



AECM reaction to the elements regarding Structural funds of the European Commission Proposal for the 2021-2027 Multiannual Financial Framework (MFF) and a new instrument – Next Generation EU – to recover from the COVID-19 crisis

The European Association of Guarantee Institutions (AECM) very much welcomes the proposed reinforced EU long-term budget and recovery plan aimed at powering recovery from the COVID-19 crisis and addressing the Union's needs.

We fully endorse the acknowledgement by the European Commission of the crucial role cohesion policy plays in the recovery process and we strongly believe that the new REACT-EU initiative aimed at providing additional funding support to the current cohesion policy programmes is the right tool to mitigate the economic effects of the COVID-19 outbreak and to assist the Member States during the recovery period.

We highly appreciate that the maximum flexibility, as proposed under the Coronavirus Response Investment Initiative (CRII) and Coronavirus Response Investment Initiative Plus (CRII+) packages, is maintained, giving to the Member States the possibility to transfer resources between funds and categories of regions while applying simplified procedures and benefiting from relaxation of the co-financing rules. We are convinced that this flexibility will improve the impact and effectiveness of cohesion funds.

However, we regret the cuts of the Regional Development Fund (ERDF) as well as of the Cohesion Fund (CF) in the updated MFF proposal compared to the one presented by the European Commission in 2018. Especially for the recovery from the COVID-19 crisis an adequate budget allocation to the ERDF and to the CF is indicated to reduce economic and social disparities and to promote sustainable development.

We appreciate the strengthening of the Just Transition Fund (JTF) aimed at alleviating the economic, environmental and social cost of the transition towards climate neutrality. We value the fact that additional resources from the Next Generation EU will not require transfers from national allocations under the ERDF and the European Social Fund plus (ESF+), allowing for achieving cohesion policy's other objectives.

Finally, we welcome the proposal to reinforce the European Agricultural Fund for Rural Development (EAFRD) since this fund is the key to make the structural changes necessary to implement the European Green Deal, and in particular to support the achievement of the ambitious targets in the new biodiversity and Farm to Fork strategies.

AECM therefore calls upon the legislators for an immediate agreement on the 2021-2027 MFF and the sectoral instruments in order to provide for a timely financing and avoid a funding gap at the end of 2020.

Last but not least, we would like to underline that AECM 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, 3 June 2020

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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