



Clarification on the Call for Expressions of Interest (“Eol”) No JER-007/3 to select Financial Intermediaries that will receive resources from the European Investment Fund acting through the JEREMIE Holding Fund for the Region Campania to implement the Funded Risk Sharing Financial Instrument for Social Finance.

Reference number: Call for Eol No. JER-007/3

The Deadline for the submission of Eol is the 30 of September, 2011

<p><b>Question 1 (Q1):</b></p>	<p>Annex 2, Part II, Eligibility Criteria n. 1.1, states that ‘... also consortia can express their interest as long as (i) <u>at least one member</u> of the joint venture or consortia members is a credit institution authorised to carry out business in Italy .... (ii) <u>at least one member</u> is an organisation such as business support providers, Non-Profit Organisations, local association supporting social sector...’ .</p> <p>The Call for Eol, Point 3, requires that: ‘... (i) <u>each</u> of the joint venture or consortia members is a credit institution authorised to carry out business in Campania ...’</p> <p>The question is: ‘Is it possible to establish Consortia among institutions of different nature (i.e. credit institutions, private companies, associations, cooperatives, consortium of social cooperation, etc.) if the coordinating entity is a credit institution authorised to carry out business in Campania? Or should a Consortium be composed exclusively by Credit institutions?’</p>
<p><b>EIF Answer:</b></p>	<p>It is possible to establish a Consortium or Joint Venture between a bank and a governmental or non-governmental organisation active in the field of social finance, provided that:</p> <p>i) the credit institution has to be authorised to carry out business in the Campania Region; ii) the Consortium members nominate one co-ordinating entity as a operating counterpart for EIF for the entire term of the Operational Agreement; and iii) all members of the Consortium or Joint Venture assume joint and several liability for all applicable obligations.</p> <p>As to the ‘Eligibility criteria’ please refer specifically to what stated in Annex 2 of the Call.</p>
<p><b>Q2:</b></p>	<p>In Annex 1, Appendix 2 “List of document attached”, you require a list of documents that the Applicant must provide when applying to the Call for Expression of Interest.</p>

	In case of an application made by a Joint Venture or Consortium, should the documents listed in Appendix 2 be provided by each component of the Joint Venture or Consortium?
EIF Answer:	Appendix 2 shall be provided jointly by the Joint Venture or Consortium, describing the respective area of activities
<b>Q3:</b>	<p>In the Call for Eol, point 3 'Description of the activities expected from the selected Financial Intermediaries' it is stated that 'Financial Intermediaries are encouraged to provide mentoring services to the relevant SMEs ... Such services may be provided by the Financial Intermediaries either directly or via cooperation agreements with appropriate entities (e.g. Non-Profit Organisations).</p> <p><i>The questions are:</i></p> <ol style="list-style-type: none"> <li>Can these services be provided also by other entities such as Private Companies or appropriate entities are only those related to the non-profit?</li> <li>Should the Eol also include the detail and the methodology of the mentoring services as well as the signed cooperation agreements for the implementation of mentoring services?</li> <li>Is it possible for Financial Intermediaries (or appropriate entities) to provide additional payment services upon request of beneficiaries?</li> </ol>
EIF Answer:	<p>Please find below the answers to the above listed questions:</p> <ol style="list-style-type: none"> <li>Private companies are not excluded as providers of services;</li> <li>It is recommended that the Applicant clearly explains the details and methodology of the mentoring services to be provided in the framework of its Eol, either by the Applicant or by another entity.</li> </ol> <p>A description of any co-operation agreement (either in place or to be signed) with other entities for the provision of the mentoring services, should be described by the Applicant in the Eol.</p> <p>In case of agreements existing at the moment when the Eol is submitted, the Applicant may also attach a signed copy to the proposal;</p> <ol style="list-style-type: none"> <li>According to our understanding of the question, yes, it is possible to provide additional payment services, on top of services eligible for JEREMIE, but they are not considered as part of the Financial Instrument.</li> </ol>
<b>Q4:</b>	Will the resources of JEREMIE Holding Fund be transferred to the Financial Intermediary as a supply which will enable him to provide financing to enterprises at favourable terms?

	Are different management arrangements foreseen?
EIF Answer:	<p>According to Annex 2, Point 3 'Disbursement under Operational Agreement', the 'disbursement will take place in several tranches, either ex ante or ex post, based on actual utilisation. Decision on whether funding will be provided to the Financial Intermediary ex ante or ex post will be taken by EIF....', depending on the outcome of the risk assessment of the Applicant.</p> <p>Furthermore, as stated in the Call, Point 3, the transferred resources will form 'a separate block of finance within the Financial Intermediary', as provided by EC Regulation n. 1828/2006, in order to distinguish the JHF resources invested in the Financial Instrument from those initially available in the Financial Intermediary. This should be carried out by opening and maintaining separate bank accounts.</p> <p>No management arrangements between JHF and Financial Intermediaries other than those stated in the present Call for Eol will be possible.</p>
Q5:	What is the nature of the Consortium? Does it have to be formally established? Is an informal consortium established just in response to this call eligible under this call?
EIF Answer:	<p>The Consortium can take the form of a short-term arrangement in which the different eligible Institutions (as defined in the Call, Point 1) pool their financial and human resources in order to apply for this Call for Eol.</p> <p>The Consortium will last for at least the entire period of the Operational Agreement.</p>
Q6:	<p>The <u>'Blueprint of the Facility agreement for the JEREMIE Funded Risk Sharing Product (FRSP)'</u>, Point 9.2, says that EIF is entitled to receive a share of the interest which the Applicant receives in relation to SME loans.</p> <p>The hypothesised idea is that the Applicant distributes financings with an Interest Sharing Rate taking into account that the share lent thanks to JEREMIE Holding Fund resources is a supply provided at zero interest rate for the borrower and that the share of co-financing of the borrower must be remunerated at rates consistent with the ordinary conditions. In this case it becomes impossible to turn to the Lender a share of the interest received by the borrower; how to interpret this? In the schedules to be prepared and attached at the facility agreement, can a mechanism such as the one described be envisaged?</p>
EIF Answer:	The Blue print is describing general features of the FRSP agreement, whereas certain items might vary from country to country. In the case of the specific Call, it is outlined in Annex 2, Point 3, 'Pricing and collateral requirements', that the JHF will not

	<p>apply any interest rate on the amount lent to the Financial Intermediary for as long as these amounts are on-lent to the eligible SMEs under loans...’.</p> <p>Therefore, under this Call the interest rate on JEREMIE financing is limited to interest on funds disbursed by EIF to the Financial Intermediary but not yet disbursed to SMEs (in case of funding provided ex ante to the Financial Intermediary).</p> <p>Based on the same principle, repayments under SME loans not yet transferred to EIF are charged interest, in accordance with standard FRSP agreement.</p> <p>The FI will have to transfer the cost free financing from JEREMIE to the underlying SMEs.</p>
<p><b>Q7:</b></p>	<p>When should the Schedules indicated in the ‘Blueprint of the Facility agreement’ be prepared?</p>
<p>EIF Answer:</p>	<p>The Schedules will be provided to the selected Financial Intermediary during the negotiation phase.</p>