

Conclusions

(Third) Framework Operation #54 for SMEW RIDW Joint Equity Product – CMU Sub-Product

INVEU-ICR-0046-2025 - Research, Innovation and Digitisation Policy Window; SME Policy Window (RIDW; SMEW)

Short description of the financing or investment operation and its objectives

Name of financial recipient	Financial Intermediaries established in EU27, OCT and Other Participating Countries with strategies pursuing any of the Target Areas under the SMEW RIDW Joint Equity Product – CMU Sub-Product.
Type of the final recipients	SMEs; Small Mid-Caps
Countries of Implementation	The pipeline of operations is expected to be deployed widely across Europe with a stronger concentration in Moderate and Emerging Innovator Countries (MEICs) ¹ , in particular in the Baltics, Southern Eastern Europe (SEE) and Central Eastern Europe (CEE)
Implementing Partner	European Investment Fund (EIF)

Global Assessment and rationale for approval

The Investment Committee (IC) of the InvestEU Fund approved the use of the InvestEU Guarantee on 13 June 2025 for the above-mentioned operation.

The Framework Operation aims to support investments in Financial Intermediaries that:

- a) contribute to diversification of sources of financing for EU's businesses beyond bank-type finance, support investment in innovation and technological developments, growth of the companies thereby promoting the EU's global competitiveness;
- b) invest cross-border and helping enterprises to internationalise;
- c) aim at making companies more visible to other investors, notably by facilitating partnerships or collaboration with wider ecosystem, including entities at European, national, or regional level.

Intermediaries will typically invest in equity, quasi-equity, hybrid debt-equity or loans.

¹ Means Member States who are classified as Moderate and Emerging Innovator countries, according to the European Innovation Scoreboard 2021 published at:

<https://ec.europa.eu/docsroom/documents/46013/attachments/1/translations/en/renditions/native>, such countries being: Bulgaria, Croatia, Cyprus, Czechia, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, and Spain.

Conclusions

Examples of investment strategies potentially supported under this Framework Operation may include: private equity funds focusing on lower mid-market opportunities; selective loan funds focusing on tailored private debt solutions for lower mid-market companies; hybrid-debt equity funds providing flexible financing to lower mid-market companies; pan-European private equity fund targeting buy and build strategy and internationalization of companies; private equity or venture capital funds providing growth financing to scale up companies.

Additionality

EIF's commitment is expected to be instrumental in diversifying and enlarging the Financial Intermediaries' investor base with new investors for new market sectors and/or geographies. In particular, the EIF is expected to play the role of a cornerstone investor, thus playing a signaling and catalytic effect on institutional investors by providing a seal of approval and strong structuring input, playing instrumental role in the fund formation or achieving target sizes enabling the optimal deployment of the fund strategy. The Sub-Projects will aim to improve visibility of companies to other investors, notably by facilitating partnerships or collaboration with the wider ecosystem, including entities at a European, national or regional level, thereby reducing information asymmetries through enhanced visibility of the companies, and a signaling effect through the investment itself.

Market gap

EIF's commitment will help provide financing to funds targeting developing segments of the private equity market such as selective loan funds, hybrid debt equity funds and growth equity funds. In MEICs, especially in certain regions such as CEE, Portugal and the Baltics, financing is still scarce when compared to local company financing needs. The number of local players is limited, and pan-EU managers only invest sporadically in the region in flagship transactions. In Spain and Italy, the PE market has developed more, especially in the upper end of the lower mid-market but is still lagging with regards to the economy size when compared to more developed EU private equity market.