

## Conclusions

### Framework operation #2 for Cultural and Creative Sector Guarantee INVEU-ICR-0038-2022 – SME Window

#### Short description of the financing or investment operation and its objectives

Financial intermediaries	Financial Institutions, alternative lenders, guarantee institutions, National Promotional Banks or Institutions, providing Debt Financing' directly or indirectly to Final Recipients
Final recipients	SMEs (including micro enterprises), midcaps (small midcaps) and small public enterprises meeting at least one of the Product Eligibility Criteria from Cultural & Creative Sector Guarantee
Countries of implementation	Multi-country across Member States
Implementing partner	EIF

The purpose of this Framework Operation is to support Sub-Projects addressing the Cultural and Creative Sectors ("CCS"), in line with the relevant objectives and criteria enshrined in the InvestEU Guarantee Agreement. EIF will provide (counter-) guarantees for the benefit of financing provided to eligible CCS final recipients in the form of loans, leases, guarantees, minimum guarantees, bonds, etc.;

CCS includes inter alia architecture, archives, libraries and museums, artistic crafts, audio-visual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio and visual arts.

The implementation of the Sub-Projects under this Framework Operation builds on the successful deployment of the predecessor initiative supported by EFSI, the CCS guarantee.

#### Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 7 July 2022 for the above mentioned operation.

The Investment Committee supported the operation considering that the cultural and creative sector has difficulties accessing conventional credit markets, due to perceived high risk (intangible assets, uncertain returns), (ii) idiosyncratic financing structures, (iii) asymmetry of information, (iv) fragmented markets and general lack of economies of scale.

Also, a limited number of intermediaries are equipped with the skills and competences needed to finance and develop portfolios of CCS enterprises.

The IC recognised that the CCS guarantee will encourage intermediaries to lend to smaller players in the cultural and creative sector, with higher risk profile than the risk generally acceptable by the intermediary. The Operation is targeting final recipients of lower creditworthiness, which would have remained underserved otherwise, or supporting formerly

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excluded segments of the market by implementing financing solutions in line with enhanced access to finance measures to the benefit of final recipients: (i) reduction of collateral requirements, (ii) reduction in down-payment, (iii) increase in financing volumes, (iv) longer maturities, (v) bespoke financing arrangements, (vi) lower cost of financing.

The IC also recognised the qualitative features of the guarantee that supports alternative lenders active in the creative and cultural sector and EIF's practical guidance to financial intermediaries both pre- and post-signature (e.g. supporting the financial intermediary in assessing which guarantee solution is most relevant for the specific final recipient targeted, assistance to facilitate ramp up and deployment of the portfolio, in particular to those with limited experience in lending to the culture and creative sector).