



## **EAFRD FoF Portugal: Information note on COVID-19 measures and additional changes in transaction terms (the “Information Note”)**

With reference to the Call for Expression of Interest of the EAFRD Mainland Portugal Fund-of-Funds (the “EAFRD FoF”) launched on 16 July 2019 and closed on 27 August 2019 (the “Call”) and in accordance with the resolutions of the EAFRD FoF Investment Board dated 7 October 2020, the following information is brought to the attention of the existing financial intermediaries (i.e. financial intermediaries already operating under EAFRD FoF).

- (i) In the context of the COVID-19 crisis, specific measures have been adopted with a view to mitigating the impact of the COVID-19 crisis on the Portuguese farmers and rural entrepreneurs with respect to the following areas of intervention (a) stand-alone working capital, and (b) combination with other forms of support under the PDR 2020.
- (ii) The amendments under point (i) shall be available for implementation by existing financial intermediaries (i.e. those already operating under EAFRD FoF) in line with the Call, as amended by this Information Note, as set out below.
- (iii) The amendments foreseen in this Information Note shall become effective subject to successful signature by the EIF and the respective Financial Intermediary of an amendment and restatement agreement of the existing Operational Agreement.
- (iv) Capitalised terms used in this Information Note and not otherwise defined herein shall have the meaning assigned to them in the Call.

## EAFRD MAINLAND PORTUGAL

Date: 19.10. 2020

**Information note to the Financial Intermediaries regarding the Call for Expression of Interest Portugal ("Call") to implement the ESIF EAFRD Mainland Portugal Fund-of-Funds, launched on 16 July 2019, closed on 27 August 2019.**

### Changes in transaction terms

In the context of the current COVID-19 crisis, Annex III (Appendices I, III and IV) set out in the original Call are now amended as set out below and a new Appendix V shall be added to Annex III.

### **ANNEX III - ESIF EAFRD PORTUGAL MAINLAND FUND OF FUNDS – INDICATIVE TERMS AND CONDITIONS OF THE GUARANTEE**

	Initial text	Amended text
<b>2. INDICATIVE TERMS AND CONDITIONS OF THE GUARANTEE</b>		
<b><u>A. General Terms</u></b>		
Phases of implementation	n/a	<ul style="list-style-type: none"> <li>- “First Phase” means the period starting from the first day of the Inclusion Period and ending on the day falling before [<i>the day on which the information note allowing for the combination with other forms of support under the PDR 2020 was published on the EIF website</i>].</li> <li>- “Second Phase” refers to the period starting on [<i>the day on which the information note allowing for the combination with other forms of support under the PDR 2020 was published on the EIF website</i>].</li> </ul>
<b><u>B. General Terms</u></b>		
Compliance with Laws	FIs shall comply in all respects with all applicable laws and regulations (whether national laws and regulations or laws and regulations of the European Union) to which it may be subject.	FIs shall comply in all respects with all laws and regulations (whether national laws and regulations or laws and regulations of the European Union), <b>including, but not limited, to State Aid, procurement and PRD 2020 rules (as</b>

	<p>The FI shall include in the documentation evidencing the Final Recipient Transaction:</p> <p>(x) undertakings from the Final Recipients equivalent to those contained above; and</p> <p>(y) any representations, warranties and undertakings from the Final Recipients for the purpose of ensuring that each Final Recipient Transaction included in the Portfolio shall comply at any relevant time with the Eligibility Criteria.</p>	<p><b>this shall be amended to reflect that the support through the financial instrument managed by the EIF could cover Final Recipients for the emergency measure in the context of the COVID-19 outbreak), to which it may be subject and, the breach of which may (i) adversely impact the performance of this Agreement or (ii) adversely prejudice the interests of the EIF, the Commission, the MS Authority under the Operational Agreement.</b></p> <p>The FI shall include in the documentation evidencing the Final Recipient Transaction:</p> <p>(x) undertakings from the Final Recipients equivalent to those contained above; and</p> <p>(y) any representations, warranties and undertakings from the Final Recipients for the purpose of ensuring that each Final Recipient Transaction included in the Portfolio shall comply at any relevant time with the Eligibility Criteria.</p>
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## APPENDIX I - ELIGIBILITY CRITERIA

	Initial text	Amended text
<b>Section A - Final Recipient Eligibility Criteria</b>		
7	<p>The Final Recipient shall provide to the Financial Institution a Declaration by the AGPDR 2020 on the regularity of the support received in the past from the PDR 2020 and a self-declaration confirming that no other form of public support from the PDR 2020 has been received by the Final Recipient for the same investment project supported by the relevant Final Recipient Transaction.</p>	<p><b>For the purpose of Final Recipient Transactions entered into during the First Phase</b>, the Final Recipient shall provide to the Financial Institution a Declaration by the AGPDR 2020 on the regularity of the support received in the past from the PDR 2020 and a self-declaration confirming that no other form of public support from the PDR 2020 has been received by the Final Recipient for the same investment project supported by the relevant Final Recipient Transaction.</p>
8	N/A	<p><b>For the purpose of Final Recipient Transactions entered into during the Second Phase:</b></p> <p>1. <b>if no other form of public support from the PDR 2020 has been received by the Final Recipient for the same investment project supported by the Final Recipient Transaction, the Final Recipient shall provide to the Financial Institution a Declaration by the</b></p>

		<p><b>AG PDR 2020 on the regularity of the support received in the past from the PDR 2020 and a self-declaration confirming that no other form of public support from the PDR 2020 has been received by the Final Recipient for the same investment project supported by the relevant Final Recipient Transaction.</b></p> <p><b>2. If other forms of support under the PDR 2020 have been received by the Final Recipient for the same investment project supported by the Final Recipient Transaction, the Final Recipient shall provide to the Financial Institution either:</b></p> <p><b>(i) a contract in this respect entered into between the Managing Authority of the Rural Development Programme and the Final Recipient; or</b></p> <p><b>(ii) a declaration from IFAP / AG PDR 2020 stating that the same investment project is also supported by other form of support under the PDR 2020 and specifying the GGE linked to such support.</b></p>
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**Section B - Final Recipient Transaction Eligibility Criteria**

<p><b>5</b></p>	<p>Final Recipient Transactions shall finance investments/costs eligible in accordance the EAFRD Regulation and its implementing acts (in each case as amended, restated and/or replaced from time to time) and in particular:</p> <ul style="list-style-type: none"> <li>a) Costs for the purchase or lease of tangible and intangible assets;</li> <li>b) Working capital being part of the business plan of the investment project, for an amount not exceeding EUR 200,000 (two hundred thousand euros) or 30% of the total amount of the eligible costs for the investment, whichever is the higher;</li> <li>c) General costs linked to the eligible investment such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies,</li> </ul>	<p>Final Recipient Transactions shall finance investments/costs eligible in accordance with <b>the CPR and</b> the EAFRD Regulation and its implementing acts (in each case as amended, restated and/or replaced from time to time) and in particular:</p> <ul style="list-style-type: none"> <li>a) Costs for the purchase or lease of tangible and intangible assets;</li> <li>b) Working capital being part of the business plan of the investment project, for an amount not exceeding EUR 200,000 (two hundred thousand euros) or 30% of the total amount of the eligible costs for the investment, whichever is the higher ,</li> <li>c) <b>COVID-19 Working Capital Loans;</b></li> <li>d) General costs linked to the eligible investment such as architect, engineer and consultation fees, fees</li> </ul>
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	<p>according to art. 45.2(c) of the EAFRD Regulation.</p> <p>Eligible costs include, but are not limited to:</p> <ul style="list-style-type: none"> <li>a) Acquisition of second-hand equipment and replacement equipment;</li> <li>b) VAT paid by the Final Recipient on eligible costs; and</li> <li>c) Multi-annual plants and their planting.</li> </ul>	<p>relating to advice on environmental and economic sustainability, including feasibility studies, according to art. 45.2(c) of the EAFRD Regulation.</p> <p>Eligible costs include, but are not limited to:</p> <ul style="list-style-type: none"> <li>a) Acquisition of second-hand equipment and replacement equipment;</li> <li>b) VAT paid by the Final Recipient on eligible costs; and</li> <li>c) Multi-annual plants and their planting.</li> </ul>
<b>10</b>	<p>Final Recipient Transactions must not pre-finance a grant.</p>	<p>Final Recipient Transactions must not pre-finance a grant <b>(for the avoidance of doubt, the Final Recipient Transaction may be combined with other forms of public support under the PDR 2020, and subject to applicable state aid rules, cover the same expenditure item, provided that the sum of all forms of support does not exceed the total amount of the expenditure item concerned).</b></p> <p><b>Amounts received under other forms of support under the PDR 2020 shall not be used to reimburse support received under the Final Recipient Transaction.</b></p>
<b>16</b>	N/A	<p><b>Expenditure items financed by the Final Recipient Transaction may receive assistance from another European Structural and Investment Funds or rural development programme (including, for the avoidance of doubt other forms of support under the PDR 2020) or from another instrument supported by the budget of the EU, provided that:</b></p> <ul style="list-style-type: none"> <li><b>(i) such combination is in line with applicable EU state aid or aid intensity rules as set out in the relevant rural development programme criteria; and</b></li> <li><b>(ii) separate records are maintained for each source of assistance.</b></li> </ul>

## APPENDIX III - STATE AID

Initial text	Amended text
<p>In case of agricultural activities supported by the European Agricultural Fund for Rural Development (EAFRD) -including national co-financing included in the RDP-, state aid rules do not apply. In such case, support to Final Recipients has to be compliant with the provisions of the EAFRD Regulation and, in particular, of the relevant RDP when provided to investments for the production of Agricultural Products and the transformation of Agricultural Products resulting in Agricultural Products (“Aid Intensity” rules) -Annex I products-. The Aid component of the Final Recipient Transaction will be calculated by the selected Financial Institutions in the form of a gross grant equivalent (GGE) with a methodology approved by the Investors Board for the Financial Institution to implement. The GGE of each loan cannot exceed 35% of the total eligible cost of the investment project (including, for the avoidance of doubt, any eligible expenditure, including working capital). The calculation of the Gross Grant Equivalent (GGE) will be the responsibility of the Financial Institution and will be based on an excel tool to be provided by EIF. The Financial Institution will have to ensure that the financing operations to the Final Recipients respect the maximum aid intensity set in the RDP. The Financial Institutions will be responsible in particular for the conduct of the appropriate control procedures. In case of Final Recipients falling under the category of an SME the methodology for the calculation of the GGE may either be based on the safe harbour defined by the European Commission in its Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees, and its corrigenda, or a formula will be used based on the provisions of Art. 4.6(b) of Regulation 1407/2013. For Final Recipients falling outside of the category of an SME (i.e. large companies) a formula will be used based on the provisions of Art. 4.6(b) of Regulation 1407/2013. With the latter simplified methodology, Final Recipient Transactions may not have an initial maturity of more than 120 months and the GGE results from the following calculation: <math>GGE = \text{Loan principal amount} \times \text{Guarantee Rate} \times \text{Min}(\text{Loan duration in years}; 10) \times 200/1500/5</math>.</p>	<p>In case of agricultural activities supported by the European Agricultural Fund for Rural Development (EAFRD) -including national co-financing included in the RDP-, state aid rules do not apply. In such case, support to Final Recipients has to be compliant with the provisions of the EAFRD Regulation and, in particular, of the relevant <b>PDR 2020 RDP</b> when provided to investments for the production of Agricultural Products and the transformation of Agricultural Products resulting in Agricultural Products (“Aid Intensity” rules) -Annex I products-. The Aid component of the Final Recipient Transaction will be calculated by the selected Financial Institutions in the form of a gross grant equivalent (GGE) with a methodology approved by the Investors Board for the Financial Institution to implement. <b>In case of loans supporting investments that do not receive any other support from the PDR2020 of Mainland Portugal</b>, the GGE of <del>each</del> the loan cannot exceed 35% of the total eligible cost of the investment project (including, for the avoidance of doubt, any eligible expenditure, including working capital). <b>When the Final Recipient has declared that other form of support (i.e. grant) by the RDP of Mainland Portugal have been granted, the GGE of the loan plus the GGE of any other form of support by the RDP of Mainland Portugal should not exceed the maximum aid intensity allowed by the RDP of Mainland Portugal for that investment.</b> The calculation of the Gross Grant Equivalent (GGE) will be the responsibility of the Financial Institution and will be based on <del>an excel tool</del> <b>a methodology</b> to be provided by EIF. The Financial Institution will have to ensure that the financing operations to the Final Recipients respect the maximum aid intensity set in the RDP. The Financial Institutions will be responsible in particular for the conduct of the appropriate control procedures. In case of Final Recipients falling under the category of an SME the methodology for the calculation of the GGE may either be based on the safe harbour defined by the European Commission in its Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees, and its corrigenda, or a formula</p>

	<p>will be used based on the provisions of Art. 4.6(b) of Regulation 1407/2013. For Final Recipients falling outside of the category of an SME (i.e. large companies) a formula will be used based on the provisions of Art. 4.6(b) of Regulation 1407/2013. With the latter simplified methodology, Final Recipient Transactions may not have an initial maturity of more than 120 months and the GGE results from the following calculation: <math>GGE = \text{Loan principal amount} \times \text{Guarantee Rate} \times \text{Min}(\text{Loan duration in years}; 10) \times 200/1500/5</math>.</p>
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# APPENDIX IV INDICATIVE REPORTING TEMPLATE

table A1 - Final Recipients																	
A.1.1.	A.1.2.	A.1.3.	A.1.4.	A.1.5.	A.1.6.	A.1.7.	A.1.8.	A.1.9.	A.1.10.	A.1.11.	A.1.12.	A.1.13.	A.1.14.	A.1.15.	A.1.16.	Comments	
Fiscal number	Final Recipient name	Address	Postal Code	Place	Region (NUTS Code)	Country	Date of establishment	Sector (NACE code)	Number of employees	Total Turnover EUR	Total Assets EUR	Is the Final Recipient part of a group?	Natural person (YN)	Land Size	Young farmer (YN)		
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	If available	Mandatory	Optional	

New column for monitoring the combination with grants.

  

table A2 - New transactions																											
A.1.1.	A.2.1.	A.2.1.1.	A.2.2.	A.2.3.	A.2.4.	A.2.5.	A.2.5.1.	A.2.6.	A.2.7.	A.2.8.	A.2.9.	A.2.10.	A.2.11.	A.2.12.	A.2.13.	A.2.14.	A.2.15.	A.2.16.	A.2.17.	A.2.18.	A.2.18.1.	A.2.19.	A.2.20.	A.2.20.1.	A.2.21.	Comments	
Fiscal number	Transaction reference	Transaction type	Transaction currency	Permitted Purpose Activities	Transaction principal amount	Transaction Maturity (months)	Grace period (months)	Transaction signature date	First disbursement date	Amortisation Profile	Repayment frequency	Reference Rate	Interest rate / margin over Reference Rate	Publication of SME (YN)	Activity sector of investment (NACE code)	Gross Grant Equivalent amount	Type of Operation	Product category (CN code)	Investment location (NUTS)	Total Eligible Project Cost	of which working capital	linked to investment (Transaction reference)	Value of Collateral	Main type of collateral	Stand-alone loan (YN)		
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory (if applicable)	Mandatory (if applicable)	Mandatory	Mandatory	Mandatory	Mandatory	Optional

  

table B - Included transactions								
A.1.1.	A.2.1.	B.1.	B.2.	B.3.	B.4.	B.5.	B.6.	B.7.
Fiscal number	Transaction reference	Final Recipient scoring / rating	Final Recipient scoring/rating model used	Cumulated disbursed principal amount	Transaction outstanding principal amount	End of disbursement period	Defaulted Final Recipient Transaction (YN)	Event date / Date of Defaulted Final Recipient Transaction
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

  

table D - Expired/repaid transactions		
A.1.1.	B.1.	
Fiscal number	Transaction reference	Repayment date
Mandatory	Mandatory	Mandatory

Dictionary amended with new code - 24 - Working capital – COVID-19 Support

  

PART E - EXCLUDED TRANSACTIONS			
A.1.1.	A.2.1.	E.1.	E.2.
Fiscal number	Transaction reference	Exclusion date	Event type
Mandatory	Mandatory	Mandatory	Mandatory

  

PART H - CONVERTED TRANSACTIONS									
H.1.	A.1.1.	A.2.1.	A.2.2.	A.2.4.	A.2.5.	A.2.5.1.	H.2.	A.2.9.	Comments
Converted Transaction reference	Fiscal number	Transaction reference	Transaction currency	Transaction principal amount	Transaction maturity (months)	Grace period (months)	Transaction conversion date	Repayment frequency	
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Optional

  

PART F - MODIFICATIONS							
A.1.1.	A.2.1.	A.1.7.	A.2.4.	A.2.5.	F.1.	F.2.	xxx
Fiscal number	Transaction reference	Country	New transaction principal amount	New transaction Maturity	Modification signature date	Additional Gross Grant Equivalent amount	Reference field name with NEW value
Mandatory	Mandatory	Mandatory	Optional	Optional	Mandatory	Optional	Optional

  

Part C - Payment demand							
A.1.1. Fiscal Number	A.2.1. Transaction reference	A.2.2. Transaction Currency	C.1. Event date	C.2. Event type	C.3. Loss amount in principal	C.4. Unpaid interest	C.7. Recovery amount
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

  

Part R - Loss recoveries					
A.1.1.	A.2.1.	C.5.	C.6.	C.7.1.	C.7.2.
Fiscal number	Transaction reference	Recovery payment currency	Recovery Date	Recovery Amount Principal	Recovery Amount Interest
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory



## APPENDIX V – COVID-19 MEASURES

<b>COVID-19 CONDITIONS</b>	
COVID-19 Final Recipient	means, based on art. 37(4) of the CPR a Final Recipient which is an SME <sup>1</sup> and has been impacted by the public health crisis due to the COVID-19 pandemic.
Assessment of status of the Final Recipient as a COVID-19 Final Recipient	Such status shall be established as at the signing date of the COVID-19 Final Recipient Transaction and shall be based on: <ul style="list-style-type: none"> <li>(i) the Final Recipient being an SME; and</li> <li>(ii) a self-declaration stating a reduction of the expected/incurred revenues of the Final Recipient for 2020 and, respectively, if such assessment is made in 2021, for 2020 and 2021 compared to 2019.</li> </ul>
COVID-19 Working Capital Loan	means a stand-alone working capital loan (i.e. not linked to an investment) provided that the maximum loan amount shall not exceed EUR 200,000.
COVID-19 Eligibility Period	means the period during which COVID-19 Final Recipient Transactions are approved, entered into and disbursed, starting on [ <i>the date of publication of this Information Note on EIF's website</i> ] and ending on 30 June 2021.
COVID-19 Final Recipient Transaction	means an Eligible Final Recipient Transaction which complies with the COVID-19 Final Recipient Transaction Eligibility Criteria.
COVID-19 Final Recipient Transaction Eligibility Criteria	<p>means, cumulatively, that the COVID-19 Final Recipient Transaction:</p> <ul style="list-style-type: none"> <li>(i) is entered into with a COVID-19 Final Recipient;</li> <li>(ii) is approved, entered into and disbursed during the COVID-19 Eligibility Period;</li> <li>(iii) shall have a disbursement period which shall not extend beyond the end of the COVID-19 Eligibility Period</li> <li>(iv) is in the form of a COVID-19 Working Capital Loan;</li> <li>(v) has been requested as support relating to the impact of the COVID-19 health-care crisis on the COVID-19 Final Recipient's business/activity; and</li> <li>(vi) covers expenditure items which shall not have received assistance from another instrument supported by the budget of the EU.</li> </ul> <p>The COVID-19 Final Recipient Transaction Eligibility Criteria shall be complied with on a continuous basis.</p> <p>Each COVID-19 Final Recipient Transaction to be included in the Portfolio shall fall under one of the following Operations (and the relevant COVID-19 Final Recipient shall comply with the relevant Final Recipients Eligibility Criteria corresponding to such Operation):</p>

<sup>1</sup> For the avoidance of any doubt, the COVID-19 Final Recipient will need to comply with the applicable Final Recipient Eligibility Criteria.

- (i) Operation 3.1.3 - Investment of Young Farmers in agricultural holdings supported by a financial instrument included in the sub-measure 4.1
- (ii) Operation 3.2.3 - Investment in agricultural business supported by a financial instrument included in the sub-measure 4.1
- (iii) Operation 3.3.3 - Investment in transformation and marketing of agriculture products supported by a financial instrument included in sub-measure 4.2

For the purpose of the COVID-19 Final Recipient Transaction Eligibility Criterion (v) above, the Financial Intermediary shall make an evidenced assessment on the basis of available financial information to confirm that a reduction of the expected/incurred revenues of the Final Recipient for 2020 and, respectively, if such assessment is made in 2021, for 2020 and 2021, has taken place compared to 2019.

For the purpose of a COVID-19 Final Recipient Transaction, the Financial Intermediary shall not be required to (i) retain a business plan or equivalent documents or (ii) prove that the financing granted under the Final Recipient Transaction is used (including for the purpose of the costs and expenditures incurred) for its intended purpose.