



## Coronavirus: Commission and European Investment Fund (part of EIB Group) unlock €8 billion in finance for 100,000 small and medium-sized businesses

Brussels, 6 April 2020



The European Commission has unlocked €1 billion from the European Fund for Strategic Investments (EFSI) that will serve as a guarantee to the European Investment Fund (EIF), part of the European Investment Bank Group. This will allow the EIF to issue special guarantees to incentivise banks and other lenders to provide liquidity to at least 100,000 European SMEs and small mid-cap companies hit by the economic impact of the coronavirus pandemic, for an estimated available financing of €8 billion. Today's announcement fulfils the commitment in the [Commission Communication](#) of 13 March to bring immediate relief to hard-hit SMEs, with money able to flow already in April. It is part of the package of measures announced by the EIB Group on 16 March designed to rapidly mobilise support for Europe's SMEs and mid-caps.

One of the immediate economic consequences of the coronavirus pandemic is the sudden lack of liquidity affecting small and medium-sized businesses. These companies are typically the most affected in a crisis, and it is essential to support them with adequate liquidity so they can survive the crisis. However, in a situation of liquidity crunch banks are not incentivised to lend SMEs money due to the sudden increase in perceived risk. That is why EU guarantees supporting these loans are necessary. As of today, the EIF is offering to the market dedicated EFSI-backed guarantees to contain the impact of the pandemic on small and medium sized enterprises and small mid-cap companies.

European Commission Executive Vice-President for An Economy that Works for People, Valdis **Dombrovskis**, said: "Across Europe, our businesses are struggling. The EU is responding quickly to help cushion the blow and to help small and medium-sized companies, which are especially vulnerable. Today, the Commission and the European Investment Fund are making available €8 billion in financing, bringing immediate cash relief to SMEs in Europe affected by the coronavirus pandemic. Money will be flowing already this month via local banks and lenders to help those most hard-hit by the crisis."

EIF Chief Executive, Alain **Godard** said: "In times of unprecedented crisis it is essential that SMEs receive the support they need. The EIF is working intensively to ensure a swift and adequate response to the COVID-19 virus outbreak and we are pleased to be launching this new €8 billion initiative with the Commission today. While this is an important first step, the EIB Group will continue to work on finding additional solutions to quickly meet the financing needs of entrepreneurs across Europe."

The €1 billion unlocked from the EFSI under the COSME Loan Guarantee Facility and the InnovFin SME Guarantee under Horizon 2020 allows the EIF to provide guarantees worth €2.2 billion to financial intermediaries, unlocking €8 billion in available financing. The guarantees will be offered through the EIF to the market, via a call for expressions of interest [issued today](#) to several hundred financial intermediaries, comprising banks and alternative lenders. Key features of these guarantees will be:

- Simplified and quicker access to the EIF guarantee
- A higher risk cover – up to 80% of potential losses on individual loans (as opposed to the standard 50%);
- Focus on working capital loans across the EU;
- Allowing for more flexible terms, including postponement, rescheduling or payment holidays

The new features will be accessible to new as well as existing financial intermediaries already working with EIF, who will extend special conditions to more than a hundred thousand companies benefitting

from guarantees under the COSME LGF and the InnovFin SMEG programmes.

## Next steps

Following today's call for expression of interest, financial intermediaries with existing EIF agreements under these COSME and InnovFin programmes will be able to access the new guarantees immediately upon their request. Other financial intermediaries can access the guarantees following a swift application process. In that way new money can already start flowing to hard-hit businesses in April. SMEs will be able to apply directly to their local banks and lenders participating in the scheme, which will be listed on [www.access2finance.eu](http://www.access2finance.eu).

The Commission and the EIB Group will continue to work on additional measures and will use all the tools at their disposal to help contain the coronavirus pandemic and address its economic consequences.

## Background

To unlock the €1 billion from the EU budget, the Commission and the EIB Group have made a series of amendments to their specific agreements.

The [European Investment Fund](#) (EIF) is part of the European Investment Bank group. Its central mission is to support Europe's micro, small and medium-sized businesses by helping them to access finance. EIF designs and develops both venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth and employment.

**COSME** is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs) running from 2014 to 2020 with a total budget of €2.3 billion. At least 60% of the programme is devoted to improving access to finance for SMEs in Europe, with two financial instruments. The [COSME Loan Guarantee Facility](#) supports guarantees and counter-guarantees to financial institutions to help them provide more loans and lease finance to SMEs. COSME Equity Facility for Growth helps provide risk capital to SMEs mainly in the expansion and growth stages.

**Horizon 2020** is the EU programme for Research and Innovation running from 2014 to 2020 with a total budget of €77 billion. Under Horizon 2020, InnovFin – the EU Finance for Innovators – financial instruments aim to facilitate and accelerate access to finance for innovative businesses across Europe. In particular, the [InnovFin SME Guarantee \(SMEG\) Facility](#) provides guarantees and counter-guarantees on debt financing of between €25,000 and €7.5 million to improve access to finance for innovative SMEs and Midcaps. Under InnovFin SMEG, a facility managed by the EIF, financial intermediaries – banks and other financial institutions – are guaranteed against a proportion of their losses incurred on the debt financing covered under the facility.

The **European Fund for Strategic Investments** (EFSI) is the financing pillar of the Investment Plan for Europe, which was launched in November 2014 to reverse the downward trend in investment levels and put Europe on the path to economic recovery. Its innovative approach based on the use of an EU budget guarantee provided to the EIB Group enables substantial public and private sector funds to be mobilised for investment into strategic sectors of the European economy. The Investment Plan for Europe has already generated more than €460 billion of investment and supported 1.1 million start-ups and SMEs across Europe. Find the latest EFSI figures by sector and by country [here](#).

## For more information

[Features of the new guarantees](#)

[Call for expression of interest to financial intermediaries for the COSME Loan Guarantee Facility](#)

[Call for expression of interest to financial intermediaries for the InnovFin SME Guarantee \(SMEG\) Facility](#)  
[European Coordinated Response on Coronavirus](#)

[Coronavirus website](#)

[EIB Website](#)

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