



EUROPEAN COMMISSION
DG Employment, Social Affairs and Inclusion
Skills
Job Creation

**Employment and Social Innovation Programme (2014-2020) –
EaSI programme**

Transaction cost support for social enterprise finance

CALL FOR PROPOSALS

VP/2017/013

Any questions should be sent by email to:
empl-vp-2017-013@ec.europa.eu

To ensure a rapid response to requests for information, applicants are invited
to send their queries in English, where possible

This text is available in English.

Applicants are invited to read the present document in conjunction with the Financial
Guidelines for Applicants and the model grant agreement(s) published with this call as well as
the financial rules applicable to the general budget of the Union and their rules of application:

http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm

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1. INTRODUCTION – BACKGROUND

1.1. Programme/Legal base

This call for proposals is published under REGULATION (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ("EaSI")¹ and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion.

The **European Programme for Employment and Social Innovation "EaSI" 2014-2020²** is a European-level financing instrument managed directly by the European Commission to contribute to the implementation of the Europe 2020 strategy, by providing financial support for the Union's objectives in terms of promoting a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions.

The EaSI Programme shall, in all its axes and actions, aim to:

- (a) pay particular attention to vulnerable groups, such as young people;
- (b) promote equality between women and men,
- (c) combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation;
- (d) promote a high-level of quality and sustainable employment, guarantee adequate and decent social protection, combat long-term unemployment and fight against poverty and social exclusion.

Hence, in designing, implementing and reporting on the activity, beneficiaries must address the issues noted above and will be required to provide detail, in the final activity report on the steps and achievements made towards addressing those aims.

1.2. Policy and economic background

Social enterprises as vehicles for job creation and social innovation

Boosting Jobs, Growth and Investment is one of the main priorities of the European Union. In its Start-up and Scale up Initiative, the Commission has in particular recognised the potential of social enterprises for innovation and their positive impact in economy and society at large. Social enterprises develop innovative approaches, models or practices for resolving societal challenges in an entrepreneurial way to promote inclusive, socially fair and environmentally sustainable economic development and social change. Their economic operations cover a broad spectrum of activities (including in particular social and economic integration of the disadvantaged and excluded, social assistance and care services of general interest, education and training, community development, reducing emissions and waste, or producing renewable energy).

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0238:0252:EN:PDF>

² <http://ec.europa.eu/social/main.jsp?langId=en&catId=1081>

However, lack of or poor access to finance is still a significant barrier for starting up a social enterprise, ensuring its sustainability and growth. Due to their size, the financing amounts that the majority of social enterprises need are relatively small: the most important financing gap in the market is between EUR 100 000 and EUR 500 000 for early-stage social enterprises.³ As the transaction costs for these relatively small tickets are comparatively high, social impact fund managers have an incentive to focus on higher amounts in order to preserve the fund's sustainability. This leads to a mismatch of needed and sustainable ticket sizes, i.e. a clear market failure.⁴

1.3. Main Purposes

One of the objectives of EaSI is to promote employment and social inclusion by increasing access to finance for social enterprises and to develop the social enterprise finance market.

Under EaSI, at least 86 million EUR are earmarked for this purpose. Several financial instruments have been launched under EaSI / with support from EaSI:

- The EaSI Guarantee scheme has been launched in 2015 to cover loans (of up to EUR 500 000) to social enterprises. This risk-sharing mechanism gives incentives to social enterprise investors to reach out to entrepreneurs they would not have been able to finance otherwise.
- In 2016, the Commission launched the EaSI capacity building instrument (EUR 8 million) which aims at building up the institutional capacity of selected social enterprise finance providers in Europe primarily through equity investments.

Both EaSI financial instruments are implemented by the European Investment Fund.⁵

- In addition, a set of new social equity instruments was launched in 2016 under the European Fund for Strategic Investment (EFSI) (with a first-loss piece from EaSI and Innovfin): they include a facility for financial intermediaries linked to incubators, accelerators, and/or that provide incubation services for social enterprises in their early stages (at least EUR 25 million) and a Business Angel Facility (at least EUR 25 million) that will make investments alongside business angels or in business angel funds, including private individuals or non-institutional investors who invest into social enterprises at seed, early stage as well as expansion and growth stage.⁶

The purpose of this call is to explore best ways to complement the already existing financial instruments (in particular the social EFSI equity instruments) with a grant component to further promote the development of the social enterprise finance market and facilitate access to finance for social enterprises.

³ Subject Paper of GECES Working Group 1: “Improving access to funding” available at:

<http://ec.europa.eu/DocsRoom/documents/21252/attachments/5/translations/en/renditions/native>

⁴ Spiess-Knafl, Wolfgang und Jansen, Stephan A, Imperfections in the social investment market and options how to address them, available at: http://bookshop.europa.eu/en/imperfections-in-the-social-investment-market-and-options-on-how-to-address-them-pbKE0214002/downloads/KE-02-14-002-EN-N/KE0214002ENN_002.pdf;pgid=GSPefJMEtXBSR0dT6jbGakZD0000rvHE2Hll;sid=MXUUmjteC4sUg2PudvOKPVI7fBYK6DyNN6Y=?FileName=KE0214002ENN_002.pdf&SKU=KE0214002ENN_PDF&CatalogueNumber=KE-02-14-002-EN-N

⁵ <http://ec.europa.eu/social/main.jsp?catId=1084&langId=en>

⁶ http://www.eif.org/what_we_do/efsi/equity/call/Guidance_for_social_impact_investors.pdf

2. OBJECTIVE(S) – PRIORITIES – TYPES OF ACTIONS - EXPECTED RESULTS

2.1. Objectives

The objective of the call is to test a transaction cost support scheme in the form of a grant to be combined with financial instruments as a means to address the mismatch of needed and sustainable ticket sizes. More particularly, it aims at catalysing smaller risk-capital investments of below EUR 500 000 that otherwise would not happen.

The grant is aimed at financial intermediaries that undertake long term risk capital investments in ticket sizes of less than EUR 500 000 in the form of equity, quasi-equity, or hybrid financing (see annex II for a glossary) to social enterprises in the EaSI Participating Countries⁷. It will serve to lower the transaction costs for these small investment tickets and thus help overcome a market failure in the social enterprise finance market.

2.2. Description of the activities to be funded / Type of actions

Activities related to the **preparation, conclusion and follow-up** of long term risk capital investments into social enterprises may be funded under this call for proposals.

This may include activities such as:

- travelling to meet (potential) investees;
- screening and processing investment applications;
- preparing legal documents, potentially with a lawyers' advice;
- carrying out the due diligence, including assessing (potential) impact;
- providing investment readiness, scaling readiness or business restructuring support;
- bringing in co-investors;
- managing the investments and monitoring social impact.

The long term risk capital investments may take the form of equity, quasi-equity or hybrid financing (see Annex II for a glossary) of a maximum of EUR 500 000 per investment.

In relation to the investees, the following conditions apply:

- The selected investees must be social enterprises in the sense of the EaSI Regulation. Please refer to annex II (Glossary) for the definition and to annex III for the detailed requirements.
- The social enterprises must be established / in the process of being established and active in one or more of the EaSI participating countries (see section 6.1).
- The social enterprises must have an annual turnover not exceeding EUR 30 million, or an annual balance sheet total not exceeding EUR 30 million and they must not themselves be collective investment undertakings.

⁷ Please refer to section 6.1 for a list of the EaSI Participating Countries.

The requested transaction cost support should not exceed 10% of the total budget allocated for investments into social enterprises.

2.3. Expected results

The expected result is an increased number of risk-capital investments of below EUR 500 000 in social enterprises.

2.4. Monitoring

The Commission, with the support of an external contractor, will monitor regularly the EaSI Programme. Therefore, beneficiaries/contractors will have to transmit qualitative and quantitative monitoring data on the results of the activities. These will include the extent to which the principles of equality between women and men has been applied, as well as how anti-discrimination considerations, including accessibility issues, have been addressed through the activities. Related templates are attached or will be provided.

In addition, the Commission, with the support of an external contractor, may monitor the project regularly. In this case, beneficiaries will have to transmit qualitative and quantitative monitoring data on the milestones, processes, cost and results of the activities.

In setting up the action, beneficiaries must foresee the necessary funding for monitoring and reporting to the Commission.

As the monitoring of the EaSI Programme involves the collection and further processing of personal data, Regulation (EC) 45/2001, of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community Institutions and bodies and on the free movement of such data, is applicable.

3. TIMETABLE

	Stages	Date or period
a)	Publication of the call	5/2017
b)	Deadline for submitting proposals	15/07/2017 and 01/12/2017 and 15/04/2018
c)	Evaluation period (indicative)	Submission deadline + 6 weeks
d)	Information to applicants (indicative)	Submission deadline + 3 months ⁸
e)	Signature of the grant agreement (indicative)	Submission deadline + 4 months ⁹

Please note that the call may be closed before the second or third deadline for submission should sufficient budget no longer be available after evaluation of the proposals received for the first or second deadline.

3.1. Starting date and duration of the projects

The actual starting date of the action will either be the first day following the date when the last of the two parties signs the grant agreement or a date agreed upon between the parties. The latest possible starting date shall be 6 months after the signature of the grant agreement.

Applicants should note that if their project is selected, they may receive the grant agreement after the start date of the action that they have indicatively set in the application form. It is therefore advisable to number the months in the work programme instead of indicating the name of the month.

Any expenditure incurred before the signature of the Grant Agreement will be at the applicant's risk. No expenditure can be incurred before the date of submission.

The project's duration should indicatively be between 12 months and 24 months.

4. AVAILABLE BUDGET AND CO-FINANCING RATE

4.1. Available Budget

The total budget earmarked for the EU co-financing of projects under this call is estimated at EUR 3 million.

⁸ And in any case no later than 6 months after the submission deadline.

⁹ And in any case no later than 3 months after the date of information to applicants.

The EU grant requested should indicatively be between EUR 300 000 and EUR 1 million.

The Commission reserves the right not to distribute all the funds available.

4.2. Co-financing rate

Under this call for proposals, the EU grant may not exceed 80 % of the total eligible costs of the action. The applicants must guarantee their co-financing of the remaining amount covered by the applicants' own resources or from other sources other than the European Union budget¹⁰.

5. ADMISSIBILITY REQUIREMENTS

Applications must be sent no later than the deadline for submission referred to in section 3(b).

Applications (application form including budget and description of the action including work plan) must be submitted using the electronic submission system available at <https://webgate.ec.europa.eu/swim>, and by sending a signed, printed version of the application form and the other afore-mentioned documents by post or courier service (one original dossier and two copies; see also section 12).

Failure to comply with the above requirements will lead to the rejection of the application.

Applicants are encouraged to submit their project proposal in English, in order to facilitate the treatment of the proposals and speed up the evaluation process. It should be noted, however, that proposals in all official languages of the EU will be accepted. In this case, applications should be accompanied by an executive summary in English (checklist point 2).

6. ELIGIBILITY CRITERIA

6.1. Eligibility of the applicants (sole or lead and co-applicants) and affiliated entities¹¹

a) Place of establishment

Legal entities properly established and registered in the following countries are eligible as applicants (sole or lead and co-applicants):

- EU Member States;
- Iceland in accordance with the EEA Agreement;
- Albania, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.¹²

¹⁰ Letters of commitment are required from any third party providing financial contributions to the eligible costs of the action (see section 14, checklist point 4).

¹¹ See section 2 of the Financial Guidelines for definitions.

¹² Other candidate and potential candidate countries may also participate in accordance with the general principles and the general terms and conditions laid down in the framework agreements concluded with

b) Type of entities

To be eligible, the applicant (sole or lead and co-applicants) must be:

1. An investment fund, a Fund-of-Funds, a special purpose vehicle, in any form, established or to be established

In this case, there are 2 options:

- Either the legal entity of the investment fund, the Fund-of-Funds or the special purpose vehicle can be an applicant.
- Or the (future) manager of the investment fund, of the Fund-of-Funds or the special purpose vehicle (established or to be established) can be applicant.

For the avoidance of doubt, the (future) manager must already be an established and registered legal entity at the time of the submission of the application.

2. A (co-) investment scheme in any form (including managed accounts and other types of contractual arrangements) established or to be established.

In this case, either the (future) manager of the (co-) investment scheme / the managed accounts must be applicant or the parties of the (future) contractual arrangements must be applicants (in a consortium).

The (future) manager or the parties to the (future) contractual arrangements must already be established and registered legal entities at the time of the submission of the application.

3. A foundation.

c) Affiliated entities

Legal entities having a legal or capital link with applicants, which is neither limited to the action nor established for the sole purpose of its implementation and which satisfy the eligibility criteria, may take part in the action as affiliated entities, and may declare eligible costs.

For that purpose, applicants shall identify such affiliated entities in the application form.

d) Consortia¹³

Actions may involve consortia

In the case of a proposal submitted by one (sole) applicant, if that applicant is not considered to be eligible, the application will be rejected.

In the case of consortia, if the lead applicant is not considered to be eligible, the application will be rejected. If a co-applicant is considered not to be eligible, this organisation will be

them on their participation in Union programmes. However, it is not yet confirmed, therefore applicants and co-applicants from those countries should check with the secretariat of the call (**empl-[vp-2017-013@ec.europa.eu](mailto:empl-vp-2017-013@ec.europa.eu)**) for their eligibility.

¹³ Letters of mandate, authorising the lead applicant to submit the proposal and to sign any Grant Agreement on their behalf must be submitted from each co-applicant.

removed from the consortium and the proposal evaluated on that basis. In addition, the costs that are allocated to a non-eligible co-applicant will be removed from the budget.

6.2. Eligible activities

a) Geographical Location

To be eligible, actions must be fully carried out in eligible participating EaSI countries (see section 6.1)

b) Type of activities

The grant will finance the activities indicated in section 2.2

c) Core activities

The following activities are considered to be core activities and may not be subcontracted:

- Management of the project

7. EXCLUSION CRITERIA

Applicants (sole or lead and co-applicants) must sign a declaration on their honour certifying that they are not in one of the situations referred to in article 106(1) and 107.1(b) and (c) of the Financial Regulation concerning exclusion and rejection from the procedure respectively, using the relevant form attached to the application form available at <https://webgate.ec.europa.eu/swim/external/displayWelcome.do>.

The same exclusion criteria apply to any affiliated entities, which must, therefore, be included in the above mentioned declaration.

8. SELECTION CRITERIA

The applicant (sole or lead and co-applicant) must have the financial and operational capacity to complete the activity for which funding is requested. Only organisations with the necessary financial and operational capacity may be considered for a grant.

8.1. Financial capacity

Applicants (sole or lead and co-applicant(s)) must have access to solid and adequate funding to maintain their activities for the period of the action and to help finance it as necessary.

The verification of financial capacity will not apply to public bodies.

The applicant's (sole or lead and co-applicant) financial capacity will be assessed on the basis of the following supporting documents to be submitted with the application:

- Declaration on honour (including financial capacity to carry out the activity) (see section 14, checklist point 3);

- Annual balance sheets and profit and loss accounts for the last financial year available (see section 14, checklist point 16);
- Summary balance sheet and profit and loss accounts using the template provided in SWIM (see section 12) and signed by the legal representative (see section 14, checklist point 17).
- For grants of EUR 750 000 or more, an audit report produced by an approved external auditor certifying the accounts for the last financial year available (see section 14, checklist point 18).

In addition, the Commission will take into account any other relevant information on financial capacity provided by the applicant and in particular the information provided in section F.2 of the SWIM application form.

8.2. Operational capacity

Applicants (sole or lead) and co-applicant(s) must have the professional competencies as well as appropriate qualifications necessary to complete the proposed action. In particular, the members of the applicant's team that are meant to implement the action must have been engaged in social enterprise finance or social impact finance for at least three years;

The operational capacity of the team of the sole or lead applicant and co-applicant(s) to complete the proposed action must be confirmed by the submission in the proposal of the following:

- A list of investments¹⁴ / investment projects in social enterprises or other forms of social impact investing or impact first investing in the last three years (see section 14, checklist point 15). The list should include details such as the type of investment, type of investees, amounts.
- The CVs of the proposed project co-ordinator and of the persons who will perform the main tasks, showing all their relevant professional experience (see section 14, checklist point 14);
- Declaration on honour signed by the legal representative (including operational capacity to carry out the activity) (see section 14, checklist point 3).

If the sole or lead applicant is considered not to have the required financial or operational capacity, the application as a whole will be rejected. If a co-applicant is considered not to have the required financial or operational capacity, this co-applicant will be removed from the consortium and the application will be evaluated without this co-applicant. In addition, the costs that are allocated to the non-selected co-applicant will be removed from the budget. If the application is accepted, the work programme will have to be adapted as appropriate.

9. AWARD CRITERIA

The proposals which fulfil the eligibility and selection criteria will be assessed according to the following award criteria:

¹⁴ "Investments" is interpreted broadly including instruments like debt, equity, quasi-equity and, hybrid finance.

- **Relevance for the objectives of the call and added value** (Max. 30 points)
Under this criterion, the extent to which the planned investments will contribute to the objective of increasing finance for social enterprises in need of investment tickets up to EUR 500 000 will be assessed as well as the added value that the grant support will provide in easing this kind of investments, going beyond the applicant's current activities.

- **Quality of the activities and expected outcomes** (Max. 30 points)
In this respect, the coherence of the activities in relation to the needs and how the grant will be used to reduce transaction costs will be part of the assessment

- **Development potential and sustainability** (Max. 20 points)
Under this criterion, the potential of the proposed model to further develop (e.g. in size) and reach sustainability in the future will be taken into account, as well as how the experience curve effects will be monitored.

- **Cost effectiveness** (Max. 20 points)
In this respect, the coherence of the overall budget breakdown, clarity and consistency of the estimated budget description and justification of costs will be assessed, as well as the degree to which the requested grant is proportionate to the overall size of the financial instrument dedicated to investments in social enterprises, the level of output and impact of the action.

Applications will be ranked according to the total score awarded. Taking into account the available budget, the proposals with the highest total scores will be recommended for award, **on condition that:**

- **the total score reaches at least 65% of the maximum possible mark;**
- **the score for the criterion on Relevance and added value is at least 65% of the maximum possible mark for that criterion;**
- **the score for the criterion on Cost effectiveness is at least 55% of the maximum possible mark for that criterion.**

10. LEGAL COMMITMENTS

In the event of a grant being awarded by the Commission, a grant agreement, drawn up in euro and detailing the conditions and level of funding, will be sent to the beneficiary, or to the coordinator in the case of multi-beneficiary grant agreements.

The 2 copies of the original agreement must be signed by the beneficiary, or the coordinator in the case of multi-beneficiary grant agreements, and returned to the Commission immediately. The Commission will sign it last.

The grant agreement may include corrections and deletion of ineligible costs or activities made by the Commission – therefore the applicant should carefully read the whole agreement and the budget and work programme sections in particular, before signing and returning the copies to the Commission.

A model Grant Agreement is published on the Europa website under the relevant call: <http://ec.europa.eu/social/main.jsp?catId=629&langId=en>.

Please note that the award of a grant does not establish an entitlement for subsequent years.

10.1. Sources of Funding

In addition to the obligations with regard to visibility of Union funding foreseen in the General conditions to the grant agreement, beneficiaries must acknowledge in writing that the project has been supported by the European Union Programme for Employment and Social Innovation ("EaSI") 2014-2020. In practice, all products (publications, brochures, press releases, videos, CDs, posters and banners, and especially those associated with conferences, seminars and information campaigns as well as funding agreements with social enterprises) must state the following:

This (publication, conference, video, xxx) has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult:
<http://ec.europa.eu/social/easi>

The European emblem must appear on every publication or other material produced, including the funding agreements with social enterprises. Please see:

http://ec.europa.eu/dgs/communication/services/visual_identity/pdf/use-emblem_en.pdf

Every publication must include the following:

The information contained in this publication does not necessarily reflect the official position of the European Commission.

11. FINANCIAL PROVISIONS

Details on financial provisions are laid out in the Financial Guidelines for Applicants and the model Grant Agreement, both published on the Europa website under the relevant call: <http://ec.europa.eu/social/main.jsp?catId=629&langId=en>.

12. PROCEDURE FOR THE SUBMISSION OF PROPOSALS

The procedure to submit proposals electronically is explained in point 14 of the "Financial Guidelines for Applicants". Before starting, please read carefully the SWIM user manual:

http://ec.europa.eu/employment_social/calls/pdf/swim_manual_en.pdf

Once the application form is filled in, applicants must submit it both electronically and in hard copy, before the deadline set in section 3.b above.

The SWIM electronic application form is available until midnight on the day of the submission deadline. Since the applicants must first submit the form electronically, and then print, sign and send it by post service or hand delivery by the submission deadline, it is the **applicant's responsibility to ensure that the appropriate postal or courier services are locally available on the day of the deadline.**

The hard copy of the proposal must be duly signed and sent in 3 copies (one marked “original” and two marked “copy”), including all documents listed in section 14, by the deadline (the postmark or the express courier receipt date serving as proof) to the following address:

European Commission
(NOT TO BE OPENED BY CENTRAL MAIL SERVICES)
Call for proposals VP/2017/013 – DG EMPL.E1
PLB3 – 05th floor
B-1049 Bruxelles - BELGIUM

Please send your proposal by registered post, express courier service or by hand delivery only. Proof of posting or express courier receipt should be kept as it could be requested by the European Commission in cases of doubt regarding the date of submission.

Hand-delivered proposals must be received by the European Commission before 4 p.m. on the date of the deadline for submission as indicated in section 3(b) at the following address:

European Commission
Service central de réception du courrier
(NOT TO BE OPENED BY CENTRAL MAIL SERVICES)
Call for proposals VP/2017/013 – DG EMPL.E1
Avenue du Bourget, 1
B-1140 Evere

At that time the European Commission's Mail Service will provide a signed receipt which should be conserved as proof of delivery.

If an applicant submits more than one proposal, each proposal must be submitted separately.

Additional documents sent by post, by fax or by electronic mail after the deadlines mentioned above will not be considered for evaluation unless requested by the European Commission.

The applicant's attention is also drawn to the fact that incomplete or unsigned forms, hand-written forms and those sent by fax or e-mail will not be taken into consideration.

13. COMMUNICATION

The information contained in the present call document together with the Financial Guidelines for Applicants provides all the information you require to submit an application. Please read it carefully before doing so, paying particular attention to the priorities of the present call.

All enquiries must be made by e-mail only to:

empl-vp-2017-013@ec.europa.eu

For any technical problems please contact: empl-swim-support@ec.europa.eu

Questions may be sent by to the above address no later than 10 days before the deadline for the submission of proposals.

The Commission has no obligation to provide clarifications to questions received after this date.

Replies will be given no later than 5 days before the deadline for submission of proposals. To ensure equal treatment of applicants, the Commission will not give a prior opinion on the eligibility of applicants, or affiliated entity(ies), an action or specific activities.

No individual replies to questions will be sent but all questions together with the answers and other important notices will be published (FAQ in EN) at regular intervals on the Europa website under the relevant call:

<http://ec.europa.eu/social/main.jsp?catId=629&langId=en>.

The Commission may, on its own initiative, inform interested parties of any error, inaccuracy, omission or clerical error in the text of the call for proposals on the mentioned Europa website. It is therefore advisable to consult the above mentioned website regularly in order to be informed any updates and of the questions and answers published.

No modification to the proposal is allowed once the deadline for submission has elapsed. If there is a need to clarify certain aspects or to correct clerical mistakes, the Commission may contact the applicant for this purpose during the evaluation process.

Applicants will be informed in writing about the results of the selection process. Unsuccessful applicants will be informed of the reasons for rejection. No information regarding the award procedure will be disclosed until the notification letters have been sent to the beneficiaries.

14. INSTRUCTIONS FOR THE PRESENTATION OF THE APPLICATION AND REQUIRED DOCUMENTS

14.1. Instructions for the presentation of the application

The application comprises an application form including the budget, a description of the action and work plan plus a series of other required documents (see section 14.2).

The description of the action and work plan must be written using the template available in SWIM. All the information related to the description of the action and the work plan must be presented in one single document. The budget must be presented using the application form in SWIM.

The description of the action should include an investment strategy which provides information on the size and structure of the investment vehicle/investment arrangement, the investors and the part of the fund that will target the eligible market segment. It should also describe the type of social enterprises targeted, the type of products to be offered and the expected risk-return profile.

The description of the action shall, among other things, include an overview of the transaction costs for an investment and for the portfolio, i.e. costs linked to the preparation, conclusion and management of investments over time.

In the description of the action, the role of all applicants and any affiliated entities must be clearly explained.

In case of subcontracting any tasks comprising part of the action (see the Financial Guidelines), the description of the action must provide details on the tasks to be subcontracted and the reasons for doing so and these tasks must be clearly identified in the budget. Core tasks as defined in section 7.2(c) of the call cannot be subcontracted.

14.2. Required documents

The table in annex includes the documents that should be provided including the documents mentioned in 14.1. Except for items 7, 10 and 11¹⁵ which can be submitted only for successful applications, please note that all other documents are necessary either for the admissibility (see section 5) or for the analysis of the eligibility (see section 6) or selection criteria (see section 8). It also indicates where originals are required. We recommend that applicants use the table as a **checklist** in order to verify compliance with all requirements

While some information must be supplied using the templates available in the SWIM, other documents may need to be completed and/or attached electronically, usually either administrative documents or free format text descriptions. The SWIM application indicates in each section where SWIM templates should be used as well as which and where free format documents can be uploaded electronically.

Copies of the signed originals will be accepted for several documents to be submitted by any co-applicants. However, the lead applicant shall keep the original signed versions for its records, because **originals** may have to be submitted for certain documents at a later stage. **If the lead applicant fails to submit these original documents within the deadline given by the Commission, the proposal will be rejected for lack of administrative compliance.**

Regarding the compilation of the application file, it is recommended to:

- 1) follow the order of documents as listed in the checklist (and attach a ticked checklist as below to the proposal);
- 2) print the documents double-sided;
- 3) use 2-hole folders (do not bind or glue; stapling is acceptable).

¹⁵ Legal entity form; VAT Certificate ; Financial identification form.

CHECKLIST for required documents

This table includes the documents that must be provided for the proposal and where originals are required. We strongly recommend using the table as a checklist in order to verify compliance with all requirements. **Notes:** highlighted documents do not need to be provided by public entities. Documents marked with * are obligatorily to be attached online in SWIM as well.

No.	Document	Specification and content	The document must be provided by each				Originally signed?	Checkbox
			Lead applicant	Co-applicant	Affiliated entity	Associate organisation/ third party		
1	Signed SWIM application form submitted online + hard copies	The SWIM application form submitted online must be printed and dated and signed by the authorised legal representative and send by hard copies as foreseen in Section 12. <i>Note: the online form must be electronically submitted before printing. After electronic submission, no further changes to the proposal are permitted.</i>	✓	--	--	--	✓	<input type="checkbox"/>
2	Executive summary (if necessary)	Executive summary in EN (maximum 2 pages) – free format	✓	--	--	--	--	<input type="checkbox"/>
3	Declaration on honour*	The template is available in SWIM and must be written on the official letterhead of the organisation, bearing the original signature of the authorised legal representative and include the application's reference number generated by SWIM (VP/2017/0XX/XXXX). This declaration must also cover any affiliated entity. <i>Copies of the original signed declaration of co-applicants are accepted at the submission of the application; originals to be submitted upon request...</i>	✓	✓	--	--	✓	<input type="checkbox"/>
4	Letter of commitment*	The template is available in SWIM and must explain the nature of the organisation's involvement and specify the amount of any funding provided. The letter must be written on the official letterhead of the organisation and bear the original signature of the legal representative.	--	--	--	✓	✓	<input type="checkbox"/>
5	Letter of mandate*	The template is available in SWIM and must be written on the official letterhead of the organisation, dated and signed by the authorised legal representative.	--	✓	--	--	✓	<input type="checkbox"/>
6	Legal/capital link with lead or co-applicant*	Affiliated entities are required to provide proof of the legal and/or capital link with the lead or co-applicant.	--	--	✓	--	--	<input type="checkbox"/>
7	Legal entity form	The template is available in SWIM and online (http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm) and must be duly signed and dated by the legal representative.	✓	✓	--	--	✓	<input type="checkbox"/>
8	Proof of registration	A certificate of official registration or other official document attesting the establishment of the entity (for public bodies: the law, decree, decision etc. establishing the entity).	✓	✓	--	--	--	<input type="checkbox"/>
9	Statutes	The articles of association/statutes or equivalent proving the eligibility of the organisation.	✓	✓	--	--	--	<input type="checkbox"/>
10	VAT certificate	A document showing the identification number for tax purposes or the VAT number, if applicable.	✓	✓	--	--	--	<input type="checkbox"/>
11	Financial identification form	The template is available in SWIM and online (http://ec.europa.eu/budget/contracts_grants/info_contracts/financial_id/financial_id_en.cfm) and must be duly signed and dated by the account holder and bearing the bank stamp and signature of the bank representative (or a copy of recent bank statement attached).	✓	--	--	--	✓	<input type="checkbox"/>
12	Description of the action and work plan*	The template is available in SWIM which must be duly completed and submitted electronically together with the online submission form and on paper as well. The paper version must be identical to the electronic version of the detailed work programme. The document should be submitted in English.	✓	--	--	--	--	<input type="checkbox"/>
13	Budget Explanation for	This is a separate free-format document in addition to the budget section of the on-line application form and it	✓	--	--	--	--	<input type="checkbox"/>

	the project	<p>must also be submitted electronically in annex to the on-line application form. The paper version must be identical to the electronic version of the budget explanation.</p> <p>The budget explanation must provide additional information to explain and justify items of the proposed budget. It should in particular explain: how the number of working days of staff involved in the implementation of the action has been fixed; how average travel costs were calculated; unless this is self-explanatory, how costs of services and administration costs were defined.</p> <p>The Commission may request applicants to submit additional justifications of proposed eligible costs during the evaluation procedure.</p>						
14	Curricula vitae of key staff	Detailed CVs of the person responsible for managing the action (named in section A.3 of the online application form) and the persons who will perform the main tasks . The CVs should indicate clearly the current employer.	✓	✓	✓	--	--	<input type="checkbox"/>
15	List of main investments	A list of the main investments / investment projects carried out, if any, in the last three years in social enterprises or other forms of social impact investing or impact first investing in the last three years – free format	✓	✓	✓	--	--	<input type="checkbox"/>
16	Balance sheet & profit and loss accounts	The most recent balance sheet and profit & loss accounts, including assets and liabilities, specifying the currency used.	✓	✓	--	--	--	<input type="checkbox"/>
17	Summary balance sheet & profit and loss accounts	The template is available in SWIM and must be signed by the authorised legal representative	✓	✓	--	---	✓	<input type="checkbox"/>
18	Audit report	For grant requests of EUR 750,000 or higher: an external audit report produced by an approved auditor, certifying the accounts for the last financial year available. The threshold applies to each co-applicant in line with their share of the action budget. The report should be submitted in English, French or German.	✓	✓	--	--	--	<input type="checkbox"/>

ANNEX I:

FINANCIAL GUIDELINES FOR APPLICANTS

Annex I is available on the Europa website under the relevant call:

<http://ec.europa.eu/social/main.jsp?catId=629&langId=en&callId=422&furtherCalls=yes>

ANNEX II:

GLOSSARY

For the purpose of this call for proposals, the terms below have the following meaning:

Social enterprise	an undertaking, regardless of its legal form, which: (a) in accordance with its Articles of Association, Statutes or with any other legal document by which it is established, has as its primary objective the achievement of measurable, positive social impacts rather than generating profit for its owners, members and shareholders, and which: (i) provides services or goods which generate a social return and/or (ii) employs a method of production of goods or services that embodies its social objective; (b) uses its profits first and foremost to achieve its primary objective and has predefined procedures and rules covering any distribution of profits to shareholders and owners that ensure that such distribution does not undermine the primary objective; and (c) is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities;
Equity financing	the provision of capital to a firm, invested directly or indirectly in return for total or partial ownership of that firm and where the equity investor may assume some management control of the firm and may share the firm's profits;
Quasi-equity	a type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity. Quasi-equity investments can be structured as debt, typically unsecured and subordinated and in some cases convertible into equity, or as preferred equity;
Debt financing / a loan	an agreement which obliges the lender to make available to the borrower an agreed sum of money for an agreed period of

	time and under which the borrower is obliged to repay that amount within the agreed time;
Hybrid financing	an instrument which combines the characteristics/features of at least two of the three financing instruments, grant, debt, and equity.
Impact investing ¹⁶	<p>Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.</p> <p>Impact investment is further defined by:</p> <ul style="list-style-type: none"> - the investor's intention to have a positive social or environmental impact through investments - the investor's commitment to measure and report the social and environmental performance and progress of underlying investments, ensuring transparency and accountability while informing the practice of impact investing and building the field.

¹⁶ <https://thegiin.org/impact-investing/need-to-know/>

**ANNEX III:
GUIDANCE ON THE INTERPRETATION OF THE SOCIAL ENTERPRISE DEFINITION UNDER
EASI**

I. Entrepreneurial dimension

Criterion: Whether the organisation is engaged in continuous economic activity, i.e. in a continuous activity of production and/or exchange of goods and/or services.

This distinguishes the social enterprise from traditional non-profit organisations / social economy entities (pursuing a social aim and generating some form of self-financing, but not necessarily engaged in regular trading activity).

According to COM Regulation 800/2008 and the court ruling Case C-205/03 P FENIN vs. Commission, an enterprise or 'undertaking' is any entity engaged in an economic activity, regardless of its legal status and the way it is financed.

There is no limitation as to the legal form of the social enterprise. A social enterprise could take the form of a traditional company with equity, a cooperative, a foundation, an association, an NGO, etc.

II. Social dimension

Criterion: Whether the organisation exists to deliver public/societal benefit.

The key element that distinguishes a social enterprise from other types of undertakings is the purpose of the enterprise. When the primary objective of the organisation is the achievement of a social impact (i.e. the solution of a social or environmental problem), the enterprise can be labelled as social.

Having social impact as the primary goal makes the difference between social enterprises and companies that achieve a positive social impact incidentally, or that have a plan for Corporate Social Responsibility, but whose primary objective is different (i.e. the achievement of economic profit).

Social impact can be achieved in several ways:

- Services or goods which generate a social return:
 - A social return can be achieved if services or goods are primarily addressed to persons in a situation of exclusion, disadvantage or marginalisation, or that are vulnerable, for example affordable housing, equality and empowerment, migrants' integration etc;
 - Or if the enterprise provides goods or services directed at total populations having a pre-emptive purpose that aims at reducing the possibility of the appearance of damage in the future, for instance in the field of early childhood education and care, active employment, health education and disease prevention and life-long learning, circular economy and sustainable development etc.
- Methods of production that embody the social aim:

This is the case, for instance, where the main purpose of the enterprise is to provide people that are in a situation of exclusion, disadvantage, marginalisation or that are vulnerable, with a job or to integrate these persons in any form in the labour force. This should not occur incidentally; it should be the main purpose of the enterprise

NB: In this field, it is sufficient to tick "yes" for one of the ways in which social impact can be achieved to qualify as a social enterprise.

III. Governance dimension

Criterion: Whether profits can/cannot be distributed.

The fact that the main objective of the social enterprise is to achieve a social impact does not exclude the possibility of producing economic benefits. The profit will be mainly reinvested with a view to ensuring the achievement of the social objective:

If profits can be distributed, they must be subject to specific rules:

- (a) the Social Enterprise must have achieved a substantial part or all of the ex-ante defined impact;
- (b) the distribution must be in accordance with the Social Enterprise's predefined rules and procedures taking into account its social objective;
- (c) such distribution must not cause the rolling average distribution during the last 3 years to exceed one third of profits over such period.

Criterion: Whether the organisation has in place a system for measuring and reporting its social impact to stakeholders.

Under the EaSI Guarantee, the social enterprise must comply with the following requirements:

- provide an explanation of outcomes and impact being targeted, for whom, and how they will be achieved (e.g. "theory of change");
- submit to the finance provider, a proposal for the measurement of the achievement of those outcomes (and that impact), unless such proposal is made by the finance provider;
- provide regular reports (preferably annually, but at least every two years) to the finance provider, of outcomes and impact achieved, using the measurement frameworks and indicators agreed with the finance provider;
- to agree with the finance provider, any changes, if any, after reconsidering, regularly, whether the measurement framework and indicators are appropriate.