

AECM response to the European Commission's feedback period on the EU's next long-term budget (MFF)

EU funding for competitiveness

The **European Association of Guarantee Institutions (AECM)** represents 49 members and 6 partners, encompassing private and mutual guarantee schemes as well as public promotional institutions and banks. AECM members share a common mission: to facilitate access to finance for SMEs by providing guarantees to economically viable enterprises lacking sufficient collateral. By addressing this persistent market failure, they play a vital role in strengthening SME competitiveness and supporting inclusive economic growth.

AECM members operate with counter-guarantees from regional, national, and European levels and are among the European Investment Fund's (EIF) most significant counterparts, having managed EU (counter-)guarantees since 1998. Since the 2007-2014 programming period, they have also been key actors in delivering Cohesion policy funds to final beneficiaries - primarily SMEs - by acting as implementing bodies or financial intermediaries and working closely with commercial banks to maximise impact.

Following the proposal for the EU's next long-term budget (MFF), we would like to share some feedback to the European Commission, focusing particularly on **EU funding for competitiveness** [funds under central management].

➤ Rethinking counter-guarantees

Firstly, AECM welcomes the decision to extend the InvestEU programme as the European Competitiveness Fund (ECF) InvestEU Instrument and continue financial support in the form of counter-guarantees. The EU counter-guarantee is crucial not only for our members that do not dispose of a national counter-guarantee, but also for members to complement their national counter-guarantee, thereby ensuring the highest leverage effect, reaching more SMEs, at better conditions. In addition, counter-guarantees are the most budget-efficient instrument, leveraging limited public funds to unlock significant private financing, thereby multiplying the impact

of each euro spent while minimising direct budgetary strain. However, for these counter-guarantees to work and reach their greatest impact, we call on the European Commission for systematically rethinking how the EU guarantee can be better deployed as a counter-guarantee for the specific policy objectives of the ECF, ensuring that thematic counter-guarantee products can be more easily implemented under both direct access and through the EIBG.

➤ **Ensuring clarity and predictability in budgetary allocation**

The amount of support under the ECF InvestEU Instrument shows willingness and commitment to address the EU's critical investment gap, but the proposed capacity "range" from EUR 17 billion to EUR 70 billion deserves greater clarity and predictability. We know from the current programming period that funding under InvestEU is by far not sufficient to meet the demand, where implementing partners and financial intermediaries must often accept lower guarantee amounts, at the expense of final recipients. The ECF should allocate at least EUR 20 billion in provisioning for budgetary guarantees, enabling a guarantee capacity of at least EUR 40 billion. To achieve this, AECM proposes to re-allocate capacity within the ECF from the outset. This approach would provide the visibility required by the market, maintain the current pace of deployment and address Europe's investment needs, all without incurring additional costs to the EU budget. Moreover, to incentivise additional contributions, ECF rules should be the single set of rules for all budgetary guarantees, financial instruments and blending operations, covering both EU and Member States contributions under the ECF InvestEU Instrument.

➤ **Strengthening SME access to finance**

We welcome the inclusion of dedicated cross-cutting measures for SME competitiveness, specifically for "increasing the access and the availability of finance for SMEs." To ensure these objectives are effectively met, it is essential that funds allocated for SMEs are properly ringfenced, in the form of a dedicated SME window with adequate resources, delivered in the form of (counter-)guarantees targeted at final recipients from micro-enterprises to small-mid caps. Specifically, micro-enterprises face the most acute financing gaps due to their higher perceived risk and limited collateral. To preserve the effectiveness of these instruments, we strongly advocate for maintaining the current flexibility in the EU's approach to guarantee remuneration and the coverage of administrative costs for implementing partners. Equally important is preserving the EU's guarantee's high-risk absorption

capacity. Without these safeguards and targeted resources, the persistent market failure in SME access to finance will continue to disproportionately exclude the smallest, most vulnerable enterprise, undermining both inclusivity and economic resilience.

➤ **Continuity and agility under the open architecture**

Continuity in the open architecture model under the ECF InvestEU Instrument is highly valued by AECM members, which both implement their own InvestEU guarantee products and intermediated EIBG products, ensuring broad support for SMEs based on local market specificities. However, in order to ensure greater predictability and planning over the 7-year period, we call on co-legislators to introduce a pre-determined allocation of resources between national promotional banks and institutions and the EIB Group. This pre-determined allocation should be proposed within a range to preserve flexibility, building from the precedent established under InvestEU where a 75/25 split was applied. Implementing partners, financial intermediaries and final recipients need assurance on funding to plan their operations in the medium to long term. Notably, guarantee institutions using InvestEU as a counter-guarantee find it difficult to persuade commercial banks to implement the products when the allocation is minimal or limited. A Steering Board involving all implementing partners to guide the implementation of the InvestEU Instrument should be reinstated, mirroring current InvestEU practice. The mechanisms that ensured an efficient and agile decision-making with the Investment Committee should be kept, especially the framework operations.

➤ **Maintaining the fundamental role of guarantee institutions**

While we fully support the open architecture model, we view quite critically the proposal to entrust private entities such as commercial banks with the direct implementation of the EU guarantee. As AECM, we strongly advocate for the central role of promotional guarantee institutions in implementing the EU guarantee, given their unique capacity to reach underserved SMEs, including micro-enterprises and higher-risk borrowers, throughout the territory, in each Member State. Our members operate with a distinct promotional mandate, explicitly designed to address market failures and support SMEs that lack sufficient collateral or face structural barriers to finance, in direct cooperation with partner banks. Their targeted approach – rooted in policy goals such as financial inclusion – allows

financing across the spectrum of SMEs, serving clients and sectors that would otherwise be overlooked by commercial banks.

In contrast, allowing commercial banks to directly implement the EU guarantee risks benefiting more the banks themselves rather than the intended SME recipients. Commercial banks, driven by profit motives, may prioritise lower-risk, higher-margin projects, thereby excluding the very SMEs – particularly micro-enterprises and innovative SMEs – that most need support. The current collaboration between banks and guarantee institutions ensures that EU guarantees are deployed where they are needed most, including to higher-risk profiles and sectors requiring targeted incentives.

➤ **Streamlining legal and reporting requirements**

Finally, AECM fully supports the proposal to build on existing agreements, standard templates for legal and contractual arrangements, as well as established monitoring and reporting tools in the implementation of the ECF InvestEU Instrument. As guarantee institutions developed internal systems and processes to deploy InvestEU, especially with the EIF, new agreements under the ECF InvestEU Instrument should not lead to heavier reporting. Moreover, all simplifications agreed under Omnibus II should be maintained, including the simplified SME definition, streamlined reporting and further capitalisation on pillar assessed procedures. In preparation of the new programming period and associated products, this would significantly shorten timelines, reduce costs, and accelerate product rollout, ultimately enabling (new) products to reach the market faster, from guarantee agreement to implementation.

About us

The **European Association of Guarantee Institutions (AECM)** represents 49 members operating in 32 countries in Europe, and 6 international partners. They are national promotional banks and institutions or private/mutual sector guarantee schemes. 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:

[Statistical Yearbook 2024](#)

[Annual Activity Report 2024](#)

[Position papers](#)

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