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The Western Balkans Enterprise Development and Innovation Facility

Guarantee Facility – Youth Employment

OPEN CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES UNDER THE WESTERN BALKANS ENTERPRISE DEVELOPMENT AND INNOVATION FACILITY

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The objective of this Open Call for Expression of Interest (the “Call”), launched by the European Investment Fund (the “EIF”), is to select eligible financial institutions to become Financial Intermediaries under the Western Balkans Enterprise Development and Innovation Guarantee Facility – Youth Employment (the “WB EDIF GF Youth” or the “Facility”) as further described below.

All Expressions of Interest for guarantees under the Facility to be submitted to the EIF should conform to this Call.

To learn more about the Western Balkans Enterprise Development and Innovation Facility visit www.wbedif.eu

1. Background

In 2010, the European Commission¹ (the “Commission”), the European Bank for Reconstruction and Development, the European Investment Bank and certain other international financial institutions entered into an agreement, the Western Balkans Investment Framework (the “WBIF”), for the purpose of

¹ Specifically DG NEAR (Directorate-General for Neighborhood and Enlargement Negotiations) via the Instrument for Pre-Accession Assistance (IPA)

contributing to the financing, preparation and implementation of priority projects in the Western Balkans region.

In 2011, the parties to the WBIF decided to become active in the field of private sector development and earmarked certain amounts to support SMEs'² access to finance.

Within this context, the 5th WBIF Steering Committee decided in December 2011 to finance the Western Balkans Enterprise Development and Innovation Facility (the "WB EDIF"), a project developed by EIF with EIB and EBRD as co-lead international financial institutions.

WB EDIF is a four-pillar virtual platform, of which the third pillar is a guarantee facility, aimed at enhancing SMEs' access to finance in the "Western Balkan Beneficiary Economies" defined here as Albania, Bosnia and Herzegovina, The Republic of North Macedonia, Kosovo*³, Montenegro and Serbia.

In December 2012, the EIF has been mandated by the Commission to implement and manage a guarantee facility under the WB EDIF (the "WB EDIF Guarantee Facility"). In April 2013 the EIF launched the first Call for Expression of Interest under the WB EDIF Guarantee Facility, followed by a second one in December 2015 (the "WB EDIF GF II").

Building on the successful results of WB EDIF GF and WB EDIF GF II, and in conjunction to the launch of a parallel facility aimed at Serbian SMEs only in February 2018, which is currently underway, the Commission has agreed to make a further contribution to improve access to finance for SMEs in all Western Balkan Beneficiary Economies with a view to support youth employment in the region. Under WB EDIF GF Youth, EIF will provide first-loss capped guarantees to selected Financial Intermediaries that build up a portfolio of debt instruments to SMEs established and operational in the region (each, a "Guarantee"), whose features are further described in Annex II to this Call (Indicative Terms and Conditions of the Guarantee).

2. Eligible Financial Intermediaries

The EIF shall select Financial Intermediaries to implement the Facility, in accordance with the procedure described further below. The selection of Financial Intermediaries shall be made on a continuous basis until the Deadline (as described below), taking into account the resources available from time to time, and shall be based on a specific set of criteria.

This Call for Expression of Interest is addressed and restricted to public or private credit or financial institutions, in each case, duly authorised to carry out lending or leasing activities according to the applicable legislation, established and operating in any of the Western Balkan Beneficiary Economies.

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

² As defined in Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, p. 36).

³ 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.

Guarantee Agreements may include restrictions regarding the prevention of fraud, corruption, money laundering, terrorism financing, tax fraud, tax evasion, and artificial arrangements aimed at tax avoidance or other illegal activities that may affect the financial interest of the EU and will reflect the EIB Group policy towards weakly regulated, non-transparent and uncooperative jurisdictions. The EIF shall apply the principles and standards set out in EU law on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

Applicants shall acknowledge the EIF anti-fraud policy⁴ (the “EIF Anti-Fraud Policy”) which sets out the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing (please refer to EIF website) as amended from time to time, and shall take appropriate measures (as may be further specified in the Guarantee Agreements) to (i) facilitate implementation of such policy as well as to (ii) undertake to support investigations performed by the EIF or the European Investment Bank in connection with actual or suspected prohibited conduct.

3. Definitions and Interpretation

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

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| Applicant | Means an entity applying to this Call as a potential, future Financial Intermediary. |
| Youth Employment Transaction | <p>Means a Final Recipient Transaction with::</p> <p>(i) a Final Recipient which employs at least:</p> <p>(A) in the case of a micro or small-sized enterprise, one Young Person, or</p> <p>(B) in the case of a medium-sized enterprise, two Young Persons, and has committed to employ the Young Person or Young Persons for a minimum of two years or, if shorter, the longest possible period of time without giving rise to a right to permanent employment under applicable law.</p> <p>(ii) a Final Recipient which, within the 12 months preceding the execution of the Final Recipient Transaction, has provided to:</p> <p>(A) in the case of a micro or small-sized enterprise, one Young Person, or</p> <p>(B) in the case of a medium-sized enterprise, two Young Persons, vocational training or an internship where such vocational training or internship has a duration of at least three months. For the avoidance of doubt, the vocational training or internship must commence within the twelve months prior to the Final Recipient Transaction.</p> <p>(iii) a Final Recipient which is officially recognized as a participant in a national youth employment programme.</p> |

⁴ http://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf

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| Young Person | Means a person who is (a) aged between 15 and 30 at the time of the Youth Employment Transaction or (b) employed at the Final Recipient pursuant to a national youth employment scheme. |
| Non-Youth Employment Transaction | Means a Final Recipient Transaction, which does not qualify as a Youth Employment Transaction. |
| Guarantee Agreement | Means a guarantee agreement entered into between a selected Financial Intermediary and the EIF in connection with the Facility. |
| EIF Financial Intermediary Data Protection Statement | Means EIF guidelines on the handling of personal data of Financial Intermediaries available at: http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf , as such document may be updated and/or replaced from time to time, in line with the applicable Data Protection Regulation. |
| Data Protection Regulation | Means: <p>(a) Regulation (EU) N° 2018/1725 of the European Parliament and of the Council, dated 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data (OJ L 295, 21.11.2018, p.39-98);</p> <p>(b) Regulation (EU) N° 2016/679 of the European Parliament and of the Council dated 27 April 2016 relating to the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR"); and/or</p> <p>(c) all applicable laws and regulations relating to the processing of Personal Data, including national legislation implementing the Data Protection Directive (Directive 95/46/EC) and the Directive on Privacy and Electronic Communications (Directive 2002/58/EC), and any other laws and regulations implementing, derogating from or made under them, and any orders and codes of practice, guidelines and recommendations issued by the applicable Regulatory Authorities,</p> <p>in each case as amended, restated, supplemented or substituted from time to time.</p> |
| Personal Data | Means personal data within the meaning of the applicable Data Protection Regulation. |

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|--------------------------------------|--|
| Deadline | Means 30 April 2020 or such earlier date as announced officially in the Facility section of EIF's website. |
| Eligible Final Recipient Transaction | Means a Final Recipient Transaction that complies with all the Eligibility Criteria. |
| Eligibility Criteria | Means jointly the Final Recipient Eligibility Criteria, the Final Recipient Transactions Eligibility Criteria as defined in Annex II (Indicative Terms and Conditions of the Guarantee) and any additional portfolio criteria required by EIF. |
| Expression of Interest | Means an application to this Call submitted to EIF within the Deadline, conforming to the provisions of Annex I to this Call. |
| Non-Cooperating Jurisdiction | Means a jurisdiction listed as a non-cooperative jurisdiction for tax purposes by the EU list of non-cooperative jurisdictions for tax purposes issued by the Council (OJ C 438, 19.12.2017, p. 5) ("Council Conclusions"). |
| Participating Entities | Means, in case a joint application to the Call is submitted covering the Applicant and at least one additional potential future Financial Intermediary, each and every additional potential future Financial Intermediary covered by such joint application. |

4. Application procedure

Financial institutions interested in applying to this Call shall submit an Expression of Interest to the EIF by the Deadline in order to be considered as a possible Financial Intermediary under the Facility.

In accordance with Annex I to this Call, the Expression of Interest shall include the Applicant's identification and shall provide the information requested in Appendix 3 to Annex I, together with the supporting documents.

EIF shall process Personal Data relating to the Applicant in accordance with the EIF Financial Intermediary Data Protection Statement from time to time. EIF acts as an independent data controller and shall not process Personal Data on behalf of the Applicant as data processor.

The information provided as requested in Appendix 3 to Annex I should place particular emphasis on:

- a) Implementation focus on Youth Employment Transactions (if applicable)
- b) Envisaged actions for the implementation of the Facility, particularly with regard to its launch (timing, target customers, promotional activities, type of products, changes to the underlying legal documentation, etc.);
- c) Estimated absorption capacity in terms of expected volumes of Eligible Final Recipient Transactions to be included in the Portfolio and geographical coverage, taking into account any outstanding programme of similar nature implemented or available in parallel;

- d) The proposed improvements to the terms offered to Final Recipients (e.g. pricing reduction or reduction of the requested level of collateral), as compared to standard lending conditions for Final Recipients;
- e) Origination and credit risk management process;
- f) Expected characteristics of the Portfolio (split per rating, industry, borrower size, type of collateral and level of collateralisation, etc.);
- g) Historical performance data and track record in Final Recipient lending.

For Applicants that have applied to other EIF guarantee programmes within 24 months preceding the submission date of their Expression of Interest hereunder, the information requirements included in Sections 1, 2 and 4 of Appendix 3 to Annex 1 can be limited only to the relevant updates or material changes and differences from the latest Expression of Interest presented to EIF under such other EIF guarantee programme, in particular highlighting the specific characteristics of the Applicant business practices applicable to Final Recipient lending.

The Applicant shall indicate such previous Expression of Interest, and associated identifier (if applicable), which shall be used by EIF for the purpose of the pre-selection process hereunder and EIF reserves the right to request clarifications and any additional information during the pre-selection process.

Focus on Youth Employment Transactions

There exists a widely acknowledged policy objective across the Western Balkan Beneficiary Economies to favour the introduction of Young Persons in the jobs market and the provision of vocational training, and to reduce the high unemployment rates currently present at regional level. Applicants are invited to support Youth Employment Transactions to Final Recipients by expressing their willingness to pursue the origination and inclusion of such loans in the Portfolio. The willingness of a Financial Intermediary to originate Youth Employment Transactions to Final Recipients as expressed in the Expression of Interest will lead to a Fast Track selection process by the EIF as further detailed in section 7.1.2 below, and will result in the application of the Youth Employment Guarantee Rate, (i.e. 80%), for the Youth Employment Portfolio. It is to be noted that the conditions for transactions to be deemed Youth Employment Transactions, as provided for under section 3 above, are to be interpreted as minimum conditions which applicants may decide to enhance, for example by targeting Final Recipients employing more than the minimum number of Young Persons provided for in such definition (one for micro and small enterprises, or two in case of medium-sized enterprises). Applications providing for such enhanced conditions will be positively assessed by EIF, and will result – all else being equal – in additional points being attributed, in an amount commensurate with the extent of the enhancement proposed.

It shall be noted however that, as the above feature is not compulsory, Applicants are free to express their willingness to pursue the origination and inclusion of non-Youth Employment Transactions in the Portfolio: in this case, Applicants will be excluded from the Fast Track priority assessment process and the Standard Guarantee Rate (i.e. 50%) will be applicable for the Portfolio.

For the avoidance of doubt, and without prejudice to the treatment to Youth Employment Portfolios given elsewhere in this Call, applications can include a proposal to support Youth Employment Transactions only, a proposal to support non-Youth Employment Transactions only or a combination of both – a proposal to support Youth Employment Transactions and non-Youth Employment Transactions. In the latter case the Applicant shall clearly indicate the two separate proposals within a single application as per the instructions provided in the Expression of Interest (Appendix 3 of Annex 1 (*Information Requirements*)).

5. Language, governing laws and signing process

The Expression of Interest shall be prepared in English.

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

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

6. Submission of Expression of Interest

The Deadline for submission of the Expression of Interest is **30 April 2020**, unless EIF should announce that the Deadline will be set on a different date, depending, inter alia, on the availability of budgetary resources for the Facility (including in the case of reallocation of resources between Financial Intermediaries). Any change in the Deadline will be announced officially in the WB EDIF section of EIF's website.

The Expression of Interest shall be submitted by the Deadline by email to: wbedif@eif.org, stating in the subject of the email: "WB EDIF Guarantee Facility – Youth Employment– Expression of Interest: [name of the Applicant]", and shall contain the complete set of relevant documentation, including the Expression of Interest duly signed and any attachment to it (in PDF or other applicable electronic format).

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

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

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

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

7. Selection process

Financial Intermediaries shall be selected on the basis of EIF's policies, rules, procedures and statutes and in conformity with best practices with an open, transparent, proportionate, non-discriminatory and objective selection procedure, taking into account the criteria and principles underpinning the program and the experience and financial capacity of the Applicants, with a view to maximising the efficient use of the resources made available to the Facility.

Following the receipt of the Expression of Interest(s), EIF shall assess the Expressions of Interest received pursuant to the selection process outlined herewith. This process comprises of the following steps, provided that each step was concluded with a positive result:

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

Following the pre-selection based on the Expression of Interest, EIF shall perform a due diligence process of the pre-selected Applicant, as a result of which EIF will decide whether or not to propose to its competent decision making bodies the approval of entering into a Guarantee Agreement under the Facility. The contractual negotiation process may not be considered concluded prior to the approval of the EIF's competent decision making bodies, and in any case not concluded until EIF and the Applicant(s) have agreed on all relevant terms and conditions. Each of the above three steps is described in more detail below in sections 7.1 to 7.3.

In any phase of the selection process until and prior to entering into a legally binding agreement with an Applicant, EIF has full discretion to consider or not Applicants (and Participating Entities in case of joint Expression of Interest) and no Applicant or Participating Entity has any claim or other right or may expect to be ultimately selected as Financial Intermediary under the Facility. Any negotiation of terms and conditions of Guarantee Agreements by no means entails any obligation for EIF to enter into such Guarantee Agreement with an Applicant. EIF shall also have sole discretion to decide on the allocation of available amounts to Financial Intermediaries, including to propose a reduction of the Portfolio amount requested by the Financial Intermediary in the Expression of Interest.

EIF will send a rejection notice to Applicants whose Expression of Interest was rejected during any stage of the selection process. EIF may, but shall not be obliged to provide reasons for such rejection. Failure by EIF to send such a rejection notice shall not oblige EIF to accept an Expression of Interest or to re-evaluate such Expression of Interest.

Those Applicants, whose Expression of Interest is rejected, shall have the right to submit a written complaint about the selection process by e-mail, registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within the timeline provisioned within the relevant EIB Group complaints policy. Any complaints will be dealt within the framework and in accordance with the EIB Group complaints policy (for further information visit <http://www.eib.org/about/publications/complaints-mechanism-policy.htm>)

7.1. Pre-selection

Expressions of Interest for the Guarantee will be assessed by EIF for pre-selection on a "first come, first assessed" basis. When assessing the Expressions of Interest, EIF will use its professional analysis and judgement.

The pre-selection comprises:

1. Pre-selection stage 1: Formal assessment of the Expression of Interest;

- 2. Pre-selection stage 2: Assessment of Expression of Interest’s eligibility for a Fast Track selection process
- 3. Pre-selection stage 3: Assessment of the Expression of Interest’s quality;
- 4. Pre-selection stage 4: Assessment of the expected Portfolio.

Only Expressions of Interest that pass pre-selection stage 1, as further described in section 7.1.1. below, will go through pre-selection stages 2 and 3, i.e. the Fast Track and quality assessment processes.

After passing pre-selection stage 1 and before moving to pre-selection stage 3, Expressions of Interest will be assessed on whether they are eligible for a Fast Track selection process (further detailed in section 7.1.2) on the basis of the Applicant’s commitment to the origination of a Youth Employment Portfolio.

During the quality assessment (further described in section 7.1.3.), EIF will evaluate the overall quality of the Expression of Interest. All criteria listed under section 7.1.3. are assessed at the discretion of EIF, giving a pre-defined weight to each one of these criteria. Based on the quality assessment, EIF shall assign the “quality score” to the Expression of Interest, being A, B or C (A representing the highest score).

In pre-selection stage 4 (further described in section 7.1.4), EIF will do an assessment of the expected Portfolio. Based on this assessment EIF shall assign the Portfolio score to the Expression of Interest, being 1, 2 or 3 (1 representing the highest score).

Only Expressions of Interest with combined “quality” and “portfolio” scores A1, A2 or B1 are pre-selected. Expressions of Interest with combined scores C1, C2 or C3 are not pre-selected. Expression of Interest with combined scores A3, B2, B3 are included in a reserve list, which remains valid until 31 May 2020. EIF reserves the right to announce that the validity of the reserve list will end on an earlier date or will be extended, depending, inter alia, on the availability of the budgetary resources for the Facility.

In addition to the placement of Applicants on a reserve list on the basis of the outcome of the assessment process described above, EIF reserves the right to also place Applicants on a reserve list in case that the aggregate demand for the Facility expressed from already pre-selected Applicants is equal to or exceeds the budgetary resources available under the Call. Applicants on the reserve lists may be considered for pre-selection depending upon the availability of the budgetary resources.

The Expression of Interest classification table below summarizes possible pre-selection outcomes:

| | | |
|----|----|----|
| A1 | B1 | C1 |
| A2 | B2 | C2 |
| A3 | B3 | C3 |

Pre-selected

On the Reserve list

Not pre-selected

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

1. Pre-selection for the due diligence stage;
2. Placement on the reserve list;
3. Rejection of the Expression of Interest.

Pre-selected Applicants are advanced to the due diligence phase of the selection process as referred to in section 7.2.

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

EIF will communicate the outcome of the pre-selection to each Applicant via e-mail. For pre-selected Applicants, if after 12 months from the date of the communication no agreement could be found with the Applicant as to how a transaction, meeting the programme requirements, would be structured, EIF reserves the right to consider such Expression of Interest as reserve listed.

Know Your Customer ("KYC") documents to be included in the Expression of Interest are specified in Appendix 4 to Annex 1. EIF reserves the right to request further KYC documents from pre-selected Applicants.

7.1.1. Formal assessment

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

1. The Applicant (and any Participating Entity in case of joint Expression of Interest):
 - a. is established and operating in a Western Balkan Beneficiary Economy;
 - b. is authorised to carry out its business under the applicable regulatory framework;
 - c. is not in an exclusion situation, as validly represented in the form outlined Annex I to the Call;
 - d. does not perform any illegal activities according to the applicable legislation of the country of establishment of the Applicant (or Participating Entity), as validly represented in the Expression of Interest.
2. The Expression of Interest has been submitted and prepared in accordance with the Call and that all required representations, information and supporting documentation required thereunder are provided (in the form requested, where specified).

Expressions of Interest that do not conform to the formal criteria are rejected. In case of joint Expressions of Interest, if the Applicant or any Participating Entity covered by the Expression of Interest does not comply with the formal criteria, the entire Expression of Interest is rejected.

7.1.2. Fast Track selection process

Applicants that commit to originate a Youth Employment Portfolio will receive priority in the processing of their Expressions of Interest for the remaining stages of the selection process. This priority will be applicable for a time period of 3 months starting from the launch date of the Call and ending on 21 06 2019. During this period all non-Youth Employment Portfolio Expressions of Interest, as well as any Expression of Interest combining Youth and non-Youth Employment Portfolios, will be put on hold and not progress to pre-

selection stage 3. Following the expiration of the aforementioned time period, all Expressions of Interest that were not eligible for the Fast Track selection, will be processed as follows:

- (i) first, the Expressions of Interest combining Youth and non-Youth Employment Portfolios, in the order that they were chronologically received by the EIF; and
- (ii) second, the Expressions of Interest for non-Youth Employment Portfolios, in the order that they were chronologically received by the EIF.

7.1.3. Quality assessment

After successful assessment of the formal criteria, and after having obtained any additional information or clarifications from the Applicant, if and as needed, the EIF will perform a quality assessment of the Expression of Interest according to the criteria set out below, in no particular order of priority:

1. Quality and plausibility of the Facility implementation proposal, with particular focus on: implementation and rollout strategy (including incentives for sales force), marketing and publicity of the Facility, proposed volumes also in relation to similar instruments the Applicant may use at the same time, financial products used under the Facility, previous experience working with International Financial Institutions, etc. In the case of an application for a Youth Employment Transaction portfolio, special emphasis, leading to a more favourable assessment, will be given to rollout strategy proposals aimed at supporting the deployment of the portfolio with respect to: a) the number of Young Persons employed / received vocational training or internship (as applicable), and/or b) the duration of the SME's commitment to keep Young Persons under employment / the duration of the vocational training or internship (as applicable), vis-à-vis the minimum conditions provided under section 3;
2. Financial standing and financing capacity of the Applicant (and any Participating Entity in case of joint Expression of Interest) as evidenced by its external credit rating and/or by EIF financial analysis of the Applicant/Participating Entity;
3. Operational capability of the Applicant (and any Participating Entity in case of joint Expression of Interest) to assess and manage risk;
4. Proposed improvements to the terms offered to Final Recipients (e.g. pricing reduction or reduction of the requested level of collateral) as compared to standard lending conditions for Final Recipients;
5. Ability to provide the required data for EIF to properly conduct its analysis and assessment of the Applicant's (and any Participating Entity in case of joint Expression of Interest) track record and future activity;
6. Experience and ability of the Applicant (and any Participating Entity in case of joint Expression of Interest) to enter into Final Recipient Transactions within a predefined timeframe. This shall be assessed by EIF based inter alia on: track record of financing Final Recipients and the business plan for building a Portfolio;
7. Ability of the Applicant (and any Participating Entity in case of joint Expression of Interest) to comply with the specific reporting requirements.

7.1.4. Portfolio assessment

EIF will also consider, inter alia, the impact of the Expression of Interest in terms of expected composition of the proposed Portfolio, including its credit risk profile and diversification.

7.2. Due diligence

Pre-selected Expressions of Interest will be followed up with the due diligence process, carried out in accordance with EIF's internal rules and procedures, where financial and operational matters relating to the Facility's implementation shall be analysed in more detail. The aim of the due diligence is to assess the content of the Expression of Interest based on, inter alia, the ability to build up the envisaged Portfolio, the proposed improvements of lending requirements to Final Recipients, the risk profile of the envisaged Portfolio, the quality of origination, marketing and publicity of the Facility (including incentives to sell for sales force), risk management, collection recovery/workout processes, systems and ability to comply with the reporting requirements. The due diligence process may comprise an on-site visit, which shall be at the discretion of the EIF. The due diligence process does not comprise legal negotiations.

7.3. Selection

Based on the results of the pre-selection and the outcome of the due diligence process EIF will:

1. select the Applicant; or
2. place the Applicant on the reserve list; or
3. reject the Expression of Interest.

If an Applicant is selected, EIF may enter into a Guarantee Agreement with the said Financial Intermediary subject to: (i) the successful/ conclusive commercial and legal negotiations of the relevant contractual documentation and (ii) the approval of the transaction by the EIF in accordance with its statutes and rules of governance. Notwithstanding the foregoing, EIF has no obligation to enter into a Guarantee Agreement with a selected Applicant. Applicants who will submit an application including both a proposal to support Youth Employment Transactions and a proposal to support non-Youth Employment Transactions and will be selected for both proposals, at the discretion of the EIF, may be called to sign two separate Guarantee Agreements.

Applicants placed on a reserve list may be considered for selection at a later stage.

7.4. Allocations / reallocations during the implementation of the Facility

With a view to maximising the efficient use of the resources of the Facility, EIF shall have sole discretion to allocate any amounts available from time to time to Financial Intermediaries.

In addition, Portfolios may be increased and/or reduced and funds re-allocated between Financial Intermediaries in order to target an efficient use of the Facility during the build-up of the relevant Portfolios.

8. EIF Transparency Policy

Within the framework of the EIF's Transparency Policy⁵ (the "EIF Transparency Policy"), EIF is committed

⁵ http://www.eif.org/news_centre/publications/EIF_Transparency_policy.htm?lang=-en

to the guiding principle of promoting transparency with respect to its operational and institutional activities.

Pursuant to this guiding principle, and in accordance with the EIB Group approach and undertakings to promote transparency and good administrative practice, EIF has adopted the practice of publishing the minutes of the Board of Directors ("Board minutes") on its website, following their approval and signature.

The published Board minutes only indicate those operations presented for decision which have been approved and, as a general rule, contain a summary indicating the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources.

The EIF Transparency Policy also recognises the need for EIF to balance transparency with confidentiality undertakings and the protection of commercially sensitive or personal data, with a view to EIF satisfying its legal obligations to, and maintaining the confidence and trust of, its business partners, investors and third parties.

Consequently, should an Expression of Interest receive the relevant EIF internal authorisation for submission to EIF's Board of Directors and be approved by the Board thereafter, and should an Applicant deem that the publication of such a summary would expose sensitive or confidential information, for which there would be a compelling reason not to disclose, the Applicant shall make a declaration to that effect in the submission of the Expression of Interest resulting in the information in question being edited out of the published Board minutes and, subject to any applicable confidentiality undertakings, only being made public in connection with the signature of the operation in question.

If EIF has not received such declaration confirming that an Applicant does not agree to the publication of the aforementioned operational overview in the Board minutes, EIF will consider that it is acceptable to the Applicant and each Participating Entity, if applicable, and will proceed with publication on EIF's website as indicated above.