



Financial Instruments for SMEs

**What is done under the current MFF and
what will change under InvestEU**

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Current situation (1/2)

- ❑ MFF 2014 – 2020 has seen the development of multiple, partially overlapping financial instruments under a variety of different programmes
- ❑ Current financial instruments follow the rules of the respective legal base and those of the Financial Regulation => differing rules per instruments, e.g. on audit, reporting, visibility, etc.
- ❑ Budgetary constraints, no flexibility as budget is provided under the respective legal base

Current situation (2/2)

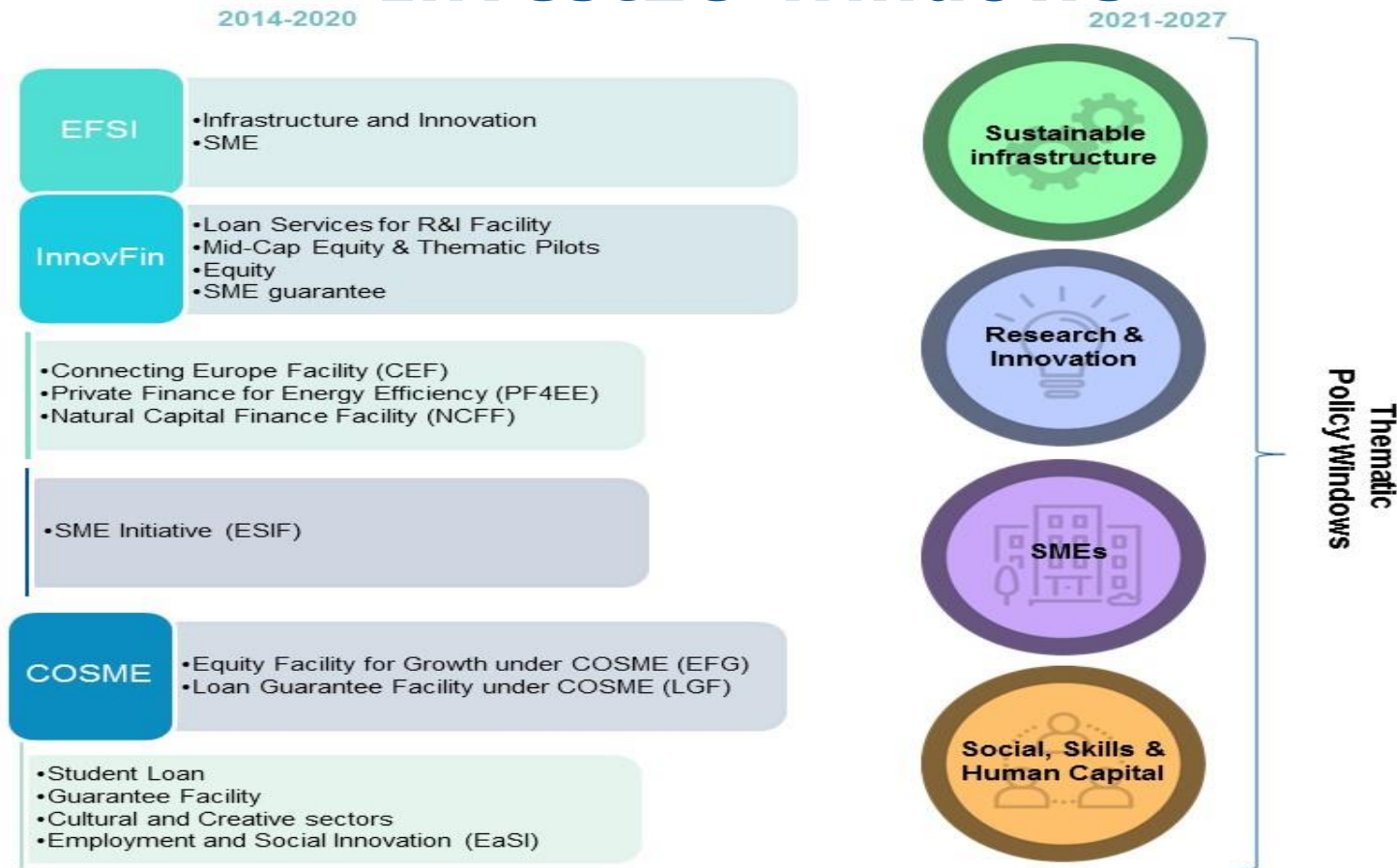
- ❑ Limited flexibility to set up new instruments if new policy challenges arise as legal bases tend to be prescriptive
- ❑ Despite differing risk profiles, all financial instruments have to be fully provisioned (100% risk coverage)
- ❑ Game changer: European Fund for Strategic Investments (EFSI) launched in July 2015 introduced the concept of a budgetary guarantee:

No need to provision 100% of the risk but provisioning according to the risk profile

Policy rationale for InvestEU

- ❑ All financial instruments bundled under one single legal base (InvestEU) – Single Rulebook!
- ❑ Four dedicated policy windows under which the different instruments will be established to avoid overlapping instruments
- ❑ Indicative allocation of the value of the budgetary guarantee to the four windows, but flexibility for reallocation
- ❑ More flexibility to adapt to changing market needs and to create new instruments

Existing instruments versus proposed InvestEU windows



Size of existing instruments versus proposed InvestEU windows

(EUR m)	2014-2020		2021-2027		Weight of windows (based on the budgetary guarantee/FIs)	
	(Baseline: EFSI + FIs)		(InvestEU Fund)		2014-2020	2021-2027
Thematic Policy Windows	Budgetary guarantee / FIs	Investment mobilised	Budgetary guarantee	Investment mobilised		
Sustainable Infrastructure	12.215	216.370	11.500	185.000	39%	30%
Research, Innovation and Digitisation	7.560	148.250	11.250	200.000	24%	30%
SMEs	9.413	171.848	11.250	215.000	30%	30%
Social, Investment and Skills	2.233	26.520	4.000	50.000	7%	10%
Total	31.421	562.988	38.000	650.000	100%	100%
EU Budget	14.521		15.200			

Source: Impact Assessment accompanying the proposal for the InvestEU Regulation

Political commitment to continue existing COSME financial instruments under the SME window of InvestEU

The proposal provides for a budget allocation of EUR 4 089 million. In addition, EUR 2 000 million allocated under the InvestEU Fund, in particular through its Small and Medium-sized Enterprises Window, will significantly contribute to the objectives of this Regulation.

Further streamlining is achieved by pooling all centrally managed financial instruments at the Union level in the InvestEU Fund, including debt and equity financial instruments for the benefit of SMEs. The loan guarantees for SMEs previously provided under the COSME programme will therefore be implemented under the 'SME window' of InvestEU.

The proposed Programme promotes synergies and complementarities in support for SMEs and entrepreneurship under the InvestEU Fund. For this purpose, in addition to the amount of EUR 1 000 million designated for non-financial instrument type of support for the competitiveness of SMEs under this Programme, an SME guarantee facility with a budget of EUR 2 000 million will be implemented under the SME window of InvestEU.