

Clarification Document to the Call for Expression of Interest – NPI SM-CROGIP II/2023/01 to select one or more Financial Intermediaries targeting climate and innovation investments in Croatia to be funded within the scope of an investment partnership between the European Investment Fund (EIF) and the Croatian Bank for Reconstruction and Development (HBOR), with such Call for Expression of Interest managed by EIF

The aforementioned Call for Expression of Interest (the “CEoI”) stipulated that: “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 dedicated webpage of the CEoI at www.eif.org by 20 November 2023”.

In accordance with this provision, EIF hereby presents such “Clarification Document”. Capitalised expressions used below shall have the meaning attributed to them in the CEoI, unless otherwise defined below or the context requires otherwise.

Questions may appear as they have been received without any editing by EIF and in a random order.

Q1	In the field “Structure, governance and economic terms” of Appendix 3 is stated: “The Fund shall be managed by entities which are controlled by individuals or privately held entities.” Is [...] acceptable/eligible as Financial Intermediary according to this Call for Expression of Interest?
	As per the CEoI (see p. 21 of Appendix 3, Section – Structure, governance and economic terms), the Fund(s) shall be managed by entities which are controlled by individuals or privately held entities. Control in this regard shall mean the power to direct the management of the entity which is controlled whether through the ownership of voting capital, by contract or otherwise, or the ability to exercise (whether directly or indirectly) more than 50% of the voting capital or similar rights of ownership in respect of such controlled entity or the contractual right to appoint or remove the management of such entity or a majority of the members of such entity’s executive bodies. Such control will be assessed by EIF during the selection process based on the information provided by Applicants in their Expressions of Interest.
Q2	How long does EIF estimate that the selection process will take?
	Several factors will affect the duration of the process including the number of applications received, applying fund stage, available information in due diligence process, the duration of contractual negotiations, etc. The negotiation process shall not be considered concluded until the signature of respective subscription agreements with the Financial Intermediary by both Promoters.
Q3	Please provide links to download the Integrity Questionnaire (including ownership structure) as it cannot be opened directly from the Call for Expression of Interest.
	The links to download the Integrity Questionnaire have been attached to the EIF website of the publication of the CEoI. In addition, please find the link to documents here: www.eif.org/attachments/2023/crogip-worksheet-dataintegrity.xlsx www.eif.org/attachments/2023/crogip-worksheet-ownership-structure.pptx

Q4	If a team member requires to be anonymous for as long as possible, when is the latest deadline to disclose details from that person's CV?
	As per the CEoI (see p. 17 of Appendix 2 – Management), Applicants are asked to provide an outline of their investment proposal (the “Project Description”) in relation to the Fund, including relevant team members’ CVs (outlining main academic, professional and other relevant experience, including experience in climate and/or innovation investments, if any). The deadline for the submission of Expressions of Interest is 31 December 2023.
Q5	Is it possible to send the CV just to EIF in Luxembourg without sharing it with anyone from Croatia, including HBOR?
	The CEoI is launched by EIF in collaboration with HBOR as part of an investment partnership between the Promoters. Information sharing between EIF and HBOR as foreseen in the CEoI is an important aspect of such investment partnership. As per the CEoI (see p. 8 of Section 6 – Selection Process), it is indicated that following the receipt of the Expression(s) of Interest, EIF shall [...] share information related to such applications with HBOR, in accordance with its internal policies, rules and procedures. The application(s) received may be reviewed by both Promoters.
Q6	Would fund management company incorporation in Croatia be in any way disadvantageous for a prospective fund manager team in the selection process?
	As per the CEoI (see p. 20 of Appendix 3 – Structure, governance, and economic terms), the Fund Manager(s) and the Fund(s) must be established in an EU Member State and authorised or registered in an EU Member State under the applicable national law.
Q7	Would an appointment of a Special Adviser to the President of the Republic, who is performing this advisory role on a voluntary basis, and is at the same time a director of an agency established by a regional authority (County), in an Advisory Board of a fund management company be in any way disadvantageous for a prospective fund manager team in the selection process?
	Applicants are encouraged to provide full information on the background and profile of team members, including in relation to current roles and responsibilities which may potentially impact their role as Financial Intermediaries in the context of CROGIP II, as well as the description of potential conflicts of interests and measures taken to avoid such conflicts. EIF will consider such aspects, including the ones mentioned in Q7, on a case-by-case basis as part of its overall assessment of the Applicant’s suitability.
Q8	HBOR’s commitment is financed through the Recovery and Resilience Facility (RRF) within the NextGenerationEU initiative, in accordance with the National Recovery and Resilience Plan (NRRP) 2021-2026. If financed through the RRF, would it be beneficial for the Fund's strategy to address the challenges identified in country-specific recommendations?
	As per the CEoI (see p. 19 of Appendix 3), the investment strategy targets later and growth stage SMEs, Small Mid-caps and Midcaps, and has a focus, on best effort basis, on sustainability, green transformation and innovation. In addition, as set out in the Appendix 3 (see p.22-24), Financial Intermediaries shall ensure that investments are compliant with the Do No Significant Harm (DNSH) principle. The Fund’s strategy must comply with the conditions and requirements set in the CEoI.
Q9	Are secondary public offerings (SPO) by already listed companies eligible for investment by the fund? If YES, does the SME definition from MiFID II apply - average market capitalisation of less than EUR 200.000.000?
	Investments in companies listed on the official list of a regulated market at the time of the first investment are not allowed, since the fact that they are listed on a regulated market demonstrates their ability to attract private financing otherwise.

Q10	Are entities that have already been financed by EIF also eligible as potential investors?
	In principle, the CEoI does not foresee any specific provisions which would preclude such entities from being potential Limited Partner investors in the Fund(s).
Q11	With respect to the AML/CFT regime and FATF Increased monitoring for Croatia regime, can the Financial Intermediary outsource AML/CFT coordinator for double check?
	While the Applicant’s capacity to address AML/CFT considerations will be assessed, the CEoI has no specific prescriptions on whether the Applicant, once acting as Financial Intermediary, may rely on potential outsourcing to this end.
Q12	Does a financial intermediary must also comply with SFDR (EU) 2019/2088 (risks, transparency, policies, do-no-harm,) or EIF expects SFRD-mandatory-disclosures to be upgraded (sustainability, ESG Capex/Opex KPI's)?
	The CEoI does not include any specific requirements for SFDR-fund-classification and reporting as such, however sustainability and other ESG aspects will be assessed during due diligence and monitoring phases as part of EIF’s standard ESG process. If the SFDR applies to a Financial Intermediary or a financial product, EIF expects the Financial Intermediary to comply with the Regulation as applicable at the time.
Q13	Does portfolio companies must comply with CSRD?
	The CEoI does not include any specific CSRD requirements, however Financial Intermediaries as well as portfolio companies falling under the CSRD will be expected to comply with the Directive as applicable at the time.
Q14	HBOR requires InvestEU fund sustainability proofing: is a financial Intermediary considered an intermediated operation or direct operation?
	HBOR has confirmed that Financial Intermediary is considered as intermediated operation.
Q15	Are operations below an established threshold (10 million EUR) exempt from the requirement for screening and sustainability proofing?
	<p>HBOR has confirmed that Investment operations below an established threshold (10 million EUR) are exempt from the requirement for screening and sustainability proofing. This threshold applies specifically to InvestEU sustainability proofing, and it does not supersede in any way the legal obligations on project developers from the Environmental Impact Assessment Directive 2011/92/EU of the European Parliament and of the Council (hereafter referred to as the ‘EIA Directive’) or other applicable EU or national law.</p> <p>For financing of eligible enterprises, no screening or full sustainability proofing will be required. However, a simplified form of sustainability proofing and specific safeguards will be applicable to ensure a minimum alignment with EU climate commitments and requirements under the CEoI. The sustainability proofing approach for intermediated financing is detailed in Chapter 3 of the Technical guidance on sustainability proofing for the InvestEU Fund (2021/C 280/01).</p> <p>For more details on this please consult with https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0713(02)</p>
Q16	Does investments from 10 million EUR and up, must have an assessment of the environment and social standards and risks?
	HBOR has confirmed that Investment operations above the threshold of 10 million EUR are required for screening and sustainability proofing pursuant to Technical guidance on sustainability proofing for the InvestEU Fund (2021/C 280/01).