



Call for Expression of Interest No. JER-009/4 to select Financial Intermediaries that will receive resources from the JEREMIE Holding Fund for Bulgaria to implement the following Financial Instrument: Mezzanine Fund(s)

Reference number: Call for EoI No. JER-009/4

## Introduction

The JEREMIE initiative is a framework providing a series of coherent actions to promote increased access to finance for micro, small and medium-sized enterprises.

The JEREMIE initiative in Bulgaria is organised through the European Investment Fund (hereinafter, “EIF”), which operates and manages, acting in its name and on its behalf, JEREMIE Bulgaria EAD, a joint stock company incorporated under Bulgarian law wholly owned by EIF (hereinafter, “SPV”). The SPV, and EIF as the SPV’s operator under applicable agreements, constitute jointly the JEREMIE Holding Fund (“JHF”). Through the JHF, EIF manages funds made available from the European Regional Development Fund (hereinafter, “ERDF”) and related public expenditure awarded for utilisation under the JEREMIE initiative.

As part of the Operational Programme “Development of the Competitiveness of the Bulgarian Economy 2007-2013” (hereinafter, “OP Competitiveness”) <sup>1</sup>, the Government of Bulgaria has agreed to dedicate resources to the implementation of the JEREMIE initiative with EIF, in accordance with Article 44 of the Council Regulation (EC) No. 1083/2006<sup>2</sup> (as amended, hereinafter, “Reg. 1083/2006”) and in accordance with the provisions of the Funding Agreement (hereinafter, “Funding Agreement”) and Framework Agreement (hereinafter, “Framework Agreement”) entered into on 27 May 2009, and subsequently amended on 29 April 2010, between the Government of the Republic of Bulgaria (hereinafter, “GoB”) and EIF, and the Holding Fund Agreement (hereinafter, “HF Agreement”) entered into on 23 July 2010 between the SPV and EIF (the Framework Agreement, the Funding Agreement and the HF Agreement, hereinafter, collectively the “Agreements”). Relevant rules for implementing Reg. 1083/2006 are set out in the Commission Regulation (EC) No. 1828/2006<sup>3</sup> (hereinafter, as amended, “Reg. 1828/2006”).

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<sup>1</sup> OP Competitiveness approved by the European Commission Decision C (2007) 4500 of 26 September 2007.

<sup>2</sup> Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999 (Official Journal of the European Union L210 of 31.07.2006).

<sup>3</sup> Commission Regulation (EC) No 1828/2006 of 8 December 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 Commission Regulation (EC) No 846/2009 of 1 September 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

The cooperation between the GoB, EIF and the SPV is governed by the Agreements, which define the type of cooperation and the operational modalities of the JHF financing expenditure in respect of an operation, as this term is defined in Reg. 1083/2006 (hereinafter, "**Operation**") comprising contributions to support financial engineering instruments. The Agreements also provide for an Investment Board with a consultative function in relation to the JHF activity; the members of which are appointed jointly by the GoB and EIF (hereinafter, "**Investment Board**"). EIF, in its capacity as operator of the SPV, acts on the basis of its usual business principles and of an investment strategy and planning for the implementation of the JEREMIE initiative in Bulgaria.

JEREMIE initiative is funded from the OP Competitiveness; Priority Axis 3 "Financial Resources for Developing Enterprises"; Area of Intervention 3.1 "Improvement of access to finance for SMEs through instruments of financial engineering".

This Call for Expression of Interest targets financial engineering instruments referred to in Article 44 of Reg. 1083/2006 and is addressed to bodies or firms, whether public or private, which are interested in receiving resources out of the JHF for the activities in respect of Operations (hereinafter "**Financial Intermediaries**"). Such activities shall be carried out in accordance with the contractual agreements to be entered into by the SPV and the selected Financial Intermediaries (hereinafter, "**Operational Agreement(s)**").

The Financial Intermediaries should express their interest by completing and submitting an Expression of Interest, a template of which is attached hereto as Annex 1.

## 1. Definitions and Interpretation

In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them below, unless otherwise defined above or the context requires otherwise.

<b>Applicant</b>	means a Financial Intermediary applying to this Call for Expression of Interest;
<b>Business Day</b>	means a day during which EIF Luxembourg office is open, and banks are open for general business in Sofia and Luxembourg;
<b>Deadline</b>	means 17/01/2011 (60 days from publication);
<b>Eligibility Criteria</b>	means the criteria with which the Expressions of Interest and the Applicants must comply and which are listed in Annex 2 hereof;
<b>Eligible Mid-Caps</b>	means companies employing less than 3,000 people;
<b>Expression of Interest</b>	means a proposal sent by an Applicant in response to this Call for Expression of Interest, within the Deadline, to be drafted in accordance with the template attached hereto as Annex 1;
<b>Financial Instrument</b>	Mezzanine Fund;
<b>JEREMIE</b>	means the initiative "Joint European Resources for Micro to Medium Enterprises" launched by the Commission and EIF, as member of the European Investment Bank Group, in order to promote increased access to finance for the development of SMEs in the European Union;
<b>EIB Group</b>	The EIB Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF);

<b>JHF</b>	means the SPV and EIF as its advisor and operator under the Agreements;
<b>Operational Agreement</b>	means an agreement entered into between a Financial Intermediary and the SPV regarding a Financial Instrument on the basis of this Call for Expression of Interest and the selection process;
<b>Quality Assessment Criteria</b>	means the quality assessment criteria applied by EIF at the sole discretion of EIF to assess the suitability of the Applicant and/or the proposed Financial Instrument according to the business standards of EIF and which are listed in Annex 2 hereof;
<b>Selection Criteria</b>	means the Eligibility Criteria and the Quality Assessment Criteria;
<b>Small and Medium-sized Enterprises or SMEs</b>	means micro, small and medium-sized enterprises as defined under Commission Recommendation 2003/361/EC and Small and Medium-Sized Enterprises Act of the Republic of Bulgaria.
<b>SPV</b>	means JEREMIE Bulgaria EAD, managed and operated by EIF under the Agreements.

## 2. JEREMIE Holding Fund

The sole entity operating the SPV, in accordance with the Agreements, shall be European Investment Fund, 96 Boulevard Konrad Adenauer L-2968 Luxembourg. General internet address of EIF (URL): [www.eif.org](http://www.eif.org)

Under the Agreements, the European Investment Fund may be substituted in its role as operator of the SPV, and as the entity carrying out the JHF activity. In the event of such substitution, GoB, or the entity appointed by GoB to carry out the JHF activity, will assume the full discretion and responsibility to perform the tasks of the JHF and to implement the Operations in Bulgaria, and may take over the Financial Instrument.

## 3. Description of the activities expected from the selected Financial Intermediary

The selected Financial Intermediary will have to implement the Financial Instrument as provided for in Art. 44 of Reg. 1083/2006. The Financial Instrument shall be set up in accordance with Art. 43 of Reg. 1828/2006.

It is planned to allocate out of the JHF an amount of up to EUR 30 million to the Financial Instrument. Financial Intermediaries may express their interest for a contribution of up to the maximum allocation.

To be noted that joint ventures and/or consortia can express their interest, as long as they indicate/nominate one coordinating entity as a contractual counterpart for the JHF for the entire term of the Operational Agreement (in case of selection). Such Applicants are required to submit one, joint Expression of Interest in which the coordinating entity should be indicated.

## 4. Expression of Interest

A template for the Expression of Interest is attached hereto as Annex 1.

The Expression of Interest shall include the Applicant's identification, the Project Description, the supporting documents, the Declaration of absence of conflict of interest and the Statements regarding situations of exclusion.

No later than 13/12/2010, the Applicants may request clarifications regarding the Call for Expression of Interest or the nature of the Financial Instrument. Such requests must indicate the Call for Expression of Interest reference number (JER-009/4) and the name of the Applicant and shall be submitted in English via e-mail to:

Regional Business Development Unit  
European Investment Fund  
[info.rbd@eif.org](mailto:info.rbd@eif.org)

Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to all requests for clarifications received within the relevant deadline will be published together in a Clarification Document to be posted on the website [www.eif.org](http://www.eif.org), at latest on 20/12/2010.

EIF will, in principle, not contact any Applicant prior to the Deadline, unless it considers it necessary to clarify issues of a mere technical nature. However, should EIF discover any errors, inaccuracies, omissions or any other type of clerical defect in the text of the Call for Expression of Interest before the Deadline, EIF will correct the text and inform accordingly.

## 5. Language

The Expressions of Interest, including the submitted documents, shall be in English only.

## 6. Submission of Expression of Interest

The Expressions of Interest shall be submitted on or before the Deadline **both** by (i) e-mail **and** (ii) registered mail or professional courier service. The Expressions of Interest sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form and in removable electronic storage medium (e.g. CD-ROM).

**The Deadline for the submission of Expressions of Interest is 17/01/2011**

The Deadline applies (i) in case of e-mails, to the reception by 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 reference number of the Call (No. JER-009/4) and the name of the Applicant and shall be sent to the following address:

Postal Address:

European Investment Fund  
Attention: Regional Business Development Unit  
96 Boulevard Konrad Adenauer  
L-2968 Luxembourg  
LUXEMBOURG

The outer envelope (package) shall indicate the following: "Expression of Interest – Reference number of the Call (No. JER-009/4) – Not to be opened by the reception – To be passed without opening to the Regional Business Development Unit".

E-mail Address:

Attention: Regional Business Development Unit  
[info.rbd@eif.org](mailto:info.rbd@eif.org)

Prior to the Deadline and in the same manner as specified above, the Applicants may change or amend their Expressions of Interest by clearly indicating the parts to be changed or amended.

Prior to or after the Deadline and in the same manner as specified above, the Applicants may withdraw their Expressions of Interest.

After the Deadline, an acknowledgement of receipt will be sent by EIF to the relevant Applicants via e-mail, which shall state the following:

- Unique proposal identifier (Expression of Interest number);
- Reference number of the Call for Expression of Interest;
- Confirmation that the Expression of Interest was received before the Deadline.

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 of the same.

## **7. Selection process**

When selecting Financial Intermediaries, EIF is committed to respect fundamental principles, such as:

- i) equal treatment,
- ii) non-discrimination,
- iii) confidentiality and
- iv) transparency.

The Expressions of Interest will be examined by the EIF on a comparative basis, using professional analysis and judgment, taking into account the Selection Criteria.

The EIF will reject those Expressions of Interest which do not comply with the Eligibility Criteria. Financial Intermediaries, whose application is rejected because of non-compliance with any of the elements reflected in the statements regarding situations of exclusion (Appendices 5 and 6 to Annex 1 hereto), may not present themselves for consideration in subsequent Calls for Expression of Interest unless it is specifically evidenced that the reason for the exclusion no longer exists.

The expiration of the Deadline shall not prevent EIF, in limited cases if deemed necessary, from requesting and receiving from Applicants clarifications on issues of a mere technical or formal nature, *provided that* such clarifications shall neither provide an opportunity to the respective

Applicants to unduly improve their applications nor otherwise distort the competition between the Applicants.

Applicants who are not excluded according to the Eligibility Criteria will go through the EIF selection process based on the Quality Assessment Criteria. The further selection based on the Quality Assessment Criteria, and the due diligence process if any, follows the standard procedures and guidelines applied by EIF to its business. The evaluation of proposals at this phase will be conducted under competitive terms and it is envisaged to select one or more Applicants overall.

In any phase of the selection process, EIF reserves itself full discretion to consider Financial Intermediaries and no Applicant has any claim or other right or may expect to be ultimately selected for financial support by the JHF.

Similarly, any negotiation of terms and conditions of Operational Agreements by no means entails any obligation for EIF and/or the SPV to enter into such Operational Agreement with the relevant Financial Intermediaries.

Financial Intermediaries which do not receive contributions from the JHF are informed accordingly; the reasons for their Expression of Interest being rejected may be clearly communicated to them upon request.

Those Applicants, whose Expression of Interest is rejected, 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 letter of rejection. Any complaints will be dealt within the framework and in accordance with the [EIB Group complaints policy](#) (for further info please click on the link or visit [www.eib.org](http://www.eib.org)).

## 8. Operational Provisions

The Financial Intermediaries, with which Operational Agreements will be eventually signed, shall be required to comply with the EIF Anti-Fraud policy, available on the website of EIF ([www.eif.org](http://www.eif.org)), and with the relevant monitoring, reporting, publicity and auditing obligations required by the EU regulations applicable to ERDF and by the Funding Agreement. Such obligations are briefly described in Annex 2, and will be mentioned in the relevant Operational Agreement.

### ANNEXES

Annex 1. Expression of Interest

Annex 2. Financial Instrument: Description and Selection Criteria

## ANNEX 1<sup>4</sup> to the Call for Expression of Interest No JER-009/4

To:  
European Investment Fund  
Attention: Regional Business Development Unit  
96 Boulevard Konrad Adenauer  
L-2968 Luxembourg

### EXPRESSION OF INTEREST

Call for Expression of Interest No.:	JER-009/4
Deadline for the submission of the Expression of Interest :	17/01/2011
Expression of Interest for Financial Instrument:	Mezzanine Fund
Applicant submitting the Expression of Interest:	_____, _____ (company name, registration number / standard identification code, if applicable)

Sirs,

Herewith we are submitting our Expression of Interest on behalf of (Applicant) in response to the Call for Expression of Interest No. JER-009/4 in the framework of the JEREMIE initiative implemented through EIF acting as operator of the JEREMIE Bulgaria EAD in Bulgaria. Capitalised expressions utilised herein shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest.

The undersigned, duly authorised to represent the (Applicant), by signing this form certifies/certify and declare(s) that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements.

The undersigned certifies/certify that the (Applicant) is not in one of the situations which would exclude it from taking part in this Call for Expression of Interest listed out in Appendices 5 and 6 to this Expression of Interest. The undersigned shall, upon request, provide all evidence to that extent.

Yours sincerely,

Signature(s):	Stamp of the Applicant (if applicable):
Name and position in capitals:	
Applicant's name:	
Place:	Date (day/month/year):

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<sup>4</sup> In case of consortia or joint ventures, to be filled in by coordinating entity.

Appendices to ANNEX 1:

Appendix 1 Applicant Identification

Appendix 2 Project Description

Appendix 3 List of Documents Attached

Appendix 4 Declaration of Absence of Conflict of Interest

Appendix 5 Statement Regarding Situations of Exclusion –1

Appendix 6 Statement Regarding Situations of Exclusion – 2: Declaration of Compliance with Community and National Rules and Policies



Appendix 1<sup>5</sup> to ANNEX 1

APPLICANT IDENTIFICATION

1.1. Applicant identification

INFORMATION REQUIRED	
APPLICANT NAME	
CONTACT DETAILS	Address: Telephone: Fax: E-mail:
LEGAL FORM	
COMMERCIAL REGISTER , ETC. – REGISTRATION DETAILS	Denomination of register: Date of registration: Country of registration: Standard identification code / registration number, if applicable:
VAT	Registration number or Statement of exemption issued by the national VAT authority dated.....enclosed under reference..... Issued by.....

1.2. Person authorised to submit the Expression of Interest on behalf of the Applicant and appropriate evidence of such authorisation

INFORMATION REQUIRED	
TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: E-mail:

1.3. Contact person (if different from 1.2)

TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: E-mail:

<sup>5</sup> In case of consortia or joint ventures, to be filled in by all participating entities.

## Appendix 2 to ANNEX 1 PROJECT DESCRIPTION

Applicants are asked to provide an outline investment proposal ("Business Plan") in relation to the Financial Instrument. The Business Plan should provide concise information on the following items:

### Market

- Detailed description of the targeted market segment;
- Co-operation and/or competition with the relevant partners in the market.

### Investment strategy

- Fund focus, including stage and sector (investment criteria);
- Fund size and justification (in this context being also the justification for, and intended use of, the contribution from the OP Competitiveness);
- Expected number of investee companies and planned investment rate including follow-on policy;
- Describe envisaged strategy for risk diversification of the Fund's capital (including *inter alia* the maximum concentration per industry sector and the investment limit for a single enterprise);
- Strategy for generation of deal flow, adding-value to investee companies post-investment and exit strategy;
- Financial instruments (mezzanine) used and expected returns.

### Management

- Fund Manager team profile, detailing who would be full-time dedicated to the fund and who would be part-time (with % dedication);
- Relevant team members' CVs (outlining main academic, professional and other relevant experience);
- Relevant team members' track record in mezzanine transactions (incl. names of investee companies, dates of investment/divestment, investment size, exit multiples, role of team member in each transaction, provide references);
- Description of the joint experience of the team members;
- Description of the team organisation (notably in case of multiple offices).
- Description of team members (investment professionals) to be located in Bulgaria, background of the team members located in Bulgaria, description of their relevant experience and expertise to address the Bulgarian market, including their ability to communicate in English and Bulgarian;
- Built-in capacity to operate in the Bulgarian market before as well as after 2015;
- Credentials of efficient management for the whole of the life-span of the fund;
- Describe governance and legal structure foreseen;
- Information on members of the advisory or investment committees, if such to be created;
- Applicant's risk management methodology, procedures and systems;
- Detail the shareholder base/ownership of the Applicant and the envisaged shareholder base for the fund management company, if it's planned to set up a new entity as a fund manager;
- Detail the history of the Applicant and its previous/existing business activities, particularly describing any activity having potential of conflicts of interest with the planned fund;
- Independence of management team;
- Measures proposed to deal with conflicts of interest.

### Terms and conditions

- Main economic terms, including management costs (operational budget of the Financial Instrument) and incentive structure proposed;
- Indicative private investor commitment (information including any already existing firm commitments, serious negotiations and fundraising plan);
- Indicative investment from fund management company and the management team into the Fund;
- Indicative investment requested from JHF;
- Winding-up provisions of the Financial Instrument, including the return of resources from the Financial Instrument to the JHF.

The business plan should be consistent also with the Part II Selection Criteria from the Appendix 2.

There is no set expectation on the document's length, but the Applicants are encouraged to be concise.

## Appendix 3 to ANNEX 1

### LIST OF DOCUMENTS ATTACHED<sup>6</sup>

- 1) Copy of Applicant's registration Certificate, if applicable;
- 2) Copy of Applicant's VAT Certificate, if applicable;
- 3) Copy of identity card, passport or any other document which can be used for identification purposes, for the Applicant's Representative;
- 4) Appropriate evidence of the representative's authorisation to act for and on behalf of the Applicant (signatory powers);
- 5) Declaration on absence of conflict of interest as per template provided in Appendix 4, duly signed;
- 6) Statement regarding situations of exclusion as per template provided in Appendix 5, duly signed.
- 7) Statement regarding situations of exclusion - 2 as per template provided in Appendix 6: Declaration of compliance with Community and National rules and policies, duly signed;

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<sup>6</sup> Copies of original documents as well as uncertified translations in English would be sufficient.

## Appendix 4 to ANNEX 1

### DECLARATION OF ABSENCE OF CONFLICT OF INTERESTS

The undersigned declares that neither (i) the Applicant nor (ii) he/she/they personally as authorised representative(s) of the Applicant have a direct or indirect interest of such a nature and scale that may affect the performance of the tasks assigned to the Applicant under any Operational Agreement referred to in the Call for Expression of Interest No. JER-009/4.

The undersigned is/are aware that a conflict of interest could arise in particular as a result of economic interests, political or national affinities, family or emotional ties, or any other relevant connection or shared interest.

The Applicant will inform EIF, without delay, of any situation constituting a conflict of interest or which could give rise to a conflict of interest.

Furthermore, the Applicant and the undersigned in his/her/their capacity as duly authorised representative(s) of the Applicant confirm to have read the EIF Anti-Fraud Policy and declare not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Operational Agreement and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to signing of the Operational Agreement.

Yours sincerely,

Signature:

Name and position in capitals:

Applicant's name:

Place:

Stamp of the Applicant's (if applicable):

Date (day/month/year):

## Appendix 5 to Expression of Interest

### STATEMENT REGARDING SITUATIONS OF EXCLUSION - 1

The undersigned certifies/certify that the (Applicant) is not in any of the situations which would exclude it from taking part in this Call for Expression of Interest and accordingly declare(s) that the (Applicant):

- i) has never been the subject of a conviction by final judgment for one or more reasons listed below:
  - participation in a criminal organisation, as defined in Article 2 (1) of the Council Joint Action 98/733/JHA<sup>7</sup>;
  - corruption, as defined in the Council Act of 26 May 1997 and in Article 3 (1) of the Council Joint Action 98/733/JHA;
  - fraud within the meaning of Article 1 of the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities' financial interests<sup>8</sup>;
  - money laundering as defined in the Directives 2005/60/EC<sup>9</sup> of 26 October 2005 and 2006/70/EC<sup>10</sup> of 1 August 2006, and Directive 2001/97/EC of 4 December 2001<sup>11</sup>;
- ii) has not performed any act which may be qualified as illegal activity in the meaning of the terms of the EIF Anti-Fraud Policy;
- iii) is not bankrupt or is being wound up, where its affairs are not being administered by the court, where it has not entered into an arrangement with creditors, where it has not suspended business activities or is not in any analogous situation arising from a similar procedure under national laws and regulations;
- iv) is not the subject of proceedings for a declaration for bankruptcy, for an order for compulsory winding up or administration by the court or of an arrangement with creditors or of any other similar proceedings under national laws and regulations;
- v) is not "a firm in difficulty" within the meaning of Article 2.1 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty<sup>12</sup>;

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<sup>7</sup> Joint Action of 21 December 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on making it a criminal offence to participate in a criminal organisation in the Member States of the European Union (Official Journal of the European Union L351 of 29.12.1998), as amended from time to time.

<sup>8</sup> Council Act of 26 July 1995 drawing up the Convention on the protection of the financial interests of the European Communities (Official Journal of the European Union C316 of 27.11.1995), as amended from time to time.

<sup>9</sup> Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (Official Journal of the European Union L309 of 25.11.2005), as amended from time to time.

<sup>10</sup> Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis (Official Journal of the European Union L214 of 4.8.2006), as amended from time to time.

<sup>11</sup> Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering (Official Journal of the European Communities L 344 of 28.12.2001), as amended from time to time.

- vi) no member of its senior management has been convicted as a consequence of a judgment which has the force of *res iudicata*, in accordance with the legal provisions of the country of any offence concerning its professional conduct;
- vii) no member of its senior management has been guilty of grave professional misconduct;
- viii) has fulfilled obligations relating to the payment of social security contributions in accordance with the legal provisions of the country in which it is established;
- ix) has fulfilled obligations relating to the payment of taxes in accordance with the legal provisions of the country in which it is established and in the countries where it operates, as applicable;
- x) is not found to have provided serious misrepresentation in supplying the information required in accordance with the Call for Expression of Interest or has supplied such information.

The Applicant and the undersigned in his/her/their capacity as duly authorised representative of the Applicant commit to provide all evidence to the above, upon request by EIF.

Signature:

Name and position in capitals:

Applicant's name

Place:

Stamp of the Applicant (if applicable):

Date (day/month/year):

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<sup>12</sup> Communication from the Commission – Community Guidelines on State aid and restructuring firms in difficulty (Official Journal of the European Union C 244 of 1.10.2004), as amended or substituted by future Community guidelines from time to time.

## Appendix 6 to Expression of Interest

### STATEMENT REGARDING SITUATIONS OF EXCLUSION - 2

#### DECLARATION OF COMPLIANCE WITH COMMUNITY AND NATIONAL RULES AND POLICIES

The undersigned certifies/certify that the (Applicant) is not in any of the situations which would exclude it from taking part in this Call for Expression of Interest and accordingly declare(s) that the (Applicant):

- i) Complies with all Community and National rules and policies in relation to Competition and confirms its willingness and readiness to undertake its responsibility for ensuring that investments made under this Financial Instrument respect the provisions specified in Annex 2;
- ii) Complies with all Community and National rules and policies in relation to the goal of protecting and improving the environment and promoting sustainable development;
- iii) Complies with all Community and National rules and policies in relation to gender equality and non-discrimination;
- iv) Confirms its willingness and readiness to respect the information and publicity provisions applicable to this Financial Instrument.

Yours sincerely,

Signature:  
Name and position in capitals:  
Applicant's name  
Place:

Stamp of the Applicant's (if applicable):

Date (day/month/year):



**ANNEX 2 to the Call for Expression of Interest No JER-009/3  
Financial Instrument: Description and Selection Criteria**

Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest, unless otherwise defined below or the context requires otherwise.

Unless the contrary intention appears, words in the singular include the plural and words in the plural include the singular.

**Part I: Description of the Financial Instrument:**

<b>Financial Instrument</b>	Mezzanine Fund (or “Fund”). One or more Financial Instruments will be created, depending on the results of the Call and subsequent selection process.
<b>Fund Manager</b>	Financial Intermediary selected by EIF to manage a Mezzanine Fund. The Fund Manager will comprise a team of experienced professionals, operating according to best industry practices, complying with professional standards issued by the EVCA <sup>1</sup> or other equivalent organisation. Such team will be expected to act independently. One or more Fund Managers (Financial Intermediaries) will be selected as a result of the Call and subsequent selection process.
<b>Indicative maximum amount of funding foreseen for the Financial Instrument (JHF contribution)</b>	Up to Euro 30 million.
<b>Investment amount per Eligible Beneficiary</b>	No regulatory limitations given the absence of State Aid. The diversification rules (strategy) should be based on market standard practices and should be clearly provided in detail.
<b>Financial Instrument availability (Fund duration)</b>	Up to 10 years, with the possibility of extension for 2 years.
<b>Fund’s investment period</b>	Initial investments in Eligible Beneficiaries have to be made before 31 December 2015. Follow-on investments may be made throughout the duration of the Fund. The disbursements will follow the asymmetric disbursement schedule described below under “Schedule of disbursements”.
<b>Type of investments</b>	The Fund will provide mezzanine funding. Mezzanine is defined as hybrid debt/equity financing combining a loan component with an equity or equity-like instrument.

<sup>1</sup> European Private Equity and Venture Capital Association.

<b>Eligible Beneficiaries</b>	<p>The Fund will target SMEs as defined under Commission Recommendation 2003/361/EC and Small and Medium-Sized Enterprises Act of the Republic of Bulgaria, which are not “firms in difficulty” within the meaning of Article 2.1 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty<sup>2</sup>, as amended or substituted by future Community guidelines (“Eligible SMEs”). The Fund may be allowed, under certain circumstances, to target Eligible Mid-Caps up to a maximum of 30% of the fund size.<sup>3</sup> No investment will be made in a company which is neither an Eligible SME nor (if allowed) an Eligible Mid-Cap (altogether the “Eligible Beneficiaries”).</p> <p>Eligible Beneficiaries must be registered under Commerce Act of Bulgaria and have their main place of business in Bulgaria.</p>
<b>Excluded sectors and activities</b>	<p>Investments can be made in Eligible Beneficiaries active in all sectors of the economy, with the exception of:</p> <p>A.</p> <ul style="list-style-type: none"> <li>i. Arms production and trading;</li> <li>ii. Gambling;</li> <li>iii. Tobacco;</li> <li>iv. Human cloning;</li> <li>v. Genetically Modified Organisms.</li> </ul> <p>This list may be updated. The Applicant should refer to the EIF Policies as published on the EIF website.</p> <p>B.</p> <p>The following sectors as listed in NACE Rev. 2:<sup>4</sup></p> <p style="text-align: center;">Section A - Agriculture, forestry and fishing</p>
<b>Governing law and language</b>	<p>The legal documentation of the Fund shall be in the English language and shall be governed by the laws of the country of incorporation within the European Union. All Fund related entities, such as general partner, management company, advisor, carried interest vehicle, team members investment vehicles, <i>et similia</i>, shall be incorporated within the European Union. Any cross border element of the structure shall be highlighted and justified.</p>
<b>State aid regime</b>	<p>The investment in the Financial Instrument, and the investments of the same into Eligible Beneficiaries, is free of State aid elements.</p>
<b>Private Investors</b>	<p>“Private Investors” shall be deemed to be any investors which, in the reasonable determination of the Fund Manager, are normal economic operators (i.e. investors operating in circumstances</p>

<sup>2</sup> Official Journal of the European Union C 244 of 1.10.2004.

<sup>3</sup> Inclusion of Eligible Mid-Caps as Eligible Target Beneficiaries as defined above is subject to an official decision of the European Commission on the modification of the OP Competitiveness Such a decision should be taken by the time of selection of Financial Intermediaries to manage the Financial Instrument.

<sup>4</sup> Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

	<p>corresponding to the market economy investor principle) in a free market economy, irrespective of the legal nature and ownership structure of such operators. The Private Investors' participation in the Financial Instrument shall constitute, at any time, at least 50 % of the total capital of the Financial Instrument. As a consequence, no closing may take place unless the private participation has reached such minimum limit.</p> <p>In this context, the JEREMIE Holding Fund will be deemed to act as a public investor.</p>
<b>Management Costs of Fund</b>	<p>The management costs of the Financial Instrument shall be according to market practice and shall not exceed, on a yearly basis, 3% of the committed capital during the investment period and of the invested capital thereafter.</p> <p>For the purposes of the above, the management costs shall be deemed to include any fees, expenses and costs necessary to set up and manage the Financial Instrument.</p>
<b>Schedule of disbursements</b>	<p>In principle, all amounts paid by the JHF should be totally disbursed and spent, either towards investments or management costs, before the end of 2015. In order to cater for this, the Mezzanine Fund's schedule of disbursement by the Private Investors and the JHF may be asymmetrical. As it is currently envisaged, for any expenses of the Financial Instrument, the JHF will initially contribute 100% of the amount necessary to cover said expenses, whilst the Private Investors will pay out their respective share of the drawdown amount, e.g. 50%, into an interest-bearing escrow account. The amounts in the escrow account would not be utilised until all JHF monies have been drawn down and either invested into Eligible Beneficiaries or paid as management costs, or until the beginning of 2016. In any case, the mechanism to be eventually put in place shall ensure that the underlying economic interests of, and the risks taken by the JHF and the Private Investors, will be aligned throughout the existence of the Fund. The mechanics of the disbursements and the escrow arrangement will be set out in the Operational Agreement.</p>
<b>JHF/ Private Investor ranking</b>	<p>The JHF and the Private Investors in the Mezzanine Fund will rank "pari-passu". Public and private investors will share exactly the same upside and downside risks and rewards and hold the same level of subordination.</p>

<b>Fund's due diligence before investments</b>	The Fund Manager will make investment decisions based on each investment's business plan, which should contain product description, turnover and profitability calculations and forecasts, previous assessment of project viability, as well as each investment's clear and real exit strategy compatible with relevant EC regulations.
<b>Fund's distribution cascade</b>	The distributions of proceeds from a Fund will be made according to the schedule below: 1. First, 100% to the Private Investors and the JHF (pro-rata to their underlying economic interest) until they have received distributions in aggregate equal to the total capital commitments; 2. 6% Hurdle Rate: Second, 100% to the Private Investors and the JHF (pro-rata to their underlying economic interest) until each investor has received sums equal to a 6% cumulative annual rate of return on their contributions drawn down and not yet returned; 3. Fund Manager Catch-up: Third, 100% to the Fund Manager until the Fund Manager has received an additional amount equal to 25% of the total preferred returns distributed to the investors under paragraphs above; and 4. 80/20 Split: Thereafter, 80% to the Private Investors and the JHF, and 20% to the Fund Manager (Carried Interest).
<b>Additional features of the Financial Intermediary</b>	The Fund Manager will manage the Fund based on commercial principles. Investors' representatives shall be appointed in appropriate advisory committee structures to review inter alia Fund corporate governance. In the management of the Fund, the Financial Intermediary shall apply best practices and perform control applicable to the public nature of JHF investment, inter alia considering guidelines developed by EVCA.
<b>Reporting</b>	The Fund Manager shall provide EIF with periodical information in a standardised form and scope, in compliance with structural funds regulations, as to be specified in the Operational Agreement.
<b>Monitoring and Audit</b>	The Fund Manager and the relevant Eligible Beneficiaries shall agree to allow and to provide access to documents related to the Financial Instrument for the representatives of the European Commission (including the European Anti-Fraud Office (OLAF)), the Court of Auditors of the European Communities, EIF, OP Competitiveness Managing Authority <sup>5</sup> and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. To that effect, the Fund Manager shall include appropriate provisions in each investment agreement with Investment Targets.

<sup>5</sup> National public authority designated by GoB to manage the OP Competitiveness, as referenced in the Funding Agreement.

<b>Publicity</b>	<p>The Fund Manager, in line with applicable law, Structural Funds publicity provisions, and Reg. 1828/2006, shall carry out adequate marketing and publicity campaigns aimed at making the JEREMIE initiative known to the Eligible Beneficiaries in Bulgaria.</p> <p>The selected Financial Intermediaries will be also required to provide the publicity as set in the regulation (1828/2006).</p>
<b>Additional Structural Fund requirements</b>	<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 been presented in this Annex, hereabove (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 Intermediary during the contractual negotiations process.</p>
<b>Additional requirements</b>	<p>The Applicant shall refer to EIF Policies, in particular:</p> <ul style="list-style-type: none"> <li>- Anti Fraud Policy;</li> <li>- Policy on Offshore Financial Centres &amp; Governance Transparency;</li> </ul> <p>published on the EIF website.</p>

## Part II: SELECTION CRITERIA for the Financial Intermediary

1.	ELIGIBILITY CRITERIA	System of appraisal
		Yes/ No
<b>A.</b>	<b>Receivability</b>	
1.1.	The Expression of Interest is submitted within the Deadline;	
1.2.	The Expression of Interest is submitted both by registered mail and e-mail;	
1.3.	The Expression of Interest is completed and submitted in English;	
1.4.	The Expression of Interest is duly signed;	
1.5.	The Expression of Interest is prepared in accordance with Annex 1 to the Call for Expression of Interest. All necessary supporting documents are provided.	
<b>B.</b>	<b>Eligibility</b>	
1.6.	Applicant's absence of conflict of interest (as per template provided in Appendix 4 to the Expression of Interest);	
1.7.	Applicant and its senior management are not in any situation of exclusion (as per template provided in Appendix 5 to the Expression of Interest);	
1.8.	Ability to communicate in Bulgarian and English;	
1.9.	The Expression of Interest addresses all the items set out in the Project Description (Appendix 2 to Annex 1);	
1.10.	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 Annex 2);	
1.12.	Applicant commitment for own investment in the Fund of at least 1% of the total Fund size.	

2.	QUALITY ASSESSMENT CRITERIA	WEIGHTING
2.1.	<p><b>Project Relevance, Quality and Coherence</b></p> <p>2.1.1. Evaluation of the Fund focus and proposed investment strategy, including viability of Fund's size;</p> <p>2.1.2. Evaluation of the Fund Manager team profile, stability and ability to implement the Financial Instrument.</p> <p>2.1.3. Assessment of operational, financial, technical and VC competences;</p> <p>2.1.4. Track record of the Fund Manager team (specifically in Bulgaria);</p> <p>2.1.5. Capability as members of boards and/or committees of an investment and/or advisory nature;</p> <p>2.1.6. Evaluation of Applicant's investment processes, including dealflow generation, ability to invest, ability to add value to companies and exit strategy;</p>	60 points
2.2.	<p><b>Project Maturity</b></p> <p>2.2.1. Demonstration of ability to raise at least 50% of the Fund from private investors at the earliest possible date within an estimated 6 months period from the date when each selected Fund Manager is announced;</p> <p>2.2.2. Demonstration of ability to source deals in Bulgaria (Eligible Beneficiaries);</p>	20 points
2.3.	<p><b>Institutional Capacity &amp; Sustainability</b></p> <p>2.3.1. Fund Manager organisation, structure and long-term viability;</p> <p>2.3.2. Assessment of the corporate governance in place;</p> <p>2.3.3. Assessment of legal structures and independence;</p> <p>2.3.4. Terms and Conditions, including management fee and profit share arrangements;</p> <p>2.3.5. Assessment of the alignment of interests between the Fund Manager and the Investors;</p> <p>2.3.6. Assessment of Reporting and Control Procedures.</p>	20 points