



22 June 2015

EP SME Intergroup

Meeting on the European Fund for Strategic Investment (EFSI) and its potential for SMEs

**Introductory remarks by Daniel Cloquet, “Entrepreneurship and SMEs”
Director, BUSINESSEUROPE**

23 June 2015

Ladies and Gentlemen,

I am grateful to President Karas for having encouraged the organisation of this meeting, and my words of thanks go also to the Vice-Chairs of the SME Intergroup who are here today, and who we know play an active role in improving SME access to finance.

I would like to share some thoughts on the implementation of the EFSI Guarantee Fund, but before doing this, let me summarize BUSINESSEUROPE’s key recommendations for relaunching investment Europe. As you know, we have a serious challenge here since EU investment as a share of GDP contracted from 22.6% in 2007 to only 19.3% in 2014.

BUSINESSEUROPE sees three essential EU action lines:

1. First, removing the barriers to investment;
2. Second, encouraging the diversification of the sources of finance, and this includes enabling a better SME access to equity and capital markets;
3. And third, using a small amount of public funds to leverage private sector finance provision.

We believe that this approach can unlock many growth enhancing investment projects that cannot be launched at the moment, given the lack of interest on the finance industry side or given the costs linked to the various financing options.

From this perspective, we have supported EFSI from the start, welcoming its SME pillar in particular. We strongly appreciate the fact that EFSI should especially support higher risk projects, including innovation projects, given the contribution of such projects to growth and employment.

As you know, a 5 billion Euro guarantee will be created to support investment projects of SMEs and mid-caps. Through a multiplier factor of 15, which appears realistic on the basis of historical data, these 5 billion Euro should trigger additional investment in SME and mid-caps in the order of 75 billion Euro.



Some days ago, the first European Innovative Enterprise Week took place in Riga, with a strong participation of the Commission and the EIB Group. From discussions in Riga, it comes out that the 5 billion Euro guarantee might be implemented as follows:

- 3.5 billion Euro could be mobilised for enhancing the supply of venture capital, leading to an additional investment in SMEs and mid-caps of 52 billion Euro
- And 1.5 billion Euro could be used to support projects with debt finance, leading to an additional investment in SMEs and mid-caps of 22 billion Euro.

Add these 22 billion Euro and the other 52 billion Euro and you get the announced additional investment of 75 billion Euro in SME and mid-caps.

Regarding the debt finance products, we fully support the idea of using the EFSI Guarantee Fund mainly to boost existing successful EU schemes such as COSME and the InnovFin Guarantee schemes introduced by Horizon 2020.

We also welcome the new support schemes being prepared for SMEs in the context of EFSI. We heard that the existing InnovFin Guarantee schemes should be enhanced to provide guarantees not only for senior loans granted to SMEs but also for subordinated loans. This is a very positive move, because it will again support growth enhancing innovation projects.

As you can see, BUSINESSEUROPE strongly supports the approach that is emerging for implementing the SME pillar of EFSI.

Against that background, we urge the Commission and the EIB to move up gear in communicating on EFSI, and we call on financial intermediaries to play their full role in implementing the SME pillar of EFSI.

Thank you.
