

FREQUENTLY ASKED QUESTIONS

Call for proposals VP/2017/013

"Transaction cost support for social enterprise finance"

1. **Can a fund that was already created before the launch of the call apply, or is the call open only to newly created funds?**

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. This being said, according to section 6.1 of the call for proposals, to be eligible the applicant can be "an investment fund, a Fund-of-Funds, a special purpose vehicle, in any form, established or to be established". The meaning here is that the fund could already exist.

2. **The activities funded under this call are "related to the preparation, conclusion and follow-up of long term risk capital investments into social enterprises" (page 4 of the Call). Are such activities covered also for those potentially eligible investments which will not get to the final step of approval (the equity investment process is like a funnel, as most of the potential beneficiaries are eliminated along the way during the first screening, the due diligence, etc.)?**

Yes. As indicated in section 2.2 of the call, activities such as travelling to meet potential investees and screening and processing applications are eligible. Since one cannot know from the beginning if a potential investee will be successful, the eligible activities will include also those related to potential investee who will eventually not qualify for receiving an investment.

3. **Can you clarify the definition of "special purpose vehicle" used for this call?**

Since there is no universally-accepted definition of a special-purpose entity or special-purpose vehicle, we advise to use as indication the definition on the Eurostat website: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Special-purpose_entity_\(SPE\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Special-purpose_entity_(SPE))

4. **Affiliated entities have to "satisfy the eligibility criteria" (page 8 of the Call). Does it mean they also need to fulfil the criteria indicated in section 6.1 b) and must therefore be only one of the three listed type of entities?**

Yes, in line with art. 122 of the Financial Regulation, affiliated entities should comply with the eligibility and non-exclusion criteria applying to applicants. Entities linked to the beneficiary which do not comply with the eligibility criteria may not be identified in the grant agreement as eligible entities and may not declare eligible costs.

5. **The applicant may have already signed service contracts with external partners for specific complementary activities which are part of the preparation, conclusion and follow-up**

processes for running the long term risk capital investment activity (for instance with legal or tax consultants engaged during the due diligence process). Such services would therefore be automatically extended also to the new portfolio developed under the VP/2017/013 Call. Can such costs be considered eligible? Should they be considered as "subcontracting/implementing contracts"? If so, should the awarding procedures listed in the Financial Guidelines apply, even if such contracts have already been awarded for the investment activities which are already being managed?

Service contracts which have already been signed can be extended to cover tasks related to the new portfolio of social enterprises, as long as the award of such contracts was in line with articles II.10 and II.11 of the General Conditions of the grant agreement and with the procurement rules explained in section 4.2.2.3 of the Financial Guidelines. In this case, the costs incurred during the action (i.e. as from the start date of the action defined in the relevant grant agreement) will be considered eligible and can be included in the Heading 3 of the budget form "Costs of services".

6. Is there a maximum economic threshold for the subcontracted/implementing contracts, in relation to the total budget of the project?

There is no threshold for implementing contracts and subcontracting. However, it should be noted that, as indicated in section 14.1 of the call document, 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. It should also be noted that the level of subcontracting foreseen will be taken into account in the assessment of the applicant's operational capacity.

For all types of contracts, article II.10 of the General Conditions of the grant agreement apply. Specifically for subcontracting, however, the conditions set in article II.11 of the General Conditions have to be respected as well. The main procurement rules for the award of implementing contracts and subcontracting are further explained in section 4.2.2.3 of the Financial Guidelines.

7. In section 4.1 of the call, it is written that "The EU grant requested should indicatively be between EUR 300.000 and EUR 1 million". Can the requested grant be of less than EUR 300 000?

The amounts are indicative; therefore a smaller or higher requested grant cannot be a reason for rejecting the proposal. The amount requested should, however, be reasonable in terms of cost-effectiveness (see the point on "cost effectiveness" in section 9 of the call).

8. Would you please define what 'foundations' are for the sake of this call?

For the purpose of the call, the term "foundation" refers to the legal form of the entity applying to the call.

9. Is a foundation which is not a financial intermediary an eligible applicant to this call for proposals?

Section 6.1, letter b) of the call indicates that, to be eligible, the applicant can be a foundation. However, this section of the call needs to be read in conjunction with sections 2.1 and 2.2 which define the objectives of the call and describe the activities to be funded. In line with these latter sections, the applicant is expected to undertake activities related to the preparation, conclusion and follow-up of long-term risk capital investments into social enterprises.

10. What is meant by: 'The applicant (lead and co-applicants) 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.'? Why does the EC request this 'necessary financial capacity' and how will it be assessed?

The European Commission is accountable for the use of EU taxpayers' money. Money used to execute the European programmes and actions must be managed through a series of procedures and rules that ensure maximum impact and minimize the risks of wrong doings; the procedures are based on the financial regulation and the rules of application.

The assessment of the financial viability of the applicant is necessary so as to decide on the need to put in place measures of protection of the EU financial interests, considering that the beneficiary will be bound by the grant agreement and will notably be responsible for the repayment of amounts unduly received.

The financial capacity to complete the activity for which funding is requested means that the applicant must have stable and sufficient sources of funding to maintain his activity throughout the period during which the action is being carried out.

To be financially viable, an applicant must possess:

- Liquidity, i.e. be able to meet its commitments in the short term (pay its debts);
- Solvency, i.e. be able to meet its medium-term and long-term commitments;
- Profitability, i.e. be making a profit or at least be able to finance itself; profitability is a measure of a company's viability and sustainability and should enable it to ensure that an action is successfully implemented.

The assessment is carried out by the EC on the basis of financial ratios calculated from data provided in the application form or extracted from supporting documents, i.e. the balance sheet and profit and loss account. The most important of these are general liquidity and financial independence.

As indicated in section 8.2 of the call document, 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.

11. Is it possible to simply apply for e.g. EUR 400,000 for the next 10 projects, without having selected them in advance? Or is it necessary to apply for each project separately?

It is not necessary for the applicant to have already selected the social enterprises. The objective of this call for proposals is to catalyse risk-capital investments of below EUR 500 000 that "otherwise would not happen". With this in mind, activities related to the selection of social enterprises can also be financed under this call.

12. If a project we have invested in with the EU grant after a certain period of time opens a second round of funding and we want to anticipate (for example, EUR 1 million), will we have to repay the grant from the first round?

The answer to this question can be found in the corrigendum to section 2.2 of the call. The corrigendum is available on the same webpage as the call for proposals.

13. For the sake of the call, is a 'foundation' a not-for-profit organisation or a for-profit organisation too? (or maybe both)?

There is currently no EU-level definition of this legal form. However, you may use as guidance the Commission proposal for a [Council Regulation on the Statute for a European Foundation \(FE\)](#) which mentions at art.11, point 1, that "unless restricted by its statutes, the FE shall have the capacity and be free to engage in trading or other economic activities provided that any profit is exclusively used in pursuance of its public benefit purpose(s)". In case you have doubts on whether the legal form of the applicant is a "foundation" according to the national law, please note that other types of entities are eligible applicants as long as they are already "an established and registered legal entity at the time of submission of the application" and they are the (future) managers of an investment fund, fund-of-funds, special purpose vehicle, or a (co-)investment scheme in any form (see section 6 "Eligibility criteria", letter b), points 1 and 2).

14. On page 5 of the call the following statement appears: "The requested transaction cost support should not exceed 10% of the total budget allocated for investments into social enterprises". By "total budget allocated for investments into social enterprises" are you referring to the total budget allocated by the applicant to the whole portfolio of social enterprises (therefore including also investment tickets higher than 500.000€), or just to the budget allocated for tickets under 500.000€? By "requested transaction cost support" are you referring to the Total cost of the action or just to the Union grant? Is it correct that the 10% threshold is not binding and there's some flexibility?

In line with section 2.1 of the call, the grant should serve "to lower transaction costs for these small investment tickets and thus help overcome a market failure in the social enterprise finance market". Therefore, the transaction cost support should not exceed 10% of the total budget allocated to investment tickets smaller than EUR 500 000.

By "requested transaction cost support" it is meant only the Union grant. Please note that the co-financing rate under this call for proposal may not exceed 80% of the total eligible cost of the action.

The 10% threshold is indicative. However, the share of the transaction cost support from the total budget allocated for investments will have an effect on the assessment of the cost-effectiveness of the action. According to the call for proposals, to assess this award criterion, the Commission will also look at "the degree to which the requested grant is proportionate to the overall size of the financial instrument..."

15. What was the success rate of last year's call for proposals?

No similar calls for proposals were launched by DG EMPL in previous years.

16. Would a foundation which is in the process of creating a new investment vehicle (a venture capital firm) be an eligible applicant? Or should it wait until the venture capital firm is established?

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. This being said, according to section 6.1 of the call for proposals, to be eligible the applicant can be "an investment fund, a Fund-of-Funds, a special purpose vehicle, in any form, established or to be established". "To be established" would include investment vehicles in the process of being created.

17. Regarding the eligibility criteria can a not-for-profit association, such as an " Association sans but lucrative" under the Belgian law, be considered as a foundation and, therefore, be an eligible applicant?

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. An ASBL is not a foundation in the sense of the law in Belgium. However, in line with the eligibility criteria in section 6, point b), to be eligible the applicant can also be:

- the future manager of an investment fund, funds of funds or a special purpose vehicle to be established;
- the future manager of a (co-)investment scheme in any form to be established.

In these cases, the future manager must be an established and registered entity at the time of submission of the application.

18. What supporting documents should a newly-created entity provide in order to demonstrate its financial capacity, if the annual balance sheet and profit and loss accounts are not available yet?

The answer to this question can be found in the corrigendum to section 8.1 of the call. The corrigendum is available on the same webpage as the call for proposals.

19. Are organisations from Bosnia and Herzegovina eligible to participate under this call for proposals?

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. This being said, please note that up to this date (i.e. 5 July 2017), no other countries than the ones indicated in section 6.1, letter a), of the call for proposals have signed an agreement to participate in the Employment and Social Innovation Programme.

20. Would a crowd-equity web platform focused on funding social impact companies be eligible as a "co-investment scheme"?

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. This being said, please note that, in line with section 6.1, letter b) of the call, the applicant for a co-investment scheme in the form of a crowd-equity platform must be the manager of the co-investment scheme and this should be an established and registered entity at the time of submission of the application.

21. What is meaning of the following sentence on page 5 of the call and which concerns the description of activities to be funded: "The requested transaction cost support should not exceed 10% of the total budget allocated for investments into social enterprises"?

The "investments into social enterprises" referenced in the sentence are described in section 2.1 of the call. More specifically, these should be "long term risk capital investments in ticket sizes of less than EUR 500 000 in the form of equity, quasi-equity, or hybrid financing to social enterprises in the EaSI Participating Countries". Therefore, the transaction cost support requested should be related to the eligible investments as described in section 2.1. For instance, if the applicant is an investment fund and this fund also makes investments that are not targeted under this call for proposal, the transaction cost support may be requested only for the eligible part of the fund.

Concerning the 10% threshold mentioned in the quoted sentence, you may find more information in the answer provided to question 14.

22. Our business model is based on the annual contributions of several partners providing funding to the organisation. However, these partners cannot sign the letter of commitment of third parties which has to be submitted together with the application. Would an intention letter signed by the partners be sufficient instead?

In line with section 4.2 of the call for proposals, letters of commitment are required from any third party providing financial contributions to the eligible cost of the action. The aim is to ensure that, should the application be successful, the beneficiary will have access to the resources needed to fund the part of the budget which is to be covered from the applicant's own resources or from other sources than the EU budget (so-called co-financing rate). Should the applicant be able to finance this part of the budget with its own resources, a letter of commitment signed by the applicant/co-applicant or affiliated entities committing to use own resources could be used.

23. In which section of the "Summary Balance Sheet and Profit and loss accounts" template should provisions be included?

Provisions can be included in section 5.1.1 "Long term non-bank debt".

- 24. To be eligible to the “Transaction cost support for social enterprise finance” call for proposal, should all the investees be social enterprises? All our investees achieve social impact but for some of them it is not their first objective. These don’t qualify to the call for proposal’s definition: “have as their primary objective the achievement of measurable; positive social impacts” + “use their profits first and foremost to achieve its primary objective”. Should all the investees be social enterprises that comply with all criteria?**

The conditions that apply to investees are listed in the section 2.2 of the call. One of the conditions is for investees to be social enterprises in the sense of the EaSI Regulation. The EaSI Regulation definition is included in Annex II of the call for proposals. In line with this definition, social enterprises should comply with all three criteria referring to their entrepreneurial, social and governance dimensions. Annex III provides further guidance on the interpretation of these criteria.

- 25. We are setting up a social venture capital fund that focuses on impact investment in social housing in European cities. The initiative is innovative and will face start-up costs mainly in the form of transaction costs (gathering financial partners, legal, fiscal, due diligence, etc.) The call mentions a maximum investment of EUR 500 000. In the social housing sector this amounts to two or three dwellings. Is this call adequate to fund part of the transaction costs? Would you know any other EU programme that might support the start of our social venture capital fund in social housing?**

In line with section 2.1 of the call, "the grant is aimed at financial intermediaries that undertake long term risk capital investments in ticket sizes of less than EUR 500 000 ... to social enterprises...". The conditions that apply to the investees are further listed in section 2.2 of the call. In particular, investees need to be social enterprises in the sense of the EaSI regulation, established or in the process of being established. For more clarifications concerning the conditions applicable to investees, please also refer to question 24 above.

Social infrastructure is one of the eligible sectors under the European Fund for Strategic Investments (EFSI). You may find more information about the financing available through EFSI at: <http://www.eib.org/efsi/how-does-a-project-get-efsi-financing/index.htm>

- 26. Can a Swiss organization participate in this call as a partner (not as main applicant)?**

The requirements concerning the eligibility of applicants are listed in section 6.1 of the call for proposals. These requirements are applicable to lead or sole applicants, co-applicants and affiliated entities; however, they are not applicable to associate organisations and third parties as defined in the Financial Guidelines for Applicants. Please note that up to this date (i.e. 23 October 2017), no other countries than the ones indicated in section 6.1, letter a), of the call for proposals have signed an agreement to participate in the Employment and Social Innovation Programme.

27. We would like to apply to this call for proposals and would need to receive information about the following aspects:

- **what type of organisations are eligible to the call and which criteria apply;**
- **how many co applicant / co financing should join this project;**
- **the activities that will be supported by this call.**

All the information concerning the eligibility of applicants and activities supported by the call are explained in the text of the call for proposals, in particular in section 6 "Eligibility criteria" and section 2.2 "Description of activities to be funded/ Type of actions". Please note that, as indicated in section 13 of the call, the Commission will not give a prior opinion on the eligibility of applicants, any affiliated entity(ies), an action or specific activities. However, the Commission can provide clarifications to specific questions related to the text of the call for proposals.

28. Our federation would like to create a special fund dedicated to work-integration enterprises in order to help to overcome market failure in the social enterprises finance market. This fund is currently just a project but we would like to achieve 2 main goals: helping social enterprises to finance investments; helping social enterprises to face punctual financial difficulties. As a federation representative of 100 social enterprises, this call seems complementary with our goal. Could you tell us if our project could be eligible in this call for proposal and if, according with the budget and the first call, the next call will take place on the 1th of December?

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. This being said, according to section 6.1 of the call for proposals, to be eligible the applicant can be "an investment fund, a Fund-of-Funds, a special purpose vehicle, in any form, established or to be established". Moreover, in section 2.2, you can find more information concerning the activities that are covered by this call and the conditions that apply to investees.

More information concerning the status of evaluations and budget availability is available on the webpage of the call for proposals, in the Details section.

29. We are considering preparing an application for this call to be submitted by 1st of December 2017. Given that this call will only remain open if there is budget available, we would like to know when the information would be available in this regard. Responding to such calls requires a considerable amount of time and resources and we would want to make sure there is still budget available before preparing and submitting the application.

More information concerning the status of evaluations and budget availability is available on the webpage of the call for proposals, in the Details section.

30. Does the definition of "(co-) investment scheme in any form" (see section 6.1 of the call) also include the activities of a financial advisor that actively builds individual coalitions of impact investors on a deal-by-deal basis to finance social enterprises with long term risk capital investments up to EUR 500 000 per investment? The financial advisor supports the social enterprises in raising growth capital and identifying/combining different types of donors and investors with an orchestrated approach. The resulting financing contracts are made between the social enterprises and the individual impact investors, as the financial advisor itself does not invest own funds.

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. This being said, according to section 6.1 of the call for proposals, in the case of a (co-)investment scheme, the applicant should be the (future) manager of the co-investment or investment scheme. A co-investment scheme would entail any vehicle where at least two types of funding are combined on a pari-passu basis (i.e. with the same terms and conditions for all investors). An investment scheme would include also schemes with a single impact investor, or multiple impact investors at different risk/return levels providing funding to one or more social enterprises.

Although in practice managers of (co-)investment schemes are usually investing their own funds to ensure alignment of interest, this call is also open to schemes where other mechanisms are put in place to ensure alignment of interest. As indicated in section 9 of the call, aspects related to the proposed model and its potential to develop and reach sustainability will be assessed in the award criteria.

- 31. Our organization plans to invest into social enterprises through financial intermediaries. The end investees will thus be social enterprises, but our clients will be the financial intermediaries. Would such a project be eligible? This would allow us to target more small ticket size (less than 500k EUR), and thus to support smaller Financial Intermediaries that lacks access to long term risk funding.**

In line with the call for proposals, the grant aims to support activities related to investments of maximum EUR 500 000 into social enterprises. Therefore, if the recipients of investments are financial intermediaries, these intermediaries would have to comply with the three conditions applying to investees, as well as with the conditions related to the type and maximum size of investments, as described in section 2.2 of the call for proposals.

- 32. If we benefit from an investment of the EIF, with EaSI Capacity Building Investments Window funding, would we be eligible as well for this call for proposals?**

Grants can be awarded to organisations that already benefit from other EU funding. However, in line with the Financial Regulation, grants are subject to the "no double financing" rule. According to this rule, each action may give rise to the award of only one grant, and there can be no duplicate European Union funding of the same expenditure. The applicant must indicate the sources and amounts of any other funding received or applied for in the same financial year for the same action or for any other action and for routine activities (running costs).

- 33. We are an incubator registered in 2014 as a non-profit. We are in the process of building an impact investing fund in early-stage enterprises. We will create a new entity -our management company - to manage the fund, which will then have no past history when we apply. Would the incubator be eligible to the call for proposals, as it will be highly involved in the process of sourcing, selecting, assessing and supporting the social enterprises of the portfolio? Would it be eligible as a main entity or as an affiliated entity to the management company?**

If the incubator can apply, then we have the financial capacity. If the new management company applies, it will have no financial history. How can the incubator's financial capacity be taken into account?

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. This being said, according to section 6.1 of the call for proposals, in the case of an investment fund, the applicant can be either the legal entity of the investment fund or the (future) manager of the investment fund. While the fund does not have to be established at the time of submission of the application, the future manager must be already "an established and registered legal entity at the time of the submission of the application".

Concerning financial capacity, in line with the corrigendum to the call for proposals, in the case of newly-created entities, the closed accounts can be replaced by a business plan and the summary balance sheet and profit and loss accounts can be replaced by an explanatory note accompanying the business plan.

- 34. The management company will be managed by a 4-people team, with 1 with a 5-year experience in private equity and investment. Is it enough to meet your criteria?**

As indicated in section 8.2 of the call for proposals, the operational capacity will be assessed on the basis of a list of investment projects, CVS and the declaration on honour. These documents should provide sufficient proof that the applicant's team members who are going to implement the action "have been engaged in social enterprise finance or social impact finance for at least three years".

- 35. It is stated several times (i.e. Financial Guidelines, point 4.2.2.3) that "subcontracting may not cover core tasks of the action". I would kindly like ask what is intended for "core task"?**

In line with section 6.2, letter c), of the call for proposals, the only core tasks or core activities are the "management of the projects". All other activities can be subcontracted.

- 36. Let's assume that the applicant is a foundation that does not employ any personnel, but is endowed with a proper governance structure (e.g. board of directors, advisory board, etc.) that is the sole responsible for investment decisions. Since this Foundation does not have any employee, the Foundation signs a contract with an Advisor with demonstrated experience in the impact investing sector, who would be in charge of scouting the market for investment opportunities, meeting potential investees and carrying out all the financial, economic and business planning analysis in order to give to the Foundation all the information needed to take an investment decision. Provided that the chosen advisor has all the competences needed to operate as expected, is the fact that the Foundation would not have any employee a cause of ineligibility? I am thinking about this also in relation to the "operational capacity" criteria.**

In line with section 8.2 of the call for proposals, the operational capacity required must be demonstrated by the lead applicant and by co-applicant(s), if any. Therefore, operational capacity of subcontractors will not be taken into account in the assessment. However, CVs of persons who will be involved in delivering the main tasks will be considered even if they are not paid by the (co)applicant, as long as they serve the organisation by being part of its governance structure/bodies. In addition, to assess the operational capacity, the Evaluation committee will also check the list of investments in social enterprises or other forms of social impact investing or impact first investing in the last three years.

- 37. The applicant is a foundation which is planning to sign a contract with an Advisor who would be in charge of scouting the market for investment opportunities, meeting potential investees and carrying out all the financial, economic and business planning analysis in order to give to the applicant all the information needed to take an investment decision. The value of the contract would likely exceed €60.000. Does a public tender call have to be launched for the Advisor role, or would it be enough to scout the market and make an evaluation of the best value for money?**

In line with the Financial regulation, where the value of the procurement contract to be awarded exceeds EUR 60 000, the Commission may request beneficiaries to apply specific rules of procedure which are based on the Financial Regulation and determined with due regard to the principles of proportionality and simplification taking account of the estimated value of the contracts concerned, the relative size of the Union contribution in relation to the total cost of the action and the management risk. However, the decision of the Commission in this regard will not be taken before the signature of the grant agreement.

- 38. What are the guidelines to estimate the entity of indirect costs (Financial Guidelines, point 4.2.3)? Is there a specific list of eligible indirect costs (e.g. those mentioned in the same paragraph) and an explanation on how they should be calculated? Are these costs covered by the program on a forfeit base?**

Indirect cost should not be estimated in detail as they are limited to a flat rate of 7% of the total eligible costs for the action. Such costs do not need to be supported by accounting documents. A list of indirect eligible cost categories can be found in section 4.2.3 of the Financial Guidelines.

- 39. At page 6 of the call it is stated that "The project's duration should indicatively be between 12 months and 24 months": does it mean that, if the project is expected to last more than 24 months, only costs relative to investments realized in a 24-month timeframe would be admitted? Furthermore, when would this timeframe officially start? From the moment the first investment is deliberated, or from the "official launch" of the project?**

The period is indicative; therefore a shorter or longer duration of the project cannot be a reason for rejecting the proposal. As the final payment will be made only upon completion of the project and delivery of the planned activities/results, the costs admitted should cover the entire period

of the project, even if this is shorter or longer than the indicative duration mentioned in the call. As for the start of the project, as indicated in section 3.1 of the call for proposals, this can also be a date agreed upon between the parties, no later than 6 months after the signature of the grant agreement. The starting date should coincide with the start of the activities planned. Should these activities include for example screening and processing investment applications, then the official start will be before the investment is deliberated.

40. We are launching an Impact Fund targeting social enterprises. The Fund will be managed by a Fund Manager whose only shareholder will be our Company ("Company A"). As "Company A", in October 2017 we have filed the necessary documentation required by the national Law to obtain the authorization needed to i) Establish the Fund Manager (a separate company whose only shareholder will be "Company A") and ii) Launch and operate the Fund. We target to complete the process by Q218 (obtaining the authorization and establishing the Fund Manager) and Q3-Q4 18 (launching the Fund). The Fund Manager will be supported by Company B, an Advisor, (an already well-established incubator of social enterprises) for what concerns various activities such as deal scouting, due diligence, etc. The Company B (Advisor) is fully controlled by Company A.

We'd like to apply for the Call for Proposal with the following structure:

- Coordinator: Company A (the sole shareholder of the Fund Manager, once it will be established)

- Co-Applicant: Company B (fully controlled by Company A).

In case of a positive evaluation of our proposal from the EC and having completed the authorization process, the partnership will be extended to the newly authorized entity, that will be fully owned by Company A, but legally a separated entity. The staff currently working on the project (in Company B) will be transferred to the newly established Fund Manager and this new partner will incur part of the costs directly. Would this scheme work for the Commission or should we apply to the Call with Company B (the Advisor) as Coordinator and Company A as Co-Applicant?

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. This being said, according to section 6.1 of the call for proposals, in the case of an investment fund, the applicant can be either the legal entity of the investment fund or the (future) manager of the investment fund. While the fund does not have to be established at the time of submission of the application, the future manager must be already "an established and registered legal entity at the time of the submission of the application". For this purpose it is not important who the shareholders of the fund manager are, but the date of establishment of the fund manager which needs to be prior to the date of submission of the application.

Moreover, please note that both lead applicants and co-applicants need to comply with the eligibility criteria indicated in section 6.1, letter b), of the call for proposals.

41. Regarding the Checklist of the Required Documents, point number 3: Declaration on honour – it is written that "the declaration should also cover any affiliated entity". Is it ok if we send two

**Declarations on honour, one for the Lead applicant and another one for the affiliated entity?
The person that signs it, represents only the Lead applicant entity but does not represent the affiliated entity, so we cannot put it under the same document.**

Affiliated entities should be covered in the same declaration on honour. The person signing the declaration should be the legal representative of the applicant, but is not expected to also be the legal representative of the affiliated entity.

- 42. We recently got to know about the call VP/2017/013 which we find highly relevant and interesting. The 2nd deadline is too tight for us to apply for, consequently we are wondering when and how you will launch information about a possible third round of proposals for the third deadline? Could you already now give any indication in terms of the probability of a third deadline?**

We will only be able to give an indication concerning the probability of a third deadline once we finish the evaluation of the applicants submitted before the second deadline. According to our planning, the evaluation period should end within 3 months from the submission deadline. Once the information is available, it would be pushed on the webpage of the call for proposals.

- 43. Can any financial intermediary institution meeting the eligibility requirements of the call apply to this call? Or should they first apply to the EIF and be selected as the authorised financial intermediary and then apply to the call?**

Any applicant meeting the eligibility requirements may apply. There is no requirement for applicants to be previously selected for investments by the European Investment Fund.

- 44. Does the EU grant support also (part of) investments into social enterprises or transaction costs associated with them?**

In line with section 2.2 of the call for proposals, the EU grant is meant to cover only activities related to the preparation, conclusion and follow up of investments into social enterprises. It cannot cover the actual investments into social enterprises.

- 45. Are promotional costs of the investment scheme or fund considered eligible?**

In line with section 2.2 of the call, the activities which can be financed by the grant include the preparation of investments into social enterprises. Therefore, if the promotional costs are aimed at preparing the investments (e.g. by bringing in co-investors or attracting potential investees), then they could be eligible.

- 46. We are a foundation established in the EU and we implement an incubation & investment (venture philanthropy and loans) program to high impact social enterprises, and a growing number of such enterprises from EU qualify for loans. Our founder, an US entity, created a special vehicle - a Social Enterprise Loan Fund (also registered in US, with global outreach), to provide working capital and long term patient loans, addressing the missing middle (25,000 - 200,000 ticket size).**

Our EU foundation is eligible as a legal entity, and would be the one applying. But through this legal entity we cannot make loans, only grants (national legal constraints). Would the Fund described above - an existing vehicle registered in US - be eligible to make the investments in EU-based social enterprises, assuming it creates an EU exclusively focused sub-structure?

As indicated in section 13 of the call document, the Commission will not give a prior opinion on the eligibility of applicants. This being said, in line with the section 6 of the call for proposals, the applicants and affiliated entities need to be established in one of the EaSI participating countries which are eligible under this call for proposals. Moreover, to be eligible, actions must be fully carried out in the eligible EaSI participating countries.

47. Where can we check projects previously approved under this call?

The list of grants awarded for the applications submitted before the first deadline of the call are available on the webpage <http://ec.europa.eu/social/main.jsp?catId=632&langId=en>

48. Will the call remain open for a third deadline? When will the next deadline be, after the one on 15/04?

In line with section 3 of the call for proposals, only three deadlines were foreseen for this call for proposals. The call was closed already before the third deadline for submission of applications due to budget unavailability.

49. Is there an upcoming call for proposals in 2018 or 2019?

According to the [2018 Annual work programme for the EaSI Programme](#), adopted on 13 December 2017, a call for proposals on "transaction cost to support social finance intermediaries" is planned to be launched in 2018.