response to the COVID-19 outbreak which makes a significant difference to the survival of many SMEs facing current liquidity shortages.

Last but not least, we would like to underline that AECM and NEFI together with its members stand ready to assume their responsibility doing everything possible to overcome the current crisis quickly and as best as possible what will only be feasible in a joint manner.

Brussels, 31 March 2020

## About us

The 48 members of the **European Association of Guarantee Institutions (AECM)** are operating in 29 countries in Europe. They are either private sector guarantee schemes or public promotional institutions or banks. Their mission is to support SMEs in getting access to finance. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. AECM's members operate with counter-guarantees from regional, national and European level. At the end of 2018 AECM's members had more than EUR 112 billion of guarantee volume in portfolio, thereby granting guarantees to almost EUR 3 million SMEs. AECM's members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU guarantees from the very beginning in 1998.

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**The Network of European Financial Institutions for Small and Medium Sized Enterprises (NEFI)**, which was founded in 1999, consists currently of 21 financial institutions from 21 European Union member states. NEFI pursues the objective of following the financial, political and legal developments in the fields of European economic and financial policies and all measures adopted by the EU institutions which are relevant for promotional financial institutions focusing on the facilitation of SMEs' access to finance. NEFI serves as a contact for the European Institutions providing know-how and information on all matters concerning promotional banking.

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