

Appendix 1 to Call for Expression of Interest

Glossary of terms

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| Applicant | means an entity that applies to qualify as a Financial Intermediary. |
| Brownfield Institution | means a Financial Intermediary that has an operating history of at least 3 years. |
| CBI Agreement | means any capacity building investment agreement signed between the EIF and a Financial Intermediary. |
| CBI Operation | means a transaction entered into between the EIF and a Financial Intermediary under a CBI Agreement. |
| Commission SME Recommendation | means the Commission Recommendation 2003/361/EC concerning the definition of "micro, small and medium-sized enterprises" (OJ L124, 20.05.2003, p.36) notified under document number C(2003/1422), as amended, restated, supplemented and/or substituted from time to time. |
| Eligible Countries | means any Member State of the European Union and OCTs ¹ (Overseas Country or Territory linked to a Member State as set out in Annex II to the Treaty on the Functioning of the European Union). |
| European Code of Good Conduct for Microcredit Provision | means the European Code of Good Conduct for Microcredit Provision, as amended from time to time. |
| Exclusion Situation | <p>means that a Financial Intermediary, as the case may be, is in any of the following situations:</p> <ol style="list-style-type: none"> 1. bankrupt, is subject to insolvency, is being wound up, is having their affairs administered by a liquidator or by the courts, in this context are in an arrangement with creditors, is having their business activities suspended or a standstill (or equivalent) agreement has been signed with creditors and validated by the competent court when required by the applicable law, or in any analogous situation arising from a similar procedure provided for in national legislation or regulations; 2. in the past five years, they have been the subject of a final judgment or final administrative decision for being in breach of their obligations relating to the payment of taxes or social security contributions in accordance with the applicable law and where such obligations remain unpaid unless a binding arrangement has been established for payment thereof; 3. in the past five years, they or persons having powers of representation, decision-making or control over them have been convicted by a final |

¹ [EUR-Lex - - EN \(europa.eu\)](http://eur-lex.europa.eu)

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| | <p>judgement or a final administrative decision for grave professional misconduct, where such conduct denotes wrongful intent or gross negligence, which would affect their ability to implement the CBI Agreement or CBI Operation, as applicable, and which is for one of the following reasons:</p> <ul style="list-style-type: none"> a) negligently providing misleading information that may have a material influence or fraudulently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract or an agreement; b) entering into agreements with other persons aimed at distorting competition; c) attempting to unduly influence the decision-making process of the contracting authority during the relevant award procedure (as this term is defined in the Financial Regulation); d) attempting to obtain confidential information that may confer upon it undue advantages in the relevant award procedure (as this term is defined in the Financial Regulation); <p>4. in the past five years, they or persons having powers of representation, decision-making or control over them have been the subject of a final judgment for:</p> <ul style="list-style-type: none"> (i) fraud; (ii) corruption; (iii) participation in a criminal organisation; (iv) money laundering or terrorist financing; (v) terrorist offences or offences linked to terrorist activities, or inciting, aiding, abetting or attempting to commit such offences; (vi) child labour and other forms of trafficking in human beings; <p>5. they are subject to a decision on exclusion contained in the published early detection and exclusion system database (set up and operated by the European Commission);</p> <p>provided that the EIF may decide not to exclude a Financial Intermediary if the Financial Intermediary can provide evidence that remedial measures have been adopted to demonstrate its reliability despite the existence of a ground for exclusion, or where it is indispensable to ensure the continuity of the service, for a limited duration and pending the adoption of remedial measures, or where an exclusion would be disproportionate taking into account the circumstances.</p> |
| Expression of Interest | means the application sent by an Applicant in the form of Annex I of this Call. |
| Financial Intermediary | means an entity that has entered with EIF into a CBI Agreement. |

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| Greenfield Institution | means a Financial Intermediary that has an operating history of less than 3 years. |
| InvestEU Excluded Activities | <p>means:</p> <ol style="list-style-type: none"> (1) activities which limit individual rights and freedoms or that violate human rights; (2) in the area of defence activities, the use, development, or production of products and technologies that are prohibited by applicable international law; (3) tobacco-related products and activities (production, distribution, processing and trade); (4) activities excluded from financing pursuant to the relevant provisions of the Horizon Europe Regulation: research on human cloning for reproductive purposes; activities intended to modify the genetic heritage of human beings which could make such changes heritable; and activities to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer; (5) gambling (production-, construction-, distribution-, processing-, trade- or software-related activities); (6) sex trade and related infrastructure, services and media; (7) activities involving live animals for experimental and scientific purposes insofar as compliance with the European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes (1) cannot be guaranteed; (8) real estate development activity, such as an activity with a sole purpose of renovating and re-leasing or re-selling existing buildings as well as building new projects; however, activities in the real estate sector that are related to the specific objectives of the InvestEU Programme as specified in Article 3(2) and to the areas eligible for financing and investment operations under Annex II of the Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017, such as investments in energy efficiency projects or social housing, shall be eligible; (9) financial activities such as purchasing or trading in financial instruments. In particular, interventions targeting buy-out intended for asset stripping or replacement capital intended for asset stripping shall be excluded; (10) activities forbidden by applicable national legislation; (11) the decommissioning, operation, adaptation or construction of nuclear power stations; (12) investments related to mining or to the extraction, processing, distribution, storage or combustion of solid fossil fuels and oil, as well as investments related to the extraction of gas. This exclusion does not apply to: <ol style="list-style-type: none"> a) projects where there is no viable alternative technology; |

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| | <ul style="list-style-type: none"> b) projects related to pollution prevention and control; c) projects equipped with carbon capture and storage or carbon capture and utilisation installations; industrial or research projects that lead to substantial reductions of greenhouse gas emissions as compared with the applicable EU Emission Trading System benchmarks; <p>(13) investments in facilities for the disposal of waste in landfill. This exclusion does not apply to investments in:</p> <ul style="list-style-type: none"> a) on-site landfill facilities that are an ancillary element of an industrial or mining investment project and where it has been demonstrated that landfilling is the only viable option to treat the industrial or mining waste produced by the activity concerned itself; b) existing landfill facilities to ensure the utilisation of landfill gas and to promote landfill mining and the reprocessing of mining waste; <p>(14) investments in mechanical biological treatment (MBT) plants. This exclusion does not apply to investments to retrofit existing MBT plants for waste-to-energy purposes or recycling operations of separated waste such as composting and anaerobic digestion;</p> <p>(15) investments in incinerators for the treatment of waste. This exclusion does not apply to investments in:</p> <ul style="list-style-type: none"> a) plants exclusively dedicated to treating non-recyclable hazardous waste; b) existing plants, where the investment is for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such investments do not result in an increase of the plants' waste processing capacity. |
| Non Compliant Jurisdiction (“NCJ”) | <p>means a jurisdiction:</p> <ul style="list-style-type: none"> a) listed in the Annex I of the Council of the European Union conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes; b) included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards; c) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies; d) rated as “partially compliant” or “non-compliant”, including corresponding provisional ratings, by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes against the international standard on exchange of information on request; e) included in the Financial Action Task Force statement “High risk Jurisdictions subject to a Call for Action”; or |

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| | <p>f) included in the Financial Action Task Force statement “Jurisdictions under Increased Monitoring”,</p> <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p> <p>The Financial Intermediary shall not (other than as a result only of events or circumstances beyond the control of the Financial Intermediary) be established in a NCJ, unless in the case of NCJ Implementation.</p> |
| NCJ Implementation | <p>means that the project being financed by the CBI Operation is physically implemented in the country of establishment of the Financial Intermediary, and there is no indication that the relevant CBI Agreement, CBI Operation, or the project being financed by the CBI Operation, as applicable, supports actions that contribute to (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion) and (ii) wholly artificial arrangements aimed at tax avoidance.</p> |
| Small Mid-Cap | <p>means an entity with fewer than 500 full-time equivalent employees that is not an SME.</p> |
| Small Public Enterprise | <p>means (i) a Small Mid-Cap with 25% or more of its issued share capital directly held by public bodies; or (ii) an entity that would qualify as an SME, other than for the fact that 25% or more of its issued share capital is held by one or more public bodies.</p> |
| SMEs | <p>means a micro, small or medium-sized enterprise as defined in the Commission SME Recommendation.</p> |
| Social Enterprise | <p>means an undertaking, regardless of its legal form, or a natural person which:</p> <ul style="list-style-type: none"> a) in accordance with its articles of association, statutes or with any other legal document that may result in liability under the rules of the Member State or OCT where it is located, has the achievement of measurable, positive social impacts, which may include environmental impacts, as its primary social objective rather than the generation of profit for other purposes, and which provides services or goods that generate a social return or employs methods of production of goods or services that embody social objectives; and b) uses its profits first and foremost to achieve its primary social objective, and has predefined procedures and rules that ensure that the distribution of profits does not undermine the primary social objective; and <p>is managed in an entrepreneurial, participatory, accountable and transparent manner, in particular by involving workers, customers and stakeholders on whom its business activities have an impact.</p> |
| Microenterprise | <p>means in accordance with the Commission SME Recommendation an enterprise, including a self-employed person, that employs fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed EUR 2 million.</p> |
| Restricted Sectors and activities | <p>means: (1) restricted sectors set out in EIF’s guidelines published on EIF’s website, as at the date of the CBI Agreement and (2) Paris Alignment Restrictions.</p> |

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| | The above restricted sectors and activities may be updated from time to time. The binding list of Restricted Sectors and activities shall be set out in the relevant CBI Agreement. | |
| Restrictive Measures | means, without limitation, restrictive measures adopted pursuant to the Treaty on European Union (TEU) or to the Treaty on the Functioning of the European Union (TFEU). | |
| Target Areas | <p>Microfinance</p> <p>The policy objective is to promote quality, sustainable employment and social inclusion by supporting entrepreneurship and income-generating activities, in particular for persons in vulnerable situations who wish to start up or develop a micro-enterprise, including on a self-employed basis. Micro-borrowers and micro-enterprises continue to face difficulties in accessing finance to start up and scale up often due to a lack of collateral and credit history, thus they are perceived as high risk by traditional banking channels.</p> <p>Social Entrepreneurship</p> <p>Social enterprises play an increasingly important role in the European economy and recovery in terms of promoting active labour market participation, creating jobs and building a fairer and more inclusive Union, in line with the European Pillar of Social Rights. Generally, social enterprises have novel business models with the social mission as a priority, which can entail difficulties in accessing finance to start up and scale up their businesses as financial intermediaries may perceive them as riskier than traditional SMEs.</p> <p>Social enterprise finance is still a recent development in Europe and part of an emerging market ecosystem that is not yet fully developed and public funding in this area is still lacking, especially at national level. In particular, an important funding gap has been observed for tickets of up to EUR 500 000.</p> <p>Skills, Education and Training</p> <p>Skills, education and training are part of the solution to get more people into the labour market and respond better to the economy's needs for skills.</p> <p>Insufficient financial resources are a major barrier to accessing education and training and creates unequal chance to education. For young people,</p> | |

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| | <p>access to education in many EU countries relies too heavily on parental social background and financial standing. At the same time, access to finance remains an issue for European SMEs, with around 18% of SMEs reporting to be seeking external finance for hiring and training employees. The lack of such finance coupled with the research which shows that employers' investment in learning is key to increasing the availability and participation of adults in learning programmes, constitutes a significant barrier to skills development.</p> <p>Moreover, a massive investment in digital and green skills is needed to accommodate the shift towards a climate neutral Europe and digital transformation. Many will need to acquire new skills and move to new jobs in a different sector of economy. More will need to upskill to keep their job in a new work environment. For example, meeting the overarching adult learning participation target set in the Skills Agenda (at least 50% by 2025) would come at an estimated additional investment of EUR 48 billion annually.</p> |
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