



Creative Europe Cultural and Creative Sectors Guarantee Facility

Gloria Lorenzo Lerones
Creative Europe- CULTURE Unit

Financial Instruments in 2014-2020

Financial instruments shall address market failures or sub-optimal investment situations, which have proven to be financially viable but do not give rise to sufficient funding from market sources (Art.140, Financial Regulation)

Goal: enhance access to finance for SMEs, perceived as riskier or without a collateral

Advantages:

- revolving funds, remain in the programme area
- leverage resources, increase impact of EU programmes
- financing provided before investment takes place
- better quality of projects (investment must be repaid)

Financial Instruments in 2014-2020

2. Centrally managed by COM (Financial Regulation)

Horizon 2020
Equity and Risk Sharing Instruments

Competitiveness & SME (COSME)
Equity & guarantees

Creative Europe
Guarantee Facility

Employment and social innovation
(EaSI)

Erasmus+
Guarantee Facility

Connecting Europe Facility (CEF)
Risk sharing (e.g. project bonds) and equity instruments

Research,
Development
Innovation

Growth, Jobs
and Social
Cohesion

Infrastructure

1. Shared Management with MS (Common Provisions Regulation)

Instruments under Structural and Cohesion Funds

- ➔ EU level (central management)
- ➔ National/regional instruments (shared management)
 - Off-the shelf FIs
 - Tailor made FIs

Significant higher amounts than currently!

Creative Europe: some objectives:

General Objective : *Strengthen the competitiveness of the CCS (promoting smart, sustainable and inclusive growth)*

Specific objectives: *Strengthen the financial capacity of the CCS (SMEs)*

Operational objectives of CCS GF:

- *guarantees to banks dealing with CCS SMEs*
- *provide expertise/capacity building to the FIs*
- *increase the number of FIs working with CCS SMEs;*
- *geographical diversification*

Access to Finance in the CCS

- Shortage of reliable data = lack of critical mass.
- Intangible nature of the assets (mainly IPR)= personal collateral is typically requested
- Project based planning. Business plan= ca.10%
- Specific cash flow schemes (subsidies, 3Fs),

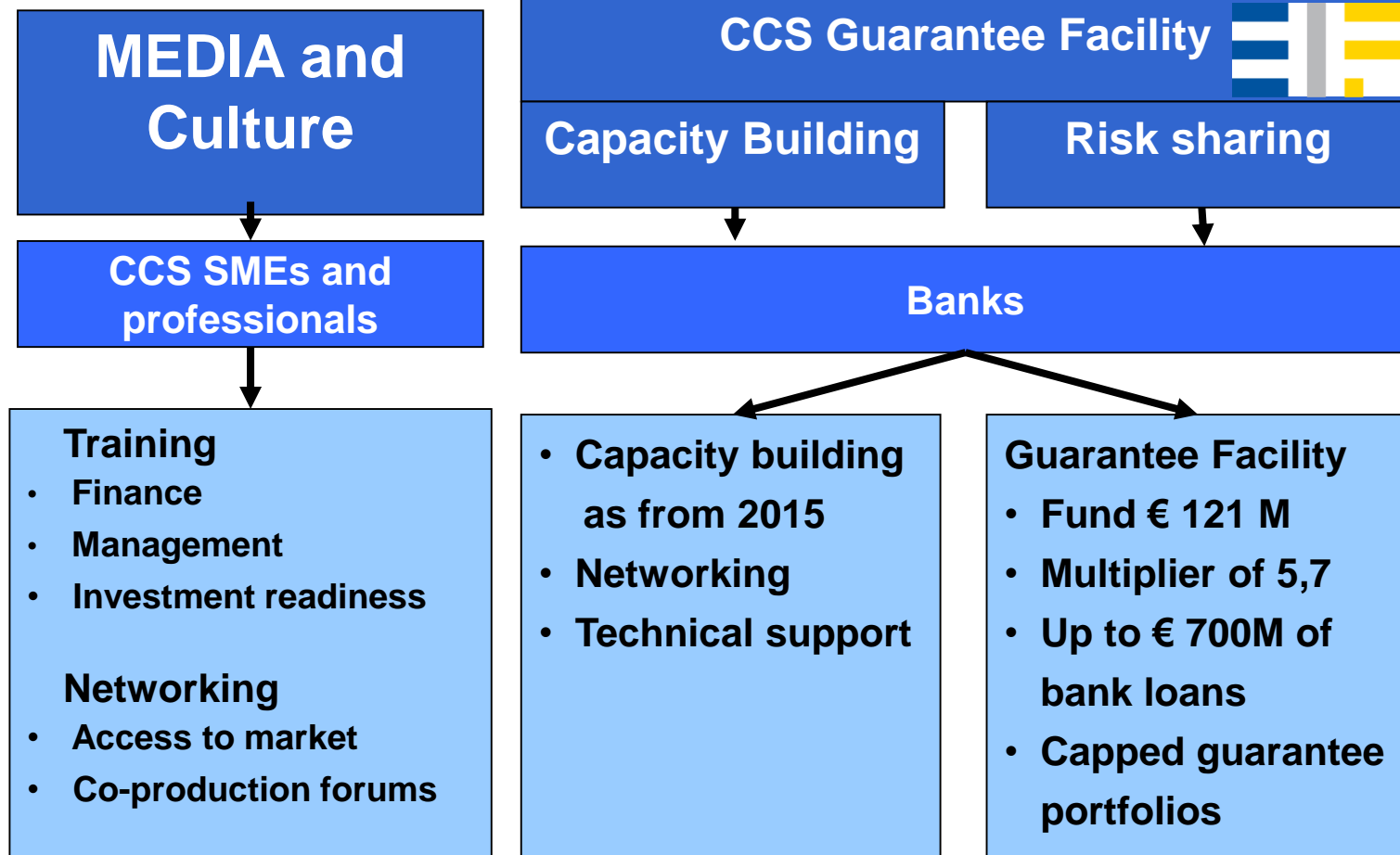


- Economic performance OK
- European FIs—with a few exceptions - do not currently have the in-house necessary expertise for evaluating credit risk in the CCS
- Financing gap estimated: B 8 to B13 euro



European
Commission

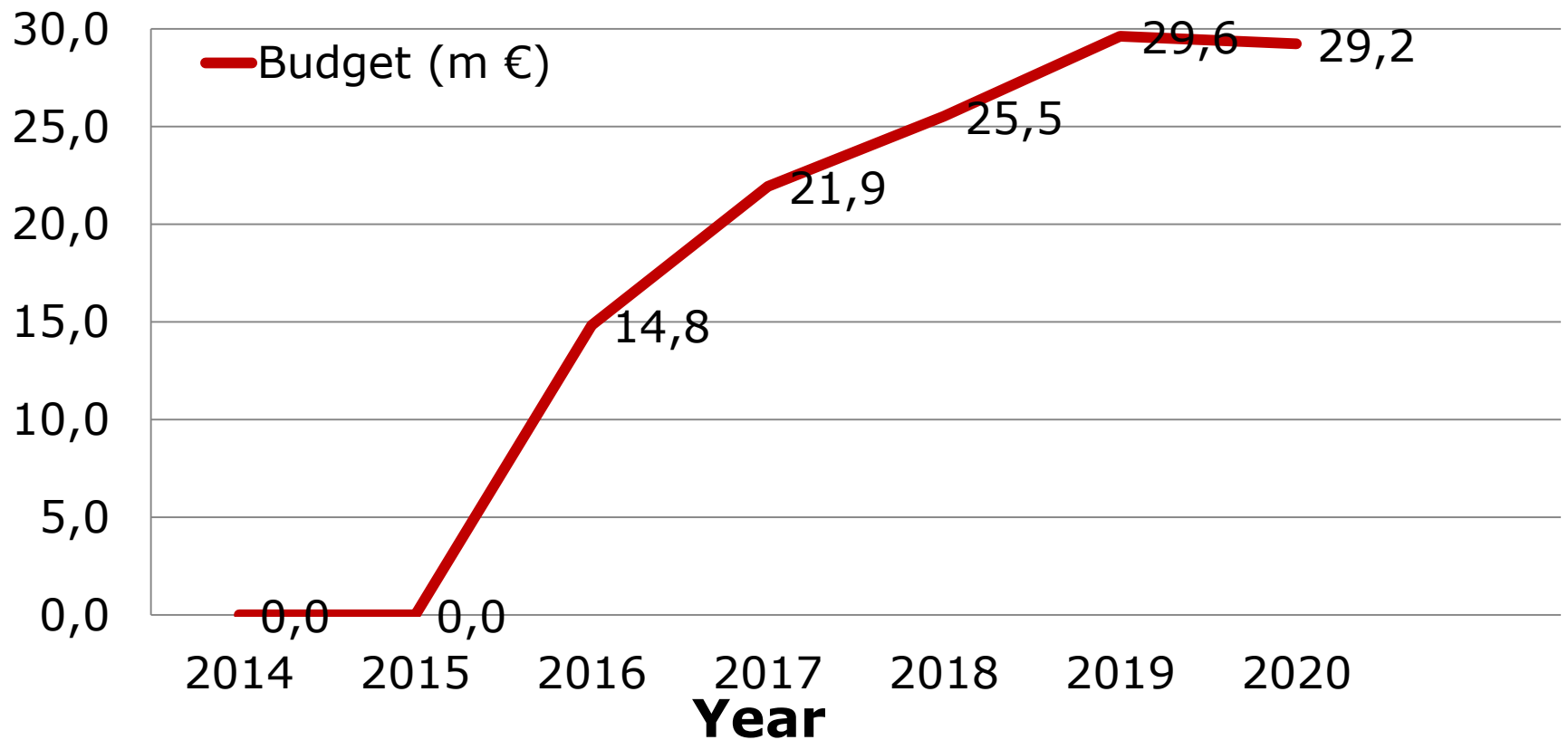
Creative Europe 2014-2020



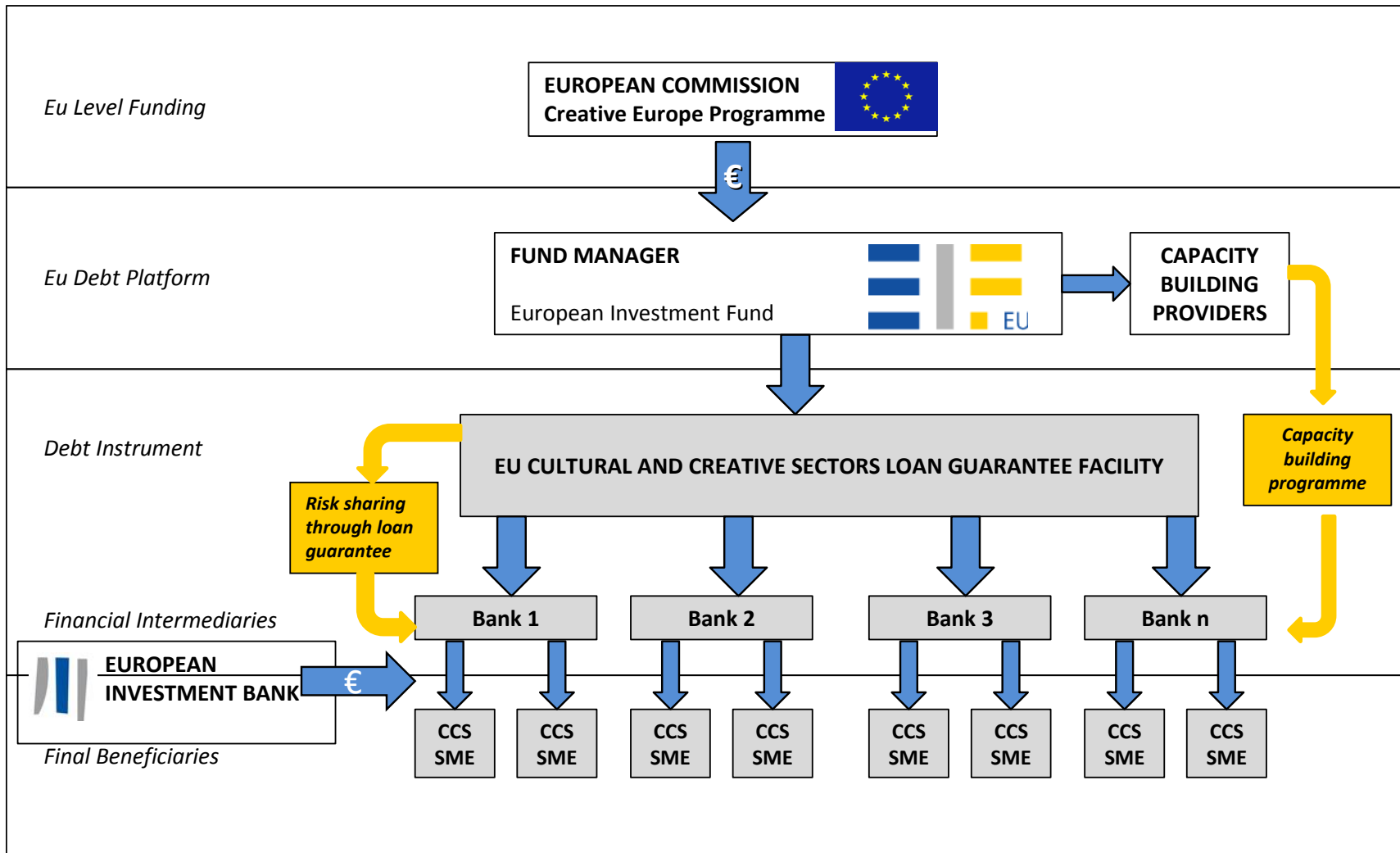
In a nutshell: CCS GF

- Market driven Guarantee/Counter guarantee facility to share credit risk (70%, up to 25% on portfolio)
 - With banks investing in portfolios of loans
 - Loans to organisations operating in the CCS
- Capacity-building / expertise for banks: non-financial leverage
- Managed by the European Investment Fund
- € 121 million fund raising credits for up to € ca.700M to the benefit of SMEs in CCS
- Up to 10% for CBS
- Large scope of CCS
- Participation: EU/EEA
- Implementation: CBS as from 2015, CCS GF as from 2016

Budget for the Guarantee Facility (121M)



SET UP OF THE EU CCS GUARANTEE FACILITY



tee