



Implementing the UDF in Bulgaria – a case study

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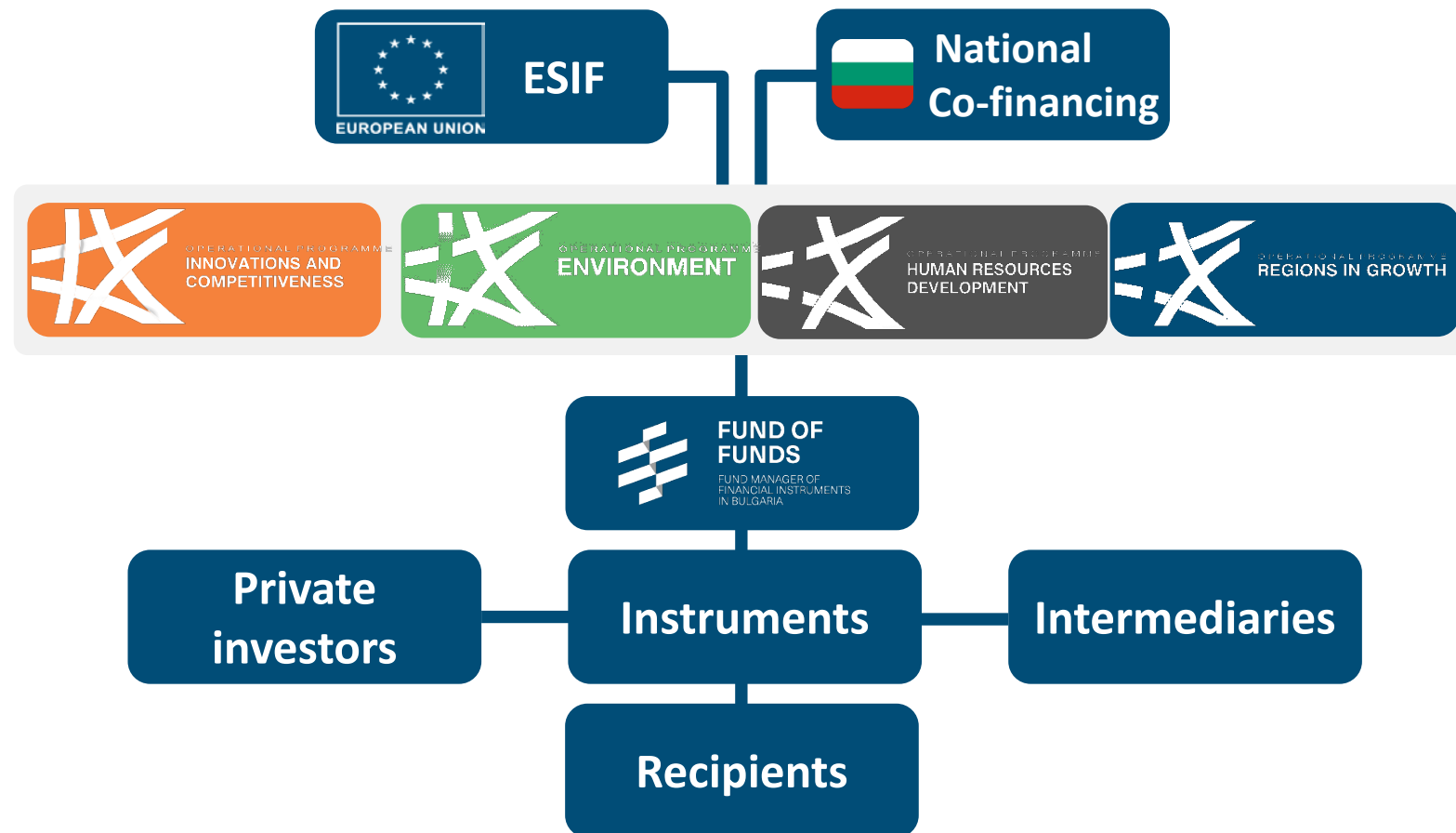
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The Fund of funds in a nutshell

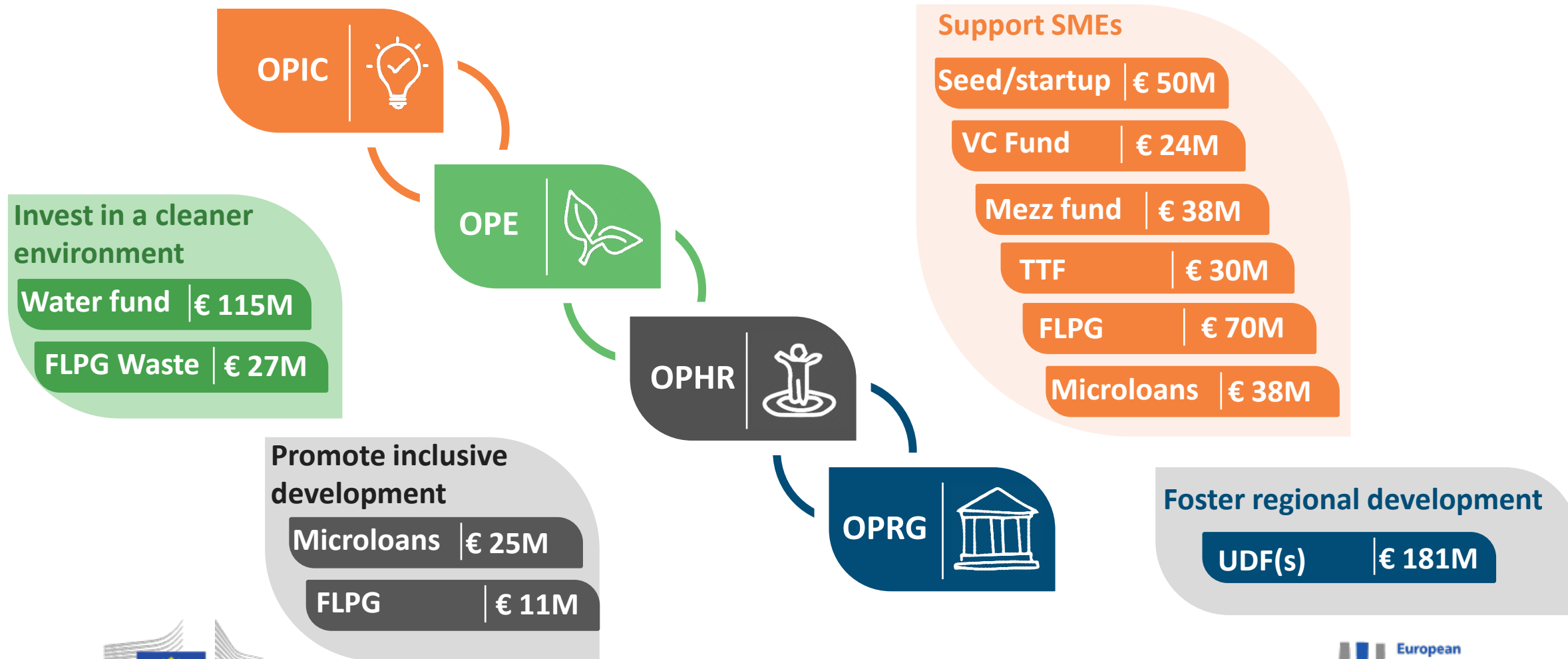
The FoF combines the financial instruments in Bulgaria over the 2014 – 2020 period



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The FoF implements a wide range of instruments within four policy areas



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The majority of our products are already on the market



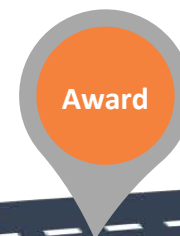
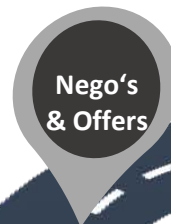
Tech Transfer Fund
Guarantees microlending
Guarantees Innovations
Guarantees Energy Efficiency

Funded risk sharing
Microlending
Mezzanine Fund

Venture Capital Fund

UDF South, North & Sofia
Funded risk sharing
Microlending

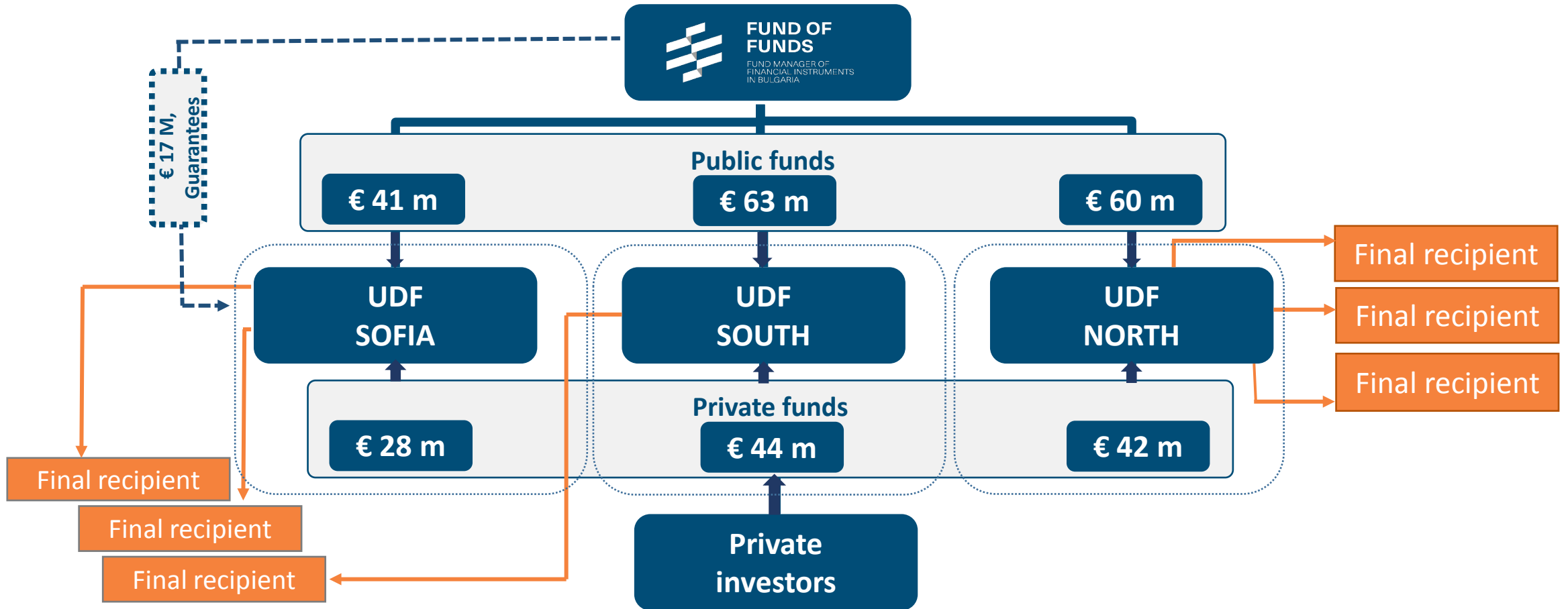
Seed Fund
Startup Fund
Water Fund



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UDF combines funded risk sharing with guarantees to maximise private leverage



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An investment strategy geared towards cities, Energy efficiency (EE) & Tourism infrastructure



Cities

Invest in transportation, urban environment,
sport, cultural & economic infrastructure

Urban
Development



Energy
Efficiency



Housing & Education

Finance EE measures of single family houses
and student dormitories

Tourism &
Cultural heritage



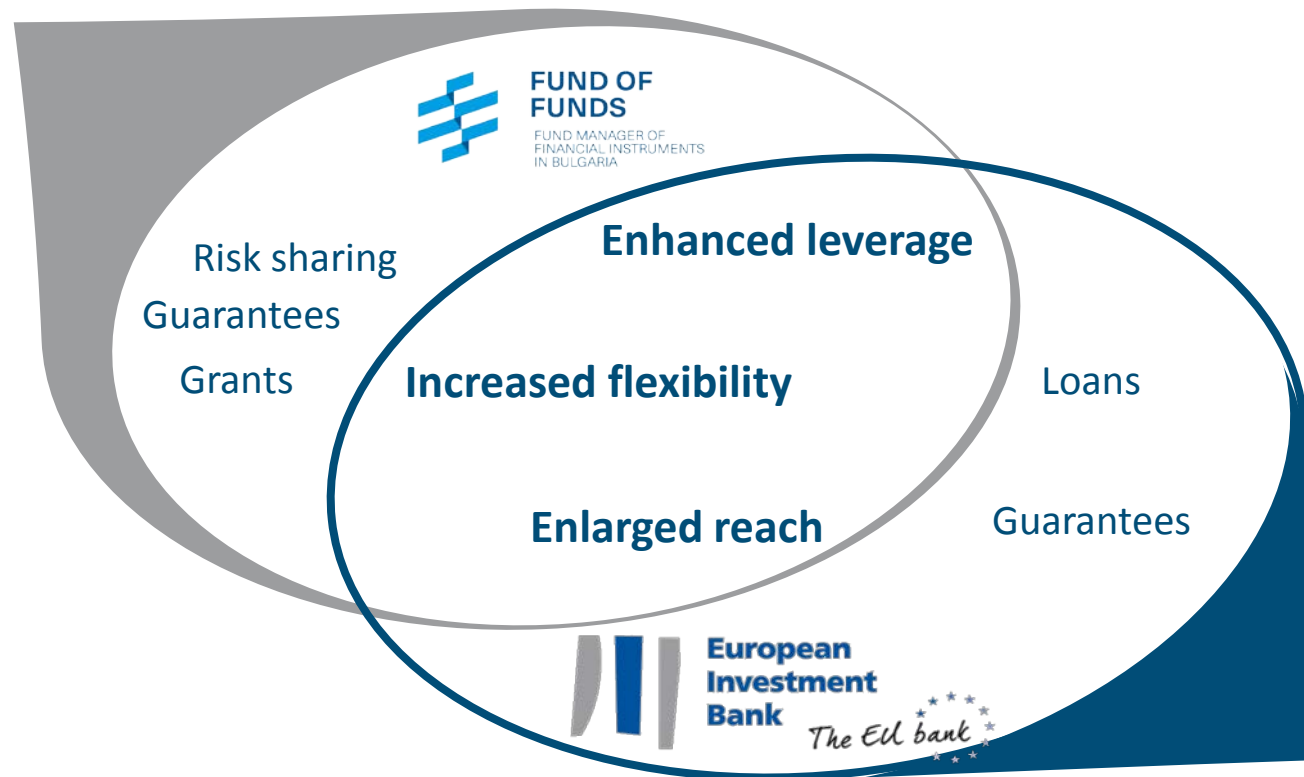
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Tourism

Support projects linked to historical &
cultural sites, incl. outside large cities



An EFSI & ESIF combination would enhance the scope and firepower of the instrument



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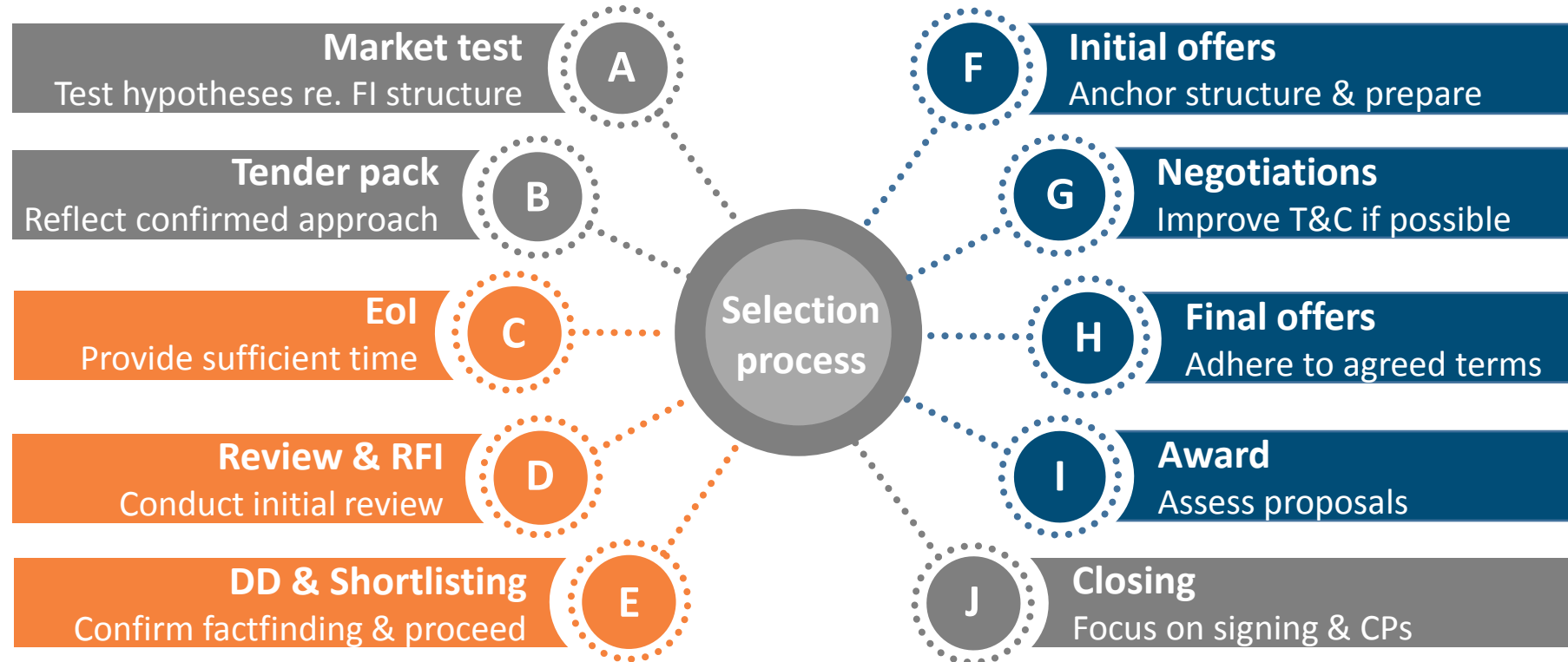
SELECTION PROCESS



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The selection process encompasses ten distinct phases



CP: Condition precedent
EoI: Expression of interest
RFI: Request for information
DD: Due diligence
T&C: Terms and conditions
CP: Condition precedent

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Our approach is underpinned by regulations, our mandate & understanding of the market



Investment strategy

Corner stone of the structure

All elements of the pack comply with the IS



Compliance

ESIF, State aid, Public procurement act (PPA) rules & other regulations provide the minimum requirements

NB: Art. 7 of the Delegated regulation provided the basis for the process



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Conservative approach

Conservative approach towards management of potential risks is key

Apply appropriate structure of rewards & backstops

Role of EIB



EIB Advisory provided MoF and FMFIB with crucial support in developing the investment strategy and structuring the potential combination of funding, including tender specifications



The chief elements of the tender pack ensure consistent approach

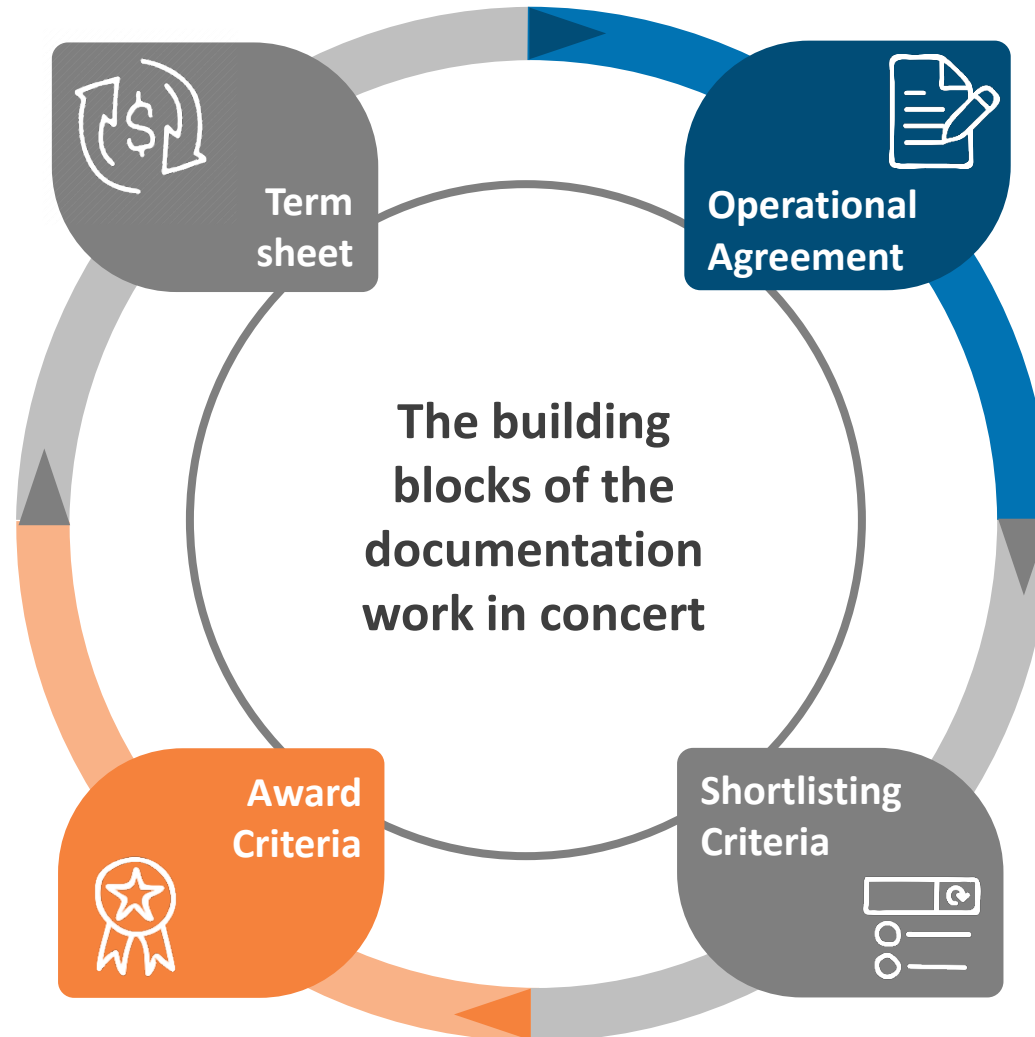


FI Blueprint

The term sheet (TS) reflects our understanding on “must haves” & fixes the structure

Optimal terms

Builds upon shortlisting to encourage competition



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Collaboration tool

The Operational agreement details the TS & allows for flexibility to accommodate different strategies

Safety net

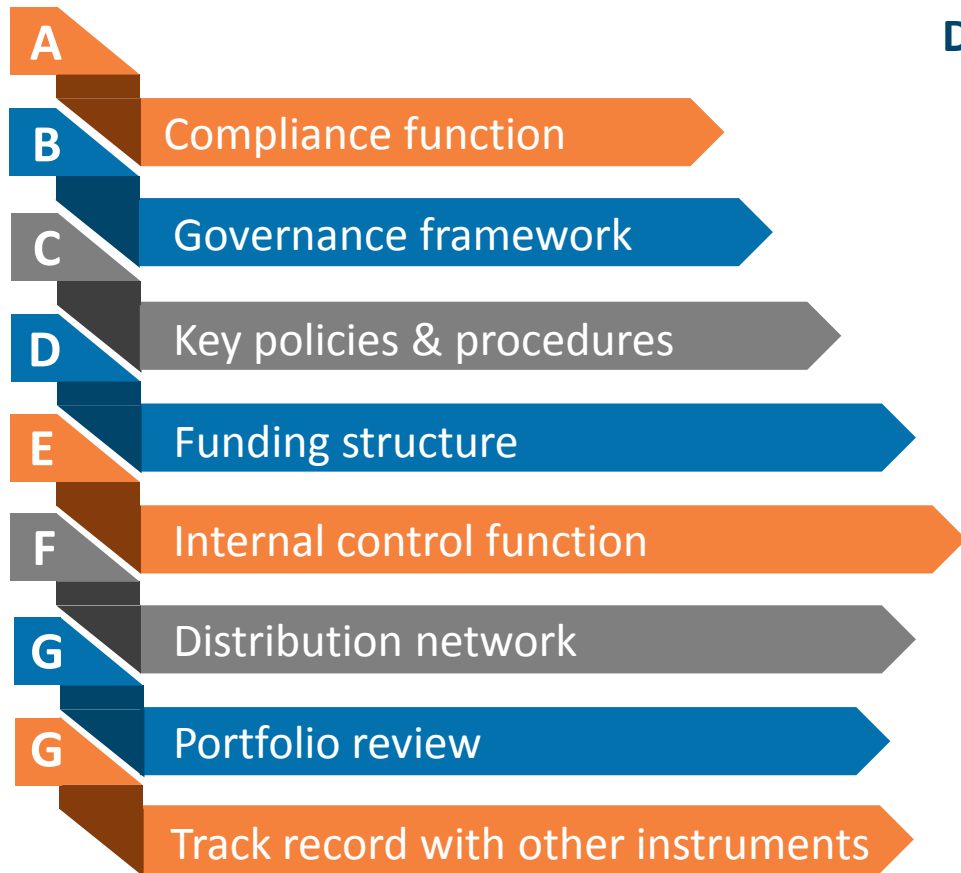
The criteria ensures sufficient quality of the candidates



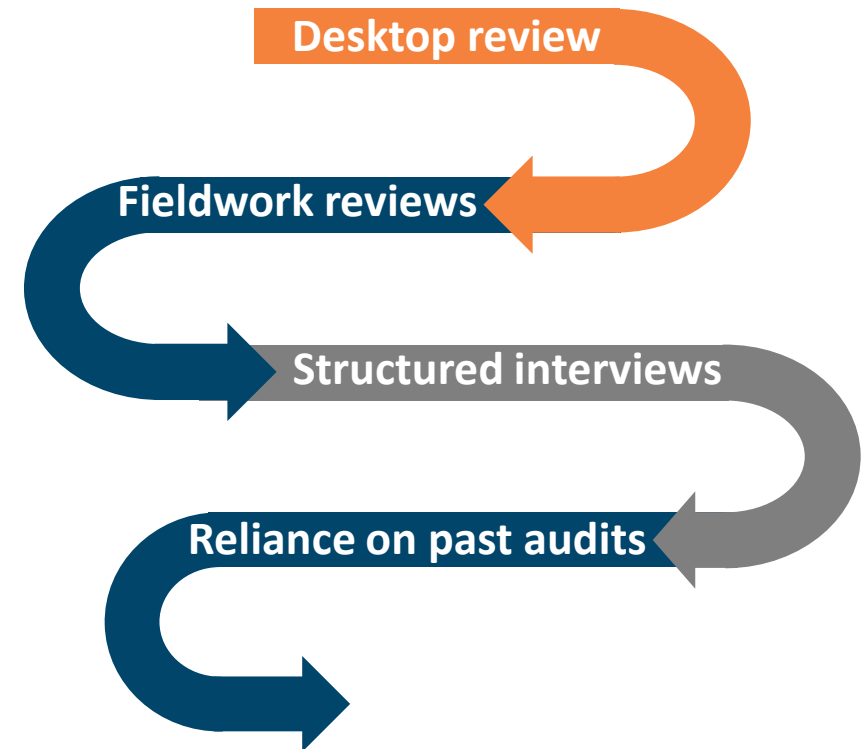
Shortlisting criteria would ensure minimum execution quality



Due diligence was designed as a central element underpinning the success of the procedure



DD scope | DD toolbox



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Award criteria capture chief aspects of the execution phase



Fee structure was aligned with the requirements of the Delegate act



Management fee

Investment methodology



The most comprehensive element of the award methodology

Funds of private investors to be added to the public resources



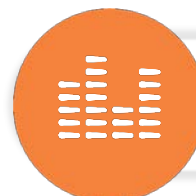
Leverage

Team track record



The criterion evaluates the team experience in five key areas

The volume of the new business from the UDF mandate compared to the existing one

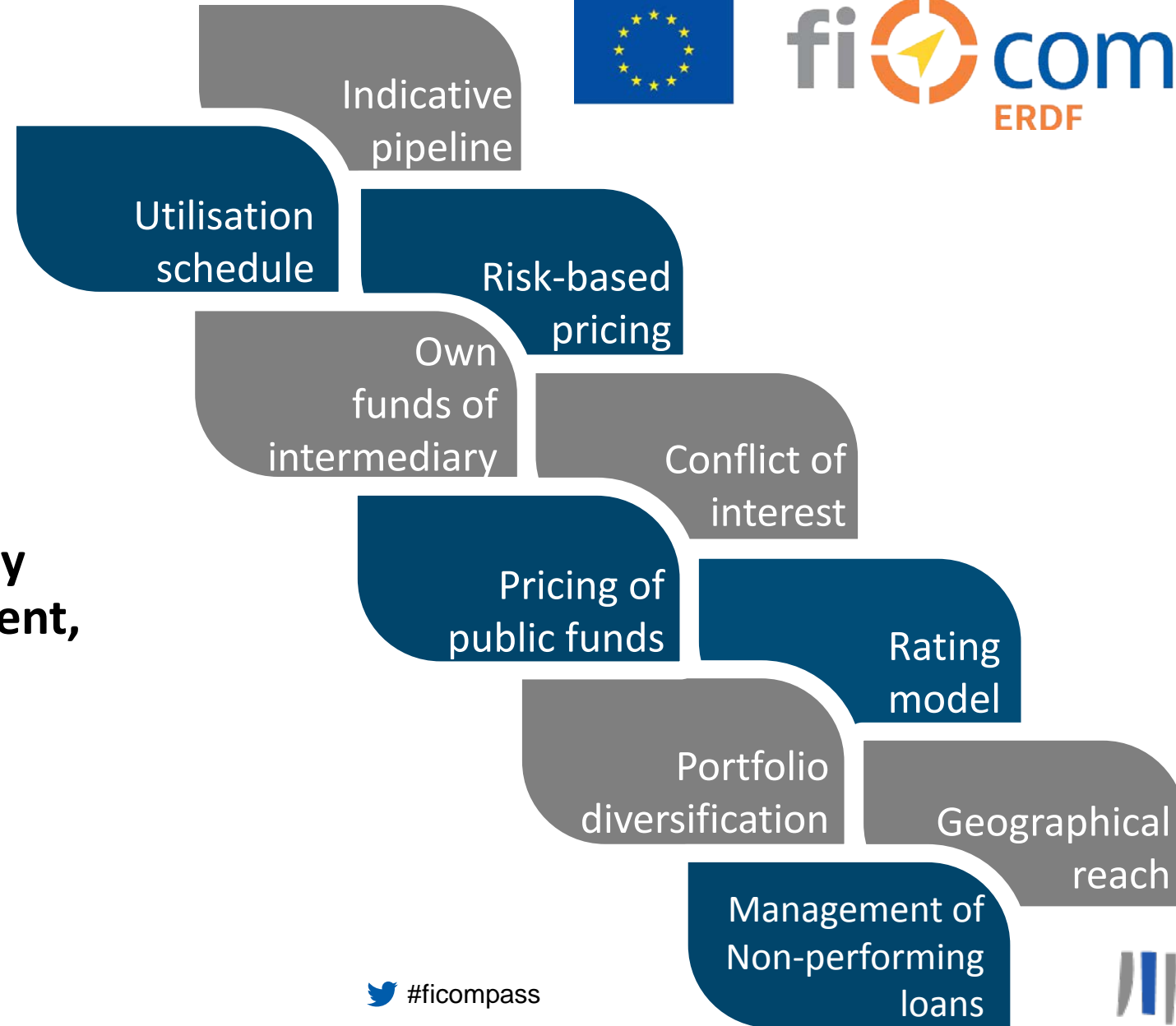


Additionality



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**Investment methodology
focused on risk assessment,
pricing & alignment of
interests**



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Via negotiations the parties were able to align their views on implementation details



Predefined scope

Discuss proposed terms & conditions

Revisit agreement

Attempt to improve the initial offer



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