

European financial support measures for companies

The European Union and its Member States have implemented a coordinated and global strategy to support the economic activity and meet the needs of its players. To this end, many European players support the effort made by the national financial institutions to assist SMEs, which are those most impacted by health crisis.

1. The Commission and European Investment Fund unlocked an estimated 8 billion euros financing in favor of 100,000 SMEs

On 6 April, in order to finance the most urgent liquidity needs of the SMEs, the Commission decided to unlock 1 billion euros from the European Fund for strategic investments, that will be used as a guarantee for the European Investment Fund (EIF). This guarantee will allow in turn the EIF to issue dedicated guarantees for a total amount of 2.2 billion euros in favor of national guarantee institutions, banks and leasing companies for the latter to provide liquidity to at least 100,000 European SMEs and mid-cap companies financially impacted by the pandemic. These guarantees will be granted by the EIF to local financial intermediaries upon their request (which would have to be submitted before 30 June 2020).

Financial intermediaries with current EIF agreements under the "COSME" program* (aiming at facilitating access to financing for SMEs) or "InnovFin" program** (aiming at accelerating access to financing for innovative companies) will be able to benefit immediately from these new guarantees upon their request. Other financial intermediaries will only benefit from these guarantees following a simplified application process.

The SMEs financially impacted are invited to apply directly to the financial intermediaries listed on the website www.access2finance.eu.

* : e.g.: BPCE S.A., CM-CIC Leasing Solutions, France Active Garantie, Franfinance SA and SIAGI are French financial intermediaries with existing EIF agreements under the COSME program. Please note that additional financial sub-intermediaries are also operating in France.

** : e.g.: BPCE S.A., BpiFrance Financement, Crédit du Nord and HSBC SA are French financial intermediaries with existing EIF agreements under Innovfin program.

2. The European Investment Bank financing program

On 16 March, the European Investment Bank (EIB) proposed a program to mobilize up to 40 billion euros of financing to support European companies, including other measures designed to reduce liquidity and working capital constraints for SMEs and mid-size companies. The EIB will work to this end with the EIF, financial intermediaries in the Member States and in partnership with national banks.

The proposed financing package consists of:

- guarantee schemes dedicated to banks based on existing programs for immediate use, mobilizing up to 20 billion euros of financing,
- liquidity lines dedicated to banks to ensure additional working capital support for SMEs and mid-size companies of 10 billion euros, and
- dedicated asset-backed securities purchasing programs to allow banks to transfer risk on SME loans portfolios, mobilizing an additional 10 billion euros support.

The BEI also recommended the setting-up of a 25 billion euros European guarantee fund. This fund would provide national financial institutions with existing financial instruments for strengthening the support to European SMEs and mid-size companies, with the mobilization of additional 200 billion euros. It would be financed by the Member States pro rata their participation in the EIB and/or other institutions.

On 9 April, the European Finance Ministers reached a preliminary agreement relating to a European economy supporting plan. This plan would in particular provide for an active involvement of the EIB through the setting-up of a European fund providing guarantees to companies up to 200 billion euros.

Following the Eurogroup recommendation, on 16 April, the BEI announced its support to the setting-up of a 25 billion euros European guarantee fund that will be formally set up as soon as those Member States representing at least 60% of the share capital of the EIB will have taken the required commitments. Furthermore, on 23 April, the European Council approved the setting-up of the fund and pointed out that the fund should be up and running on 1 June 2020.

The companies financially impacted may apply directly to the financial intermediaries involved in the EIB financing plan as listed on www.eib.org/en/.