

Conclusions

ST'ART S.A

INVEU-ICR-0057-2022 – SME window

Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary	ST'ART S.A.
Countr(ies) of implementation	Belgium (Wallonia and Brussels regions)
Implementing partner	EIF

This operation, in the form of portfolio guarantee, supports access to finance to companies operating in the Cultural and Creative Sectors ("CCS").

The intermediary focuses on small and medium-sized companies and small public enterprises in the CCS space. It supports the creation, growth and upscaling of projects and products of new or existing companies operating in the CCS fields, by providing financing throughout all the different stages of their lifecycle. The provision of the EU Guarantee will allow the Intermediary to:

- continue to offer existing debt products, which were launched thanks to the predecessor CCS Guarantee Facility, with improved conditions to the eligible final recipients;
- launch new debt products to the benefit of CCS companies, aiming at tackling short-term financing needs of entities active in the production environment (e.g. expositions, audio-visual, performing arts, gaming)

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 20 October 2022 for the above-mentioned operation.

Due to the intangible nature of many of assets, the prototype nature of activities, and an intrinsic need to take risks and experiment, the companies operating in the cultural and creative sectors (especially SMEs and other type of organisations), face difficulties in accessing finance to support their activities, to grow, and to maintain and increase their competitiveness or internationalise their activities.

Market failure is not only present during a deep recession or a financial crisis, but also on an on-going basis as a fundamental structural issue. Also, an acute market gap in terms of availability of financing opportunities for these types of companies can be observed in the geographical areas targeted by the Intermediary.

Thanks to the EU Guarantee, the intermediary will be able to offer more favourable terms to eligible final recipients, as follows:

- reduction of cost of financing – the intermediary will implement the interest rate reduction for the core existing and new products (i.e. all except loans to cultural institutions).

Conclusions

- For loans to cultural institutions different access to finance measures may apply, which will focus on the provision of bespoke repayment terms compared to the terms offered without the guarantee

Thanks to the guarantee, the intermediary will also be in a position to increase the volume of subordinated debt (often convertible). This is specifically important for final recipients with uncertain cash flow sustainability in need of additional third-party debt financing, encouraging additional lending by private and more traditional lenders.

Final recipient transactions that are subordinated debt transactions are expected to improve the capital structure and solvency position of targeted final recipients.

The financing by ST'ART will be provided to the entire universe of eligible CCS entities throughout their whole lifespan with a strong focus on the start-up phase. Hence, the EU Guarantee not only will allow the intermediary to increase its scale and scope of activities, but thanks to its cooperation with several financing partners, it will allow to promote a sustainable CCS ecosystem in the Wallonia and Brussels regions.