AECM requests for future funding / financing instruments

Considerations for the Multiannual Financial Framework 2028-2034

Funds under direct management

Make rules for implementation explicit and transparent from the beginning. Additional rules and requirements developed during the implementation period make the process more difficult and costly for both financial intermediaires and final beneficiairies, especially SMEs.

Make funding / financing instruments less bureaucratic for final beneficiaries and easier for financial intermediaries. This means systematically applying proportionality through think-small-first principle to always consider the perspective of SME final beneficiaries, and easing the implementation for financial intermediaries.

Ease the reporting requirements for final beneficiaries, as keeping the reporting obligation at minimum will ensure that SMEs, especially micro-enterprises, can access affordable finance in the future. This should apply to funding progammes in all policy areas, including notably SME competitiveness and sustainability.

Make future EU funded programmes better aligned in terms of financing areas, thereby streamlining eligibility criteria and ensuring complementarity between funds. For example, the InvestEU Fund and the Recovery and Resilience Facility (RRF) currently have overlapping policy objectives, but different sets of rules and requirements. Financial instruments must be flexible and simple, allowing for synergies between them.

Ensure that projects financed under the InvestEU programme feature high additionality and effectively address existing market failures. Particularly, prioritise support for SMEs to enhance their innovation capacity and competitiveness, thereby fostering a more resilient and dynamic economy.

Acknowledging budget limitations in the next MFF, **promote the best possible allocation of resources to funds under direct and shared management that support the resilience and growth of SMEs**, and strengthen synergies between these programmes. In times of scarce resources, EU financial instruments have the benefit of optimising investments by leveraging limited public funds, generating revenue, and promoting risk-sharing while achieving the various policy objectives. Most notably, counter-guarantees can leverage the highest level of private investmemt with minimal public ressources.

Funds under shared management

Promote the use of financial instruments by allocating a certain percentage of each of the Cohesion Policy funds to be delivered through financial instruments (with a grant element where needed) to complement traditional grant-based support. Where justified by ex-ante assessments, the instruments should take the form of (counter)-guarantees for the following advantages: higher leverage effect, revolving effect, and risk mitigation.

In the event that the eligibility of expenditure is based on the RRF rules, i. e. on the achievement of pre-agreed KPIs, **ensure that only the achievement of KPIs is checked**. Avoid applying stricter, more detailed verification procedures for expenditure eligibility which is increasingly being pursued in the context of the RRF.

Entrust the implementation of financial instruments to national and regional financial institutions as they have the expertise and understanding necessary to effectively communicate with SMEs and address their specific needs. Align the treatment of Pillar Assessesed National Promotional Banks and Institutions with that of international financial institutions in which a Member State is a shareholder.

Make financial instruments more appealing to businesses seeking support by streamlining them and creating a unified framework for both forms of support i.e. grants and financial instruments. Promote financial instruments with a grant element within a single operation, as a way to facilitate the transition from grants to financial instruments.

Consider a more simple, flexible, reliable and project-oriented application of State aid rules, including in the context of the green and digital transition, while ensuring fair competition and the integrity of the internal market. Promote greater use of regulations that do not require notifications by simplifying the language and conditions for green aid schemes under Section 7 of the General Block Exemption Regulation (GBER). This approach will help reduce administrative burden and minimise the risk of legal uncertainty.

Avoid multiplication of funds and instruments with similar scope and objectives during the same implementation period, as this creates risks of overlaps and weakens the administrative capacity of the Managing Authorities which ultimately results in low absorbtion capacity.

Harmonise and simplify the implementation of the DNSH principle across different programmes and funds, namely, under the Recovery and Resilience Facility (RRF), the InvestEU Programme, and Cohesion Policy Funds. Further, **the implementation of the DNSH principle** should be at the programme level. If the DNSH principle is to be extended to the project level, we strongly suppport exempting projects below EUR 10 million, similar to the current practice under the InvestEU Programme.

In relation to all funds, **encourage and promote an integrated "single audit" approach** to streamline funding processes, minimise duplication, and improve efficiency for all stakeholders involved.

About us

The 47 members of the **European Association of Guarantee Institutions (AECM)** are operating in 32 countries in Europe. They are either private/mutual 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. This so-called SME financing gap is recognised as market failure. By guaranteeing for these enterprises, guarantee institutions address effectively this market failure and 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. At the end of the year 2023, AECM's members had about EUR 207 billion of guarantee volume in portfolio, thereby granting guarantees to around 4.7 million SMEs. AECM's members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU (counter-)guarantees from the very beginning in 1998.

Have a look at our AECM brochure and at our most recent publications:

Priorities for the legislative period 2024-2029

Guarantee Institutions Promoters of the Sustainable Transition

AECM Statistical Yearbook 2023

European Association of Guarantee Institutions – AECM

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