



Mr. Olivier Guersent  
Director-General  
Directorate-General for Competition (DG COMP)  
European Commission  
Place Madou, Madouplein 1  
1210 Saint-Josse-ten-Noode /Sint-Joost-ten-Noode  
Belgium

Vienna / Brussels, 2 March 2021

## **The Pan-European Guarantee Fund**

Dear Mister Guersent,

Next to the national support schemes, the Pan-European Guarantee Fund (EGF) comes as another important step in providing financing for companies affected by the COVID-19 outbreak, in particular to small and mid-size enterprises (SMEs). Thanks to the EGF, the financial support will be provided to more SMEs to a larger degree, allowing them to recover from the current crisis. The members of the European Association of Guarantee Institutions (AECM) very much welcome this initiative and stand ready to take swift and effective actions in implementing the Fund at local, regional and national level.

In light of the aforementioned, we would like however, to direct your attention to the concerns of AECM members on the State aid requirements, and call for improvement of the provisions, namely:

- Prohibition to decide after 2021 on a maturity extension of the Final Recipient Transaction, inserted in the “Permitted Final Recipient Transaction Amendment”

Supporting undertakings in their recovery phase requires time and well-suited financial support schemes. To this end, given the exceptional circumstances created by the COVID-19 crisis and the overarching objective of the EGF in supporting the recovery, it is appropriate that financial

intermediaries, i.e. NPBIs / guarantee institutions keep the flexibility in terms of maturity of the Final Recipient Transaction also beyond 2021.

More precisely, it is of utmost importance to allow the participating entities to decide on the adjustment of the repayment schedule at any time throughout the duration of the loan as soon as the undertaking faces difficulties in repaying it, within the limit of the maximum guarantee coverage of 15 or 6 years foreseen by the EGF Scheme by analogy to Sections 3.1 and 3.2 of the Temporary Framework.

Such flexibility in terms of maturity of the Final Recipient Transaction is consistent with banking practices. Amending the maturity is common for banks and their guarantors and in some cases, such as collective proceedings, the financial intermediary has even the obligation to do so. Likewise, the amendment of the maturity objectively pursues the goal of giving to an undertaking more time so it can effectively repay its loan without calling the guarantee.

This limitation would be all the more surprising given the latest revision of the Temporary Framework (outside the scope of the EGF) allowing Member States to convert, until 31 December 2022, the repayable instruments granted under this framework into grants.

- Limited inclusion period until December 2021 for debt products based on the EGF Scheme by analogy to the Temporary Framework

As currently foreseen, the EGF products are to be delivered until 31 December 2021.

Given the fact that the EGF, which was endorsed by the European Council on 23 April 2020, has taken longer to become operational than originally expected and taking into account that the pandemic and consequently its economic effects lasts longer, a prolongation of the EGF Scheme by at least one year is deemed necessary to allow the intended support to reach the final beneficiaries.

In light of the issues raised above, AECM would very much appreciate if the European Commission could take our requests into its kind consideration by keeping the flexibility in terms of maturity of the Final Recipient Transaction also after 2021 and support any initiative by the Member States to extend the implementation period by at least one year to allow for inclusions after December 2021.

Finally, we would like to take this opportunity and express our appreciation to the Commission's bold response to the COVID-19 outbreak which made a significant difference to the survival of many SMEs facing current liquidity shortages. Based on these changed conditions, AECM's member were put in a position to significantly increase their support measures. A non-exhaustive list of these actions and measures undertaken by AECM's members to address the economic impact of the COVID-19 outbreak can be found under the following link:

<https://www.flipsnack.com/AECMeurope/aecm-covid-brochure/full-view.html>

Last but not least, we would like to underline that AECM together with its members stand ready to assume its responsibility doing everything possible to implement the Pan-European Guarantee Fund and to make this instrument a success.

Yours sincerely,



**Bernhard Sagmeister**

- Chairman -



**Katrin Sturm**

- Secretary General -

### **About us**

The 47 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. In the first half-year of 2020, AECM's members had over EUR 259 billion of guarantee volume in portfolio, thereby granting guarantees to about 4.5 million SMEs. AECM's members are one of the most important counterparts of the EIF concerning EU counter-guarantees, handling EU guarantees from the very beginning in 1998.

European Association of Guarantee Institutions  
Avenue d'Auderghem 22-28, bte. 10, B-1040 Brussels  
Interest Representative Register ID number: 67611102869-33