



In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them in clause 2 (Definitions and Interpretation) below, unless otherwise defined or the context requires otherwise.

Call for expression of interest to select and approve an Applicant in view of its appointment as a Fund Manager to implement an early stage risk capital instrument, i.e. venture capital, in the Western Balkans region, within the Western Balkans Investment Framework and the Western Balkans Enterprise Development & Innovation Facility as further described below ("Call for Expression of Interest" or "CEoI").

Reference number: Call for EoI WB EDIF /ENIF/ 2013

## 1. Introduction

This initiative refers to the establishment of a risk capital fund more particularly focused on equity investments at early, but extending to development and expansion, stages of innovative small and medium sized enterprises ("SMEs"). As described in this CEoI (this risk capital fund is referred to as "**Enterprise Innovation Fund**" or "**ENIF**" or the "**Fund**"). The Fund will be part of the Western Balkans Enterprise Development & Innovation Facility ("**WB EDIF**") a project initiated in the context of the Western Balkans Investment Framework ("**WBIF**"). The purpose of the CEoI is to select and approve an Applicant in view of its appointment as a Fund Manager (as defined below) for ENIF in accordance with the terms and conditions set out below.

### A. Western Balkans Investment Framework

The WBIF aims to streamline cooperation and increase financing capacity for investments that contribute to socio-economic development and the accession process in the Western Balkans. It pools resources from the European Commission, the partner International Financial Institutions, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, and the European Investment Bank, as well as Bilateral Donors. The WBIF focuses on key sectors of the Western Balkans economies including energy, environment, transport, social infrastructure and private sector development.

## B. Western Balkans Enterprise Development & Innovation Facility

The Steering Committee of WBIF endorsed a comprehensive private sector development project, the Western Balkans Enterprise Development & Innovation Facility. It is the first initiative in the private sector development and particularly in the SME access to finance area initiated through the WBIF. The WB EDIF proposal was put forward by Serbia on behalf of the Beneficiaries in the region and has been supported by the EIB/EIF and EBRD.

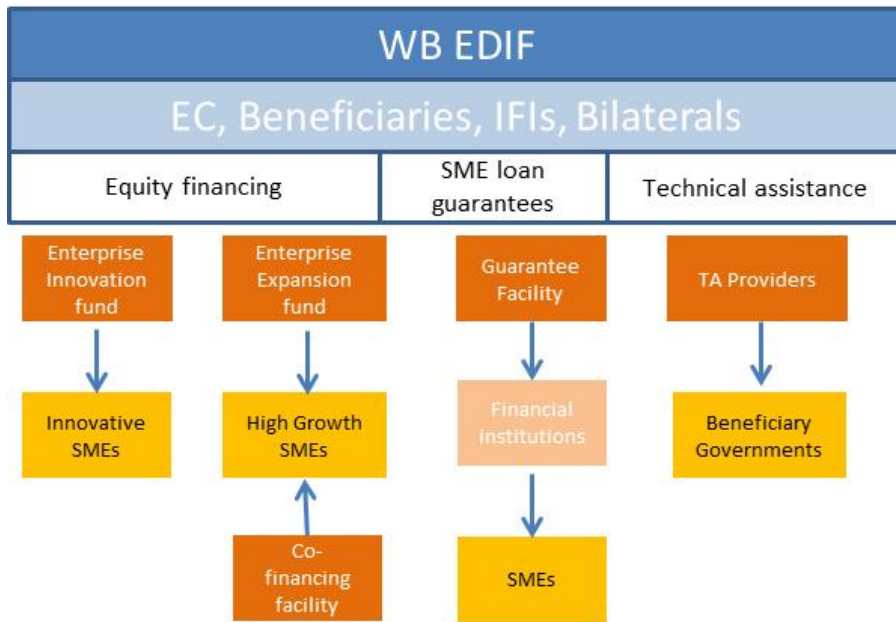
Over the period 2011-2015, the WB EDIF notably intends to attract approximately EUR 145 million of initial capital from the EC, IFIs, Beneficiaries and Bilateral Donors. Over time, the WB EDIF can become a flexible channel for attracting and leveraging finance for private sector development in the Western Balkans region.

The WB EDIF intends to provide for a comprehensive set of complementary measures to improve access to finance for SMEs in the Western Balkans and to foster economic development in the region through creation of preconditions for the establishment and growth of innovative and high-potential companies. In doing so, the project also intends to stimulate the emergence of a venture capital market in the region by setting the foundations of a venture capital ecosystem, as well as disseminating best market practices.

To this end, the WB EDIF is expected to:

- provide early to development and expansion stage equity financing to innovative SMEs, through the Enterprise Innovation Fund;
- provide development and expansion capital to established SMEs with high-growth potential in their respective markets, through the Enterprise Development Fund (which for avoidance of doubt is not connected directly to this CEoI);
- improve SMEs access to bank lending and lower the cost of borrowing for expansion stage by providing SME loan portfolio guarantees to financial intermediaries, through a guarantee facility (which for avoidance of doubt is not connected directly to this CEoI); and
- support Beneficiaries' governments in implementation of priority reforms to create favourable regulatory environment for innovative and high-potential SMEs, through a technical assistance component (which for avoidance of doubt is not connected directly to this CEoI).

The diagram below sets out the features of WB EDIF described above:



The WB EDIF intends to address the private sector development issues by coupling the enhanced provision of finance with changes in the regulatory environment for SMEs.

It is brought to the attention of the Applicant that this CEoI has been approved by the WB EDIF's Working Group and EIF has been mandated by the WB EDIF's Working Group to launch this CEoI. The EIF is acting in its capacity of coordinator of the WB EDIF and its role in the selection process of the Fund Manager is limited to the provisions of clause 8 of this CEoI.

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

## 2. 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. In addition to the above, the table below should be read in accordance with the meaning attributed to certain technical and industry-specific terms by Commission Regulation (EC) No. 800/2008 of 6 August 2008 (General Block Exemption Regulation) ("**Reg. 800/2008**")

Additional Investors	means investors in ENIF other than Co-Financing Partners;
Applicant	means a financial intermediary applying to this Call for Expression of Interest in accordance with its terms;
Approved Applicants	has the meaning given to such term in clause 8.3 below;
Beneficiary	means any of Albania, Bosnia & Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Kosovo <sup>1</sup> , Montenegro and Serbia;

<sup>1</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the I C J Opinion on the Kosovo Declaration of Independence

Bilateral Donors	means International Organisations or any countries or geographic regions other than the Beneficiaries;
Business Day	means a day during which EIF Luxembourg office is open;
Call for Expression of Interest or CEoI	means this call for expression of interest;
Co-Financing Partners	means EC, EIF, EBRD, Beneficiaries and other IFIs, and Bilateral Donors; <sup>2</sup>
Council	Council of the European Union;
Deadline	means date mentioned in clause 7 below;
Eligibility Criteria	means the criteria with which the Expressions of Interest and the Applicants must comply with and which are listed in Annex 2 – Part II hereof;
EBRD	European Bank for Reconstruction and Development;
EC or Commission	European Commission;
EIB	European Investment Bank;
EIB Group	the EIB Group consists of the EIB and the EIF;
EIF	European Investment Fund;
Expression of Interest	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;
Fund	Enterprise Innovation Fund;
Fund Manager	the Applicant selected and approved in accordance with the terms and conditions of this Call for Expression of Interest and the process described herein by the WB EDIF Coordinator, and appointed as manager of the Fund, to inter alia, structure, set-up, coordinate the legal establishment and relevant negotiations as well as manage the Enterprise Innovation Fund;

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<sup>2</sup> Several Co-Financing Partners expressed their interest to support the Fund subject to their respective assessments and internal approval processes as well as satisfactory terms and conditions. The amounts available for contribution by such Co-Financing Partners to the Fund may be changed as necessary, particularly if the funding available changes during the project implementation process or the demand for the Fund so requires.

(Multi Beneficiary) Instrument for Pre-Accession (IPA)	means the Instrument that has been created with the objective to continue to support the Beneficiaries in their efforts to strengthen democratic institutions, reform public administration, carry out economic reforms, develop their civil society and advance in regional cooperation and reconciliation, with the ultimate aim of acceding to the EU. IPA is therefore targeted at a wide range of institution-building measures <sup>3</sup> ;
International Organisation	shall have the definition given to such term in the Commission delegated regulation of 29.10.2012 on the rules of application of regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union;
IFI	means international financial institution(s);
Operational Agreement	means an agreement entered into between the Fund Manager, the Co-Financing Partners and any Additional Investors for and in connection with the constitution of the Fund on the basis of this Call for Expression of Interest;
Platform Advisory Group	means the advisory group established within the WB EDIF;
Quality Assessment Criteria	means criteria applied at the sole discretion of EIF to aid the assessment of the suitability of the Applicant and/or the proposed Fund according to the business standards of EIF and which are listed in Part II of Annex 2 hereof;
Selected Applicant	has the meaning given to such term in clause 8.3 below;
Selection Criteria	means the Eligibility Criteria and the Quality Assessment Criteria;
Small and Medium-sized Enterprises or SMEs	means micro, small and medium-sized enterprises as defined in the European Commission Recommendation 2003/361/EC and European Commission Regulation No 800/2008;
Subsequent Selected Applicants	has the meaning given to such term in clause 8.3 below;
Union or EU	European Union;
Western Balkans Enterprise Development & Innovation Facility	means the initiative “Western Balkans Enterprise Development & Innovation Facility” as approved by the 5 <sup>th</sup> Steering Committee of

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<sup>3</sup> Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA), OJ L 210, 31.7.2006, amended by Regulation (EU) N° 540/2010 of the European Parliament and the Council of 16 June 2010.

Innovation Facility(WB EDIF)	the Western Balkans Investment Framework in December 2011 and further described in the introduction (clause 1.B.) of this Call for Expression of Interest ;
Western Balkans Investment Framework	means the investment framework described in the introduction (clause 1.A.) of this Call for Expression of Interest;
WB EDIF Coordinator	means the European Investment Fund as appointed to coordinate the WB EDIF whose responsibilities amongst others includes the preparation of the Call for Expression of Interest (to be approved by the WB EDIF's governing bodies) for the selection of the Fund Manager and, as a result of such Call for Expression of Interest, select and subsequently present the application of the Selected Applicant to the WB EDIF's governing bodies for approval;
Western Balkans	collectively, the Beneficiaries;
Working Group	means the working group established within the WB EDIF.

### 3. WB EDIF Coordinator

European Investment Fund, 15 avenue J.F. Kennedy, L-2968 Luxembourg  
[www.eif.org](http://www.eif.org)

### 4. Description of the activities expected from the Approved Applicant and funding of the Fund

The Approved Applicant will have to establish and implement the Fund; in this context, the Approved Applicant shall notably (i) structure and coordinate the set-up, legal establishment and negotiation of the terms of the Fund and once appointed the Fund Manager shall (ii) source and manage the investment activity of the Fund and (iii) report to the WB EDIF (including the WB EDIF Coordinator) on the progress of the operations of the Fund. The obligations and responsibilities of the Fund Manager shall be further detailed in the relevant Operational Agreements.

The Approved Applicant should, in its structuring responsibilities, ensure that the Fund shall be set up as an independent entity which (i) offers reliable and recognised protection to its investors (ii) need not have legal personality of their own and may be incorporated or non-incorporated; and (iii) is governed by its constitutive documents and relevant agreements between the Fund Manager, Co-Financing Partners (subject to the provisions of the following two paragraph of this clause 4.) and Additional Investors.

As per the project fiche approval of the 5th WBIF Steering Committee in December 2011, it is envisaged that ENIF could potentially be supported by the Co-Financing Partners. The Approved Applicant will also (i) be expected to identify Additional Investors as per the terms in Annex 2 and (ii) accept the Co-Financing Partners who expresses their interest to invest in the Fund.

Several Co-Financing Partners expressed their interest to support the Fund subject to their respective assessments and internal approval processes as well as satisfactory terms and conditions to be proposed by the Applicants on the basis of this CEoI. The amounts available for contribution by such Co-Financing Partners to the Fund may be changed as necessary, particularly if the funding available changes during the project implementation process or the demand for the Fund so requires. The decisions taken by the WB EDIF's Platform Advisory Group and Working Group in relation to the selection and approval of the application of an Applicant shall neither be construed as constituting an approval or a commitment to invest in the Fund from any of the members of the WB EDIF's Platform Advisory Group and Working Group nor an appointment as the Fund Manager. It is brought to the attention of the Applicants that such decision neither creates any obligation that any commitment will be made to any instrument managed or proposed to be managed by the Applicant nor implies that the Applicant will ultimately become the formal manager of the Fund.

## 5. Expression of Interest

A template for the Expression of Interest is attached hereto as Annex 1, and can also be found on the [EIF website, www.eif.org](http://www.eif.org).

The Expression of Interest includes the Applicant's identification, the project description (see Appendix 2 to Annex 1), the supporting documents, the declaration of absence of conflict of interest and the statements regarding situations of exclusion.

Until no later than **15<sup>th</sup> May 2013**, the Applicant may request clarifications regarding the Call for Expression of Interest or the nature of the Fund. Such requests must indicate the Call for Expression of Interest reference number and the name of the Applicant and shall be submitted in English via email 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).

EIF will, in principle, not contact any Applicant prior to the Deadline, unless it considers it necessary to clarify issues of a 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.

## 6. Language

The Expressions of Interest, including its annexes and the requested documents, shall be written in English.

## 7. 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 14<sup>th</sup> June 2013 at 12:00 P.M.**

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

The Expressions of Interest shall indicate the reference number of the Call (No. WB EDIF /ENIF/ 2013) and the name of the Applicant and shall be sent to the following address:

Postal Address:

European Investment Fund  
Attention: Regional Business Development Unit  
15 avenue J.F. Kennedy  
L-2968 Luxembourg  
LUXEMBOURG

The outer envelope (package) shall indicate the following:  
"Expression of Interest - Reference number of the Call (No. Call for EoI WB EDIF / ENIF/ 2013) - Not to be opened by the reception – To be passed without opening to Regional Business Development").

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 Applicant may change or amend its Expressions of Interest by clearly indicating the parts to be changed or amended.

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

On or after the Deadline, an acknowledgement of receipt will be sent to the relevant Applicants by EIF 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.

## 8. Selection process

### 8.1 Principles and method applicable to the 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.

### 8.2 Stages of the Selection Process

The EIF will reject those Expressions of Interest which do not comply with the Eligibility Criteria. Applicants 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 the 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 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 evaluation of proposals at this phase will be conducted under competitive terms and it is envisaged to potentially select one or more Applicants but with a view to the approval and appointment of only one.

### 8.3 Application of the Selection process based on the Quality Assessment Criteria

- (i) The selection shall be done by establishing a ranking amongst the applications chosen by EIF on the basis of the Quality Assessment Criteria. The applications shall be ranked in order of preference with the most preferred one ranking first (the Applicant of such application being referred to as "**Selected Applicant**").
- (ii) The EIF shall thereafter submit the application of the Selected Applicant to the WB EDIF's Platform Advisory Group for their consideration and approval. The remaining application(s), if any, chosen by EIF shall be included in a reserve list for a period not exceeding the first anniversary of the Deadline. Those applications that have not been chosen for the reserve list shall be rejected.

- (iii) The WB EDIF's Platform Advisory Group may at this stage (a) approve the application of the Selected Applicant or (b) reject the application of the Selected Applicant.
- (iv) If the application of the Selected Applicant is rejected, EIF may submit the application of the Applicant next in ranking ("**Subsequent Selected Applicant**") to the WB EDIF's Platform Advisory Group for their consideration and approval ; the EIF may repeat this process until either an application is approved or all the reserve listed Applicant have been rejected (in which case EIF shall liaise with the Platform Advisory Group and the Working Group to determine the next steps, which may include the launch of a new call for expression of interest).
- (v) If the application of the Selected Applicant or any Subsequent Selected Applicant is approved (such Applicant being referred to as "**Approved Applicant**"), such Approved Applicant shall proceed towards the implementation of the application approved by the WB EDIF's Platform Advisory Group (without prejudice to the terms of this CEoI) and aim at the appointment of a Fund Manager for ENIF.
- (vi) EIF and Co-financing Partners may, in the context of the above, perform one or more due diligence processes, at any time, in accordance with the standard procedures and guidelines applied by EIF to its business, on any of the Selected Applicant or Subsequent Selected Applicant and their applications, with a view to confirming the findings of the Quality Assessment Criteria selection process.

#### 8.4 Disclaimer related to the section process

In any phase of the selection and approval process, the Platform Advisory Group, the Working Group, the EIF and Co-financing Partners reserve themselves full discretion to consider Applicants within the remit devolved to them under this selection and approval process; no Applicant has or shall have any claim or other right or may expect to be ultimately selected for financial support.

Similarly, any negotiation of terms and conditions of Operational Agreements by no means entails any obligation for EIF and/or the Co-Financing Partners to enter into such Operational Agreement with the relevant Applicant.

For the purpose of this CEoI, the term "appoint" or "appointment" (or any variant of these terms) shall not be construed as creating a legally binding obligation of EIF or any other party mentioned in this CEoI towards the Applicants.

The Platform Advisory Group, the Working Group and the EIF reserve themselves the right to cancel this CEoI at any time.

#### 8.5 Information and recourse

Applicants who are not selected will be informed accordingly; the reasons for their Expression of Interest being rejected will be communicated to them upon request.

Applicants who are admitted to the reserve list mentioned above shall be informed accordingly; such Applicant may request their removal from such list, in which case they shall be assimilated to Applicants that have been rejected.

Any Applicant may 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 handled within the framework and in accordance with the [EIB Group complaints policy](#) (further information can be found on [the EIB website, www.eib.org](http://www.eib.org)). It is however, highlighted that the EIB Group will only handle a complaint to the extent that it concerns the responsibilities of EIF in the selection process.

## 9. Operational Provisions

The Fund Manager, with which the Operational Agreement 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. Such obligations are briefly described in Annex 2, and will be mentioned in the relevant Operational Agreement.

It is brought to the attention of Applicant that policies applicable to Co-financing Partners jointly or any one of them severally will have to be applied by the appointed Fund Manager if so requested by those Co-Financing Partner(s) participating in the Fund.

For instance, provided that the provisions of the Operational Agreement are acceptable for the EC, the Applicant should bear in mind that the EC's funding would come from the Multi-beneficiary IPA 2013 Programme for all Candidate and Potential Candidate countries governed by the following regulations:

- COUNCIL REGULATION (EC) No 1085/2006 of 17 July 2006
- COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007
- COMMISSION REGULATION (EU) No 80/2010 of 28 January 2010 amending Regulation (EC) No 718/2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).

The Approved Applicant shall independently structure ENIF, without prejudice to the provisions of this CEoI and the application made by such Approved Applicant; the Approved Applicant shall accordingly be responsible for the fund raising (including liaising with Co-financing Partners and the closing of ENIF).

### ANNEXES

- Annex 1. Expression of Interest
- Annex 2. Enterprise Innovation Fund: Description and Selection Criteria

Annex 1<sup>4</sup> to the Call for Expression of Interest No. WB EDIF / ENIF/ 2013

To:

European Investment Fund

Attention: Regional Business Development Unit

15 avenue J.F. Kennedy L-2968 Luxembourg

**EXPRESSION OF INTEREST**

Call for Expression of Interest No.:

WB EDIF / ENIF/ 2013

Deadline for the submission of the Expression of Interest :

14<sup>th</sup> June 2013 at 12:00  
P.M

Expression of Interest for the Enterprise Innovation Fund

Applicant submitting the Expression of Interest:

\_\_\_\_\_, \_\_\_\_\_  
(company name,  
registration number)

Dear Sir or Madam,

Herewith we are submitting our Expression of Interest on behalf of [<Name of Applicant>] in response to the Call for Expression of Interest No. WB EDIF / ENIF/ 2013 within the framework of WB EDIF coordinated through EIF. 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 [<Name of 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 [<Name of Applicant>] is not in one of the situations listed out in Appendices 5 and 6 to this Expression of Interest which would exclude [<Name of Applicant>] from taking part in this Call for 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):

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

Appendixes 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 European Union 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: Registration number:
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/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/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.

## PROJECT DESCRIPTION

Applicants are asked to provide an outline investment proposal in relation to the Fund while taking into account the indicative summary of transaction terms provided in Annex 2. This should provide concise information on the following items:

### Market

- Detailed description of the addressed market segment, incl. strength and weaknesses, market players, potential deal flow, competitors, exit market ;
- Experience in this market segment;
- Co-operation and/or competition with the relevant partners/competitors in the market segment;
- Networks with academic & research institutions, business accelerators and incubators;
- Proposals and strategy for any additional fundraising.

### Investment strategy

- Fund focus (investment criteria);
- Development strategy of the investments, coverage of the value chain etc.;
- Target Fund size and rationale;
- Achievement of regional coverage;
- Expected number of investee companies and planned investment pace including capital reserves and follow-on policy (when applicable);
- Co-operation model with other investors or institutions;
- Strategies for generation of deal flow, adding-value to investee companies post investment and exit;
- Financial instruments (equity, quasi-equity) utilised, expected size of stakes acquired and expected returns;
- Description of 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).

### Management

- Management team profile, detailing working time dedication;
- Relevant team members' CVs (outlining main academic, professional and other relevant experience);
- Relevant team members' track record in risk capital transactions (incl. names of investee companies, dates of investment/divestment, investment size, recent valuation / exit values, exit multiples, role of team member in each transaction, references in the context of transactions);
- Description of the joint experience of the team members;
- Description of the team organisation (notably in case of multiple offices);
- Team members' place of business; ability of team members to communicate in English;
- Capacity to operate in the Western Balkans market;
- Description of corporate governance and of the legal structure foreseen for the Fund;
- Information on members of the advisory or investment committees, if applicable;
- Applicant's risk management methodology, procedures and systems;

- Details on the shareholder base/ownership of the Applicant or envisaged shareholder base for the Applicant's corporate entity, in case it is not yet set up;
- Detailed history of the Applicant and its previous and existing business activities, in particular description of any activity which could potentially generate conflicts of interests with the Fund;
- Independence of the team, notably as regards investment decisions;
- Measures proposed to deal with potential conflicts of interest.

Terms and conditions

- Main economic terms, including management fees and expected management costs (operational budget of the Fund) and incentive structure proposed;
- Indicative additional investors' commitments (including any existing firm commitment) if any, negotiations and fundraising plan;
- Indicative investment from the fund management company and/or the management team into the Fund, if any;
- Winding-up provisions of the Fund;
- Legal structure envisaged for the implementation of the Fund.

*The investment proposal should be consistent also with the Part II Selection Criteria from the Annex 2.*

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



## Appendix 3 to Annex 1

### LIST OF DOCUMENTS ATTACHED

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

## 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 EoI WB EDIF / ENIF/ 2013.

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 Annex 1

### 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 1 of the Council Framework Decision 2008/841/JHA of 24 October 2008<sup>6</sup>;
  - corruption, as defined in Article 2 (1) of the Council Framework Decision 2003/568/JHA of 22 July 2003<sup>7</sup>;
  - 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 as annexed to the Council Act of 26 July 1995<sup>8</sup>;
  - money laundering as defined in Article 1(2) and terrorist financing as defined in Article 1(3) of the Directive 2005/60/EC<sup>9</sup> of 26 October 2005;
- ii) has not performed any act which may be qualified as prohibited practices 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 European Union guidelines on State aid for rescuing and restructuring firms in difficulty<sup>10</sup>;

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<sup>6</sup> Which repeals the Joint Action 98/733/JHA 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.

<sup>7</sup> Which repeals the Joint Action 98/742/JHA of 22 December 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on corruption in the private sector.

<sup>8</sup> Official Journal of the European Union C316 of 27.11.1995.

<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 and as complemented by Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC 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.

- vi) has not and no member of its senior management has been convicted of any offence as a consequence of a judgment which has the force of *res iudicata*, in accordance with the legal provisions of the country;
- vii) has not and 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 and in the countries where it operates, as applicable;
- 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 the WB EDIF or EIF.

Signature:

Stamp of the Applicant (if applicable):

Name and position in capitals:

Applicant's name

Place:

Date (day/month/year):

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<sup>10</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 Annex 1

STATEMENT REGARDING SITUATIONS OF EXCLUSION - 2

DECLARATION OF COMPLIANCE WITH EUROPEAN UNION 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 European Union 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 Fund respect the provisions of Reg. 800/2008, as specified in Annex 2;
- ii) Complies with all European Union and National rules and policies in relation to the goal of protecting and improving the environment and promoting sustainable development;
- iii) Complies with all European Union 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 Fund.

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 WB EDIF / ENIF/ 2013

### Enterprise Innovation Fund: 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 whenever the context requires otherwise.

In addition Part I below should be read by taking into account the meaning attributed to certain technical and industry-specific terms by Reg. 800/2008. Unless the contrary intention appears, words in the singular include the plural and words in the plural include the singular.

#### Part I: Enterprise Innovation Fund description

##### Indicative Summary of Transaction Terms

These indicative terms are an outline of the principal terms and conditions for the Fund described herein, which may be subject to changes and are non-exhaustive. This document is intended to provide a basis for discussions and does not constitute an offer or a binding commitment – either implicit or explicit – on the part of EIF or any entity.

<b>Fund</b>	Enterprise Innovation Fund (hereinafter – “ENIF” or the “Fund”).
<b>Fund Manager</b>	The financial intermediary appointed to fulfil the activities mentioned in clause 4 of this CEoI. The Fund Manager should be comprised of a skilled and experienced professional team, operating according to best industry practices, complying with professional standards issued by the EVCA <sup>11</sup> or other similar organisation. Such team will be expected to act independently.
<b>Objectives</b>	ENIF is expected to create an investment portfolio of innovative companies at various stages of business development, from start-up to expansion. ENIF will provide equity and quasi-equity funding to Eligible SMEs (as defined below).
<b>Target Geography</b>	The Fund Manager shall structure and implement an investment plan which covers the whole targeted geography i.e. Albania, Bosnia & Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Kosovo <sup>12</sup> , Montenegro and Serbia.
<b>Fund size of ENIF &amp; Investor Commitments</b>	Subject to the limitations mentioned in the last two paragraphs of clause 4 of this CEoI, the envisaged size of ENIF based on potential contributions from the participating Co-Financing Partners should reach approximately EUR 40m. Further funding should be expected from Additional Investors. The management fees for the first five years, as

<sup>11</sup> European Private Equity and Venture Capital Association.

<sup>12</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

	described further below, are not part of the above capital.
<b>Currency of Commitments</b>	The commitments to ENIF shall be denominated in EUR.
<b>Investment Amount into an Eligible SME</b>	Investments in an Eligible SME cannot exceed EUR 1,500,000 during any period of twelve months and should be without prejudice to the diversification criteria mentioned below.
<b>Fund Duration</b>	The Fund shall be a closed-end fund with a finite life of ten years after the first closing which should be fully liquidated by 31 December 2023. The Fund terminates automatically on the realisation of all of its assets and distribution of proceeds to the investors. Investors holding a minimum proportion of the Fund's total commitments may agree to an early termination of the Fund.
<b>Fund's Investment Period</b>	Initial investments in Eligible SMEs are envisaged to be made until 5 years after the first closing of the Fund.
<b>Key Executive Event</b>	The Fund and Fund Manager's continuing operations, including new investment and divestment will be subject to minimum levels of managerial support and involvement. In case of, for example, the departure of a 'key executive(s)' of the Fund Manager, the Fund's investment period would be automatically suspended until a proper solution has been agreed by investors holding a certain proportion of the Fund's total commitments. If no acceptable solution is found within a pre-agreed period from the triggering event, the investment period would be definitively closed. Certain other conditions and events (such as the dissolution of the Fund) may also be triggered automatically and/or subject to additional voting thresholds.
<b>Type of Investments</b>	The Fund will undertake risk capital investments, as defined in Reg. 800/2008, taking the form of either equity or quasi-equity instruments.
<b>Eligible SMEs</b>	The Fund will only target SMEs as defined under Commission Recommendation 2003/361/EC and under Reg. 800/2008, which are not "firms in difficulty" within the meaning of art. 1 (7) of Reg. 800/2008 as amended or substituted by future European Union guidelines ("Eligible SMEs"). The Fund will be fully allocated to Eligible SMEs. Eligible SMEs must be established and operating in the Western Balkans as described in the Target Geography above.
<b>Industry Sectors</b>	Generalist. Particular focus should be given to innovative and technology focused SMEs.
<b>Excluded Sectors</b>	The Fund shall comply with the sector restrictions as referred to in the Guidelines on the EIF Restricted Sectors, published on the EIF website and updated from time to time and therefore, in particular, not invest in entities which engage in, or that directly or indirectly control, another entity whose business activity is any one or more of the following: a. Illegal Economic Activities <i>Any production, trade or other activity, which is illegal under the</i>

	<p><i>laws or regulations of the home jurisdiction for such production, trade or activity.</i> <i>Human cloning for reproduction purposes is considered an Illegal Economic Activity.</i></p> <p>b. Tobacco and Distilled Alcoholic Beverages <i>The production of and trade in tobacco and distilled alcoholic beverages and related products.</i></p> <p>c. Production of and Trade in Weapons and Ammunition <i>The financing of the production of and trade in weapons and ammunition of any kind.</i></p> <p>d. Casinos <i>Casinos and equivalent enterprises.</i></p> <p>e. IT Sector Restrictions <i>Research, development or technical applications relating to electronic data programs or solutions, which</i> <i>(i) aim specifically at:</i> <i>(a) supporting any activity included in the EIF Restricted Sectors referred to under 2. a to d above;</i> <i>(b) internet gambling and online casinos; or</i> <i>(c) pornography,</i> <i>or which</i> <i>(ii) are intended to enable to illegally</i> <i>(a) enter into electronic data networks; or</i> <i>(b) download electronic data.</i></p> <p>f. Life Science Sector Restrictions <i>When providing support to the financing of the research, development or technical applications relating to</i> <i>(i) human cloning for research or therapeutic purposes; or</i> <i>(ii) Genetically Modified Organisms ("GMOs"),</i> <i>EIF will require from the EIF counterpart appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or Genetically Modified Organisms;</i></p>
<b>Portfolio Diversification</b>	The Fund will not invest more than 15% of its total commitments in one entity.
<b>Governing Law and Language</b>	The legal documentation of the Fund shall be in the English language, and shall be governed by the laws of the country of incorporation. All Fund related entities, such as general partner, management company, advisor, carried interest vehicle, team members investment vehicles, <i>et similia</i> , shall preferably be established within the European Union, acceding, candidate and potential candidate countries in Western Balkans.
<b>State Aid Regime</b>	Investments are subject to the state aid rules applicable in the country of investee company establishment. Fund Manager would also comply with provisions of the Regulation 800/2008.



	The Fund Manager will be contractually responsible for ensuring that investments respect the provisions of such rules and regulations.
<b>Additional Investor(s)</b>	“Additional Investors” shall be deemed to be any investors, on top of those described in section 2 of this document, in the Fund which, are market oriented and normal economic operators (i.e. investors operating in circumstances corresponding to the market economy investor principle) in a free market economy, irrespective of their legal nature and ownership.
<b>Management cost of the Fund</b>	<p>In relation to ENIF, for the management fee payable to the Fund Manager as well as other expenses of the Fund, it is envisaged that for the first 5 years after the first closing, an amount of up to EUR 6.2m financing could be made available to the Fund Manager from the MB-IPA for the financing of such fees and expenses subject to acceptable terms and conditions. Additional funds may potentially be sought from Bilateral Donors that may contribute in ENIF.</p> <p>It should be noted that those funds mentioned above are subject to discussions between the Fund Manager and the relevant Bilateral Donors or participating Co-Financing Partners.</p> <p>From the 6<sup>th</sup> year onwards, until the initially agreed maturity of the Fund, fees will be calculated at a percentage rate, payable from fund commitments, on the invested commitments minus the cost of any realisation and write offs. The above amount includes all costs relating to the management of the Fund and shall be financed by the Fund.</p>
<b>Investor Ranking</b>	All Investors in the Fund will rank “pari-passu” within their respective category.
<b>Rights of Investors</b>	<p>The voting rights of the investors shall be granted on the basis of their respective commitments.</p> <p>Investors have the right, subject to a decision of investors holding between them a minimum proportion of the aggregate total commitments, to, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>i. amend ENIF terms;</li> <li>ii. remove the Fund Manager without cause;</li> <li>iii. wind up ENIF.</li> </ul>
<b>Funds’ Due Diligence before Investments</b>	The Fund Manager will make investment decisions based on each investment’s business plan. This should contain investment 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 European Union regulations.

<p><b>Funds' Distribution Cascade</b></p>	<p>The distributions of proceeds from the Fund will be made according to the schedule below:</p> <ol style="list-style-type: none"> <li>1. First, 100% to the Fund's investors (pro-rata to their underlying economic interest) until they have received distributions in aggregate equal to the total capital commitments;</li> <li>2. Hurdle Rate: Second, 100% to the Fund's investors (pro-rata to their underlying economic interest) until each investor has received a preferred return on their commitments.</li> <li>3. Catch-up: Third, 100% to the carried interest beneficiaries until they have received an amount equal to 25% of the total preferred returns distributed to the investors under paragraph 2. above; and</li> <li>4. 80/20 Split: Thereafter, 80% to the Fund's investors (pro-rata to their underlying economic interest) and 20% to the carried interest beneficiaries ("Carried Interest").</li> </ol>
<p><b>Additional Features</b></p>	<p>The Fund Manager will manage the Fund based on commercial principles. Investors' representatives shall be appointed in appropriate advisory committee structures to review, <i>inter alia</i>, Fund corporate governance and decide on conflict of interests.  In the management of the Fund, the Fund Manager shall apply best practices and perform control applicable to the public nature of EIF's investment, <i>inter alia</i> considering relevant guidelines developed by EVCA.</p>
<p><b>Reporting</b></p>	<p>The Fund Manager shall provide EIF with periodical information in a standardised form and scope, in compliance with IPA regulations, as to be specified in the Operational Agreement, in accordance with the reporting guidelines of the European Venture capital Association (EVCA) and for valuation purposes on the guidelines of the International Private Equity and Venture Capital Valuation Board – IPEV Valuation Board.</p>
<p><b>Monitoring and Audit</b></p>	<p>The Fund Manager and the Eligible SMEs shall agree to allow and to provide access to documents related to the relevant Fund for the representatives of the European Commission (including the European Anti-Fraud Office (OLAF), the Court of Auditors of the European Union, EIF 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 also include appropriate provisions in each agreement with the SMEs.</p>
<p><b>Additional Requirements</b></p>	<p>The Applicant shall refer to EIF Policies published on the EIF website, in particular:</p> <ul style="list-style-type: none"> <li>- Antifraud Policy;</li> <li>- Policy on Offshore Financial Centres &amp; Governance Transparency;</li> </ul>
<p><b>Publicity</b></p>	<p>The Fund Manager, in line with applicable law and Instrument for Pre-Accession Assistance (IPA) publicity provisions, shall make the IPA</p>

	initiative known to the Eligible SMEs that the Fund invests in.
<b>Additional IPA fund requirements</b>	It anticipated that the Fund may be partially funded by IPA and it would therefore be subject to IPA regulation and requirements, some of which have already being presented in this Annex, here above (e.g. Monitoring and Audit, Publicity, Reporting etc.). It should be noted, however, that more detailed information on actions necessary to ensure compliance of operations linked to Fund with all IPA requirements (e.g. retention of documents, environmental protection, equality and non-discrimination) will be discussed with the Approved Applicant during the contractual negotiations process.

Part II: Selection Criteria for the Enterprise Innovation Fund

1.	ELIGIBILITY CRITERIA	System of appraisal
		Yes/ No
A.	<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/ professional courier service 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>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 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 Fund, including any special conditions, set out in the relevant parts of the Fund description (Part I of Annex 2);	

2.	QUALITY ASSESSMENT CRITERIA	WEIGHTING
2.1.	<p>Project Relevance, Quality and Coherence</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 management team profile, stability and ability to implement the Fund.</p> <p>2.1.3. Assessment of operational, financial, technical and venture capital competences;</p> <p>2.1.4. Track record of the management team;</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>	50
2.2.	<p>Project Maturity</p> <p>2.2.1. Demonstration by the Applicant of potential ability to raise capital from Additional Investors in the shortest possible timeframe;</p> <p>2.2.2. Commitment from the Applicant or its management team members to invest into the Fund, and size of such investment;</p> <p>2.2.3. Demonstration of ability to source deals in Western Balkans (SMEs) and to deploy funding in a timely manner;</p>	25
2.3.	<p>Institutional Capacity &amp; Sustainability</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 Fund's investors;</p> <p>2.3.6. Assessment of reporting and control procedures.</p>	25