Small enterprises SMEs: loan guarantees for investments carried out by SMEs creating employment, Elise

1996/0107(CNS) - 10/04/1996 - Legislative proposal

- OBJECTIVE: Implementation of ELISE (European Loan Insurance Scheme for Employment) to provide loan guarantees for investments carried out by SMEs creating employment. -SUBSTANCE: . the benefit of the loan guarantee scheme will be restricted to SMEs, and particularly to small enterprises, while only investment projects involving the creation of employment will be eligible. The guarantees provided by the European Investment Fund (EIF) will in general cover 50% of the amount of the loan, while transnational investments (such as the creation of a production, research or distribution facility in another Member State, or the creation of a joint venture) will enjoy priority access to the scheme and benefit from guarantee cover up to 75% of the loan size. . The scheme will be implemented by the EIF, while the loans will be extended by a network of financial institutions throughout the European Union. The detailed terms and conditions applying to this new scheme will be set out in a cooperation agreement to be signed between the Commission and the EIF. Essentially, the Commission and the fund will ensure that the network of institutions is sufficiently broad to ensure that the scheme operates on a fully competitive basis in the interests of SMEs. This network will primarily consist of banks operating as intermediaries in the framework of the EIB's global lending programme. (i.e. financial institutions with particular experience in the area of loans to SMEs and institutions with qualifications in the area of guarantees). . The scheme will run initially for a period of two years and will be financed entirely by ECU 25 m entered in the 1996 budget on the 'employment and growth for Europe' budget line (B5-322). This will allow for EIF guarantees covering a total loan portfolio of ECU 1 thousand million. The budgetary appropriations destined to cover the cost of the guarantee premiums will be transferred directly to the fund and into a special Community account. Neither the financial intermediaries nor the final beneficiaries will therefore receive Community funds directly. . The Commission shall submit a report on the implementation of ELISE to the European Parliament and the Council. It will provide an overall evaluation of the functioning and impact of the scheme within 18 months from the date of its adoption. This will allow a decision to be taken on a new proposal aiming to extend the scheme.