
COVID-19 Coronavirus: Vestager (EU Commission), Solvency Support Instrument will provide “equity support to businesses” in most affected countries and sectors

The package presented by the EU Commission to the European Parliament to enhance the recovery of the European economy includes a reinforced Multiannual Financial Framework of €1.1 trillion and the “Next Generation EU” tool equipped with €750 billion. This second package includes a number of measures, one of which is the “Solvency Support Instrument” that vice-president Margrethe Vestager presented at a press conference today. This is an instrument that will “enable equity support to businesses all over Europe”, in the “hardest hit” countries and sectors. A company that can no longer borrow to cover its liquidity needs without straining its capital, Vestager explained, can turn to an existing investment fund which will provide equity support thanks to the “Solvency Support Instrument that will provide a guarantee for the fund to cover possible losses”. This new instrument is based on the European Fund for Strategic Investments and aims to mobilise private resources. It can be operational from this year and will have a budget of €31 billion, aiming to unlock €300 billion in solvency support for healthy companies who want to overcome the crisis with a transition towards a “cleaner, digital and resilient” future.

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