

CULTURAL AND CREATIVE SECTORS GUARANTEE FACILITY

OPEN CALL FOR EXPRESSION OF INTEREST

TO SELECT FINANCIAL INTERMEDIARIES UNDER THE CULTURAL AND CREATIVE SECTORS GUARANTEE FACILITY

(Published on 18th July 2016)

The objective of this Open Call for Expression of Interest, launched by the European Investment Fund, (the “EIF”) is to select eligible financial institutions to become Financial Intermediaries under the cultural and creative sectors guarantee facility (“**Cultural and Creative Sectors Guarantee Facility**” or “**CCS GF**” or the “**Facility**”) under the Creative Europe Programme of the European Commission.

To learn more about the Creative Europe Programme visit:

<http://ec.europa.eu/programmes/creative-europe/>

All applications for such instrument under the Facility to be submitted to the EIF should conform to this Open Call for Expression of Interest.

1. The Cultural and Creative Sectors Guarantee Facility

On 11 December 2013, the Regulation (EU) No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014 to 2020) and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC (the “**Legal Basis**”) was adopted, thereby establishing a self-standing financial instrument named the Cultural and Creative Sectors Guarantee Facility. The Facility aims to increase access to finance to SMEs and micro-, small- and medium-sized organisations active in the Cultural and Creative Sectors (as defined in Annex II and III) through effective portfolio credit risk transfer (via a guarantee) and the provision of expertise, through technical assistance, knowledge-building and networking measures, on the Cultural and Creative Sectors to Financial Intermediaries (via Capacity Building).

Pursuant to the Delegation Agreement between the European Union (the “**EU**”) and the EIF in respect of the Cultural and Creative Sectors Guarantee Facility dated **30 June 2016** (the “**CCS GF Agreement**”), the EIF has been entrusted by the EU to implement the Facility.

Under this Facility EIF shall provide first-loss capped guarantees and counter-guarantees to selected Financial Intermediaries, using the EU’s budget.

The general terms of (Counter-) Guarantee Agreements to be entered into under the Facility are further described in the Annex II and III¹ to this Open Call for Expression of Interest.

¹ With the Annex II being the Direct Guarantee Term-Sheet and Annex III being the Counter-Guarantee Term-Sheet

2. Eligible Financial Intermediaries

This Open Call for Expression of Interest is addressed and restricted to Financial Intermediaries that are:

- a) in respect of Guarantees provided under the Facility: public or private entities (including credit or financial institutions), if applicable, duly authorised to carry out financing to Final Recipients according to the applicable legislation;
- b) in respect of Counter-Guarantees provided under the Facility: public or private (counter-) guarantee schemes, (counter-)guarantee institutions or other entities, credit or financial institutions, if applicable, duly authorised to issue guarantees according to the applicable legislation,

in each case established and operating in one or more of the Participating Countries.

Applicants shall represent that they are not in any of the situations of exclusion, as further described in the Annex I to the Open Call for Expression of Interest.

Applicants shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject and shall not be established and shall not maintain business relations with entities incorporated in any Non-Cooperating Jurisdiction in relation to the Final Recipient Transactions. The EIF Anti-Fraud Policy shall apply to the (Counter-) Guarantee Agreements under the Facility (please refer to http://www.eif.org/news_centre/publications/anti_fraud_policy.htm.)

The criteria set out above shall apply *mutatis mutandis* to the Financial Sub-Intermediaries, if applicable.

3. Definitions and Interpretation

In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them below or as elsewhere defined in this document and its Annexes, unless the context requires otherwise.

Applicant	Means an entity applying to this Call for Expression of Interest as a potential, future Financial Intermediary.
Financial Intermediary	Means (i) any financial institution or credit institution duly authorised, if applicable, to carry out lending or leasing activities or providing bank guarantees according to the applicable legislation or (ii) any guarantee scheme, guarantee institution or other financial or credit institution duly authorised, if applicable, to issue guarantees according to applicable legislation.
(Counter-) Guarantee Agreement	Means any guarantee or counter-guarantee agreement affording credit protection by the EIF executed under the scope of the Cultural and Creative Sectors Guarantee Facility.
Deadline	Means 30 September 2020 or such earlier date as announced officially in the Facility section of EIF's website.

Operation	Means a transaction entered into between the EIF and a Financial Intermediary under a (Counter-) Guarantee Agreement.
Eligibility Criteria	Means jointly the Final Recipient Transaction Eligibility Criteria, the Final Recipient Eligibility Criteria and the Financial Sub-Intermediary Eligibility Criteria defined in the Annexes II and III (respectively the indicative Capped Direct Guarantee Term Sheet and the indicative Capped Counter-Guarantee Term Sheet).
Expression of Interest	Means an application to the Open Call for Expression of Interest received by EIF before the Deadline, conforming to the provisions of Annex I to this Open Call for Expression of Interest.
Participating Countries	As at the date of publication of this Call of Expression of Interest, the following countries: <p style="margin-left: 40px;">(a) the EU Member States: Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden, United Kingdom; and</p> <p style="margin-left: 40px;">(b) Iceland and Norway.</p>
Non-Cooperating Jurisdiction	A jurisdiction determined as such, primarily on the basis of its classification as “non-compliant” by the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange of Information for Tax Purposes, from time to time. Please enquire with EIF for confirmation of Non-Cooperating Jurisdiction status.

4. The application procedure

Applications to this Call for Expression of Interest shall be submitted to EIF before the Deadline in order to be considered.

Following the successful outcome of the selection procedure of the applications, the (Counter-) Guarantee Agreement shall be signed with the Applicant. The ultimate decision on the form of the agreement shall be made at the discretion of the EIF, in line with the mandate given by the EU for the implementation of this Facility.

In accordance with Annex I to this Open Call for Expression of Interest, the application should include the Applicant’s identification and the Information Requirements with supporting documents.

Such Annex is composed of two appendixes:

1. Applicant Identification Form
2. Minimum Information Requirements

Applicants may send questions regarding the Open Call for Expression of Interest. EIF shall analyse such incoming questions and may publish from time to time the resulting answers in the form of a FAQ (Frequently Asked Questions) document posted in the Facility section of the EIF’s website (www.eif.org). EIF reserves the right to update the FAQ document from time to time as and when it deems it appropriate.

5. Language and governing laws

The Expression of Interest shall be prepared in English.

The terms of the (Counter-) Guarantee Agreement shall be in English. The (Counter-) Guarantee Agreement shall be governed by the laws of England.

6. Submission of Expression of Interest

The Expression of Interest shall be submitted before the Deadline in writing via registered mail or professional courier and in either case by email. The Expressions of Interest sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form or in removable electronic storage medium (e.g. CD-ROM, USB).

The Deadline is set on the **30 September 2020**, provided that EIF may, in agreement with EU, determine that the Deadline will end on an earlier date depending, *inter alia*, on the availability of the budgetary resources for the Facility or any amendment to the CCS GF Agreement. Any change in the Deadline will be announced officially in the Facility section of EIF's website.

The Deadline applies (i) in case of e-mails to the reception by EIF and (ii) in case of registered mail or professional courier service to the date of dispatch proven by the post office stamp or a dispatch receipt.

The Expressions of Interest shall indicate the name of the Applicant and be sent to the following e-mail: ccs.gf@eif.org stating in the subject of the email, as appropriate: "CCS GF– Expression of Interest: [name of the Applicant]".

An acknowledgement of receipt will be sent to the relevant Applicants by EIF via e-mail, which shall state the confirmation that the Expression of Interest was received before the Deadline. The submission of Expression of Interest will only be considered as effective once this acknowledgement of receipt has been sent.

The acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of assessment or acceptance of the same.

The Applicants may withdraw, in the same manner as specified above, their Expression of Interest at any stage of the selection process.

If after one year from the date of the pre-selection, no agreement could be found with the applicant as to how a proposal, meeting the programme requirements, would be structured, EIF reserves the right to consider such application as reserve listed.

7. Selection process

Financial Intermediaries shall be selected on a continuous basis and in a generally chronological order in due consideration of the general principles of transparency, equal treatment, proportionality, avoidance of conflicts of interests and non-discrimination, with due account of the nature of the CCS GF, the experience and the operational and financial capacity of the Financial Intermediaries, in compliance with EIF's statutes, policies, rules and procedures and best business practices.

The Expressions of Interest for a Guarantee and/or a Counter-Guarantee under the Facility shall be subject to the selection process as outlined in more details below. The budgetary allocation between the Counter-Guarantee and the Guarantee, countries or regions is not set ex-ante but shall be demand-driven.

EIF shall assess, on a continuous basis, the applications received from time to time pursuant to the selection process outlined in the following sections.

The selection process of each Applicant comprises of the following steps, provided that each step was concluded with a positive result:

- 1 Pre-Selection
 - 1.1 Compliance with all formal criteria
 - 1.2 Application Based Scoring
- 2 Due Diligence and Amended Scoring
- 3 Final Selection and Approval Process

During the entire selection process until entering into a legally binding agreement with an Applicant, EIF has full discretion to consider or not Applicants and no Applicant has any claim or other right or may expect to be ultimately selected as Financial Intermediary for the CCS GF. Any negotiation of terms and conditions of (Counter-) Guarantee Agreements by no means entails any obligation for EIF to enter into such (Counter-) Guarantee Agreement with an Applicant.

As further described in the sections below, when assessing the application, EIF will apply its professional analysis and judgment.

7.1. Pre-selection

Applications will be assessed by EIF for pre-selection on the basis of the Expressions of Interest, on a "first come, first assessed" basis.

7.1.1 Compliance with all formal criteria

EIF shall assess whether the CCS GF application has been submitted in accordance with the provisions of this Call for Expression of Interest and that all necessary supporting documents are provided (in the form requested if specified), including:

1. The Applicant declares that it:
 - a. is established and operating in one of the Participating Countries;
 - b. is authorised to carry out its business under the applicable regulatory framework;
 - c. is not established in a Non-Cooperating Jurisdiction;
 - d. is not in the situation of exclusion, as validly represented in the form outlined in appendix 2 of Annex I to the Open Call of Expression of Interest;
 - e. does not perform any illegal activities according to the applicable legislation of the country of establishment of the Applicant, as validly represented in the Expression of Interest;
2. The Expression of Interest has been submitted and prepared in accordance with the Open Call for Expression of Interest and that all required representations, information and supporting documentation required thereunder are provided (in the form requested, where specified).

Only applications that meet all formal criteria may continue to go through the next step of the assessment process.

7.1.2 Application Based Scoring

After completion of the formal checks of the received Expressions of Interest, EIF will pre-select the Applicants according to the evaluation criteria set out below. EIF assesses the quality of the application and its impact and inserts the scores achieved in a matrix determining the result of such assessment as described below.

7.1.2.1. Assessment of the quality of the application

In the quality assessment EIF will evaluate the overall quality of the contents of the application and of the Applicant. The criteria listed below are assessed based on the application provided and at the discretion of EIF. Based on the quality assessment, EIF shall assign the “quality score” to the application, being A, B or C. The quality assessment is performed as set out below:

- a) Is the Applicant expected to be in a position to comply with all contractual obligations under the (Counter-) Guarantee Agreement?;
- b) The risk management policy for lending operations, in particular in relation to cultural and creative SMEs and/or projects, and/or their willingness and capability to acquire such knowledge;
- c) The experience and ability of the Applicant to finance, or facilitate finance to, SMEs. This shall be assessed by EIF based, *inter alia*, on the track record of the Applicant’s SME activity in lending or leasing, or guaranteeing such transactions;
- d) Quality and plausibility of the CCS GF implementation proposal, with particular focus on the CCS GF implementation, marketing and rollout strategy, proposed volumes, envisaged coaching and/or mentoring activities towards Final Recipients(if any), previous experience working with International Financial Institutions, etc.

7.1.2.2. Assessment of the impact of the application

EIF will also assess the proposed and envisaged Enhanced Access to Finance features expected from the application, *inter alia* vis-à-vis the requirements of the CCS GF, as well as its likely impact on the aggregate CCS GF portfolio (e.g. geographical coverage). Based on this assessment EIF shall assign the “Impact score” to the application, being 1, 2 or 3. The impact assessment is performed as set out below:




- a) The assessment of the proposed and envisaged CCS GF portfolio with regard to the envisaged volume of financing and number of SMEs;
- b) The assessment of the proposed and envisaged CCS GF portfolio with regard to the proposed reach out to different CCS GF subsectors, including a marketing and promotion plan;
- c) The CCS GF proposed collateral policy going beyond the minimum CCS GF programme requirements, if so;
- d) The impact of the application on the geographical distribution of the overall current and expected aggregate portfolio.

7.1.2.3 Putting Quality and Impact Assessment together

As next step, the quality and the impact assessment pre-selection scores are put together in a matrix.

Only applications with combined pre-selection “quality” and “impact” scores A1, A2 or B1 are “Pre-selected”. Applications with combined pre-selection scores A3, B3 or C3 are “Not pre-selected”. Applications with combined pre-selection scores B2, C1 or C2 are included in a reserve list (“On the Reserve list”), which remains valid until the Deadline.

The application classification table below summarizes possible outcomes:

		QUALITY		
IMPACT		A1	B1	C1
		A2	B2	C2
		A3	B3	C3
				 Pre-selected  On the Reserve list  Not pre-selected

All Applicants will be sent a notification by email about the result of the pre-selection application scoring process (“Pre-selected”, “On the reserve list” or “Not pre-selected”).

“Pre-selected” Applicants are advanced to the due diligence phase of the process as referred to in the section below.

EIF will take “pre-selected” applications forward chronologically, with the date of application receipt being the principal criterion. Reserve listed applications are taken forward depending on, *inter alia*, budget availability and geographical coverage criteria. However, EIF maintains the right to fast track applications that have been received on a later date, or are on the reserve list, in order to ensure a wide geographical cover and maximize the reach of the CCS GF.

EIF may suspend or abandon the pre-selection process at any time and no Applicant may claim any right to be pre-selected or included on the reserve list as described above.

7.1.3. Due diligence and Amended Scoring

For Pre-selected applications the next step will be the on-site due diligence visit, carried out in accordance with EIF’s internal rules and procedures, where operational matters relating to the CCS GF implementation shall be covered, with a main focus on:

- a) General Information such as the institution’s past activity and business plan with regard to CCS GF SME lending/guaranteeing, the origination, risk management, collection recovery/workout procedures and the ability to comply with the reporting requirements;
- b) Financial Information such as funding sources and ownership structure;
- c) Collateral policy as set out in the Applicant’s internal guidelines; and
- d) CCS GF proposal with a particular focus on the applicant’s ability to build up the envisaged Portfolio and/or the envisaged additionality features, including applicable collateral requirements and envisaged pricing policy.

After the final terms of the proposal are agreed between EIF and the Financial Intermediary, following the due diligence and ensuing discussions, EIF will consider each application’s score and amend if needed, in light of the additional information received, by applying the same matrix presented above.

7.2. Final Selection and Approval Process

Subject to the satisfactory outcome of the due diligence process (i.e. if the programme requirements are met and the applicant wishes to proceed with the application process) and, if needed, additional provided information, the EIF would request its internal approval for the CCS GF Guarantee to be entered into with the Financial Intermediary. Subject to internal approval the application is considered as “Selected”.

EIF has no obligation to enter into a CCS GF (Counter-) Guarantee Agreement with a (pre-) selected Applicant.

Those Applicants whose Expression of Interest is rejected at any stage of the selection process, shall have the right to submit a written complaint by e-mail and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) calendar days of receipt of the rejection notice. Any complaints will be dealt within the framework of and in accordance with the EIB Group complaints policy².

The participation of any institution in the CCS GF programme will depend, *inter alia*, on the budget available for CCS GF and other considerations made by EIF such as, without limitation, outcome of the due diligence and result of negotiations with the institution.

8. Publishing of information on the Financial Intermediaries

EIF shall publish on its website a list of Financial Intermediaries, Financial Sub-Intermediaries and Final Recipients supported through the programme, which shall include:

- a) For each Financial Intermediary the name and address of the Financial Intermediary with whom the EIF has signed a (Counter-) Guarantee Agreement, as well as an indication of the (Counter-) Guarantee Cap Amount in EUR or in a Tradable Currency, as the case may be.
- b) A list of Sub-Intermediaries used for the implementation of the CCS GF, containing for each Financial Sub-Intermediary the name and address.
- c) A list of Final Recipients that receive financing exceeding the thresholds of EUR 500,000 (or non-euro equivalent). The information to be published for each Final Recipient shall contain the name and address and country of establishment (in the case of natural persons the address shall be replaced by NUTS level 2 codes) and type of financing received under the CCS GF.

The Financial Intermediary, Financial Sub-Intermediaries and Final Recipients may, prior to receiving financial support under the Facility, declare in writing (including by a representation in the relevant agreement) that the publication requirement set out above risks harming its commercial interests or risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union, on the basis of a written justification. In addition such publication shall not be required if it would be illegal under the applicable laws and regulations³.

² For further information visit <http://www.eib.org/infocentre/publications/all/complaints-mechanism-policy.htm>

³ As substantiated by a financial intermediary with a legal opinion.