

EAPB and AECM joint statement to the legislative process of the Regulation proposal establishing the InvestEU Programme 2021-27

With this paper the European Association of Public Banks (EAPB) and the European Association of Guarantee Institutions (AECM) would like to express their views on the newest developments in the negotiations concerning the regulation proposal for the InvestEU Programme 2021-27.

- **Promotional banks and institutions as key partners for the EU**

EAPB and AECM support the fundamental features of the Commission's proposal as well as the direction taken by the Rapporteurs of the European Parliament¹². Numerous national and regional promotional banks and institutions stand ready to become implementing partners of the European Union in this programme and are prepared to provide their expertise and risk-sharing capacity for a successful roll-out of the programme via the envisaged direct access to the EU Guarantee. At the same time, there are also promotional banks and institutions, among them a number of smaller or recently established ones that prefer to remain contracted partners of the EIB Group or to combine both options.

The EAPB and AECM therefore see the direct access as an additional and important option for those implementing partners that are willing to fulfil the necessary requirements (esp. the Pillar Assessment). We welcome very much that the European Commission is also willing to financially and technically support prospective implementing partners in fulfilling these requirements.

- **EIF engagement much needed for SMEs in Europe**

We have been strongly advocating for a continuation of EIF-funded instruments such as COSME Loan Guarantee Facility and InnovFin SME Guarantee Facility which are distributed to the market through NPBIs and other intermediaries. These products have become vital tools in SME and innovation financing in the Member States and leverage the highest benefits when distributed in counter-guarantee schemes including the EIF, NPBIs/private guarantee institutions, and other intermediaries.

- **Securing the future of centrally managed instruments**

According to the current state of negotiations, 75 % of the EU Guarantee shall be allocated to the indirect management by the EIB Group and 25 % to other implementing partners (incl. NPBIs). EAPB and AECM appreciate that the EIB Group, being able to offer financing in all EU Member States, shall receive the largest share of this guarantee. This should ensure that products currently managed by the EIF, like COSME Loan Guarantee Facility or InnovFin SME Guarantee Facility, can be continued under the 75 % window of the EIB Group. This is important to ensure a level-playing-field access to all financial intermediaries without having to undergo a Pillar Assessment process and thus ensuring the widest geographical coverage possible.

Under the 25% direct access window, the implementing partners should also be able to propose similar schemes and additional products, for example addressing asset classes not covered by the

¹ AECM jointly with SMEunited recently published a position paper on the Parliament report on InvestEU:

<https://aecm.eu/communication/positions-papers/>

² Position Papers of the EAPB, including those on InvestEU in different stages of the legislative process: <http://eapb.eu/our-work/position-paper.html>

EIB Group and offering tailor made targeted solutions for national, regional and local situation of under-investment. Both windows shall allow for capped and uncapped product versions.

- **Avoiding any conflict of interest**

To become an Implementing Partner of the InvestEU Programme, it is necessary to undergo the so-called Pillar Assessment as foreseen in the Financial Regulation. According to the current state of negotiations, it is also foreseen that the prospective partner using the direct access would have to undergo a banking check of the guarantee agreement done by the EIB Group. In order to avoid any conflict of interest as well as duplications, we would recommend to legislators to reject this element of the agreement: A pillar assessment done by the European Commission in accordance with the requirements laid down by the Financial Regulation should be sufficient.

Relations with implementing partners going for the direct access should be an exclusive competence of the Commission, being an independent and neutral body. In order to enable a smooth functioning of the direct access window, the role of the EIB Group should solely consist of monitoring the overall portfolio risk based on aggregated data put at its disposal.

- **Open up the innovation window to all innovative companies including SMEs**

Under the InvestEU Proposal, SMEs shall be explicitly locked out from the policy window for research, innovation and digitization (RID)³. However, in the current programming period SMEs may be supported both from COSME and InnovFin, depending on whether or not they offer innovative solutions. Since SMEs are also very innovative and active in digitization, there is no justification for this lock-out in the next programming period. Furthermore, this categorization would brand SMEs as non-innovative. Moreover, the overall budget for SME support would shrink by adopting this limitation.

Inasmuch as mid-caps can in justified cases access the SME window, SMEs should be allowed to access the RID window if they can demonstrate that their project to be financed disposes of a considerable innovative component.

About AECM & EAPB:

EAPB and AECM together represent a vast majority of eligible implementing partners for the InvestEU programme as well as other financial institutions implementing EU financial instruments.

The 48 members of the **European Association of Guarantee Institutions (AECM)** are operating in 28 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 2017 AECM's members had over EUR 126 billion of guarantee volume in portfolio, thereby granting guarantees to more than 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.

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

The **European Association of Public Banks (EAPB)** is the voice of the European public banking sector. EAPB represents, directly and indirectly, over 90 financial institutions with overall total assets of over € 3.500 bn and 15% market share of the European financial sector. EAPB members are national and regional promotional banks, municipality-funding agencies and public commercial banks across Europe. EAPB members provide financial services and funding for projects that support sustainable economic and social development with, amongst others, activities ranging from the funding of companies and the promotion of a greener economy to the financing of social housing, health care, education and public infrastructure at national, regional and local level.

European Association of Public Banks – EAPB
Avenue de la Joyeuse Entrée 1-5, Bruxelles 1040
Interest Representative Register ID number: 8754829960-32

³ Commission Proposal for a Regulation establishing the InvestEU Programme, Article 7 paragraph 1 (b)