



## Investment Committee of the InvestEU Fund

Meeting no 25 of 14-15 March 2024

Mercier-Post building (Publications Office)

20, rue de Reims, L-2417 Luxembourg

Meeting room **ARENA**

### Framework Operation #41 for SME Competitiveness Guarantee – Malta InvestEU Member State Compartment (uncapped guarantee) (MT)

INVEU-ICR-0015-2024 –SME Window (SMEW))

#### Short description of the financing or investment operation and its objectives

Type of the financial intermediaries	Financial Institutions in Malta (mostly commercial banks)
Type of the final recipients	SMEs including micro-enterprises
Countries of implementation	Malta
Implementing partner	European Investment Fund (EIF)

The Sub-Projects that will fall under this Framework Operation will aim at improving the competitiveness of enterprises by facilitating access to, and the availability of, finance to SMEs covering the entire territory of Malta. The envisaged Sub-Projects shall aim to strengthen the resilience, increase productivity and support sustainable growth of the Maltese companies. Various forms of financing, including working capital funds, revolving credit lines, investment loans, and leasing may be provided by intermediaries.

#### Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 14 March 2024 for the above-mentioned operation.

EIF expects to support financial intermediaries in originating final recipient transactions (debt financing) which meet the enhanced access to finance measures described in the InvestEU Call for Expression of Interest published on EIF's website.

These measures ensure that the debt financing support provided to target final recipients is made with more favourable terms, compared to the standard credit and collection policies of financial intermediaries. The measures may include, but are not limited to, improvement in financing tenor, pricing conditions, collateral requirements and other.

The use of the InvestEU Guarantee allows EIF to enter into guarantee operations with financial intermediaries supporting higher risk category final recipients. Guarantee instruments are not part of the EIF's standard activities and are typically implemented by EIF via third-party mandates. Building on the previous EU-level and regional guarantee instruments, the SME Competitiveness Product implemented under the InvestEU Member State Compartment, will enable the EIF to support the SME ecosystem at a scale that would not be possible or not to



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same extent out of the EU Compartment of InvestEU nor other EIF managed resource for that purpose.

EIF will extend guarantees to financial intermediaries that in turn provide debt financing which meet the enhanced access to finance measures.

Due to the focus of the SME Competitiveness Sub-Product on higher risk lending, EIF will support the bespoke high value added interventions in the Sub-Projects in a customized way.

This may translate to a substantial reduction in collateral requirements, the targeting of younger SMEs (startups), the provision of loans with longer maturities or the increase in lending volumes to the risky SMEs, as a few examples. Each Sub-project will be aimed to enhance the debt financing offer of the relevant financial intermediary, for the ultimate benefit of Maltese SME final recipients.