



## Open Call for Expression of Interest to select Financial Intermediaries under the InvestBG Equity Instrument

The objective of this Open Call for Expression of Interest (the "Call"), launched by the European Investment Fund ("EIF"), is to select eligible financial institutions to become Financial Intermediaries under the InvestBG Equity Instrument ("InvestBG", the "Facility"), as further described below. All applications under the InvestBG to be submitted to the EIF should conform to the Call.

In this Call, capitalised terms and expressions shall have the meaning attributed to them in this document and as defined in relevant Investment Guidelines annexed thereto, as appropriate.

In addition to this explanatory document, the Call contains the following documents:

- Annex I: Expression of Interest to be completed by applicants;
- Annex II: Investment Guidelines under the Primary Investment Window;
- Annex III: Investment Guidelines under the Co-investing Window;

### 1. InvestBG Equity Instrument

The InvestBG Equity Instrument is designed to support one of the strategic policy objectives of the Bulgarian Ministry of Economy of **fostering investment sectors that create high value added and increase the overall competitiveness of the economy** through the creation and development of high-growth and innovative SMEs by **facilitating the access to equity financing**. Through InvestBG, and acting on behalf and in the ultimate benefit of the Government of Bulgaria, EIF will:

1. Provide capital commitments to selected venture capital and private equity funds which include Bulgaria as part of their geographic focus (**Primary Investing Window**);
2. Co-invest, on a deal-by-deal basis, alongside selected venture capital and private equity funds investing in Bulgaria (**Co-Investing Window**);

## 2. JEREMIE framework and related reflows from portfolio operations

The JEREMIE initiative was a framework providing a series of coherent actions to promote increased access to finance for micro, small and medium-sized enterprises. The present Open Call concerns the investment in venture capital and private equity funds by the EIF through a budget from the related Reflows from JEREMIE portfolio operations.

For that purpose, EIF has proposed and the Investment Board has approved an investment strategy for management of reflows from JHF operations - JEREMIE Recycled Funds Investment Strategy, in particular deploying InvestBG for the benefit of Bulgarian enterprises.

The total amount of JEREMIE reflows available under the Facility is up to EUR 60 million, split as follows:

1. Primary Investing Window: up to EUR 50
2. Co-Investment Window: up to EUR 10m

It shall be noted that when making an investment under the Primary Investing Window, EIF shall in addition co-invest from its other resources under management. EIF shall target matching on a 1:1 basis the investment made under the Primary Investing Window of the Facility, with the minimum matching being at least 50% of the investment.

When making an investment under the Co-Investing Window, EIF must only invest resources under the Facility (i.e. EIF will not have to co-invest from its other resources under management). The matching of the resources invested under the Co-Investing Window will be effectively provided by VC&PE funds and/or other private investors which participate alongside EIF in the respective co-investment round, provided that EIF will not participate in more than 50% of a co-investment round.

The global target multiplier effect under the Facility shall be to increase resources invested in Bulgaria to EUR 120m, with a minimum of EUR 95m.

## 3. Eligible Financial Intermediaries

This Call is addressed financial intermediaries ("the Financial Intermediaries") as defined and further specified in the relevant Investment Guidelines.

All Financial Intermediaries including the managers of the Financial Intermediaries shall represent that they are not in any of the situations of exclusion, as further described in the Annex I to this Call. Financial Intermediaries shall represent that they do not perform activities which are considered illegal according to the applicable legislation in Bulgaria.

Financial Intermediaries including the managers thereof shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to

which they may be subject and shall not be established and shall not maintain business relations with entities incorporated in any Non-Cooperating Jurisdiction, as further provided in the Investment Guidelines.

The EIF Anti-Fraud Policy shall apply to the Fund Agreement under the Facility (please refer to [http://www.eif.org/attachments/publications/about/Anti\\_Fraud\\_Policy.pdf](http://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf))

#### 4. The application procedure

This open Call will remain open until 31 December 2021 or such earlier date as announced officially in the Facility's section on EIF's website (the "Deadline"). The Deadline is set on the 31 December 2021, provided that the EIF, in agreement with the Ministry of Economy of Bulgaria, may determine that the Deadline will end on another date depending, *inter alia*, on the availability of the budgetary resources for the Facility. Any change in the Deadline will be announced officially in the Facility's section of the EIF's website.

The Expression of Interest shall be submitted before the Deadline either by email or in paper format via registered mail or professional courier.

The Deadline applies (i) in case of e-mails to the reception by the EIF and (ii) in case of registered mail or professional courier service to the date of dispatch proven by the post office stamp or a dispatch receipt.

The Expressions of Interest shall indicate the name of the applicant and be sent either to the following address:

European Investment Fund

InvestBG Equity Instrument – Expression of Interest

Mandate Management Equity

37B avenue J.F. Kennedy

L-2968 Luxembourg

or in an electronic form to: [InvestBG@eif.org](mailto:InvestBG@eif.org).

An acknowledgement of receipt will be sent to the relevant applicants by the EIF via e-mail, which shall state the confirmation that the Expression of Interest was received.

The acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of assessment or acceptance of the same.

The Expressions of Interest shall:

## InvestBG Equity Instrument, Call for EoI No. JER-009/10

1. state in the subject of the email: "InvestBG: [name of the applicant]"
2. be prepared in English
3. contain the Annex I duly signed.

The applicant shall make available to the EIF the relevant information and documentation covering the points listed below, which are considered minimum information required in the selection process<sup>1</sup>:

1. management team
2. investment strategy
3. track record
4. target market
5. deal flow
6. geographical scope, including intended coverage of Bulgaria
7. target sectors
8. fund size
9. legal structure/governance structure<sup>2</sup>
10. proposed terms
11. expected returns
12. other investors
13. timing of fund raising.

The applicants may withdraw, in the same manner as specified above, their Expression of Interest at any stage of the selection process. Applicants may send questions regarding the Call. The EIF shall analyse such incoming questions and may publish from time to time the resulting answers in the form of Frequently Asked Questions document ("FAQ") posted in the Facility section of the EIF's website. The EIF reserves the right to update the FAQ document from time to time as and when it regards appropriate.

### **6. Selection procedure**

The applicants will be selected in due consideration of the general principles of transparency, equal treatment and non-discrimination, in compliance with EIF's policies, rules, procedures and statute and in conformity with best business and market practices.

The EIF shall analyse the applications on a continuous basis, using professional analysis and judgment, taking into account the terms set out in the relevant Investment Guidelines and the following general steps:

#### (i) Screening

---

<sup>1</sup> Information may be covered by a PPM (private placement memorandum) made available to the EIF.

<sup>2</sup> Showing ownership and cash flows, supported by legal and/or tax memorandum, if available.

(ii) Due Diligence

(iii) Assessment and approval in accordance with EIF's internal assessment and decision making rules

(iv) Negotiation and signature

The decision to perform a due diligence visit shall be at the discretion of the EIF.

Prior to entering into a transaction with the selected applicant, the selected investment proposal to be funded under the Facility shall be submitted by the EIF to its relevant decision making bodies for approval and shall be subject to such prior approval before finalising the contractual negotiation process with the Financial Intermediary.

Following selection of the application, the appropriate contractual agreement shall be signed with the Financial Intermediary. The ultimate decision on the form of the agreement shall be made at the discretion of the EIF. The terms of the Fund Agreement shall be in English.

In any phase of the selection process until and prior to entering into a legally binding agreement with an applicant, the EIF reserves itself full discretion to consider or not the applicant, and no applicant has any claim or other right or may expect to be ultimately selected as the Financial Intermediary under the facilities. Any negotiation of terms and conditions of Fund Agreements by no means entails any obligation for the EIF to enter into such agreement with the relevant Financial Intermediaries.

Those applicants, whose Expression of Interest is rejected at any stage of the selection process, shall have the right to submit a written complaint by e-mail and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt within the framework of and in accordance with the EIB Group complaints policy<sup>3</sup>.

The EIF reserve the right at any time to request written clarification or the submission of additional or supplementary written information in respect of any application, verify any applicant or with a third party any information set out in any submission

## 6.1 Assessment criteria for expected performance

As part of the expected performance assessment, the applications will be analysed based on the following criteria:

### Management Team

a) Relevant experience

---

<sup>3</sup> For further information visit <http://www.eib.org/infocentre/publications/all/complaints-mechanism-policy.htm>

## **InvestBG Equity Instrument, Call for EoI No. JER-009/10**

- b) Composition of the team, track record and balance of skills
- c) Ability to provide relevant added value
- d) Ability to provide adequate commitment for the life of the fund
- e) Screening of management team members in accordance with standard market practice and with specific attention to issues related to corrupt, fraudulent, coercive or collusive practices or criminal convictions concerning their professional conduct

### **Market**

- a) Identification of the target market
- b) Size of the market and potential development of it
- c) Growth potential of enterprises in the target market

### **Deal Flow**

- a) Track record of access to deals
- b) Quality of deals
- c) Credibility of plans to develop deal flows

### **Investment Strategy**

- a) Fund, stage, sector and geographical focus
- b) Number of targeted investments
- c) Appropriateness of the investment strategy to the market
- d) Coherence with the purpose of InvestBG
- e) Identification of suitable and achievable exit routes for targeted investments

### **Size of the fund**

- a) Balance between fund size and expected deal flow
- b) Adequacy of provision for follow on investments

### **Proposed terms**

- a) In line with market norms, including for the management fees & costs, with explanations for deviations
- b) Any performance related remuneration such as carried interest to be designed to reward overall fund performance
- c) Legal and tax structure

### **Expected returns**

a) Evidence that the fund is to be run on a commercial basis and that it can be expected to be financially viable

#### Investor base

a) Pari-passu ranking (i.e. like risk, like reward) of market oriented investors<sup>4</sup>

b) Evidence of support from other investors

c) Co-investment strategy and rationale

d) Screening and monitoring of co-investors to the extent the information is made available to the EIF and in accordance with standard market practice

### 7. Publishing of information on the Financial Intermediaries<sup>5</sup> and Eligible Final Recipients

7.1. EIF may publish, from time to time, on its website a list of Financial Intermediaries, which may include the name and the registered addresses of the Financial Intermediaries and respective capital commitments.

The Financial Intermediary may, prior to receiving financial support under the Facility, decide not to agree in writing to the publication requirement if it risks harming its commercial interests or risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union.<sup>6</sup> In addition such publication shall not be required if it would be illegal under the applicable laws and regulations.

EIF and/or Bulgarian Ministry of Economy may also publish a list of Final Recipients benefiting from the financing under the facility.

#### 7.2. EIF Transparency Policy

Within the framework of the EIF's Transparency Policy<sup>7</sup> (the "**EIF Transparency Policy**"), EIF is committed to the guiding principle of promoting transparency with respect to its operational and institutional activities.

Pursuant to this guiding principle, and in accordance with the EIB Group approach and undertakings to promote transparency and good administrative practice, EIF has adopted the practice of publishing the minutes of the Board of Directors ("**Board minutes**") on its website, following their approval and signature.

---

<sup>4</sup> Market oriented investors mean investors operating in circumstances corresponding to the market economy investor principles, irrespective of the legal nature and ownership structure of these investors, being so-called normal economic operators in market economies.

<sup>5</sup> EIF shall also publish the information on the Beneficiaries, as further detailed in the Annex II and Annex III to this Call for expression of interest.

<sup>6</sup> The European Commission may request further explanation with respect to any claim to a right to non-publication.

<sup>7</sup> [http://www.eif.org/news\\_centre/publications/EIF\\_Transparency\\_policy.htm?lang=-en](http://www.eif.org/news_centre/publications/EIF_Transparency_policy.htm?lang=-en)

## InvestBG Equity Instrument, Call for EoI No. JER-009/10

The published Board minutes only indicate those operations presented for decision which have been approved and, as a general rule, contain a summary indicating the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources.

The EIF Transparency Policy also recognises the need for EIF to balance transparency with confidentiality undertakings and the protection of commercially sensitive or personal data, with a view to EIF satisfying its legal obligations to, and maintaining the confidence and trust of, its business partners, investors and third parties.

Consequently, should an Application receive the relevant EIF internal authorisation for submission to EIF's Board of Directors and be approved by the Board thereafter, and should an Applicant deem that the publication of such a summary would expose sensitive or confidential information, for which there would be a compelling reason not to disclose, the Applicant shall make a declaration to that effect in the submission of the Expression of Interest resulting in the information in question being edited out of the published Board minutes and, subject to any applicable confidentiality undertakings, only being made public in connection with the signature of the operation in question.

If EIF has not received such declaration confirming that an Applicant does not agree to the publication of the aforementioned operational overview in the Board minutes, EIF will consider that it is acceptable to the Applicant and each Participating Entity, if applicable, and will proceed with publication on EIF's website as indicated above.

### **8. Publicity and communication approach**

The Financial Intermediary is expected to communicate in a reasonable manner in its official correspondence with various stakeholders (including media) the origins of the assigned financial resources, citing that the InvestBG is ensured by national resources allocated to the respective vehicle by European Investment Fund acting on behalf and in the ultimate benefit of the Ministry of Economy of the Republic of Bulgaria