

## InvestEU Capacity Building Investment Product

### OPEN CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES

Published on 10/06/2022

*The purpose of this open call for expression of interest (the “Call”), launched by the European Investment Fund (“EIF”) in cooperation with the European Commission (“EC”), is to select eligible Financial Intermediaries to benefit from the capacity building investment product in line with the InvestEU Fund policy objectives (“**InvestEU CBI Product**”).*

*All applications by potential Financial Intermediaries to the EIF should conform to the terms of this Call.*

*These documents and information are indicative, non-binding, published for information purposes and might be subject to change. None of the information contained herein constitute a commitment from the EIF. All capitalised terms and expressions shall have the meaning attributed to them in this Call document, or as may be defined in the relevant annexes hereto, as appropriate.*

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## 1 Introduction

On 24 March 2021, Regulation (EU) No 2021/523 of the European Parliament and of the Council establishing the InvestEU Programme was adopted (“InvestEU”).

Pursuant to the agreement between the European Union (the “EU”), the European Investment Bank (the “EIB”) and the European Investment Fund (“EIF”) dated 7 March 2022 the EIF has been entrusted by the EU to implement part of the InvestEU through various financial products, including capacity building investments to build up the institutional capacity of micro-credit, social finance and skills and education finance providers.

Under InvestEU, through the use of capacity building investments, EIF will contribute to the InvestEU policy objectives of improving the competitiveness and socio-economic convergence and cohesion of the EU. Microfinance, social entrepreneurship and skills and education finance are still recent developments in Europe and are part of an emerging market ecosystem that is not yet fully developed. Thus, public support for the intermediaries providing financing in these emerging segments is still needed to help them build up their institutional capacity, in particular when they have not yet reached sustainability or their need to sustain their growth and development.

The purpose of this Open Call for Expression of Interest (the “Call”), launched by the EIF in cooperation with the European Commission (“EC”), is to select eligible Financial Intermediaries to benefit from InvestEU CBI Product, as further described below and in accordance to the terms applicable under InvestEU.

All applications for the InvestEU CBI Product to be submitted to the EIF should be in accordance with the terms of this Call.

## 2 InvestEU Capacity Building Investment Product

Under the InvestEU CBI Product, EIF shall support dedicated investments in selected Financial Intermediaries mainly in the form of subordinated loans. Such dedicated investments shall be used by the selected Financial Intermediaries primarily, but not limited to, for the purpose of:

- a. investing in their organisational development and expansion, including branch expansion, scaling up or building up of IT infrastructures (e.g. mobile banking, etc.), investment in human resources such as recruitment and training of staff;
- b. strengthening their operational and institutional capabilities aiming at contributing to their sustainability; this includes, inter alia, investments in working capital and in improving the strategic/governance capabilities in order to maintain a balanced business, financial sustainability and social performance focus; and
- c. institutional capacity building to increase their indebtedness capacity while supporting them to retain a balanced socio-commercial orientation.

Investments made under this product are not directly linked to the origination of a portfolio of loans in microfinance, social entrepreneurship or skills and education finance. However, in order to be eligible for investment, the financial intermediary should be primarily operating in the microfinance, social entrepreneurship finance and/or skills, education and training finance spaces and should be able to provide financing to and/or serve the Target Areas as further described in the Annex II to this Open Call for Expression of Interest.

### 3 Eligible Financial Intermediaries

This Call is addressed to potential Financial Intermediaries established and operating in any Member State of the European Union or Overseas Country or Territory linked to a Member State ('OCTs')<sup>1</sup>, or as updated in this Call from time to time.

Financial Intermediaries shall:

- a) represent that they are not in any of the Exclusion Situations, as further described in the Annex I of this Call;
- b) comply with the relevant international and EU standards and legislation, where applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aimed at tax avoidance and shall not perform any illegal activities;
- c) not be established in an NCJ, unless the CBI Operation or the project being financed by the CBI Operation, as applicable, shall be physically implemented in the relevant NCJ and shall not present any indication that they support actions that contribute to (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion) and/or (ii) wholly artificial arrangements aimed at tax avoidance;
- d) not be subject to Restrictive Measures;
- e) In the case of Financial Intermediaries active in the Microfinance space, the applicant has to comply with or endorse (in the case of applicants holding a banking license) the European Code of Good Conduct for Microcredit Provision, and
- f) In addition, the Financial Intermediaries active in Microfinance should offer, directly or indirectly, business development services (including but not limited to mentoring, training, coaching) for the Target Areas.

### 4 Compliance and Integrity Principles

The EIB Group Anti-Fraud Policy<sup>2</sup>, the EIB Group Policy towards Weakly Regulated, Non-transparent and Non-cooperative Jurisdictions and Tax Good Governance<sup>3</sup> (the "EIB Group NCJ Policy"), the EIB Group Anti-Money Laundering and Combating Financing of Terrorism Policy<sup>4</sup> (the "EIB Group AML-CFT Policy"), the EIF Transparency Policy<sup>5</sup>, the Guidelines on EIF Restricted Sectors<sup>6</sup>, the EIF Environmental, Social and Corporate Governance (ESG) Principles<sup>7</sup> and the EIB Group Whistleblowing Policy<sup>8</sup>, shall apply to all CBI Operations under InvestEU.

The EIB Group is committed to continue maintaining a stringent policy against tax fraud, tax evasion, tax avoidance as well as money laundering and terrorism financing.

All EIF operations are assessed in line with the due diligence standards promoted by the EIB Group AML-CFT Policy and the EIB Group NCJ Policy. Operations with NCJ links are subject to enhanced due diligence to determine whether:

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<sup>1</sup> As set out in Annex II to the Treaty on the Functioning of the European Union [EUR-Lex -- EN \(europa.eu\)](https://eur-lex.europa.eu/)

<sup>2</sup> <https://www.eib.org/en/publications/anti-fraud-policy>

<sup>3</sup> <https://www.eib.org/en/publications/eib-policy-towards-weakly-regulated-non-transparent-and-uncooperative-jurisdictions>

<sup>4</sup> <https://www.eib.org/en/publications/eib-group-anti-money-laundering-and-combatting-the-financing-of-terrorism-policy>

<sup>5</sup> [https://www.eif.org/news\\_centre/publications/EIF\\_Transparency\\_policy](https://www.eif.org/news_centre/publications/EIF_Transparency_policy)

<sup>6</sup> [https://www.eif.org/attachments/publications/about/2010\\_Guidelines\\_on\\_restricted\\_sectors.pdf](https://www.eif.org/attachments/publications/about/2010_Guidelines_on_restricted_sectors.pdf)

<sup>7</sup> [https://www.eif.org/news\\_centre/publications/esg-principles.htm](https://www.eif.org/news_centre/publications/esg-principles.htm)

<sup>8</sup> <https://www.eib.org/en/publications/eib-group-whistleblowing-policy>

- a) the levels of transparency and integrity of the relevant operation are satisfactory to the EIB Group (in particular the contracting counterparty/ies and their beneficial owners must be clearly identified);
- b) the contracting counterparty/ies can provide plausible justifications for the NCJ location link; or
- c) there is a risk that the operation is (or may be) misused for (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion) and/or (ii) wholly artificial arrangements aimed at tax avoidance.

The enhanced vigilance may consider, on a risk-sensitive basis and as applicable, relevant elements of the Anti-Tax Avoidance Toolbox in Appendix 1 to the EIB Group NCJ Policy.

All Applicants are therefore hereby notified that in the course of the EIF tax integrity due diligence process, information on contracting counterparty's full ownership diagram, including all direct/indirect 10% (or more) ultimate beneficial owners ("UBOs") (or deemed controlling), may be requested and that additional questions may arise as part of this process.

For more information, please refer to the FAQ on the EIB Group NCJ Policy at this [webpage](#)<sup>9</sup>.

As part of its due diligence process, EIF will analyse and exclude any applicant which itself or any of its UBOs/key persons are subject to UN/EU/OFAC/UK restrictive measures (sanctions) in relation to the invasion of Ukraine by the Russian Federation.

## 5 The Application Process

Interested Applicants shall submit, before 30 June 2027 by e-mail to the EIF a formal Expression of Interest to the relevant address indicated below. The deadline applies to the receipt of the email by the EIF. For the avoidance of doubt, applications shall only be submitted via e-mail. EIF does not accept paper applications.

The Expression of Interest shall be submitted to the EIF in the form of Annex I to the Call.

An acknowledgement of receipt shall be sent to the relevant Applicant by the EIF, via e-mail, which shall confirm that the Expression of Interest was received. Such acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of assessment or acceptance of the same.

Each Expression of Interest shall:

- be sent via email in an electronic version to: [investeu\\_cbinvestments@eif.org](mailto:investeu_cbinvestments@eif.org)
- state in the subject of the email: "InvestEU CBI Product - Expression of Interest: [*name of the Applicant*]";
- be prepared in English;
- contain the complete set of relevant documentation (including a scanned copy of the Expression of Interest duly completed and signed).

The EIF reserves the right at any time to request clarifications or the submission of additional or supplementary information in respect of an application, verify with any Applicant or with a third party any information set out in any submission.

The Applicants may withdraw, in the same manner in which they applied, i.e. via email, their Expression of Interest at any stage of the selection process.

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<sup>9</sup> <https://www.eib.org/en/about/compliance/tax-good-governance/faq>

The EIF reserves the right, at any time to:

- make changes to the Call, the selection process or associated terms, dates and deadlines;
- replace the Call with another call for expression of interest;
- cancel the Call in its entirety.

Any personal data provided by the Applicants shall be processed by the EIF in compliance with its Data Protection Statement and the Regulation (EU) 2018/1725 on the protection of individuals with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, as amended from time to time. For further information visit [Data Protection Statement](#)<sup>10</sup>.

## 6 The Selection Process

The Applicants will be selected in accordance with the EIF rules, policies and procedures and to the specific types of operations supported under InvestEU, at the time of signature of the relevant operation (as may be adapted or modified from time to time). The EIF regularly reviews its guidelines and procedures, both in the context of regular annual reviews as well as in the context of EIB Group developments, for example relating to EIB Group compliance standards.

Financial Intermediaries will be selected with due consideration to the general principles of transparency, equal treatment and non-discrimination while avoiding conflict of interests and in compliance with EIF's policies, rules, procedures and statutes and in conformity with best market practices.

The selection process of each Applicant typically comprises the following stages (as per below), provided that each preceding stage was concluded with a positive result. EIF may perform streamlined screening or due diligence process for Financial Intermediaries with whom EIF has a previous experience and to the extent EIF already has the required information. This right will be exercised at the discretion of the EIF.

- Stage 1: Screening
- Stage 2: Due Diligence
- Stage 3: Approval Process
- Stage 4: Negotiation and signature

The selection process includes the EIF's assessment of the expected performance and of the policy fit of the proposal, as set out in Section 6, at the relevant stages of the selection process.

### 6.1 Screening (pre-selection)

Stage 1 shall entail a first assessment/screening of whether the proposal can be taken forward.

The EIF shall assess applications on a continuous basis and on a "first come, first assessed" basis, using professional analysis and judgment.

The pre-selection comprises of:

1. Formal assessment of the application; and
2. Impact and quality assessment of the application

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<sup>10</sup> [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)

Only applications that meet the formal criteria, as further described in section 6.1.1 below, may continue through the impact and quality application assessment process.

### 6.1.1 Formal assessment of the application

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

1. The Applicant:
  - a) is established and operating in one of the Eligible Countries;
  - b) is or will be authorised to carry out their business under the applicable regulatory framework;
  - c) is not established in a Non-Compliant Jurisdiction, unless the CBI Operation or the project being financed by the CBI Operation, as applicable, are physically implemented in the relevant Non-Compliant Jurisdiction and do not present any indication that they support actions that contribute to (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion) and/or (ii) wholly artificial arrangements aimed at tax avoidance;
  - d) makes the representation set out in items 1, 4 and 5 of Annex I - *Expression of Interest*;
  - e) is not subject to Restrictive Measures;
  - f) with respect to Financial Intermediaries active in Microfinance only, the Applicant has signed up to, in the case of non-bank Financial Intermediaries, or endorsed, in the case of bank Financial Intermediaries, the European Code of Good Conduct for Microcredit Provision.
  
2. The Expression of Interest has been submitted and prepared in accordance with the Call and that all representations, information and supporting documentation required thereunder have been provided (in the form requested, where specified).

The applications that do not conform to the formal criteria are rejected. If the Applicant does not comply with the formal criteria, the entire application is rejected.

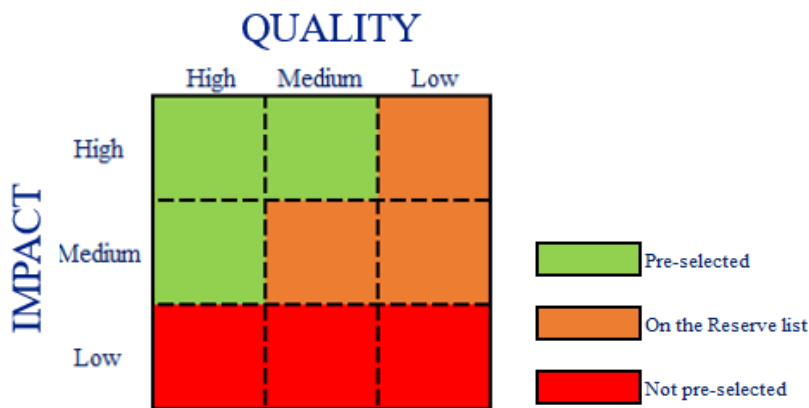
### 6.1.2 Impact and quality assessment of the application

After the formal check of the received Expressions of Interest and after having obtained any additional information or clarifications from the Applicants, if and as needed, the EIF will pre-select the Applicants based on the results of the **quality and impact assessment** of the applications received.

The quality and impact assessment criteria set out in this section 6.1.2 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 its assessment EIF will assign the “quality” score and “impact” score to an application.

Applications for the InvestEU CBI Product, for which the “impact” score is assessed as “Low” will be rejected.

The remaining applications will be placed on a reserve list, which will remain available for pre-selection until the deadline of this Call. Such applications may be progressed to a further stage at a later date, at EIF discretion, taking into account demand and budgetary availability.



In the **assessment of the impact** of the application, EIF will base its assessment on the following criteria:

- a) Experience and ability of the Applicant to finance, or facilitate finance to the specific Target Area and/or the impact on specific Target Areas indicated in the application, in light of the Capacity Building Investment. This shall be assessed by the EIF based inter alia on: track record of lending to the specific/targeted final recipients, including in managing operations supported by the EIF, and the business plan for the Capacity Building Investment;
- b) Quality and plausibility of the proposal, with particular focus on the implementation roadmap, and rollout strategy, previous experience working with international financial institutions, etc.

In the **assessment of the quality** of the application, EIF will base its assessment on the following criteria:

**a) Institutional and business capabilities of the Applicant:**

- i. Social mission, strategy and business outlook
- ii. The capacity of the Financial Intermediary to mobilise third party resources for the purpose of the, or by using CBI Operations
- iii. Compliance assessment (KYC/AML screening and tax integrity)
- iv. Social performance assessment
 

The following parameters will be considered in the assessment:

  - i. Board and management’s commitments to social mission
  - ii. Social performance management, monitoring and reporting
  - iii. Respect of client’s protection principles (e.g. fair pricing, prevention of over-indebtedness, privacy of client data, fair treatment of clients, etc.)
  - iv. Balance between social and financial performance
- v. With respect to the Microfinance Portfolio Guarantee Product only, the ability of the Applicant to provide or sub-contract mentoring and training programmes for Final Recipients (including the follow-up of Final Recipients before and after the creation of a micro-enterprise), if applicable.

**b) Financial standing of the Applicant**

In any phase of the selection process until and prior to entering into a CBI Agreement with an Applicant, the EIF reserves full discretion as to whether to consider or not consider an Applicant, and no Applicant shall have any claim or other right or may expect to be ultimately selected as a Financial Intermediary in



the context of InvestEU. Any negotiation of terms and conditions of the CBI Agreement(s) by no means entails any obligation for the EIF to enter into such CBI Agreement with the relevant Applicant.

At any stage of process, the EIF may communicate, via e-mail, to the relevant Applicants whether their Expression of Interest has been taken forward, rejected or placed on a reserve list.

Those Applicants, whose Expression of Interest is rejected at any stage of the selection process, shall have the right to submit a written complaint by e-mail, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt within the framework of and in accordance with the EIB Group complaints policy<sup>11</sup>.

## 6.2 Due diligence

Pre-selected Applicants will progress to the due diligence process, which will be carried out in accordance with the EIF's internal rules and procedures.

The aim of the due diligence is to assess the counterparty risk of the Applicant; to confirm the operational and financial characteristics of the Applicant, as well as to investigate in details the proposed Capacity Building project and its impact onto the specific Target Area.

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.

Such due-diligence assessment will be carried out, with a main focus on, inter-alia:

- a) General information such as the institution's investment strategy and business plan with regard to the services offered to the specific Targeted Area, including strategy to achieve the defined social objectives, social performance targets and social reporting data;
- b) Information, in the form of a questionnaire, on compliance related issues (AML/CFT and tax integrity);
- c) Financial information such as funding sources and ownership structure;
- d) Pricing policy as set out in the Applicant's internal guidelines, and
- e) Information, in the form of a questionnaire, on how Environmental, Social, Governance ("ESG") factors form part of the Applicant's business decisions (focusing on the relevant business segments covered by this Expression of Interest).

## 6.3 Approval Process

Following positive outcome of the due diligence (and prior to entering into a CBI Agreement with an Applicant), the proposal to be supported under InvestEU shall be submitted by the EIF to its relevant decision making bodies for approval (stage 3).

EIF has no obligation to enter into a CBI Agreement with a selected Applicant. The participation of any institution will depend, inter alia, on the budget available for the InvestEU CBI Product and other considerations made by the EIF such as, without limitation: outcome of the due diligence, impact of each envisaged CBI Operation and result of negotiations with the Applicant. Furthermore, EIF can only enter into operations which have received a favourable opinion from the European Commission in the context of the policy check process, and have obtained an approval from the Investment Committee.

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<sup>11</sup> For further information visit <http://www.eib.org/infocentre/publications/all/complaints-mechanism-policy.htm>

All Capacity Building transactions under InvestEU must be approved by EIF decision making bodies prior to 31 December 2027.

## 6.4 Negotiation and signature

Subject to and following positive conclusion of the approval process and the finalisation of the contractual documentation with the Applicant, the appropriate CBI Agreement(s) shall be signed with the Applicant (Stage 4). The CBI Agreement(s) shall be prepared in English.

## 7 Sustainability Proofing

Within the due diligence process, EIF will assess the Applicant's environmental, climate and social risk management procedures and the capacity to screen, assess and manage environmental, climate and social risks associated with its business activity, including the presence of an Environmental and Social Management System (ESMS), by means of an "ESG" questionnaire during the selection process.

## 8 Publishing of information

EIF shall publish on its website each year a list of Financial Intermediaries supported through the programme, which shall include for each Financial Intermediary, the name, address, and the financing form, as well as the amount of financial support received under the CBI Operation.

The publication shall not be required if any Financial Intermediary, prior to signing a CBI Agreement, declares in writing to the EIF or to the Financial Intermediary as applicable (including by a representation in the relevant agreement) that the publication requirements set out in this section 8 risk harming its commercial interests or risk threatening the rights and freedoms of the persons or entities concerned as protected by the Charter of Fundamental Rights of the European Union.

In addition, such publication shall not be required if it would be illegal under the applicable laws and regulations. As far as natural persons are concerned, the publication shall comply with the requirements set out in Articles 4 and 5 of Regulation (EU) 2018/1725, as amended from time to time.

## 9 Language and governing laws

The Expression of Interest shall be prepared in English. The terms of the CBI Agreement shall be in English. The CBI Agreement shall be governed by Luxembourg law.

Applicants acknowledge that they may be requested to use a digital signature for the purpose of signing the CBI Agreement.