

Key role of National Promotional Institutions in access to finance for SMEs

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The **Network of European Financial Institutions for SMEs (NEFI)** represents 16 National Promotional Institutions (NPIs) from 16 EU Member States with a public mission to facilitate access to finance for SMEs. In 2013, NEFI member institutions actively supported and financed more than **416,000 SMEs** throughout Europe, granting a total of **EUR 45.2 billion** of financing mainly in the form of loans and guarantees.

Moreover, NEFI members possess the **expertise** on how to design financial instruments and are able to contribute to the wider discussion on complementarity between EU and national schemes.

For the benefit of the European SMEs, NPIs are able to react promptly to market needs and demands. This proved to be of key importance at the onset of the financial and economic crisis, when NEFI members demonstrated their ability to provide efficient and targeted solutions for SME financing requirements. This was achieved thanks to diverse business models addressing the specific national markets.

However, NEFI members can only successfully perform their tasks if this **flexibility**, which is one of their main characteristics, is preserved.

NEFI Members act in line with EU State aid rules providing SME financing e.g. on the basis of the General block exemption Regulation (GBER), the de minimis aid Regulation or notified regimes. In addition, NPIs may also intervene in market terms/conditions, alongside private actors, to complete funding rounds, to stimulate the market and to play a catalytic role in private financing. In this regard, it is pivotal to enable NPIs to react quickly to local, new and non-anticipated corporate finance market needs.

For the reasons given above, NPIs should be **first choice partners** for the European Commission, EIB and EIF to contribute to the development and implementation of European policies for SMEs in the member countries. Such cooperation would allow the existing structures to be used more efficiently and avoid overlaps of the different EU and national programmes. Moreover, NEFI members strongly believe that working closely with NPIs ensures the best possible leverage of public and private investment and the best implementation of EU instruments, which increases the efficiency of SME access to finance and is in line with the EU **principle of subsidiarity**.

To this end, NEFI institutions strongly support the importance given by the European Council in its conclusions of June 2013 on strengthening cooperation between NPIs and the EIB, to increase opportunities for co-lending and exchanges of best practices and are ready to explore the possibilities for such cooperation. This closer cooperation is also in line with the recommendations made by the High Level Expert Group on SME and Infrastructure Financing in its report of December 2013.

Likewise, NEFI welcomes the efforts of the European Commission to **update and simplify State Aid rules** within the State Aid Modernisation package. However, we would like to point out that some rules set out in the new regulations in fact lead to the contrary, not only for State aid providers but also for final recipients. Furthermore, NEFI members believe that equal State aid rules should apply to all players involved in the implementation of structural funds and the EU budget, regardless of their assignment (NPIs, commercial banks, EIB-Group, etc.).

In this respect, we would greatly appreciate **transparency** from the Permanent Working Group on State aid, set up between DG COMP, DG ECFIN and the EIB Group as referred to in the joint statement of 21st January 2014, and encourage EU Institutions to involve NPIs in their work on financial instruments, State aid rules and other topics where joint efforts can bring significant added value to the European economy.

To conclude, NEFI advocates **a deep, more trusting and balanced cooperation** with the EU Commission, EIB and EIF.

In order to tackle the challenges of SMEs in Europe, and to obtain the best benefits for this critical target group, an alignment of promotional efforts between European and national levels is essential. Given the relevance of NPIs in facing these issues, NEFI members stress the paramount importance of **mutual recognition as key stakeholders and partners in the achievement of a common goal – facilitate access to finance for SMEs in Europe.**