The coronavirus pandemic has left many otherwise strong companies at risk of short-term financial difficulties. To prevent such companies from falling into insolvency, many will need to recapitalise by raising new equity.

The Solvency Support Instrument aims to mobilise €300 billion for the real economy.

The Solvency Support Instrument is designed to help prevent insolvencies. In the framework of the European Fund for Strategic Investments (EFSI), it will use the EU budget to support equity investments in companies with solvency problems. Companies operating in Member States and sectors which are more economically impacted by the pandemic, and where national solvency support is more limited, should benefit most.

WHICH COMPANIES WILL BENEFIT?

To benefit from the Solvency Support Instrument companies must be:

- Established and operating in the EU
- Hit by the pandemic and unable to secure sufficient financing themselves through the market
- Economically viable
- No financial difficulties at the end of 2019, according to the EU State aid rules

Decisions on which companies to invest in will be made independently by fund managers, in line with the criteria of the EFSI.
ECONOMIC BENEFITS

Preventing insolvencies will help to:

- prevent many jobs from being lost
- ensure that companies are able to invest and contribute to Europe’s economic recovery

By focusing on the countries most in need, the Solvency Support Instrument will help ensure a level playing field in the Single Market between countries.

HOW WILL IT WORK?

The Solvency Support Instrument will channel guarantees from the EU budget in support of viable European companies that suffer from solvency issues due to the coronavirus crisis. This will be done by working with the EIB Group and in the framework of the EFSI.

- EU budget via the EFSI
- EIB Group
- National promotional banks, financial intermediaries and Special Purpose Vehicles
- Eligible companies