

**ANNEX 2 to the Call for Expression of Interest No JER-007/3
Funded Risk Sharing Financial Instrument for Social Finance: Description and Selection Criteria**

Part I: Description of the Financial Instrument

Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest.

1 Rationale

“Social economy plays an essential role in the European economy, by combining profitability with solidarity, creating high-quality jobs, strengthening social, economic and regional cohesion, generating social capital, promoting active citizenship, solidarity and a type of economy with democratic values which puts people first, in addition to supporting sustainable development and social, environmental and technological innovation”¹.

The main objective of the JEREMIE Holding Fund will be to set-up and implement Financial Engineering Instruments for the benefit of SMEs with focus on social improvement and social inclusion through the implementation of schemes for Social Finance.

The purpose of the Financial Instrument is twofold; it:

- 1) provides funding to the Financial Intermediary to support new lending to SMEs located in the Campania Region; and
- 2) shares the risk of new loans to SMEs in the field of Social Finance.

The Financial Instrument will be allocated to SMEs, start-up and existing, with the objective to provide loans for social improvement and social inclusion² and aims at:

- strengthening enterprises, including Social Enterprises and Social Cooperatives, acting in the social sector or carrying out activities aimed at social improvements;
- promoting and supporting entrepreneurial initiatives targeting social inclusion and integration of less advantaged categories of people, such as women entrepreneurs, immigrants, disabled, ex-convicts, etc.
- increasing adaptability of workers, enterprises and entrepreneurs with a view to improving entrepreneurship, innovation and creation of new companies also promoting self-employed and independent work.

¹ Excerpts from the European Parliament Resolution of 19 February 2009 on Social Economy (2008/2250(INI)).

² For the purposes of this Call JER-007/3 and according to COM(2007) 708 final of 13.11.2007 this financial instrument aims “to promote entrepreneurship and economic initiative, to promote “flexi-curity”, the social inclusion of disadvantaged persons and to develop human capital and renew trust-based social links”

but excluding the possibility to lend with the following indicative but not exhaustive purposes:

- access to social housing;
- finance professional training,
- support to relocation,
- acquire household appliances;
- finance consumer goods;
- recover expenses due to injuries.

2 Structure

JEREMIE Holding Fund funds will be provided by EIF (acting in its own name and for the ultimate benefit of the Campania Region) to selected Financial Intermediaries pursuant to individual Operational Agreements. Subject to the risk-sharing element set out below, the Financial Intermediary undertakes to repay to EIF the disbursed amount and any interest accrued thereon (if any).

The Financial Intermediary further undertakes to originate a new loan portfolio partly funded from the initially disbursed funds³. The origination, due diligence, documentation and execution of the loans will be performed by the Financial Intermediary in accordance with a pre-set origination model agreed with EIF but otherwise applying all normal standard procedures of the Financial Intermediary.

In this context, the Financial Intermediary shall have the sole direct client credit relationship with each SME.

Each Financial Intermediary will be responsible (in compliance with its internal operating guidelines) for the handling of payments, the ongoing monitoring, the reporting to EIF as well as the management and realisation of collateral backing the newly originated Loan portfolio.

EIF's repayment claim under the Operational Agreement will be decreased, contingently on losses occurring under the originated loan portfolio (under agreed conditions and at a predetermined ratio), thereby providing a risk-sharing element to the Financial Intermediary.

3 Indicative Summary of Transaction Terms

These indicative terms are an outline of the principal terms and conditions for the Financial Instrument described herein, which are subject to change and non-exhaustive. This document is intended to provide a basis for discussions and does not constitute an offer nor a binding commitment – either implicit or explicit – on the part of EIF or any entity.

When used in this section, the term "EIF" means EIF acting through the JHF.

Structure	Funded risk sharing financial instrument.
Governing law and language	The terms of the Funded Risk Sharing Financial Instrument for Social Finance shall be in the English language and shall be

³ Repaid amounts will be returned to the JHF.
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	governed by the laws of England and Wales.
Form	Operational Agreement for co-funding of a loan portfolio and risk sharing thereof on a loan by loan basis.
Limitation of liability	Liability of EIF vis-à-vis each Financial Intermediary will be limited to the amounts disbursed to such Financial Intermediary under the relevant Operational Agreement.
Co-financing rate	In addition to the funding provided through the JHF, the Financial Intermediary shall provide co-financing of at least 30% on a loan by loan basis.
Risk sharing rate	EIF and the Financial Intermediary will share the risk on each loan financed by the facility on a <i>pari passu</i> basis. Accordingly, EIF will cover up to 70% (in line with the co-financing rate proposed) of the losses on a loan by loan basis.
Eligible beneficiaries	<p>SMEs (including individual entrepreneurs/self employed persons, Social Enterprises and Social Cooperatives) as defined in the Commission Recommendation 2003/361/EC, excluding “firms in difficulty” within the meaning of Art. 45 of Reg. 1828/2006 and within the meaning of Article 2.1 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty (OJ C 244, 1.10.2004, p. 2), as amended or substituted by future Community guidelines.</p> <p>A number of industries will be supported, except:</p> <ol style="list-style-type: none"> a. Illegal Economic Activities <p><i>Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity.</i></p> <p><i>Human cloning for reproduction purposes is considered an Illegal Economic Activity.</i></p> b. Tobacco and Distilled Alcoholic Beverages <p><i>The production of and trade in tobacco and distilled alcoholic beverages and related products.</i></p> c. Production of and Trade in Weapons and Ammunition <p><i>The financing of the production of and trade in weapons and ammunition of any kind.</i></p> d. Casinos <p><i>Casinos and equivalent enterprises.</i></p> e. IT Sector Restrictions <p><i>Research, development or technical applications relating to electronic data programs or solutions, which</i></p> <ol style="list-style-type: none"> (i) <i>aim specifically at:</i> <ol style="list-style-type: none"> (a) <i>supporting any activity included in the EIF Restricted</i>

	<p style="text-align: center;"><i>Sectors referred to under 2. a to d above;</i></p> <p style="text-align: center;">(b) <i>internet gambling and online casinos; or</i></p> <p style="text-align: center;">(c) <i>pornography,</i></p> <p style="text-align: center;"><i>or which</i></p> <p style="text-align: center;">(ii) <i>are intended to enable to illegally</i></p> <p style="text-align: center;">(a) <i>enter into electronic data networks; or</i></p> <p style="text-align: center;">(b) <i>download electronic data.</i></p> <p>f. Life Science Sector Restrictions</p> <p style="text-align: center;"><i>When providing support to the financing of the research, development or technical applications relating to</i></p> <p style="text-align: center;">(i) <i>human cloning for research or therapeutic purposes; or</i></p> <p style="text-align: center;">(ii) <i>Genetically Modified Organisms (“GMOs”),</i></p> <p style="text-align: center;"><i>EIF will require from the EIF counterpart appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or Genetically Modified Organisms;</i></p> <p>g. Undertakings active in the fishery and aquaculture sectors, as covered by Council Regulation (EC) No 104/2000;</p> <p>h. Undertakings active in the primary production of agricultural products, as listed in Annex I to the Treaty on the functioning of the European Community;</p> <p>The Financial Instrument is implemented within the scope of the De Minimis Regulation and the Structural Funds regulations, the following additional exclusions will also apply:</p> <p>i. Excluded sectors presented in Article 1 (c-g) of the De Minimis Regulation.</p> <p>j. Exclusions stipulated by EC Regulation 1080/2006 and any related national regulation or legislation.</p> <p>The seat of the eligible SMEs is in the Campania Region.</p>
Loan and amount	<p>A Loan shall be a loan to an SME with a maximum principal amount not exceeding EUR 100,000.</p> <p>Eligible SMEs could potentially apply more than once for loans allocated in the context of this Financial Instrument provided that the maximum aggregated loan amount of EUR 100,000 per SME is respected.</p>
Eligible forms of SME financing	<p>Eligible forms of SME financing shall satisfy all the conditions set out below:</p> <p>(a) being investment, development and/or expansion loans;</p>

	<p>and</p> <p>(b) providing financing for tangible, intangible assets and working capital⁴; and</p> <p>(c) having as purpose social improvement and/or social inclusion⁵ through either of:</p> <ul style="list-style-type: none"> • strengthening of enterprises, including Social Enterprises and Social Cooperatives, acting in the social sector or carrying out activities aimed at social improvements; or • promoting and supporting of entrepreneurial initiatives targeting social inclusion and integration of less advantaged categories of people, such as women entrepreneurs, immigrants, disabled, ex-convicts, etc.; or • increasing adaptability of workers, enterprises and entrepreneurs with a view to improving entrepreneurship, innovation and creation of new companies also promoting self-employed and independent work. <p>Each eligible forms of SME financing shall have a fixed repayment schedule – i.e. credit lines are not eligible.</p>
Currency of loans	Loans to be denominated in EUR only.
Loan Maturity	Minimum 12 months and maximum 8 years, including a grace period of up to 1/3 of the loan maturity (for capital repayment), if any. Only amortising loans are eligible.
Maximum Loan Portfolio	The maximum aggregate notional amount of newly originated loans that may be co-financed by the JHF and the Financial Intermediary and covered by the Financial Instrument, as agreed in the Operational Agreement.
Availability period	Up to 36 months from date of signature of the Operational Agreement.
Origination Model	Newly originated loans to be covered by the Financial Instrument are automatically included in the portfolio subject to pre-set loan inclusion criteria defined on a loan-by-loan basis.
Risk sharing arrangements	Cover of losses on a loan by loan and <i>pari passu</i> basis by EIF acting through the JHF and the Financial Intermediary. EIF's repayment claim under the Operational Agreement will be reduced accordingly.
Loss Cover	EIF's liability will be limited to its share of the residual losses (on the principal amount only) calculated at the applicable risk sharing

⁴ According to "Guidance Note on Financial Engineering Instruments under Article 44 of Council Regulation (EC) No 1083/2006" (COCOF_10-0014-04-EN) – final version 21/02/2011, working capital is understood to be the difference between current assets and current liabilities of an enterprise. In this context, as a matter of principle, financing of working capital that is not associated to a plan for the creation or expansion of an enterprise should not be supported through financial engineering instruments.

⁵ For the purposes of this Call JER-007/3 and according to COM(2007) 708 final of 13.11.2007 this financial instrument aims "to promote entrepreneurship and economic initiative, to promote "flexi-curity", the social inclusion of disadvantaged persons and to develop human capital and renew trust-based social links".

	rate.
Default definition	Applicable default definition of the Financial Intermediary in the context of Basel II.
Disbursement under the Operational Agreement	Disbursement in several tranches, either ex ante or ex post, based on actual utilisation. Decision on whether funding will be provided to the Financial Intermediary ex ante or ex post will be taken by EIF on the basis of EIF's assessment regarding the credit ability of the selected Financial Intermediary (as concluded during the evaluation/due diligence process).
Financial covenants and counterparty risk mitigants	On the basis of EIF's assessment of the counterparty risk of the selected Financial Intermediary (as concluded during the evaluation/due diligence process), EIF will request appropriate financial covenants and undertakings by the selected Financial Intermediary under the Operational Agreement. EIF reserves the right to determine the collateral or risk mitigants to be provided by the selected Financial Intermediary under the Operational Agreement, including, subject to local law requirements, rating triggers, pledges or negative pledges.
Repayment under the Operational Agreement	Repayments would occur regularly (e.g. quarterly) mirroring (i) principal repayments (on a pro rata basis on the basis of the co-financing rate), and (ii) any recovered amount (according to the risk sharing rate), of the underlying loans. EIF's repayment claim will be reduced/written-off in proportion to the losses occurring under the risk-shared portfolio. Re-utilisation of the JEREMIE funds repaid is not possible.
Pricing and collateral requirements	Loans provided under this Financial Instrument will be offered to the Eligible SMEs on the basis of the pricing and collateral policy submitted by the selected Financial Intermediary under the Expression of Interest (c.f. quality assessment criteria). To be noted that the JHF will not apply any interest rate on the amounts lent to the Financial Intermediary for as long as these amounts are on-lent to the Eligible SMEs under loans, thereby allowing a reduction of the overall interest rate to be charged to the Eligible SMEs.
Other terms and conditions (if applicable)	Other terms and conditions for the new loans originated under the Financial Instrument should be applied by the Financial Intermediary in accordance with the policies submitted under the Expression of Interest.
Management Fees	Financial Intermediaries might receive a Management Fee in

⁶ In particular Article 43, para.4 of the Commission Regulation (EC) No. 1828/2006 of 8.12.2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L371 of 27.12.2006) as amended from time to time, including by ANNEX 2 to the Call for Expression of Interest No JER.doc

	accordance with applicable rules ⁶ but not exceeding 3% on an annual basis for their origination and servicing of the portfolio. The Management Fee shall be calculated as a percentage of the pro rata share (i.e. on the co-funding contributed by EIF acting through the JHF) on the average outstanding amount (i.e. disbursed and not repaid) of the SMEs loan portfolio.
Interest due	The Financial Intermediary shall pay interest at a commercial interest rate, as agreed with EIF under the Operational Agreement on the following funds provided under the Financial Instrument: <ol style="list-style-type: none"> 1. Funds disbursed to the Financial Intermediary, but not yet disbursed to SMEs (in the case of funding provided ex ante to the Financial Intermediary); 2. Repayments collected by the Financial Intermediary from SMEs but not yet transferred to the EIF.
Reporting	Financial Intermediaries shall provide EIF with quarterly information in a standardised form and scope, which will be defined by EIF. Regular controls and verifications will be performed by EIF in order to ensure compliance with the specifications and provisions of this Financial Instrument.
State Aid requirements	In case the Financial Instrument is implemented within the scope of the De Minimis Regulation ⁷ , the Financial Intermediaries shall be responsible for ensuring compliance of the underlying loans with the provisions of such regulation (taking into consideration existing National rules and procedures). In this context, they shall be responsible for the calculation of the Gross Grant Equivalent ("GGE") and also for following the appropriate monitoring procedure as this is stipulated in article 3 of the <i>De Minimis</i> Regulation. For the calculation of the GGE, the Financial Intermediaries will be required to match each Eligible loan with the reference table presented in the Commission's Communication 2008/C 14/02, as it is amended from time to time. ⁸
Monitoring and Audit	Financial Intermediaries and the relevant SMEs (final beneficiaries) shall agree to allow and to provide access to their premises and to documents related to the relevant Financial Instrument for the representatives of the Italian Republic, the managing authority and any entity appointed for such purpose by the managing authority, the European Commission (including the European Anti-Fraud Office (OLAF)), the Court of Auditors of the European

Commission Regulation (EC) No 846/2009 of 1.9.2009 amending Regulation (EC) No 1828/2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L250 of 23.09.2009).

⁷ Commission Regulation (EC) No 1998/2006 of 15.12.2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (Official Journal of the European Union L379 of 28.12.2006, p.5), as amended, (the "De Minimis Regulation").

⁸ Requirement needed if the pricing is below market terms only, i.e. in case of discount.

	<p>Communities, EIF and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. To that effect, the Financial Intermediaries shall also include appropriate provisions in each agreement with the SMEs.</p> <p>Financial Intermediaries shall agree to comply with monitoring and audit controls and prescriptions contained in the specific manual called "Descrizione dei sistemi di gestione e controllo a norma dell'art. 21 del Regolamento (CE) n. 1828/2006 della Commissione dell'8 dicembre 2006"⁹.</p>
Publicity	<p>Financial Intermediaries, in line with applicable law and Structural Funds publicity provisions, shall carry out adequate marketing and publicity campaigns aimed at making the JEREMIE initiative known to the SMEs in the Campania Region.</p> <p>In particular, the selected Financial Intermediary will be contractually required to:</p> <ul style="list-style-type: none"> • Product labelling: The name of the product should clearly point to JEREMIE (e.g. "JEREMIE Co-financing Instrument"); • Promote JEREMIE and the Financial Instrument through its website; • Insert a promotional billboard inside all branches promoting this Financial Instrument; • Make at least two promotional publications in the newspapers; • Make available promotional leaflets in all branches promoting this Financial Instrument; • All documents concerning this Financial Instrument, including amongst others, loan applications, loan agreements, promotional material to the SMEs, etc, will contain a statement mentioning that part of the financing comes from European Regional Development Fund (ERDF) and also national resources - Appropriate text and logos is envisaged to be provided to the selected Financial Intermediary during the phase of contractual negotiations; • Financial benefit: The financial benefit, if any, encouraged by the competitive offer submitted under this Expression of Interest, should be identified at the time of signature of the loan contract and formally communicated to the SMEs. The financial benefit offered should also be used as a marketing tool from the Financial Intermediary.
Additional Structural Fund requirements	<p>This Financial Instrument is funded by EU structural funds and it is therefore subject to structural funds regulation and requirements, some of which have already being presented in this Annex, here</p>

⁹ Commission Regulation (EC) No 1828/2006 of 8.12.2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 (Official Journal of the European Union L45 of 15.2.2007, p.3), laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.

	<p>above (e.g. Monitoring and Audit, Publicity, Reporting etc). It should be noted however that more detailed information on actions necessary to ensure compliance of operations linked to this Financial Instrument with all structural funds requirements (e.g. retention of documents, environmental protection, equality and non discrimination) will be provided to and discussed with the selected Financial Intermediaries during the contractual negotiations process.</p>
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Part II: Selection Criteria for the Financial Instrument

1. ELIGIBILITY CRITERIA		System of appraisal
		Yes/ No
1.1.	<p>Credit institution authorised to carry out business in the Campania Region under the applicable regulatory framework¹⁰.</p> <p>To be noted that joint ventures and also consortia can express their interest as long as (i) at least one member of the joint venture or consortia members is a credit institution authorised to carry out business in Italy under the applicable regulatory framework, (ii) at least one member is an organisation such as business support providers, Non-Profit Organisations, local association supporting social sector; (iii) they indicate/nominate one coordinating entity as a contractual counterpart for the EIF for the entire term of the Operational Agreement (in case of selection), and (iv) all members of the joint venture and/or consortia assume joint and several liability for all applicable obligations. Such Applicants are required to submit one, joint Expression of Interest.</p>	
1.2.	Ability to deliver in the Campania Region.	
1.3.	The Expression of Interest is prepared in accordance with Annex 1 to the Call for Expression of Interest. All necessary supporting documents are provided (in the form requested if specified).	
1.4.	The Expression of Interest is duly signed.	
1.5.	The Expression of Interest is completed and submitted in English.	
1.6.	The Expression of Interest is submitted both by registered mail and e-mail.	
1.7.	The Expression of Interest is submitted within the Deadline.	
1.8.	The Expression of Interest addresses all the items of the Financial Instrument, including any special conditions set out in the relevant parts of the Financial Instrument description (Part I of this Annex).	
1.9.	Appendices 4 and 5 to Annex I are complete and are acceptable to the reasonable satisfaction of EIF.	

¹⁰ According to Art. 111 – “Microcredit”, of the Italian banking regulatory framework (Testo Unico Bancario), MFIs and non-profit organisation, included in a specific list, are allowed to lend micro and social financing.
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2.	QUALITY ASSESSMENT CRITERIA	MAX SCORE
2.1.	<p>In case of externally rated Financial Intermediaries, actual external rating by at least one of the following rating agencies: (i) Moody's Investor Service Limited, (ii) Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or (iii) Fitch Ratings Ltd, taking into account any change of the rating within the last two years.</p> <p>In case of other Financial Intermediaries, the quality of key financial ratios (a preliminary assessment of the financial standing and credit ability of the Financial Intermediaries will be performed on the basis of key financial ratios calculated from the audited financial statements submitted).</p>	5
2.2.	Commitment of the Financial Intermediary to put in place the Financial Instrument in the Campania Region. Priority will be given to Applicants who propose the largest number of lending transactions in relation to the amount provided by the Financial Intermediary. General quality of the project proposal and implementation strategy submitted under the Expression of Interest.	5
2.3.	Proven track record in providing finance to Social Enterprises and/or supporting entrepreneurial initiatives targeting social and financial inclusion	12
2.4.	Pricing policy of the Financial Intermediary, to be charged on its funded portion under the Financial Instrument, as submitted under the Expression of Interest, taking into account any reduction on its standard pricing policies.	12
2.5.	Ability to operate in all the provinces of the Campania Region, reaching urban as well as rural and remote areas, coupled with a good knowledge of the region and a wide network (so-called Filiali or Sportelli) of financial activities throughout the Campania Region.	10
2.6.	<p>Other terms and conditions to be applied on this Financial Instrument, as submitted by the Financial Intermediary under the Expression of Interest.</p> <p>Financial Intermediaries are invited to consider offering improved other terms and conditions (compared to their standard policies).</p>	6
2.7.	Co-financing rate, i.e. percentage of the funding to be provided by the Financial Intermediary (minimum 30%).	8
2.8.	Coaching, mentoring or guidance provided to SMEs will constitute an added value.	8
2.9.	Level of Management Fees requested by the Financial Intermediary.	10
2.10.	Detailed assessment of the Financial Intermediary's financial standing with regard to capital adequacy, provisions, liquidity, other financial ratios, its capacity to service outstanding loan portfolio, the quality of its existing SMEs portfolio and the rate of its non performing loans, etc. Also assessment of the Financial Intermediary's organisational structure and corporate governance.	10
2.11.	Detailed assessment of the Financial Intermediary's credit ability and risk management with regard to credit policy (internal procedures and guidelines), origination, risk assessment (rating/scoring), loan approval procedures, collateral requirement, recovery procedures, risk management and monitoring, etc.	10
2.12.	Quality of IT systems, reporting mechanisms, monitoring procedures and controls	4

and assessment of overall ability of the Financial Intermediary's to comply with the Financial Instrument's reporting and monitoring requirements.
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Explanatory notes relating to evaluation of the Quality Assessment Criteria

Note 1 – Method of evaluation:

First stage: Items 2.1-2.9 will be evaluated first. Applicants who score lower than 48 points will be automatically eliminated. From those applicants who score 48 points and higher, the first highest will qualify to the second evaluation stage.

If the first highest does not apply for the entire EUR 9m amount available, the immediately following ranked Applicants (provided that they have scored 48 points or more) will be taken to the second evaluation stage, until the cumulative demand expressed by such Applicants reaches the entire EUR 9m available. The Applicant scoring the lowest points may be allocated only a portion of the requested budget, should the cumulative demand exceed EUR 9m.

Second stage: Items 2.10-2.12 will be subsequently evaluated for the highest Applicants with whom EIF may initiate contractual negotiations accordingly. The EIF reserves the right to decide on the proposed allocation of the EUR 9 m available for this Financial Instrument, on the basis of the results of the assessment procedure.

Reserve list: Those Applicants who score more than 48 points but are not selected for contractual negotiations of Operational Agreements will form a reserve list (valid for 1 year following notification of inclusion in the reserve list).

In case more funding becomes available within 1 year from the launching of the Call for Expression of Interest, the EIF has the discretion to consider either (i) higher allocations to the Applicant(s) with which Operational Agreements were signed) or ii) initiating contractual negotiations with any of the Applicant(s) included in the reserve list taking into consideration the results of the evaluation procedure and the ranking formed.

If, for any reason, no Operational Agreement is signed with any of the initially selected Applicant(s), the EIF reserves the right to approach one of the Applicants inserted in the reserve list.

Note 2 – Scoring of items 2.10-2.12

Score for items 2.10-2.12 will be awarded on the basis of the detailed full diligence performed by the EIF. In case of joint offer the due diligence should mainly refer to the entity with whom EIF will have to take the counterparty risk (leader applicant).

Note 3 – Scoring of item 2.4

Step 1: All offers will be compared individually, for each Category of Eligible SMEs (1&2) and each financial parameter (collateral and maximum risk margin for both scenarios), i.e. $2 * 4 = 8$ different comparisons.

For each comparison, the lowest offer will be compared to each individual offer (i.e. Lowest offer of all Applicants/Offer of Applicant being measured), resulting to the best offer (i.e. lowest value) achieving a rating of 1. Inferior offers will hence score proportionately lower than 1.

The individual ratings of the 8 comparisons will be subsequently aggregated and the Applicants will be ranked in descending order – The one with the highest score ranking first.

Step 2: The aggregated results will define the score awarded for this Quality Assessment Criterion, in accordance with the following principle:

Rank 1: Awarded full points

Rank 2: Awarded 90% of the points

Rank 3: Awarded 80% of the points

Rank 4: Awarded 70% of the points

Subsequent rankings will apply the same logic with 10% marks being deducted for each lower ranking accordingly.

Note 4 – Scoring of item 2.9

Applicants will be ranked in descending order in accordance to their submitted offer. The Applicant with the lowest offer will receive maximum points.

Subsequent rankings will receive points in accordance with the principle presented above (i.e. Rank 2 will be awarded 90% of the maximum points etc).