

THE GUARANTEE AND COUNTER-GUARANTEE FACILITY UNDER HORIZON 2020 FRAMEWORK PROGRAMME WITH RESPECT TO RESEARCH & INNOVATION DRIVEN SMES AND MID-CAPS

OPEN CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES

(Published on 4 August 2014

Amended and updated on 6th April 2020)¹

The objective of this Open Call for Expression of Interest (“the **Call**”), launched by the European Investment Fund, is to select eligible financial institutions to become Financial Intermediaries under the InnovFin SME Guarantee facility (the “**Facility**”), as further described below.

Overview of the changes introduced on 6th April 2020 to the Call for Expression of Interest

Introduction of coverage of Large Mid-Caps by the Facility

In order to provide for a single go-to market approach covering the growth needs of innovative enterprises, the Facility shall be expanded to include within its scope Large Mid-caps, on the terms provided in Annex II and Annex III of this Call.

Existing intermediaries shall be able to access these features **without any application process** by executing an amendment to their agreements in line with the specific [Notice to Financial Intermediaries](#) to be provided on the EIF website.

Introduction of coverage in support of digital transformation of enterprises

In order to support the uptake of digital technologies and digital transformation of enterprises, the Facility is also expanded to cover the financing of digitalization. To this end additional eligibility criteria for digitalization may be applied to new inclusions, as further set out for in the Annex II and Annex III of this Call.

Existing intermediaries shall be able to access these new features **without any application process** by executing an amendment to their agreements in line with the specific [Notice to Financial Intermediaries](#) to be provided in the EIF website.

¹ Previous updates taken place on 10 December 2015, 15 June 2016, 9 August 2017.

COVID-19 Support measures

On 13 March 2020, the Commission published a communication on “Coordinated economic response to the COVID-19 outbreak”. In these circumstances, the Facility shall continue to provide support to innovation and digitalization driven SMEs and Mid-caps. Furthermore, as part of the policy response to address the economic disruption caused by COVID-19, the Facility has been amended to facilitate the availability of finance to businesses, in particular liquidity facilities and working capital finance.

In this context, additional budget is made available through the European Fund for Strategic Investments (EFSI) to the Facility resulting in additional Guarantee capacity dedicated to working capital finance, which under this Call is to be granted to Financial Intermediaries established and operating in EU Member States. As a result, a specific **InnovFin SMEG COVID-19 Sub-window is opened under this Call For Expression of Interest with a dedicated guarantee capacity of EUR 1.5 billion (the “InnovFin SMEG COVID-19 Sub-window”)** as further described in Schedule 1 to this Call. To access this guarantee capacity, financial intermediaries will need to apply to this Call in the manner described in **Schedule 1 of this Call**.

Existing Financial Intermediaries established in any Participating Country that do not seek an additional (Counter-) Guarantee amount will be able to benefit from the improved terms with respect to the transactions to be originated as described in the [COVID-19 schedule](#) to the Guarantee Termsheet and Counter-Guarantee Term sheet without any application process, by executing an amendment to their agreements in line with the specific [Notice to Financial Intermediaries](#) to be provided on the EIF website.

All applications for guarantees or counter-guarantees under the Facility to be submitted to the EIF shall conform to this Open Call for Expression of Interest. Any specificities relating to the application under the InnovFin SMEG COVID-19 Sub-window are set out in Schedule 1 to this Call.

1. InnovFin SME Guarantee facility

The European Commission Decision C (2014) 3758 of 10 June 2014 established the Facility, which is the debt facility established under Horizon 2020 Debt Financial Instrument targeting Research & Innovation driven SMEs and Mid-caps.

Pursuant to the Delegation Agreement between the European Union (the “EU”), the European Investment Bank (the “EIB”) and the European Investment Fund (the “EIF”) in respect of the Financial Instruments under Horizon 2020 dated 12 June 2014 (the “Horizon 2020 Agreement”), the EIF has been entrusted by the EU to implement the Facility.

Under this Facility EIF shall provide guarantee and counter-guarantees to selected Financial Intermediaries, using a combination of the EU's Horizon 2020 Framework Programme for Research and Innovation (2014-2020) contribution (“Horizon 2020”) and EIF's own risk capacity.

The Facility is the successor to the Risk Sharing Instrument for Innovative and Research oriented SMEs and Small Mid-caps (“RSI”), which has been implemented on a pilot basis by the EIF as a compartment of the Risk-Sharing Finance Facility Co-Operation Agreement (“RSFF”) between EIB and EU.

Guarantees to be entered into under the Facility (the “Guarantee”) are further described in the Annex

II to this Open Call for Expression of Interest.

Counter-Guarantees to be entered into under the Facility (the “**Counter-Guarantee**”) are further described in the Annex III to this Open Call for Expression of Interest.

The Counter-guarantee and the Guarantee will be rolled-out jointly during the course of the 2014-2020 implementation period following the publication of this Open Call for Expression of Interest.

2. Eligible Financial Intermediaries

This Open Call for Expression of Interest is addressed and restricted to:

- a) in respect to Guarantees provided under the Facility: public or private credit or financial institutions, loan (debt) funds or alternative lenders, in each case, duly authorised to carry out lending or leasing activities according to the applicable legislation;
- b) in respect to Counter-Guarantees provided under the Facility: public or private guarantee schemes, guarantee institutions or other credit or financial institutions duly authorized to issue guarantees according to the applicable legislation,

in each case established and operating² in one of the participating countries (the “**Participating Countries**”): EU Member States³ and Associated Countries, as updated, if applicable, under the Horizon 2020 Portal⁴.

Financial Intermediaries shall represent that they do not perform activities which are: (i) illegal according to the applicable legislation in the country of the Financial Intermediary and (ii) R&I activities referred to in Article 19 of Horizon 2020 (the “**R&I Excluded Activities**”).

Financial Intermediaries shall represent that they are not in any of the situations of exclusion, as further described in the appendix 2 of Annex IA or Annex 1B Open Call of Expression of Interest.

Financial Intermediaries (i) shall comply with the relevant international and EU standards and legislation, where applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aimed at tax avoidance, and (ii) shall not be established in a Non-Compliant Jurisdiction, unless the Beneficiary Transaction and, if applicable, the

² In the case of Israeli entities, in accordance with point 20 of the Commission Notice 2013/C 205/05 (OJEU C205 OF 19.07.2013 – EN), please note that the eligibility conditions set out in Sections C and D of the Guidelines shall apply.

³ Pursuant to Council Decision 2001/822/EC, the legal entities of overseas countries and territories are eligible to participate in Horizon 2020 subject to the specific conditions laid down in the latter.

⁴ As of the update of this Open Call for Expression of Interest, the following countries are Associated Countries: Iceland, Norway, Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, Serbia, Turkey, Israel, Moldova, Switzerland, Faroe Islands, Ukraine, Tunisia, Georgia, Armenia (for further up-dates please consult Horizon 2020 Participation Portal: http://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/international-cooperation_en.htm). Other countries may become associated during the course of Horizon 2020. Given that the EU does not recognise the illegal annexation of Autonomous Republic of Crimea and the City of Sevastopol, under the terms of the Horizon 2020 Association Agreement with Ukraine, legal persons established in the Autonomous Republic of Crimea or the city of Sevastopol are not eligible to participate.

Intermediary Transaction, are physically implemented in the relevant Non-Compliant Jurisdiction and do not present any indication that they support actions that contribute to targeted activities.

The EIF Anti-Fraud Policy, the EIB Group Policy towards Weakly Regulated, Non-transparent and Non-cooperative Jurisdictions and Tax Good Governance, the EIF Transparency Policy and the Guidelines on EIF Restricted Sectors, shall apply to all Counter-) Guarantee Agreements under the Facility. For further information please refer to:

https://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf

https://www.eib.org/attachments/strategies/eib_group_ncj_policy_en.pdf

https://www.eif.org/news_centre/publications/eif-transparency_policy_01022016.pdf

https://www.eif.org/attachments/publications/about/2010_Guidelines_on_restricted_sectors.pdf

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.
Agreed Portfolio Volume	Means the maximum aggregate amount of principal of newly originated Eligible Transactions to be included in the Portfolio, as further described respectively in Annex II (Indicative Guarantee Term sheet) and Annex III (Indicative Counter-Guarantee Term sheet).
Beneficiary Transaction	Means a debt financing (including a loan, a subordinated loan, bonds, or a finance lease) ⁵ provided directly or indirectly (through a financial Sub-Intermediary) by a Financial Intermediary to an SME or a Mid-cap.
(Counter-) Guarantee Agreement	Means a guarantee or counter-guarantee agreement, as applicable, entered into between the Applicant or Participating Entity, as the case may be, and the EIF in connection with the Facility.
Deadline	Means 31 December 2020 or such earlier date as announced officially in the Facility section of EIF's website.
Eligible Transaction	Means a Transaction that complies with all the Eligibility Criteria.
Eligibility Criteria	Means jointly the Innovation and Digitalisation Eligibility Criteria, Beneficiary Eligibility Criteria, Beneficiary Transaction Eligibility Criteria as defined in the Annex II (Indicative Guarantee Term Sheet) or Annex

⁵ In the case of the Guarantee, bonds may also be foreseen subject to an evaluation of the feasibility on a case by case basis.

	III (Indicative Counter-Guarantee Term Sheet) and in case a Beneficiary Transaction is a guarantee, Intermediary Transaction Eligibility Criteria, as defined in the Annex III (Indicative Counter-Guarantee Term sheet).
Expression of Interest	Means an application to the Open Call for Expression of Interest submitted to EIF within the Deadline, conforming to the provisions of Annex I to this Open Call for Expression of Interest.
Non-Compliant Jurisdiction	<p>Means a jurisdiction:</p> <ul style="list-style-type: none"> (a) listed in the Annex I of the Council of the European Union conclusions on the revised European Union list of non-cooperative jurisdictions for tax purposes, adopted by the Council of the European Union at its meeting held on 12 March 2019, and/or (b) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies, and/or (c) rated as “partially compliant”, “provisionally partially compliant” or “non-compliant” by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes and/or (d) included in the Financial Action Task Force “Public Statement” (i.e. countries or jurisdictions with such serious strategic deficiencies that the Financial Action Task Force calls on its members and non-members to apply counter-measures or for which the Financial Action Task Force calls on its members to apply enhanced due diligence measures), and/or (e) included in the Financial Action Task Force statement “Improving Global AML/CFT Compliance: On-Going process”(i.e. countries or jurisdictions with strategic weaknesses in their AML/CFT measures but that have provided a high-level commitment to an action plan developed with the Financial Action Task Force), <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p>
Participating Entities	Means, in case a joint application to the Open Call for Expression of Interest is submitted covering the Applicant and at least one additional potential future Financial Intermediary, each and every additional potential future Financial Intermediary covered by such joint application.
Portfolio	Means the portfolio of Eligible Transactions originated directly or indirectly by the Financial Intermediary and covered by a (Counter-) Guarantee Agreement.

Transaction	Means: a) In case of a Guarantee: any Beneficiary Transaction; b) In case of a Counter-Guarantee: any guarantee instrument issued by the Financial Intermediary to a Financial Sub-Intermediary covering directly or indirectly a Beneficiary Transaction.
R&I Excluded Activities	Means the following fields of research: (a) research activity aiming at human cloning for reproductive purposes; (b) research activity intended to modify the genetic heritage of human beings which could make such changes heritable (excluding research relating to cancer treatment of the gonads); (c) research activity intended to create human embryos solely for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer; (d) research activities that are prohibited in all the Member States; (e) research activity in a Participating Country that is forbidden in that Participating Country or in the country in which the Beneficiary or the Financial Intermediary, as applicable, is established.

4. The application procedure

A financial institution interested in applying to this Call for Expression of Interest shall submit an application to EIF before the Deadline to be considered as a possible Financial Intermediary under the Facility. **The existing Financial Intermediaries applying for an increase of the (Counter-) guarantee amounts shall express interest using Annex IA, while new Applicants shall use annex IB.**

It is to be noted that financial institutions may group together for the Facility through submitting a joint Expression of Interest. In the Expression of Interest one coordinating entity shall act as the Applicant. The Applicant shall apply in the name and on behalf of the Participating Entities and shall indicate to the EIF the basis for the joint application.

Following selection of such joint application one (Counter-) Guarantee Agreement may be signed with the Applicant and Participating Entities or, alternatively, separate (Counter-) Guarantee Agreements may be signed with the Applicant and each Participating Entity. The ultimate decision on the form of the agreement(s) shall be made at the discretion of the EIF.

The aggregate (counter-) guaranteed portion of the Maximum Portfolio Volume under any (Counter-) Guarantee Agreement entered into for the first time with a single Financial Intermediary in a single Participating Country shall not exceed an aggregate amount equivalent to EUR 600,000,000 (six hundred million).

In the case of i) a single Financial Intermediary, or ii) Financial Intermediaries belonging to the same group of companies (as defined in the (Counter-) Guarantee Agreement or iii) Financial Intermediaries implementing Transactions in more than one Participating Country via their branches, the aggregate (counter-) guaranteed portion of the Maximum Portfolio Volumes under (Counter-) Guarantee Agreements entered into with such Financial Intermediaries shall not exceed an aggregate amount equivalent to EUR 1,500,000,000 (one billion five hundred million).

In accordance with Annex IA and Annex IB to this Open Call for Expression of Interest, the application should include the Applicant's identification and, in the case of Annex I only, the Information Requirements with supporting documents.

Information Requirements (as further specified in the Appendix 3 to the Annex I a) should place particular emphasis on:

- a) Envisaged actions for the implementation of the Facility, particularly with regard to its launch (timing, target customers, promotional activities, type of products, changes to the underlying legal documentation, etc.);
- b) Estimated absorption capacity in terms of expected volumes of Transactions to be included in the Portfolio and the geographical coverage;
- c) The level of Financial Benefit for SMEs and Small Mid-caps;
- d) Origination and credit risk management capacity;
- e) Expected composition and characteristics of the Portfolio (split per rating, industry, etc.).

In case of joint Expressions of Interest, all information required under Appendix 3 to the Annex IA must be provided for the Applicant and for each and every Participating Entity covered by the joint application.

Applicants may send questions regarding the Open Call for Expression of Interest or the nature and features of the (Counter-) Guarantees Agreements. EIF shall analyse such incoming questions and may publish from time to time the resulting answers in the form of 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 regards 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 by email.

The Deadline is **31 December 2020**, provided that EIF may, at its sole discretion 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 Horizon 2020 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 be sent in an electronic version of the Expression of Interest: InnovFin_SMEG@eif.org, stating in the subject of the email, as appropriate: "InnovFin SME Guarantee – 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 following:

- unique application identifier (Expression of Interest number);
- confirmation that the Expression of Interest was received before the Deadline.

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.

Any personal data provided by the Applicants shall be processed by EIF in compliance with its Data Protection Statement ([EIF statement on the processing operations of Applicants and Financial Intermediaries' personal data](#), as published on the EIF's website) and the Regulation (EU) 2018/1725 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies offices and agencies and on the free movement of such data, as amended from time to time. The EIF also processes personal data of final recipients, i.e. of individuals benefitting from EIF financial guarantees provided to financial intermediaries. More information here: [Processing of Final Recipients' Personal Data](#).

7. Selection procedure

Financial Intermediaries will be selected in due consideration of the general principles of transparency, equal treatment and non-discrimination, in compliance with EIF's policies, rules, procedures and statutes and in conformity with best business and market practices.

The Expressions of Interest for the Guarantee and the Counter-Guarantee under the Facility shall be subject to the selection process. The budgetary allocation between the Counter-Guarantee and the Guarantee, countries, regions or sectors is not set ex ante but shall be demand-driven.

Following the receipt of the Expression of Interest, EIF shall assess the applications pursuant to the selection process outlined in the section 7 of this Open Call for Expression of Interest. This process comprises:

1. Pre-selection
2. Due diligence
3. Selection

Following the pre-selection based on the Expression of Interest EIF shall perform a due diligence of the pre-selected Applicant, as a result of which EIF will decide whether or not to propose to its Board of Directors for approval entering into a (Counter-) Guarantee Agreement under the Facility. However, the decision to perform a due diligence visit shall be at the discretion of the EIF. Prior to presenting the proposal to its Board of Directors, EIF must obtain the European Commission's approval of the proposal. The contractual negotiation process may not be considered concluded prior to the approval of the proposal by the European Commission and EIF Board of Directors.

In any phase of the selection process until and prior to entering into a legally binding agreement with an Applicant, EIF reserves for itself full discretion to consider or not Applicants (and Participating Entities as the case may be), and no Applicant or Participating Entity has any claim or other right or may expect to be ultimately selected as Financial Intermediary. 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 the relevant Financial Intermediaries.

EIF shall send a rejection notice to Applicants whose Expression of Interest was rejected during any stage of the selection process. EIF may, but shall not be obliged to, provide reasons of such rejection.

Those Applicants whose Expression of Interest is rejected, 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) days of receipt of the rejection

notice. Any complaints will be dealt with within the framework of and in accordance with the EIB Group complaints policy (for further information visit <http://www.eib.org/about/publications/complaints-mechanism-policy.htm>).

7.1. Pre-selection

Applications for the Guarantee and the Counter-Guarantee will be assessed by EIF for pre selection on the basis of the Expressions of Interest, on a “first come, first assessed” basis. When assessing the application, EIF will use its professional analysis and judgment.

Questions related to the Facility raised during the pre-selection process will be collected and published in the context of the FAQ as referred to above.

The pre-selection comprises:

1. Formal assessment of the application;
2. Evaluation of the application quality;
3. Assessment of the contribution of the application to the overall Facility.

Only applications that meet the formal criteria, as further described in the section 7.1.1, may continue to go through the quality assessment process.

In the quality assessment, as further described in section 7.1.2, EIF will evaluate the overall quality of the application. All criteria listed under section 7.1.2 are assessed at the discretion of EIF with equal importance, which means the pre-selection process does not give specific weight to any one of these criteria. Based on the quality assessment, EIF shall assign the “quality score” to the application, being A, B or C.

With respect to the existing Financial Intermediaries applying for an increase of the (Counter-) guarantee amounts the quality assessment conducted by EIF with respect to the Financial Intermediary initial application is retained.

EIF will also assess the likely impact of the expected Portfolio indicated in the application on the aggregate Facility, according to the section 7.1.3. Based on this assessment EIF shall assign the “portfolio score” to the application, being 1, 2 or 3.

Only applications with combined “quality” and “portfolio” scores A1, A2 or B1 are pre-selected. Applications with combined scores C1, C2 or C3 are not pre-selected. Applications with combined scores A3, B2, B3 are included in a reserve list, which remains valid until the Deadline.

The application classification table below summarizes possible pre-selection outcomes:

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 about the result of the pre-selection process. Pre-selected Applicants are advanced to the Due diligence phase of the selection process as referred to in section 7.2. Applicants listed on the reserve lists may be considered for pre-selection upon availability of the budgetary resources.

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.

7.1.1 Formal assessment

EIF shall assess whether the application for the Facility has been prepared in accordance with the provisions of this Open Call for Expression of Interest according to the formal criteria:

1. The Applicant (and any Participating Entity as the case may be):
 - a. is established and operating in one of the Participating Countries;
 - b. is authorised to carry out their business under the applicable regulatory framework;
 - c. is not established in a Non-Compliant Jurisdiction, unless the Beneficiary Transaction and, if applicable, the Intermediary Transaction, are physically implemented in the relevant Non-Compliant Jurisdiction and do not present any indication that they support actions that contribute to targeted activities. The EIF will provide relevant arrangements in order for the Financial Intermediary and, if applicable, the Sub-Intermediary, to transpose this requirement at the level of the Beneficiaries;
 - 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. is not performing any R&I Excluded Activities, as validly represented in the Expression of Interest;
 - f. is not subject to a decision on exclusion contained in the early detection and exclusion system database, as validly represented in the form outlined in appendix 2 of Annex I to the Open Call of Expression of Interest;
 - g. does not perform activities which are illegal according to the applicable legislation of the country of establishment of the Applicant (or Participating entity), as validly represented in the form outlined in appendix 2 of Annex I to the Open Call of Expression of Interest;
 - h. does not perform activities referred to in Article 19 of Regulation (EU) No 1291/2013 of the European Parliament and the Council establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC dated 11 December 2013, as validly represented in the form outlined in appendix 2 of Annex I to the Open Call of Expression of Interest;
 - i. has not been, in the past five years, subject to a final judgment or administrative decision by a national court or authority that the Financial Intermediary was created with the intent to illegally circumvent fiscal, social or any other legal obligations in the jurisdiction of its registered office, central administration or principal place of business, as validly represented in the Expression of Interest, as validly represented in the form outlined in appendix 2 of Annex I to the Open Call of 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).

The applications that do not conform to the formal criteria are rejected. If the Applicant or any

Participating Entity covered by the application does not comply with the formal criteria, the entire application is rejected.

7.1.2 Quality assessment

After the formal check of the received Expressions of Interest and after having obtained any additional information or clarifications from Applicants, if and as needed, the EIF will pre-select the Applicants (and any Participating Entities as the case may be) according to the criteria set out below, in no particular order of priority:

1. Financial capacity of the Applicant (and any Participating Entities as the case may be) as evidenced by its external credit rating and/or by the EIF financial analysis of the Applicant/Participating Entity;
2. Capacity of the Applicant (and any Participating Entities as the case may be) to manage risk;
3. Experience and ability of the Applicant (and any Participating Entities as the case may be) to enter into Transactions. This shall be assessed by EIF based inter alia on: track record of lending to (or as case may be of guaranteeing transactions with) SMEs and Mid-caps and the business plan for building a Portfolio);
4. Envisaged composition of the Portfolio, including its credit quality, granularity and diversification;
5. Level of Financial Benefit, as compared to standard pricing conditions for SMEs and Small Mid-caps;
6. Quality and plausibility of the Facility implementation proposal, with particular focus on: implementation and rollout strategy, proposed volumes, type of Beneficiaries targeted (SMEs/Small Mid-caps/Large Mid-Caps), financial products used under the Facility, expected Beneficiary Transaction size).

7.1.3. Portfolio contribution assessment

EIF, when making their pre-selection decisions will consider, inter alia, the impact of the application on the geographical distribution and the risk profile of the Facility. EIF will aim at the appropriate composition of the Facility aggregate portfolio between Guarantees and Counter-Guarantees, adequate credit risk profile, granularity and diversification of the overall Facility. The credit risk contribution of the proposed Portfolio to the Facility shall be confirmed based on the results of the due diligence at the Selection stage (see 7.2)

7.2. Due diligence

Pre-selected applications will be followed up with the due diligence process, carried out in accordance with the EIF's internal rules and procedures, where financial and operational matters relating to the Facility's implementation shall be analysed in more detail. The aim of the due diligence is to assess the content of the application based on, *inter alia*, the ability to build up the envisaged Portfolio, the transfer of Financial Benefit, the risk nature of the envisaged Portfolio, the quality of origination, risk management, collection recovery/workout processes, systems and ability to comply with the reporting requirements. The due diligence may comprise an on-site visit, which shall be at the discretion of the EIF. The due diligence process does not comprise legal negotiations.

7.3. Selection

Subject to the satisfactory outcome of a due diligence and the European Commission's approval of the proposal, the EIF may request its Board approval for an (Counter-) Guarantee to be entered into with the selected Financial Intermediary under the Facility. EIF has no obligation to enter into (Counter-) Guarantee Agreement with a (pre-) selected Applicant. The participation of any institution will depend, *inter alia*, on the budget available for the Facility and other considerations made by the EIF such as, without limitation: outcome of the due diligence, impact of the envisaged Portfolio on the Facility (as assessed at EIF's discretion), result of negotiations with the Applicant.

8. Publishing of information on the Financial Intermediaries, Financial Sub-Intermediaries and On-lending Banks⁶

EIF may publish, from time to time, on its website a list of Financial Intermediaries, Financial Sub-Intermediaries and On-lending Banks, which may include the name and the registered addresses of the Financial (Sub-) Intermediaries and On-lending Banks, types of contract entered into (a Guarantee or a Counter-Guarantee) and, in the case of Financial Intermediaries only, the respective (Counter-) Guarantee amounts.

The Financial Intermediary, Financial Sub-Intermediary or an On-Lending Bank may, prior to receiving financial support under the Facility, decide not to agree in writing to the publication requirement if it 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.⁷ In addition such publication shall not be required if it would be illegal under the applicable laws and regulations.

⁶ EIF shall also publish the information on the Beneficiaries, as further detailed in the Annex II and Annex III to this Open Call for expression of interest.

⁷ The European Commission may request further explanation with respect to any claim to a right to non-publication.

Schedule 1 to the Call for Expression of Interest

InnovFin SMEG COVID-19 Sub-window

When applying under the InnovFin SMEG COVID-19 Sub-window, the provisions listed under Sections 1-8 above shall apply unless explicitly provided otherwise in this Schedule 1.

1. The Eligible Financial Intermediaries and Transactions

The InnovFin SMEG COVID-19 Sub-window is addressed and restricted to the Applicants established and operating in EU Member States with respect to a Portfolio of Transactions covering working capital to be granted to Beneficiaries established in EU Member States.

The other conditions set out in section 2 of the Call apply.

The applications under the InnovFin SMEG COVID-19 Sub-window shall be assessed on a first – come, first assessed basis.

2. The budgetary envelope

The aggregate amount of (Counter-) Guarantees to be provided to Financial Intermediaries under the InnovFin SMEG COVID-19 Sub-window is equal to **EUR 1.5 billion**.

Any increase of the (Counter-) Guarantee amount of existing (Counter-) guarantee agreements or any (Counter-) Guarantee amount of new (Counter-) Guarantee agreements is, in the context of InnovFin SMEG COVID-19 Sub-window, limited to EUR 75 million (or an equivalent amount in the relevant currency). Any request for a higher amount of the (Counter-) Guarantee will be assessed on a case-by-case basis and is subject to the approval of the European Commission. The (Counter-) Guarantee amount provided to a Financial Intermediary under InnovFin SMEG COVID-19 Sub-window shall be counted towards the relevant limits set out in section 4 of the Call.

3. The Submission of Interest

The Expression of Interest under the InnovFin SMEG COVID 19 Sub-window must be submitted before **30 June 2020 (SMEG COVID 19 Sub-window Deadline)**, provided that the EIF may, in its sole discretion determine that the **SMEG COVID 19 Sub-window Deadline** will end on any other date depending, inter alia, on the availability of the budgetary resources for the Facility or any amendment to the Horizon 2020 Agreement. Any change in the **SMEG COVID 19 Sub-window Deadline** will be announced officially in the Facility section of the EIF's website.

The Expressions of Interest shall be sent in an electronic version of the Expression of Interest to: InnovFin_SMEG@eif.org, stating in the subject of the email, as appropriate: "InnovFin SME Guarantee COVID-19 Expression of Interest: [name of the Applicant]".

The other conditions set out in section 6 of the Call apply.

4. Language and governing laws

The conditions set out in section 5 of the Call shall apply.

5. The Selection Procedure

Applications will be assessed by the EIF for pre-selection on the basis of the Expressions of Interest, on a “first come, first assessed” basis, applying the selection process set out in section 7 of the Call and taking into account geographical distribution of the budgetary envelope of the InnovFin SMEG COVID-19 Sub- window.

a) New Applicants

New Applicants that, on the date of the application, do not have an active (Counter-) Guarantee Agreement under the Facility shall be able to participate under the InnovFin SMEG COVID-19 Sub-window by submitting their Expression of Interest **using Annex IA** of this Call.

b) Existing Financial Intermediaries

Existing Financial Intermediaries with whom the EIF has entered into a (Counter-) Guarantee Agreement under the Facility, shall be able to participate under the InnovFin SMEG COVID-19 Sub-window as follows:

- Existing Financial Intermediaries **applying for an increase** of the (Counter-) Guarantee amount already committed under the existing (Counter-) Guarantee agreement or in the form of a follow-on (Counter-) Guarantee agreement shall submit their Expression of Interest **using Annex IB** of this Call;
- Existing Financial Intermediaries, which have an active (Counter-) Guarantee agreement, which are not requesting an increase to the (Counter-) Guarantee amount shall be able to access these new features without any application process by executing an amendment to their agreement in line with the specific [Notice to Financial Intermediaries](#) to be provided on the EIF website.