



Creative Europe's Cultural & Creative Sectors' Guarantee Facility

Improving access to finance for cultural & creative initiatives

A guarantee facility ...

As part of the Creative Europe programme (2014-2020), the European Commission has earmarked €121 million for a financial mechanism that provides guarantees to lending and credit institutions, so called financial intermediaries (e.g. banks), to encourage them to offer financing for cultural and creative sectors initiatives. This guarantee facility is expected to increase the number of loans available and to unlock new funding opportunities for these sectors. Overall, the facility should help to leverage over €600 million in additional lending.

... to bridge the financial gap ...

The Guarantee Facility responds directly to the current needs of the cultural and creative sectors. SMEs have found it challenging to access loans due to the nature of their business, a lack of tangible assets or an uncertainty of demand. According to the ex-ante assessment produced by the European Commission, the financing gap is expected to exceed €1 billion per year in the European Union for the 2014-2020 period.

In addition, the facility is intended to help the financial sector to improve its understanding of the cultural and creative sectors' specificities, through the availability of a capacity-building programme.

**... in
the cultural
& creative
sectors ...**

This is the first time that a guarantee facility has had such a broad reach. It is open to small and medium enterprises (SMEs) established and operating in an EU country, Iceland or Norway, and active in the cultural and creative sectors, irrespective of their legal status (micro-enterprises, self-employed persons, etc.).

**... by providing
cover
to financial
intermediaries
offering loans.**

To encourage the creation of portfolios of loans to SMEs in the cultural and creative sectors, the facility will provide the financial intermediaries with guarantees to cover losses up to 70% for each loan and up to 25% at a guaranteed portfolio level. This facility, together with their improved understanding of the sectors, will encourage the financial intermediaries to become more active lenders to SMEs in the future.

The Guarantee Facility aims to stimulate smart, sustainable and inclusive growth by strengthening the financial capacity of SMEs and reinforcing their competitiveness through market-based solutions.

The facility will start rolling out in 2016 and financial intermediaries will be able to take part in the scheme any time until 2020.



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