



## Questions on the updated proposals for the MFF and InvestEU

- The quasi-entirety of the InvestEU programme (EUR 30.3 out of 31.6 billion) will be allocated under Next Generation EU and not as previously planned under the MFF. As we understand, the advantage of this is that the programme could start earlier. Nonetheless, we are very much concerned about the fact that Next Generation EU will only run until 2024. Since also the small part that is under the MFF is planned to be implemented in the first two years (EUR 900 million out of 1.3 billion in 2021 and 2022), there will be nearly no InvestEU funding available in the years 2025 to 2027. Even if the European economy will be fully recovered in 2025, there is a strong need for SME guarantees due to the widely recognised market failure in the area of SME finance<sup>1</sup>.

Is it possible to use InvestEU funds under Next Generation EU beyond 2024 ? If yes, how would that be ensured ? If no, how does the European Commission plan to bridge the funding gap that results from the above-mentioned construction ?

**MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027 (IN COMMITMENTS)**

2018 prices	2021	2022	2023	2024	2025	2026	2027	2021-2027	Under NextGenerationEU	TOTAL
<b>1. Single Market, Innovation and Digital</b>	<b>20.547</b>	<b>20.526</b>	<b>20.420</b>	<b>19.856</b>	<b>19.741</b>	<b>19.869</b>	<b>19.697</b>	<b>140.656</b>	<b>69.800</b>	<b>210.456</b>
1. Research and Innovation	12.622	12.464	12.732	12.523	12.409	12.539	12.371	87.659	13.500	101.159
Horizon Europe	11.557	11.557	11.557	11.557	11.557	11.557	11.557	80.900	13.500	94.400
Euratom Research and Training Programme	250	250	250	250	251	251	255	1.757	-	1.757
International Thermonuclear Experimental Reactor (ITER)	814	656	924	716	601	731	558	5.000	-	5.000
Other	0.3	0.3	0.3	0.3	0.3	0.3	0.3	2	-	2
2. European Strategic Investments	4.753	4.891	4.517	4.159	4.161	4.159	4.160	30.800	56.300	87.100
InvestEU Fund	450	450	80	80	80	80	80	1.300	30.300	31.600

- The financial allocation of the SME window decreases from EUR 11.25 to 10 billion with regard to the original Commission proposal. We understand that this increase is fully induced by the necessary increase of the provisioning rate from 40 to 45 %. SMEs are among those suffering most from the outbreak of the covid crisis and the lockdown

<sup>1</sup> OECD (2020), Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard, OECD Publishing, Paris.

measures implemented all over Europe. A doubling of the InvestEU budget without increase for the SME window appears counter-logical.

How do you plan to ensure sound SME financing all over the Union? Is it planned to give SME portfolios access to the other policy windows, notably the new Strategic Investment Facility and the Sustainable Infrastructure window, without discouraging related reporting requirements ?

3. How will InvestEU fund deployment will be distributed over the years ? A distribution table is available for the whole Next Generation EU, but which part goes to InvestEU ? Where do the EUR 23.1 billion for after 2027 come from ?

Over the period of implementation, EUR 537.4 billion (in 2018 prices) from proceeds of borrowing operations will constitute external assigned revenues devoted to grants to MSs and budgetary guarantees.

EUR billion (rounded)

	2021	2022	2023	2024	2025	2026	2027	total	After 2027 <sup>13</sup>
constant prices 2018	35.0	84.5	111.8	122.5	74.5	34.4	17.9	480.7	19.3
current prices	37.1	91.5	123.5	138.0	85.6	40.3	21.4	537.4	23.1

4. The Commission Communication on “The EU budget powering the recovery plan for Europe” mentions a capital increase for the EIF of up to EUR 1.5 billion. The updated InvestEU proposal mentions an EIF capital increase of up to EUR 900 million. The proposal for the Solvency Support Instrument refers to a EUR 500 million capital increase for EIF. Does this mean that a share of EUR 900 million will be financed from InvestEU (the share of InvestEU that is under the Next Generation EU), EUR 500 million from SSI and the remaining EUR 100 million from another budget line ? If yes, from which budget line ?

## About us

The 48 members of the **European Association of Guarantee Institutions (AECM)** are operating in 30 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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**SMEunited** (formerly UEAPME) is the association of Crafts and SMEs in Europe with around 70 member organisations from over 30 European countries. SMEunited reassembles national cross-sectoral Craft and SME federations, European SME branch organisations and other associate members, which support the SME family. Combined, SMEunited represents more than 12 million enterprises with around 55 million employees across Europe. SMEunited is also a recognised employers' organisation and European Social Partner. SMEunited is a not-for-profit and non-partisan organisation.

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