



For the attention of:  
**Mr Olivier GUERSENT**  
Director-General  
European Commission  
DG COMP

Brussels, 29 September 2022

**Subject: Thresholds applicable to National Promotional Banks and Institutions under the InvestEU Fund**

Dear Director-General,

The National Promotional Banks and Institutions (NPBIs) members of the European Association of Guarantee Institutions (AECM) and of the Network of European Financial Institutions for SMEs (NEFI) are very much looking forward to the signature of the first InvestEU guarantee agreements with the European Investment Fund.

They are committed to taking swift and effective actions in deploying of funding on the ground for the benefit of companies, in particular small and medium-sized enterprises (SMEs), and to help them recover from the COVID-19 pandemic while building a greener, more digital, and more resilient European economy.

To this respect, the two associations would like to express their deep concern regarding the inclusion in the guarantee agreement between the European Investment Bank Group and the European Commission of a € 2m maximum financing amount per transaction supported by the European Investment Fund (EIF) when they are delivered directly by NPBIs, where commercial intermediaries could go up to € 7,5m. All products under the InvestEU Fund should be treated equally when they have the same features and should not be subject to the nature (public or private) of the operator, considering the following elements:

- 1. While it seems this €2m threshold was introduced to ensure a consistency between InvestEU and State aid rules, it is not foreseen in the General Block**

**Exemption Regulation (GBER) which provides for higher thresholds in several fields** such as Research, Development and Innovation, digitalization, green transition and cultural activities (cf. article 56e GBER). It is also the case for some products focusing on SMEs and small mid-caps since, for specific beneficiaries such as the ones that are innovative as defined in Article 2, financing can go up to € 15m (€ 7,5m would apply in the case of EIF-supported products given its mandate).

2. **This threshold was not in force under the European Fund for Strategic Investments (EFSI). It would result in “breaking” financial instruments in place since 2014 that have proven to meet the needs of businesses.** This is particularly true in the field of innovation where NPBI's direct loans have no equivalent given that commercial intermediaries remain reluctant to provide such risky loans and do not have the same capacity in sourcing innovative companies.
3. **Such a limitation would hinder NPBI's direct financing solutions notwithstanding they are designed to overcome suboptimal investment situations (structural or conjunctural).** This is why about 40 European NPBI's today provide direct funding as a complement of their indirect activities since practice shows it is difficult to attract commercial intermediaries on all market failures even when they benefit from a guarantee. These interventions are of a great importance in a recovery context to quickly address market needs and allow for a counter-cyclical approach.

Against this background, we would suggest opening to the EIF products all options foreseen in the Section 16 of the GBER. This is important to ensure a full impact on the market and address capital intensive needs of deep tech and innovative companies.

Thank you for please considering these points so that they can be included in the upcoming agreements between the EIF and its financial intermediaries. We would like to express that the members of the two associations stand ready to assume their responsibility doing everything possible to implement the InvestEU programme and to make it a success.

Sincerely yours,

Copy:

Mr Werner HOYER, President, European Investment Bank

Mr Alain GODARD, Chief Executive Officer, European Investment Fund

Mr Maarten VERWEY, Director-General, European Commission, DG ECFIN

Ms Kerstin JORNA, Director-General, European Commission, DG GROW

Ms Signe RATSO, acting Director-General, European Commission, DG RTD

### **About AECM:**

*The 47 members of the European Association of Guarantee Institutions (AECM) are operating in 30 countries in Europe. 39 of them are public promotional institutions or banks, 4 are mutual / private, and 4 are public private mixed. They all have in common to provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is generally recognised as market failure. By guaranteeing for these enterprises, guarantee institutions help to address this market failure and to facilitate SMEs' access to finance. The broader social and economic impact of this activity includes the following:*

- *Job creation and preservation of jobs by guaranteed companies;*
- *Innovation and competition: crowding-in of new ideas leading to healthy competition with established market participants;*
- *Structure and risk diversification of the European economy;*
- *Regional development since many rural projects are supported;*
- *Counter-cyclical role during crises.*

*SME guarantees generally pursue a long-term objective and our members, if public, private, mutual or with mixed ownership structure, have a promotional mission.*

*AECM's members operate with counter-guarantees from regional, national, and European level. As of end-2020, AECM's members had about bEUR 330 of guarantee volume in portfolio, thereby granting guarantees to around 5.2 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.*

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

### **About NEFI:**

*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 20 European Union member states and UK. 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.*

*Network of European Financial Institutions for Small and Medium Sized Enterprises (NEFI)  
Rue Belliard 40, 1040 Brussels / Belgium  
Interest Representative Register ID number: 44013762992-64*