



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS

Deputy Director General

Brussels,
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Mr Helmut von Glasenapp
Secretary General
European Association of Long-Term
Investors (ELTI)
Rue Montoyer 51, B-1000 Brussels

Subject: Your letter of 21 June 2019 - “The COSME Program under InvestEU”

Dear Mr von Glasenapp,

Thank you for your letter dated 21 June 2019. I appreciate you sharing ELTI members' considerations about EU support to SMEs under the future InvestEU Programme. Throughout the implementation of five generations of financial instruments over the past 20 years, National Promotional Banks and Institutions (NPBIs) have been key partners of the Commission.

We share your view that capped guarantees for SME lending, such as the COSME Loan Guarantee Facility (COSME LGF), play a pivotal role in the EU's support to SMEs. This is why risk-bearing capacity from the SME Window of the European Fund for Strategic Investments (EFSI) has been used to significantly increase the capacity of the COSME LGF, which made it possible to address the high demand from financial intermediaries for this product.

The EFSI reinforcement has doubled the resources initially foreseen for the COSME LGF and we are on track to full deployment - clearly demonstrating that the COSME LGF risk-coverage is very much in demand by financial intermediaries and allows supporting higher risk SME transactions. It is worth highlighting that COSME's positive results would not have been possible without the excellent cooperation of all participating financial intermediaries among which NPBIs had the highest share.

In light of the above, we see the continuation of this type of guarantees under the SME Window of InvestEU as a natural development. We will draw from experience and lessons learned from the COSME LGF implementation. We will continue targeting higher risk SMEs and higher risk SME transactions (e.g. start-ups, SMEs with insufficient collateral, higher risk SME financing transactions otherwise not offered such as subordinated financing, longer-term transactions) and plan to embed in such facility

also the target group of the current InnovFin and the Cultural and Creative Sector Guarantee facilities.

The new guarantee landscape under the SME Window of InvestEU will not bring a revolution but will be an evolution of the current instruments, taking on board important lessons learnt. In particular, as NPBIs have been instrumental in the roll-out of the COSME LGF, the opening up of the EU guarantee for direct access to them also embodies this evolution. In this regard, we have witnessed interest from your members in the two seminars that we organised this year and I would like to thank you for your proactive involvement in these events.

As regards InvestEU, we are planning to continue with the capped guarantees both under the part allocated to the EIB Group (75% of the EU guarantee) under which NPBIs may become financial intermediaries and under the direct access part for NPBIs and IFIs (25% of the EU guarantee). This leaves NPBIs a chance of whether to cooperate under the 75% EIB window or under the 25% NPBIs window.

Yours sincerely,



Kerstin Jorna

Cc: European Commission - Pierre Delsaux, Silvano Presa, K. Schreiber
EIB: Marjut Santoni
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