



Investment Committee of the InvestEU Fund

Meeting no 38 of 11-12 March 2025

Room Schuman, Foyer Européen

European Commission, Luxembourg

10 rue Heinrich Heine, L-1720 Luxembourg (Gare)

Third Framework Operation #52 for the SME Competitiveness Guarantee Product (Capped and/or Uncapped Guarantee) (Multi-country)

INVEU-ICR-0009-2025 – SME Window (SMEW)

Short description of the financing or investment operation and its objectives

Type of financial intermediaries	Guarantee intermediaries such as financial Institutions, guarantee institutions, National Promotional Banks or Institutions, commercial banks and alternative lenders such as debt funds
Final recipients	SMEs
Countries of implementation	EU27, Norway, Iceland
Implementing partner	EIF

The present Framework Operation will support Sub-Projects that fall under the SME Competitiveness Guarantee Product. and will aim at improving the competitiveness of enterprises by facilitating access to, and the availability of finance predominantly to SMEs, which are perceived by financial intermediaries as being high risk or lacking sufficient collateral.

The Framework Operation is also expected to contribute to the objectives set out in the SME Strategy.

Global Assessment and rationale for approval

The Investment Committee (IC) of the InvestEU Fund approved the use of the InvestEU guarantee on 19 March 2025 (e-vote) for the above-mentioned operation.

The SME financing market is characterised by persistent market gaps, which occur when viable projects or viable SMEs do not get the financing they require from Financial Intermediaries due to e.g. information asymmetries, market fragmentation, transaction costs or the Financial Intermediary's risk aversion. Especially young firms face certain challenges due to a lack of track record on which the Financial Intermediary could rely for the purposes of risk analysis and taking of the financing decision.

SMEs report insufficient collateral or other bank requirements, such as guarantees as being most often the cause for not being able to obtain financing.

The objective of this Framework Operation is to contribute to the reduction of the structural shortcoming of the SME financing market and to support the creation of a more diversified SME finance market. More specifically, through direct and indirect guarantees, this Framework Operation aims to support debt financing.

The use of the InvestEU Guarantee allows EIF to enter into (counter-)guarantees with financial intermediaries supporting higher risk category final recipients. Guarantee instruments are not



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part of the EIF's standard activities and are typically implemented by EIF via third-party mandates. Building on the previous EU guarantee instruments, InvestEU, and in particular the SME Competitiveness Product, will enable the EIF to support the SME ecosystem at a scale that would not be possible otherwise or not to same extent out of other EIF-managed resources for that purpose.

This market failure, resulting in a sub-optimal equilibrium outcome, is rooted in the existence of information asymmetries.