Small and medium enterprises SMEs: interest subsidies on loans extended by the EIB

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OBJECTIVE: this second Commission report deals with the implementation of Council Decision 94/217 /EC regarding the provision of Community interest subsides on loans for SMEs extended by the EIB under its temporary lending facility (SME facility). CONTENT: the "SME facility" introduced by the European Council in Copenhagen in June 1993 made provision for the EIB to allocate one billion ecus under its temporary lending facility for actions to increase the competitiveness of European SMEs. In 1994, the Council adopted a decision whereby, under certain circumstances (when the loan is to finance investment projects which create jobs), the loans granted under this facility may qualify for interest subsidies (2% over a period of five years), which are underwritten from the Community budget. The facility is managed by the EIB, which grants overall loans to banks and other financial institutions throughout the EU. These banks then lend the EIB assistance in the form of smaller tranches once they have ensured that the projects comply with the directives issued by the EIB. The EIB appoints an agent in each Member State to deal with applications for subsidies in that state. Each agent receives part of the overall donation, which he then redistributes in chronological order of the applications. Provision has been made for the subsidies available under the facility to be redistributed if the appropriations allocated are not used. The Commission concludes by stressing that the impact of the SME facility on job creation has been monitored closely. Given that beneficiaries are entitled to a subsidized loan of 30,000 ecus per job created and that overall EIB loans under the facility total 1 billion ecus, at least 33,333 jobs can be created. The Commission considers that nearly 42,000 jobs have already been created (if these figures are extrapolated on the basis of total loans of 1 billion ecus, it would appear that over 45,000 jobs could be created). A general profile of the loans in each Member State is attached to the report. Approximately 95% of the total sum available under the facility had been allocated by the end of the first half of premier of 1995 and most Member States already have a long list of projects awaiting new funding. 95% of appropriations went to SMEs, thereby meeting one of the objectives of the proposal.