

Digitalisation Pilot under the  
COSME Loan Guarantee Facility

**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 non-exhaustive and subject to change.*

*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.*

**The Pilot**

The COSME Digitalisation Pilot (hereinafter the “**Pilot**”) is a new initiative launched under COSME LGF in order to support the digital transformation of SMEs in the Participating Countries. The main structure and terms of COSME LGF remain in force as described in Annex II and Annex III, with the **Indicative Additional/Amended Terms** related to the Pilot as described in this Annex V. Therefore, Annex V should be read jointly with Annex II (for guarantees) and Annex III (for counter-guarantees) for a comprehensive understanding of the indicative Terms of the Pilot.

The Pilot enables Financial Intermediaries to offer broader and more comprehensive financing to higher risk SMEs in the field of digitalisation.

The Pilot allows the Financial Intermediary to enter into a (Counter-) Guarantee Agreement dedicated to the digital transformation of SMEs.

Indicative Additional/Amended Terms of the Digitalisation Pilot

<b>EU Policy Objective</b>	To provide enhanced access to finance to SMEs undertaking a digital transformation, being the adoption of digital technologies by SMEs in the EU across all sectors essential to remain competitive in a global marketplace.
<b>Digitalisation Final Recipient Transaction</b>	Means a Final Recipient Transaction as described in Annex II or Annex III (other than financial leases) that satisfies the Digitalisation Eligibility Criteria set out below.
<b>Digitalisation Questionnaire</b>	As set out below, to be eligible as a Digitalisation Final Recipient Transaction, the Final Recipient must complete the questionnaire set out in appendix 1 to this Annex V. The questionnaire is also available at [www.access2finance.eu/....]
<b>Digitalisation Intermediary Transaction</b>	Means for direct guarantees, a Digitalisation Final Recipient Transaction and, for counter-guarantees, a guarantee instrument that covers a Digitalisation Final Recipient Transaction.
<b>(Counter-) Guarantee Rate</b>	Under the Pilot, the (Counter-) Guarantee Rate shall be up to <b>70%</b> of each Digitalisation Intermediary Transaction covered by the (Counter-) Guarantee and will be typically set at its maximum.
<b>(Counter-) Guarantee Fee</b>	The (Counter-) Guarantee under the Pilot remains free of charge.

**Eligibility Criteria**

<b>Personal Guarantee</b>	Means a guarantee by an individual to a Financial Intermediary or a Financial Sub-Intermediary for payment of the debt under the Digitalisation Final Recipient Transaction. Promissory notes are considered to be a form of Personal Guarantee.
<b>Eligibility Criteria</b>	<p>In addition to the Final Recipient Transaction Eligibility listed in Annexes II and III as applicable, Digitalisation Final Recipient Transactions shall comply with each of the following eligibility criteria:</p> <ul style="list-style-type: none"> <li>i. Transaction documentation shall include a duly completed (in English or in the relevant local language) Digitalisation Questionnaire to be filled out online, printed out, signed and kept on file;</li> <li>ii. The financing shall be granted for investment in tangible assets (which shall not exceed 40% of the amount of the Digitalisation Final Recipient Transaction) and/or intangible assets and/or for financing working capital;</li> <li>iii. If collateral is requested for the Digitalisation Final Recipient Transactions it shall be limited to: <ul style="list-style-type: none"> <li>a. if the Final Recipient is an SME, Personal Guarantees from the shareholder and/or manager of the SMEs and collateral over the assets of the Final Recipient, and</li> <li>b. if the Final Recipient is a sole trader, Personal Guarantees from the sole trader and collateral on the assets used for its business</li> </ul> </li> </ul>

**Annex V to the Open Call for Expression of Interest to select Financial Intermediaries under the  
COSME Loan Guarantee Facility**

	<p align="center">activity;</p> <p>iv. The principal amount of a Digitalisation Final Recipient Transaction included in the Portfolio (which must be included for its full principal amount and not the portion thereof) shall not exceed EUR 150,000 (or equivalent amount in local currency);</p> <p>v. Digitalisation Final Recipient Transactions shall be debt instruments, such as loans (including for the avoidance of doubt mezzanine and subordinated loans) or bank guarantees; a debt instrument in the form of a lease shall not be permissible.</p> <p>In addition to the above criteria, if the EU Guarantee is a counter-guarantee or an on-lending transaction, the guarantee rate or risk-sharing rate applied by the LGF Financial Intermediary to the Digitalisation Intermediary Transactions shall be at least equal to 60%.</p>
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**Miscellaneous**

<b>Reporting</b>	Reporting requirements under the Pilot would follow the Reporting described in Annexes II and III as applicable. The reports will identify Digitalisation Final Recipient Transactions.
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## Appendix 1 Questionnaire for Digitalisation Intermediary Transactions

### Questionnaire for Digitalisation Intermediary Transactions

The objective is to support the financing of digital transformation projects of SMEs in all sectors of the economy, regardless of their current level of digitalisation.

1. Legal name of your business:

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2. Country of establishment of your business:

\_\_\_\_\_

3. City (Postal Code) of your business:

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4. What is the level of digitalisation of your business? Please choose the option which best reflects the present status of your business by ticking one of the three grey boxes below.

In case of doubt, please choose the option which best characterizes the uptake of digitalisation in your business based on the explanations provided for different business areas.

Current digitalisation level of the business  Areas of uptake within your business	Beginner		Intermediate		Advanced	
<b>Digital awareness</b>	No or low awareness about digital solutions in all parts of your business		Awareness about digital solutions exists but not necessarily in all of your business areas		High awareness across all of your business areas	
<b>Infrastructure and reorganisation of business processes</b>	Most of your business processes are manual		A significant number of your business processes are digital		All of your major business processes are digital	
<b>Customer and business partner engagement</b>	Interactions with customers and business partners are primarily manual but you start to use digital channels		Your business uses digital channels to interact with customers and business partners but not in all business areas		Your customer relations and supply chains are digitalised across all business areas	
<b>Digitalisation of Products and Services</b>	If at all, only a few of your products and service areas are digitalised		Most internal products and services areas (e.g. accounting/finance) are digitalised, but externally facing products and services (towards clients and customers) are not digitalised		Most internal and externally facing products and services are digitalised	
<b>Development of new strategy or business model</b>	Your business does not have a digital strategy		Parts of your business are implementing a digital strategy		Your digital strategy is aligned with the overall business strategy	
<b>People and digital skills</b>	Digitalisation is not a main concern for your management and staff; the skill set is very limited; new recruits are not required to have digital skills		Your business provides management and staff with training on digital tools		Your business rewards staff that have advanced digital skills or participate in advanced training courses	

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5. Your digitalisation project must significantly improve at least one of the following areas. Please indicate which ones by ticking the grey box(es), you may choose several options.

	<b>Internal processes:</b> The digitalisation of existing business processes will lead to significant improvements of the processes; this may include significantly upgrading your recruitment processes.
	<b>Supply chain management:</b> The project will significantly improve the supply chain management, e.g. in terms of interaction with suppliers, inventory management, and participation in integrated supply chains of larger businesses.
	<b>Product/service innovations:</b> The project will add significant value to existing products and services by making use of or by integrating digital technologies into products and services and/or lead to the development of products and services which are new to the business
	<b>Customer relationships:</b> The project will enhance the marketing, customer experience, delivery of products and service to customers.
	<b>Business development:</b> The project will prepare the business to expand into new markets in terms of geography and/or in terms of target customers.
	<b>Innovative business models:</b> The project will enable the business to develop new business models, e.g. servitisation (adding services to products or even replacing a product with a service).
	<b>Security:</b> The project will improve the digital security of my business, notably against cyberattacks.
	<b>Digital skills and training:</b> The project will support the training of employees and/or management in digital technologies.

6. What type of activities will you finance in the context of your digitalisation project?  
*Please note that in order to be eligible for EU support under the digitalisation project the principal committed amount of the transaction must not exceed € 150,000 (or equivalent amount in local currency). The financing of tangible assets as part of the overall financing package must not exceed 40% (Please fill in only the relevant grey fields, if not relevant for your project please indicate zero).*

Tangible assets		Intangible assets	
Purchase of hardware new to the business	0,00 €	Acquisition of software packages, licenses or intellectual property rights which are new to the business	0,00 €
Purchase of hardware to enhance existing solutions	0,00 €	Third party service providers (e.g. inter alia for consultancy, the development/ implementation of a digitalisation strategy, change management, software integration/development, cybersecurity cloud computing services, etc.)	0,00 €
Other digital equipment and parts to implement and/or operate innovative digital systems	0,00 €	Training in the use of digital technologies	0,00 €
Other (please specify)	0,00 €	Hiring of new staff	0,00 €
		Other (please specify)	0,00 €
<b>TOTAL of all tangible assets</b>	<b>= Sum (all of the above)</b>	<b>TOTAL of all intangible assets</b>	<b>= Sum (all of the above)</b>

Date: \_\_\_\_\_

Signature: \_\_\_\_\_