

Capacity Building under the
Cultural and Creative Sectors Guarantee Facility
Indicative Term Sheet

Important Disclaimer

This summary term sheet is for information purposes only. This document is an outline of the principal terms and conditions for the product described herein, which are subject to change and non-exhaustive.

This document is intended to provide a basis for discussions and does not constitute a recommendation, a solicitation, an offer or a binding commitment – either implicit or explicit – on the part of the European Investment Fund (“EIF” or the “**Relevant Entity**”) and/or any other person to enter into one or more transaction(s). Any finance commitment by the Relevant Entity can only be made, inter alia, after appropriate approval, conclusion of legal due diligence and finalisation of the required legal documentation. The Relevant Entity does not act as adviser to you or owe you any fiduciary duty. The Relevant Entity does not make any representations or warranties (whether explicitly or implicitly) with respect to the information contained in this document.

Capitalised terms and expressions shall have the meaning attributed to them in this document and, the CCS GF Call for Expression of Interest and its annexes.

Overview of the Capacity Building

The Cultural and Creative Sectors Guarantee Facility aims to increase access to finance to SMEs and Small Public Enterprises (as defined in Annex II and III) active in the CCS through effective portfolio credit risk transfer - via a (Counter-) guarantee - and the provision of expertise, through technical assistance, knowledge-building and networking measures, on the CCS to Financial Intermediaries (via Capacity Building).

Capacity Building under the CCS GF is the provision of expertise to each Financial Intermediary (i) having signed a Guarantee Agreement with EIF under the CCS GF and (ii) having applied/opted in for it in the application process or at a later stage (subject to budget availability).

Financial Intermediaries willing to opt in to Capacity Building from the start of the period covered by the Guarantee Agreement would need to make a request – including in the form of an email - complying with the process and the conditions stipulated in the Appendix 2 of the Annex 1 of the Call for Expression of Interest, at the time of the submission of their Expression of Interest.

Financial Intermediaries willing to opt in to Capacity Building at a later stage would need to raise a request, by means of a letter, complying with the process and the conditions stipulated in the Appendix 2 of the Annex 1 of the Call for Expression of Interest, at the time of their convenience.

In any case, Financial Intermediaries willing to opt in to Capacity Building will need to submit their request before the end of the Availability Period.

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Optionally, in the case of Financial Intermediary operating under a (Counter-) Guarantee, Capacity Building could also target Financial (Sub-) Intermediaries. It will be the sole decision of the Financial Intermediary to let the Financial Sub-Intermediaries of its choice benefit from the Capacity Building, in accordance with the Eligibility criteria as set below.

For the purpose of delivering Capacity Building to those Financial Intermediaries having opted in to it, EIF has launched a process to contract a Capacity Building Provider (as defined below), and the Capacity Building activities would be made available for use by the Financial (Sub-) Intermediaries during the second quarter of 2018.

The Financial Intermediary shall agree to a specific set of undertakings linked to Capacity Building with the purpose of making the best use of it, as further described below. In the case of Financial (Sub-Intermediaries) receiving Capacity Building, the Financial Intermediary shall transpose those undertakings in its arrangements with the relevant Financial Sub-Intermediaries.

The Capacity Building Provider could typically be a creative and culture related agency, guarantee institution, bank, expert or consultant.

Capacity Building shall take into account the geographical specificities and the different CCS subsectors.

Main indicative terms

The main indicative terms of the delivery of Capacity Building are described below.

EU Policy Objective	<p>The cultural and creative sectors guarantee facility (the “Cultural and Creative Sectors Guarantee Facility” or “CCS GF”) aims at enhancing access to finance for SMEs in the Cultural and Creative Sectors through the provision of (Counter-) Guarantees. These Sectors count on specificities which make increasingly difficult the provision of finance to SMEs due to, <i>inter alia</i>, the intangible nature of their assets, prototype profile of their activities and the intrinsic need to take risks and experiment in order to innovate.</p> <p>Additionally, the CCS GF aims at improving the capacity of participating Financial Intermediaries to assess the risks associated with the CCS and with their projects through the provision of expertise in order to increase their understanding of the CCS (<i>inter alia</i> in aspects such as the intangible nature of collateral assets, the size of the market lacking critical mass, and the prototype nature of products and services). This provision of expertise takes place through the Capacity Building feature of the CCS GF. Financial Intermediaries receiving Guarantees may opt in to Capacity Building on a voluntary basis and free of charge.</p>
Capacity Building Provider	Means the contractor selected by EIF to deliver the Capacity Building activities to Financial (Sub-) Intermediaries.

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<p>Capacity Building Action Plan</p>	<p>Document prepared by the Capacity Building Provider, to be approved by EIF assessing the needs and focus of each Financial (Sub-) Intermediary in respect of Capacity Building.</p> <p>Capacity Building will be delivered to the Financial Intermediary in line with the Capacity Building Action Plan.</p>
<p>CCS</p>	<p>Means all cultural and creative sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market or non-market-oriented, whatever the type of structure that carries them out, and irrespective of how that structure is financed. Those activities include the development, the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or other creative expressions, as well as related functions such as education or management. The cultural and creative sectors include <i>inter alia</i> architecture, archives, libraries and museums, artistic crafts, audiovisual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio and visual arts. A table listing NACE classes corresponding to the CCS definition is attached to Annex II and Annex III as Sub-Annex I (as amended from time to time).</p>
<p>Man Day</p>	<p>Means a day of work needed for the preparation, the provision or the reporting by the Capacity Building Provider of a training session to a Financial (Sub-) Intermediary. Unless otherwise stipulated in the regulation of the jurisdiction where the service is to be performed, a Man Day cannot consist of less than [8] hours of work.</p>
<p>Maximum resource allocation per Financial Intermediary</p>	<p>Indicatively, in the initial phase of the CCS GF, up to 30 Man Days of resources of the Capacity Building Provider may be allocated to each Financial Intermediary. This limit may be exceeded on a case-by-case basis in light of additional need/focus of the Financial Intermediary in respect of the CCS GF.</p> <p>In the case of Capacity Building being extended to Financial Sub-Intermediaries, this Maximum resource allocation per Financial Intermediary shall comprise also the resources allocated to the relevant Financial Sub-Intermediaries.</p>

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<p>Capacity Building Content</p>	<p>To be determined for each Financial Intermediary, along the scope lines below:</p> <ul style="list-style-type: none"> a) Assessing the credit risk associated to SMEs in the CCS given the intangible nature of the collateral assets; b) Understanding the business models and specificities of the CCS and their sub-sectors; c) Assessing the application for debt financing of Final Recipients; d) Raising awareness about the CCS GF among the Eligible Final Recipients; e) Broadening the financing activities of the Financial Intermediary to new sub-sectors within the CCS; f) Acquiring expertise in new fields of activity of projects within the CCS (e.g. co-productions, international projects, etc.);
<p>Undertakings by the Financial (Sub-) Intermediary in respect of Capacity Building</p>	<ul style="list-style-type: none"> a) cooperate closely with the Capacity Building Provider by providing them with clear and concise information about their needs, focus on specific CCS subsectors and other relevant information in order to set up a customized capacity building action plan by the Capacity Building Provider; b) participate in Capacity Building activities and dedicate the adequate resources to the Capacity Building delivery; c) provide feedback/assessment to the EIF on the Capacity Building received; d) provide confirmation that the EIF and the European Union may use the results of the Capacity Building (via e.g. the Capacity Building Log, or a satisfaction survey collected by the Capacity Building Provider); and e) where the implementation of the Capacity Building scheme requires the use of pre-existing industrial and intellectual property rights, the Financial (Sub-) Intermediary shall confirm to the EIF that it has all the rights to use pre-existing rights (including through a declaration).
<p>Eligibility criteria</p>	<ul style="list-style-type: none"> (a) For Financial Intermediaries: <ul style="list-style-type: none"> (1) Be a Financial Intermediary having signed a (Counter-) Guarantee Agreement under the CCS GF; (2) Have opted in to Capacity Building either (i) at the time of submitting the application to the CCS GF or (ii) at a later stage, as described in Annex I of this Call of expression of interest; (b) For Financial Sub-Intermediaries (only when part of the Capacity Building of a Financial Intermediary): <ul style="list-style-type: none"> (1) Be established in a Participating Country;

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	<p>(2) Be a Financial Sub-Intermediary having entered into the necessary arrangements with a Financial Intermediary benefitting from a Counter-guarantee under the CCS GF;</p> <p>(3) Be part of the Capacity Building Action Plan for the Financial Intermediary mentioned in the paragraph above.</p>
Capacity Building Delivery Modalities	<p>Capacity Building to a Financial Intermediary could take the form of trainings and working sessions in the physical presence of the Capacity Building Provider and/or virtually.</p> <p>For those trainings/working sessions in presence, the Financial Intermediary shall be expected to provide the necessary logistic arrangements (i.e. meeting room, etc) in its premises and provide access to the Capacity Building Provider staff for that specific purpose.</p> <p>Exceptionally, the sessions in presence could take place in external facilities.</p>
Reporting	<p>Financial Intermediaries may be required to report on a yearly basis on the Capacity Building delivery by means of providing a copy of the Capacity Building Log.</p>
Capacity Building Log	<p>Means the archive where the Financial Intermediary registers the documents linked to the activities with respect to the Capacity Building. Such documents shall be provided by the Capacity Building Provider and signed by the Financial Intermediary, and shall include evidences of the provision of trainings and working sessions in presence and/or virtual form.</p>
Other information	<p>Financial (Sub-) Intermediaries may also be requested to provide, from time to time, further information related to Capacity Building in the context of programme evaluations. This information is required by the European Commission for reporting purposes and will be used for evaluating the CCS GF. The European Commission requests will be coordinated by EIF. Any request of additional information will be within the context of the Creative Europe Programme legal base and will follow the principle of proportionality.</p>
Confidentiality	<p>Confidentiality shall prevail in any information exchange from any proprietary information or any kind of information from the Financial (Sub-) Intermediary to the Capacity Building Provider.</p> <p>Confidentiality provisions shall be in place in the agreement between the Capacity Building Provider and EIF in this respect.</p>