



## Call for Expression of Interest to select Financial Intermediaries to implement a Documentary Finance Facility

The objective of this 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 Documentary Finance Facility (the "Facility"), as further described below. All applications for guarantees under the Documentary Finance Facility to be submitted to the EIF should conform to the Call. In addition to this explanatory document, the Call contains the following documents:

- Annex I: Expression of Interest to be completed by applicants;
- Annex II: Indicative term sheet for the Guarantee;
- Annex III: Terms of Confidentiality

### 1. Documentary Finance Facility

The Documentary Finance Facility ("the Facility") is designed to address the policy objective of the Bulgarian Ministry of Economy of promoting the internationalisation and diversification of the local economy. The Facility will provide increased access to finance through capital relief and loss protection via the provision of a portfolio guarantee to financial intermediaries ("FI") for portfolios of new debt finance. The Facility will blend resources from the JEREMIE initiative, EIF own capital and potentially the National Guarantee Fund.

### 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 call concerns the selection of Financial Intermediaries (as defined below) by the EIF, in order to implement Financial Instruments funded 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 a Documentary Finance Facility for the benefit of Bulgarian enterprises.

The total amount of JEREMIE reflows available for the instrument is up to EUR 30 million.

### 3. Eligible Financial Intermediaries

In respect to Guarantees provided under the Facility this Call for Expression of Interest is addressed and restricted to public or private credit or financial institutions or loan (debt) funds, in each case, duly authorised to carry out lending or leasing activities according to the applicable legislation, established and operating in Bulgaria.

Financial Intermediaries shall represent that they do not perform activities which are considered illegal according to the applicable legislation in Bulgaria.

Financial Intermediaries shall represent that they are not in any of the situations of exclusion, as further described in the appendix 2 of Annex I to the Call of Expression of Interest.

Financial Intermediaries 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.

Furthermore, Financial Intermediaries shall acknowledge the EIF Anti-Fraud Policy which sets out the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing (please refer to EIF website)<sup>1</sup>, as amended from time to time, and shall take appropriate measures (as may be further specified in the Guarantee Agreements) to (i) facilitate implementation of such policy as well as to (ii) undertake to support investigations performed by the EIF or the European Investment Bank in connection with actual or suspected prohibited conduct.

[http://www.eif.org/attachments/publications/about/Anti\\_Fraud\\_Policy.pdf](http://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf)

### 4. Definitions and Interpretation

In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them below or as elsewhere defined in this document and its Annexes, unless the context requires otherwise.

<b>Applicant</b>	Means an entity applying to this Call for Expression of Interest as a potential, future Financial Intermediary.
<b>Agreed Portfolio Volume</b>	Means the maximum aggregate amount of principal of newly originated Eligible Transactions to be included in the Portfolio, as further described respectively in the Annex II (Indicative Guarantee Term sheet).
<b>Transaction</b>	Bank Guarantees, Letters of Credit, revolving credit lines entered into for issuing Bank Guarantees and Letters of Credit, multi-purpose

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	loans, or any other type of debt financing specified in the Guarantee Agreement entered into during the Inclusion Period, which comply with all relevant Eligibility Criteria.
<b>Deadline</b>	Means 19 November 2018
<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>Expression of Interest</b>	Means an application to the Call for Expression of Interest submitted to EIF within the Deadline, conforming to the provisions of Annex I to this Call for Expression of Interest.
<b>JEREMIE</b>	Means the initiative “Joint European Resources for Micro to Medium Enterprises” launched by the Commission and EIF, as member of the EIB Group, in order to promote increased access to finance for the development of SMEs in the European Union;
<b>JHF Reflows</b>	Funds made available from the returns made to the JHF from the previous JEREMIE portfolio operations, to be used to finance new Financial Instruments in line with JEREMIE Recycled Funds Investment Strategy.
<b>Non-Cooperating Jurisdiction</b>	Means any jurisdiction classified as “non-compliant” by the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange of Information for Tax Purposes, from time to time (please refer to the <a href="#">Information Note to Financial Intermediaries</a> published on the EIF website for further details).
<b>Participating Entities</b>	Means, in case a joint application to the Call for Expression of Interest is submitted covering the Applicant and at least one additional potential future Financial Intermediary, each and every additional potential future Financial Intermediary covered by such joint application.
<b>Portfolio</b>	Means the portfolio of Eligible Transactions originated directly by the Financial Intermediary and covered by a Guarantee Agreement.

### 5. The application procedure

A financial institution interested in applying to this Call for Expression of Interest shall submit an application to EIF before the Deadline to be considered as a possible Financial Intermediary under the Facility.

It is to be noted that financial institutions may group together for the Facility through submitting a joint Expression of Interest. In the Expression of Interest one coordinating entity shall act as the Applicant. The Applicant shall apply in the name and on behalf of the Participating Entities and shall indicate to the EIF the basis for the joint application.

Following selection of such joint application one Guarantee Agreement may be signed with the Applicant and Participating Entities or, alternatively, separate Guarantee Agreements may be

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signed with the Applicant and each Participating Entity. The ultimate decision on the form of the agreement(s) shall be made at the discretion of the EIF.

In accordance with Annex I to this Call for Expression of Interest, the application should include the Applicant's identification and the Information Requirements with supporting documents.

Information Requirements (as further specified in the Appendix 3 to the Annex I) should place particular emphasis on:

- 1) Proposed portfolio volume and estimated absorption capacity, i.e. expected volumes of Transactions to be included in the Portfolio;
- 2) The proposed transfer of benefit conditions;
- 3) Description of the products offered to SMEs and Small Mid-Caps in the documentary finance area;
- 4) Operating principles (risk assessment, collateral requirements, pricing policy);
- 5) Transaction origination and historic performance data.

In case of joint Expressions of Interest, all information required under Appendix 3 to the Annex I must be provided for the Applicant and each and every Participating Entity covered by the joint application.

Applicants may send questions regarding the Call for Expression of Interest or the nature and features of the Guarantees Agreements to the email: [JER09-09@eif.org](mailto:JER09-09@eif.org). EIF may publish from time to time the resulting answers in the form of FAQ (Frequently Asked Questions) document posted in the FoF section of the EIF's website ([www.eif.org](http://www.eif.org)). EIF reserves the right to update the FAQ document from time to time as and when it regards appropriate.

### 6. Language and governing laws

The Expression of Interest shall be prepared in English.

The terms of the Guarantee Agreement shall be in English. The Guarantee Agreement shall be governed by the laws of Luxembourg.

Financial Intermediaries acknowledge that they may be requested to use a digital signature for the purpose of signing the Guarantee Agreement.

### 7. Submission of Expression of Interest

The Deadline for submission of the Expression of Interest is 19 November 2018, provided that EIF may, at its sole discretion, determine that the Deadline will end on an earlier date or will be extended, depending, inter alia, on the availability of budgetary resources for the Facility. Any change in the Deadline will be announced officially in the Facility's dedicated web page on EIF's website.

The Expression of Interest shall be submitted before the Deadline by e-mail to: [JER09-09@eif.org](mailto:JER09-09@eif.org) stating in the subject, as appropriate, "Documentary Finance Facility BG – Expression of Interest: [name of the Applicant]", and should contain the complete set of relevant documentation,

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including the Expression of Interest duly signed and any attachment to it (in PDF or other applicable electronic format).

The Deadline applies to the reception of the e-mail by EIF.

An acknowledgement of receipt will be sent to the relevant Applicants by EIF via e-mail, which shall state the confirmation that the Expression of Interest was received before the Deadline. The submission of Expression of Interest will only be considered as effective once this acknowledgement of receipt has been sent.

The acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith. The acknowledgement of receipt does not constitute any kind of assessment or acceptance of the Expression of Interest or related documents.

The Applicants may withdraw, in the same manner as specified above, their Expression of Interest at any stage of the selection process.

### **8. Selection procedure**

Financial Intermediaries 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 statutes and in conformity with best business and market practices.

The Expressions of Interest for the Guarantee under the Facility shall be subject to the uniform selection process.

Following the receipt of the Expression of Interest, EIF shall assess the applications pursuant to the selection process outlined in the Section 8 of this Call for Expression of Interest. This process comprises:

1. Pre-selection
2. Due diligence
3. Selection

Following the pre-selection based on the Expression of Interest EIF shall perform a due diligence of the pre-selected Applicant, as a result of which EIF will decide whether or not to propose to its governing bodies for approval entering into a Guarantee Agreement under the Facility. However, the decision to perform a due diligence visit shall be at the discretion of the EIF. In any phase of the selection process until and prior to entering into a legally binding agreement with an Applicant, EIF reserves for itself full discretion to consider or not Applicants (and Participating Entities as the case may be), and no Applicant or Participating Entity has any claim or other right or may expect to be ultimately selected as Financial Intermediary. Any negotiation of terms and conditions of Guarantee Agreements by no means entails any obligation for EIF to enter into such Guarantee Agreement with the relevant Financial Intermediaries. EIF shall also have sole discretion to decide on the allocation of available amounts to Financial Intermediaries, including proposing a reduction of the volumes requested by the Financial Intermediary.

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EIF shall send a rejection notice to Applicants whose Expression of Interest was rejected during any stage of the selection process.

Those Applicants, whose Expression of Interest is rejected, shall have the right to submit a written complaint about the selection process by e-mail, registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within the timeline provisioned within the relevant EIB Group complaints policy. Any complaints will be dealt within the framework and in accordance with the EIB Group complaints policy (for further information visit <http://www.eib.org/about/publications/complaints-mechanism-policy.htm>). Any personal data provided by the Applicants shall be processed by EIF in compliance with its Data Protection Statement and the Regulation (EC) 45/2001 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.

([http://www.eif.org/attachments/eif\\_data\\_protection\\_statement\\_financial\\_intermediaries\\_due\\_diligence\\_en.pdf](http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf))

### 8.1. Pre-selection

Applications for the Guarantee will be assessed by EIF for pre selection on the basis of the Expressions of Interest, on a “first come, first assessed” basis. When assessing the application, EIF will use its professional analysis and judgment.

The pre-selection comprises:

- 1) Formal assessment of the application;
- 2) Evaluation of the application quality;
- 3) Assessment of the contribution of the application to the overall Facility.

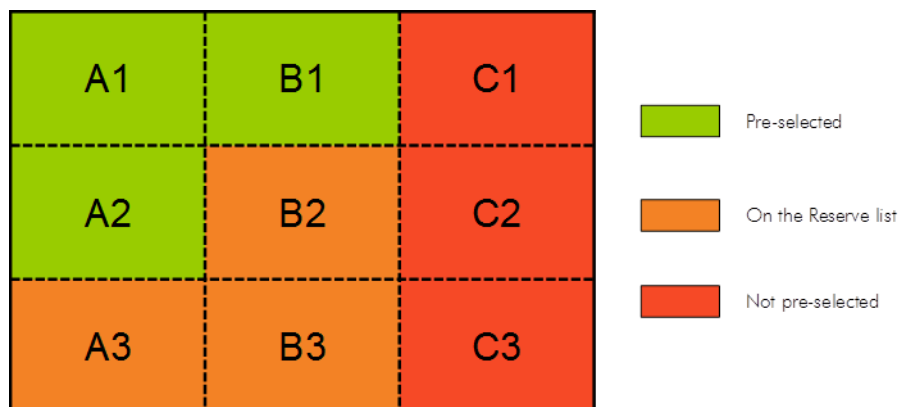
Only applications that meet the formal criteria, as further described in the section 8.1.1, may continue to go through the quality assessment process.

In the quality assessment, as further described in the section 8.1.2, EIF will evaluate the overall quality of the application. All criteria listed under section 8.1.2 are assessed at the discretion of EIF with equal importance, which means the pre-selection process does not give specific weight to any one of these criteria. Based on the quality assessment, EIF shall assign the “quality score” to the application, being A, B or C.

EIF will also assess the likely impact of the expected Portfolio indicated in the application on the aggregate Facility, according to the section 8.1.3. Based on this assessment EIF shall assign the “portfolio score” to the application, being 1, 2 or 3.

Only applications with combined “quality” and “portfolio” scores A1, A2 or B1 are pre-selected. Applications with combined scores C1, C2 or C3 are not pre-selected. Applications with combined scores A3, B2, B3 are included in a reserve list, which remains valid until 31 December 2020.

The application classification table below summarizes possible pre-selection outcomes:



All Applicants will be sent a notification about the result of the pre-selection process which can be either:

1. Pre-selection for the Due Diligence phase;
2. Placement of the Expression of Interest on the reserve list; or
3. Rejection of the Expression of Interest for not fulfilling the pre-selection criteria.

Pre-selected Applicants are advanced to the Due diligence phase of the selection process as referred to in section 7.2. Applicants listed on the reserve lists may be considered for pre-selection upon availability of the budgetary resources.

EIF will communicate the outcome of the pre-selection to each Applicant via e-mail. For pre-selected Applicants, if after 6 months from the date of the communication no agreement could be found with the Applicant as to how a transaction, meeting the programme requirements, would be structured, EIF reserves the right to consider such Expression of Interest as reserve listed.

### Reserve List

In addition to the placement of Applicants on a reserve list on the basis of the outcome of the assessment process described above, EIF reserves the right to also place Applicants on a reserve list in case that the aggregate demand expressed from already pre-selected Applicants is equal to or exceeds the funds available under the Call. The reserve list will remain valid until 31 December 2020.

During this period of time and in case EIF does not proceed further with any of the pre-selected Applicant(s) or if additional funding is made available, Applicants on the reserve list may be considered for pre-selection depending upon the availability of the budgetary resources.

EIF may suspend or abandon the pre-selection process at any time and no Applicant may claim any right to be pre-selected or included on the reserve list as described above.

EIF shall assess whether the application for the Facility has been prepared in accordance with the provisions of this Call for Expression of Interest according to the formal criteria:

- 1) The Applicant (and any Participating Entity as the case may be):
  - a) is established and operating in Bulgaria;

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- b) is authorised to carry out their business under the applicable regulatory framework;
  - c) is not established in a Non-Cooperating Jurisdiction;
  - d) is not in the situation of exclusion, as validly represented in the form outlined in appendix 2 of Annex I to the Call of Expression of Interest;
  - e) does not perform any illegal activities according to the applicable legislation of the country of establishment of the Applicant (or Participating entity), as validly represented in the Expression of Interest;
- 2) The Expression of Interest has been submitted and prepared in accordance with the Call for Expression of Interest and that all required representations, information and supporting documentation required thereunder are provided (in the form requested, where specified).

If needed for the assessment of the above formal criteria, EIF may require the Applicants to provide additional information or clarifications. The applications that do not conform to the formal criteria are rejected. If the Applicant or any Participating Entity covered by the application does not comply with the formal criteria, the entire application is rejected.

### 8.1.2 Quality assessment

After the formal check of the received Expressions of Interest and after having obtained any additional information or clarifications from Applicants, if and as needed, the EIF will pre-select the Applicants (and any Participating Entities as the case may be) according to the criteria set out below, in no particular order of priority:

1. Quality and plausibility of the Facility implementation proposal;
2. Financial standing of the Applicant (and any Participating Entities as the case may be) as evidenced by its external credit rating and/or by the EIF financial analysis of the Applicant/Participating Entity;
3. Operational capability of the Applicant (and any Participating Entities as case may be) to assess and manage risk;
4. Ability to provide the required data for EIF to properly conduct its analysis and assessment of the Applicant's track record and future activity;
5. Experience and ability of the Applicant (and any Participating Entities in case of joint Expressions of Interest) to provide or to support financing to SMEs within a predefined timeframe. This shall be assessed by EIF based inter alia on track record of financing SMEs;
6. Envisaged composition of the Portfolio, credit quality, granularity and diversification;
7. The proposed transfer of benefit conditions for Transactions included in the Portfolio.

### 8.1.3. Portfolio contribution assessment

EIF, when making their pre-selection decisions will consider, inter alia, the impact of the application on the risk profile of the Facility. EIF will aim at the appropriate composition of the Facility aggregate portfolio, adequate credit risk profile, granularity and diversification of the overall Facility. The credit risk contribution of the proposed Portfolio to the Facility shall be confirmed based on the results of the due diligence at the Selection stage (see 8.2 and 8.3).



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### 8.2. Due diligence

Pre-selected applications will be followed up with the due diligence process, carried out in accordance with the EIF's internal rules and procedures, where financial and operational matters relating to the Facility's implementation shall be analysed in more detail. The aim of the due diligence is to assess the content of the application based on, *inter alia*, the ability to build up the envisaged Portfolio, the proposed transfer of benefit, the risk nature of the envisaged Portfolio, the quality of origination, risk management, collection recovery/workout processes, systems and ability to comply with the reporting requirements. The due diligence may comprise an on-site visit, which shall be at the discretion of the EIF. The due diligence process does not comprise legal negotiations, however EIF may negotiate the Applicant's commercial terms of the proposal as regards the Facility's implementation.

Know Your Customer ("KYC") documents to be included in the Expression of Interest are specified in Appendix 5 of Annex 1 to the Expression of Interest. EIF reserves the right to request further KYC documents from pre-selected applicants.

### 8.3. Selection

Subject to the satisfactory outcome of a due diligence, the EIF may request its governing bodies approval for a Guarantee to be entered into with the selected Financial Intermediary under the Facility. EIF has no obligation to enter into Guarantee Agreement with a (pre-) selected Applicant. The participation of any institution will depend, *inter alia*, on the budget available for the Facility and other considerations made by the EIF such as, without limitation: outcome of the due diligence, impact of the envisaged Portfolio on the Facility (as assessed at EIF's discretion), result of negotiations with the Applicant.

### 8.4. Re-allocations / Allocations during the implementation of the Facility

During the implementation of the Guarantee Agreement(s), and with a view to maximising the efficient use of the budgetary resources and maximising the impact of the Facility, EIF shall have sole discretion to allocate any available amounts, including any additional budget being allocated to the Facility.

## 9. Increases

Following the signature of a Guarantee Agreement, the Financial Intermediary may (pursuant to the terms of the Guarantee Agreement originate and include transactions up to the maximum portfolio volume permitted under the Guarantee Agreement. The Financial Intermediary may request an increase of the maximum portfolio volume by e-mail to [JER09-09@eif.org](mailto:JER09-09@eif.org) outlining the key changes to the initial application, in particular with respect to the implementation and rollout strategy. EIF will consider such requests, subject to available budgetary resources, in line with the steps and criteria set out in 8.1 and 8.3 above, as applicable, and taking into account the current progress in the implementation of the Guarantee Agreement by the Financial Intermediary.

## 10. Publishing of information on the Financial Intermediaries<sup>2</sup> and Final Recipients

10.1. 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, types of the contract entered into and the respective Guarantee amounts.

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>3</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 Guarantee Agreement(s).

### 10.2. EIF Transparency Policy

Within the framework of the EIF's Transparency Policy<sup>4</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.

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

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<sup>2</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>3</sup> The European Commission may request further explanation with respect to any claim to a right to non-publication.

<sup>4</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)

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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.