



# 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 earmarked EUR 121 million to a financial mechanism providing guarantees to lending and credit institutions, so called financial intermediaries (e.g. banks), offering loans or guarantees underlying cultural and creative sectors (CCS) initiatives. Such incentive is expected to increase the number of available loans and therefore provide new funding opportunities to the sector. The projected leverage effect should result in over EUR 600 million in additional lending.

## **...to bridge the financial gap...**

The Guarantee Facility is the answer to pressing funding needs in the sector and existing market failures: SMEs are indeed experiencing difficulties in accessing loan financing. The lack of tangible assets, the high uncertainty of the demand and some sector specificities mainly account for the current situation. According to the ex-ante assessment produced by the European Commission, the financing gap is expected to exceed EUR 1 billion per year in the European Union.

In addition, financial intermediaries will acquire additional expertise to understand and address CCS specificities through a capacity-building programme which has been designed to target skill development.

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

The Guarantee Facility is the first of its kind with such a broad reach. It is open to SMEs established and operating in any participating country of the Creative Europe Programme, and active in the cultural and creative sector irrespectively of their legal form (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 CCS, the facility will provide to the financial intermediaries guarantees to cover losses up to 70% for each loan and up to 25% at a guaranteed portfolio level. Such risk-sharing instrument, together with the provision of capacity building, will encourage the financial intermediaries to become active lenders to SMEs in the CCS.

**The Guarantee Facility for CCS will enhance the access to finance of SMEs in the cultural and the creative sector, therefore strengthening their financial capacity and reinforcing their competitiveness through market-based solutions. To a greater extent, it will also contribute to the promotion of smart, sustainable and inclusive growth.**

**The facility will start rolling out in 2016 and financial intermediaries will start operating under it gradually.**



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