

AECM considerations for the Second Omnibus package on InvestEU

The InvestEU programme is one of the largest risk-sharing instruments to support SME access to finance within the Union. By designating SME access to finance as a distinct policy priority, InvestEU recognises the crucial economic value of SMEs for the European economy. Especially, in an increasingly constrained financing environment, InvestEU is successfully making it easier for SMEs to gain access to finance by providing tailored financial instruments for their creation, growth, innovation and sustainable development, and most importantly, ensuring their competitiveness in a more volatile economic environment.

Nonetheless, our members have identified two main shortcomings in the implementation of InvestEU: budgetary capacity and administrative burden. With only one quarter of the total budget allocated to the SME window, we observe that only half of the total demand can be satisfied. Implementing partners and their financial intermediaries must compose with lower guarantee amounts than effectively needed in the market. Moreover, administrative complexities, detected in reporting requirements, application procedures and operational processes, affect the entire SME finance supply chain. Some financial intermediaries refuse to use financial instruments under the SME window, others use them mostly for larger operations, which contrasts with financial instruments targeted for SMEs in previous Multiannual Financial Frameworks (MFF).

Therefore, the European Association of Guarantee Institutions (AECM), on behalf of its members that implement and intermediate InvestEU products, would like to express collective support for the Second Omnibus legislative proposal and share the following considerations.

On increased size and efficiency of the EU guarantee...

We recognise the important effort to efficiently increase the financial capacity of the InvestEU Fund. In times of scarce resources, the InvestEU programme continues to do more with less. The EUR 2.5 billion increase of the EU guarantee, which includes around EUR 600 million dedicated to the SME window, will provide much needed

breathing space to the SME finance ecosystem. We expect that this new budgetary capacity will benefit both new and existing financial intermediaries. In particular, given the relatively limited budgetary increase for SMEs, **we hope that guarantee institutions will play an even more crucial role in the InvestEU programme, capitalising on their incredible leverage effect to reach the most SME final beneficiaries on the ground, thereby fully complying with the additionality principle.**

Furthermore, **AECM warmly welcomes the increase of the EU guarantee through the use of reflows from the European Fund for Strategic Investments (EFSI) and from legacy instruments.** Looking forward to the next MFF 2028-2034, we fully encourage the European Commission to apply this approach to future financing programmes, combining the InvestEU portfolio with the Competitiveness Fund. While this combination potentially reduces budget revenues, it enables legacy programmes to contribute to key policy priority areas throughout their entire lifecycle, while diversifying risks underpinned by the same provisioning. This approach would also streamline reporting requirements for all implementing partners under InvestEU, especially promotional institutions, which intend to capitalise on their present experience with the open architecture model in the next MFF.

On increased attractiveness of the InvestEU Member State compartment...

InvestEU is designed under the promise to address specific national and regional market failures or suboptimal investment situations through a designated Member State compartment (MS-C). By contributing a share of their resources – from national budgets, RRF, structural funds – Member States have the possibility to respond to the increased demand for financial instruments in the market, when the EU compartment envelope is already oversubscribed. We therefore welcome the proposal to enhance the attractiveness of the MS-C under the InvestEU Fund, adapting debt products to be deployed in other currencies than the euro.

In this regard, and given the persistent budgetary challenges, we invite all Member States that have not yet done so to contribute national funds to the EU guarantee under the InvestEU Fund. Specifically, **we invite Member States to allocate the EU guarantee under the Member State compartment to national promotional banks and institutions, in particular guarantee institutions, and to the European Investment Fund, that has a long-lasting relationship with guarantee institutions.** This would allow Member States to use the EU guarantee as a counter

guarantee, which yields the highest multiplying effect, also thanks to its revolving effect, and has the strongest impact on the ground by leveraging well-functioning distribution channels.

On administrative burden reduction...

AECM has often voiced concerns about the administrative burden associated with the implementation of InvestEU. In particular, our members using the InvestEU guarantee as a counter-guarantee are experiencing much more difficulties to report than in legacy financial instruments. Therefore, we appreciate efforts to alleviate the administrative burden for final recipients, financial intermediaries and implementing partners. The proposal to substantially reduce reporting on key performance and monitoring indicators for investment operations below EUR 100 000 is an important way forward. This will have a positive impact on guarantee institutions, that tend to cater for even the smallest investment operations.

However, **we propose a higher, more ambitious EUR 300 000 threshold to align with the *de minimis* ceiling and exempt considerably more investment operations under InvestEU from burdensome reporting requirements.** The *de minimis* ceiling was recently increased to streamline administrative processes by exempting smaller transactions in an inflationary environment, so aligning these provisions would promote consistency and considerably broaden the scope of InvestEU to reach more SME final beneficiaries.

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](#)

[AECM considerations for the Multiannual Financial Framework 2028-2034](#)

[AECM Statistical Yearbook 2023](#)

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