

European Commission

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European Commission, DG ECFIN

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European Investment Bank Group

Mrs. Marjut Santoni
Secretary General

Mr Roger Havenith
Deputy Chief Executive,
European Investment Fund

**Boulevard Konrad Adenauer, 100
Luxembourg**

Brussels, 21/06/2019

Object: The COSME Program under InvestEU

Dear Ms Jorna, dear Mr Delsaux, dear Mr Presa,
Dear Marjut, dear Roger,

The Loan Guarantee Facility of COSME is a key instrument of SME support in the EU. It supports selected financial intermediaries to provide loans to SMEs that would be considered too risky without the guarantee.

National promotional banks and institutions (NPBIs), in cooperation with the EIB group, and in particular with EIF, are playing a major role in delivering the program to the ground. Indeed, operations through NPBIs account for around 45% of overall COSME budgetary allocation and result in 57% of overall financing mobilised. This shows the success of the COSME program. This is also the reason why, as NPBIs, we would like to stress the importance of having the

COSME successor facility included in the 75% window of the EU compartment of the InvestEU guarantee Fund and in no case under the 25% direct access window.

The rationales for this principle are the following:

RISK OF REPLACEMENT of a significant part of the envelope in direct access by COSME: the SME Window under Invest EU amounts to €2.8bn (25% x 11.5) in direct access. COSME representing a budget of €2 billion in the current programming period, it would reduce the SME envelope by more than 80% in direct access and even more if other COSME-like guarantee programs were included such as EASI or the CCS facilities. This would clearly contradict the intention of the legislator to reach new final beneficiaries by opening up direct access to other players than the EIB Group.

DO NOT CHANGE WHAT WORKS: COSME is an excellent example of the successful cooperation among our organisations. NPBI and financial intermediaries are now familiar with implementation rules and procedures by the EIF, which should therefore continue running COSME. We should endeavour to capitalise on these positive results to make InvestEU a success, offering visibility and continuity of EU-27 programs for SMEs.

THE OBJECTIVE OF INVESTEU DIRECT ACCESS VERSUS ACCESS THROUGH THE EIB GROUP is to promote the design of new bottom-up solutions by NPBI able to address sub-optimal investment situations by providing tailor-made and locally adapted solutions. COSME LGF instead is a standardised program with predefined criteria aimed at addressing a Union-wide market failure – that is to say limited access to finance for SMEs - regardless of national market specificities. As such, it does not meet the objectives of the 25% direct access window.

In addition, it is critical to make sure that under standardised programs, like COSME, all NPBI will be treated the same way by the EIB group be they pillar assessed or not.

CLEAR CRITERIA are needed to ensure the effectiveness of InvestEU. It should therefore not be possible to propose an EU-28(7) program in the 25% window exactly in the same way. Only schemes with differentiated aspects (from a risk or a funding policy perspective for example) and in line with the investment guidelines could be eligible for the 25% window.

More generally, when it comes to the future of EU-wide (counter) guarantee programs, ELTI members would like to share additional considerations that they believe to be key for the success of InvestEU. Considering that they aim to address market failures, these products should be made attractive and therefore:

- Both capped and uncapped portfolio guarantee programs should be preserved as they play different roles.

- Guarantees should not be fully charged whilst guarantees which are free of charge should be kept within the range of financial instruments.
- All guarantee programs successfully managed and run by EIF today (COSME, InnovFin, CCS, EASI, ERASMUS+...) should be continued in the next MFF under the 75% window with very similar conditions to the current ones. At the same time, their implementation should be well coordinated to reach different beneficiaries while avoiding overlaps using the experience and the well-established network of NPBI and financial intermediaries.

I hope these considerations will contribute usefully to the ongoing discussions with regard to the design of InvestEU.

ELTI and its members remain at your disposal to further exchange on this matter.

Sincerely yours,



Helmut von Glasenapp
Secretary General