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REPUBLIC OF CROATIA
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Clarification Document to the Call for Expression of Interest to select Financial Intermediary(ies) for VC & Acceleration Fund(s) under the Croatian Venture Capital Initiative 2

The aforementioned Call for Expression of Interest (further “Call”) stipulated that: “Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to relevant 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, at the latest on **08 December 2023** (“Clarification document”).”

In accordance with this provision, we hereby present the Clarification Document. Capitalised expressions utilised below shall have the meaning attributed to them in the Call, unless otherwise defined below or the context requires otherwise.

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

Q1	Follow-on €20m <ul style="list-style-type: none"> a) How will the €20m of additional follow-on funding be made available to the fund? b) Should it be considered as a ‘third compartment’ of the fund, separate from the Accelerator and VC compartments? c) Will this funding source require an additional private funding component? d) Will it be a committed amount, or available on an ‘as needed and as available basis’? e) What companies will be eligible for this funding? f) When will this source of funding be available?
A1	<ul style="list-style-type: none"> a) An allocation from the indicated overall EUR 20m will be made to a Fund by the EIF based on its assessment and will be part of EIF’s overall commitment to a Fund. b) No. c) The allocation will not be distinguished from the rest of the commitment made by the EIF to a Fund and the same Minimum Private Investor contribution terms will apply. d) It will be part of EIF’s overall commitment and behave in the same manner, with capital from the overall commitment drawn down on an ‘as needed’ basis. e) Same eligibility criteria apply across the whole Fund. f) It will be available as part of EIF’s overall commitment during the whole term of the Fund. However, each Fund will be required to use a minimum amount equal to the part of EIF’s commitment funded from the overall EUR 60m available under the Programme Competitiveness and Cohesion 2021-2027 by 31 December 2029. The EUR 20 million of additional resources will allow investments beyond the end of the Eligibility Period.
Q2	Eligibility criteria <ul style="list-style-type: none"> a) For Eligible Final Recipients who are not operating in Croatia is there a minimum investment requirement in Croatia? b) For Target Final Recipients is there a more detailed description of what constitutes ‘mainly operating in Croatia’? For instance, does this mean that the main part of its sales are in Croatia, or the majority of its staff are in Croatia, or that it is headquartered in Croatia?

	<p>c) Are returns from Target Final Recipients and non-Target Final Recipients pooled and distributed in proportion to all LP's or are the returns segregated between EIF and private investors?</p>
A2	<p>a) No, there is only a minimum requirement with regard to Target Final Recipients. We would also like to clarify that all Eligible Final Recipients should have operations in Croatia, or planning to expand their operations into Croatia based on their business plan at the time investment.</p> <p>b) The main portion of the Target Final Recipient's activities should focus on Croatia. This should primarily be on the basis of headcount location, though the criterion could also be considered on the basis of where the most significant part of the tangible assets is based or of the revenues generated.</p> <p>c) There is no requirement for segregation, it is assumed that all investees would be part of the same portfolio (or multiple portfolios, in the case of Compartments) and otherwise in this regard be treated equally in all respects.</p>
Q3	<p>Email confirmation</p> <p>a) Please confirm we will get an Acknowledgement of the email we send on the submission day</p> <p>b) Is it possible to test the email submission before the submission date?</p>
A3	<p>a) Not necessarily, however, we would generally aim to acknowledge the submissions at the latest by Monday, 15 January 2024. We advise Applicants to send their emails with the "Request a Delivery Receipt" option selected in Outlook (or a corresponding setting in a different email client). In any case, it is not the aim to exclude Applicants due to technical issues – if it can be demonstrated that a submission was made on time and in accordance with the stated criteria, but perhaps not received by the EIF exclusively due to technical issues on its own side, such submissions would still be accepted.</p> <p>b) The Expression of Interest can be submitted at any time before the indicated deadline.</p>
Q4	<p>Fund Jurisdiction</p> <p>a) Are any of Luxembourg, Netherlands or Jersey non-compliant jurisdictions from the perspective of setting up a new fund?</p>
A4	Please refer to sections of the Call on non-compliant jurisdictions (NCJs).
Q5	<p>GP Commitment/Hurdle Rate</p> <p>a) It can be hard to go above 1% GP commitment for a manager. Would a 1% or less be eliminatory considering you mentioned 2% in the bid document?</p> <p>b) Is there a hurdle rate (preferred return) requirement for the accelerator compartment of the Fund?</p>
A5	<p>a) The 2% serves as an indication of what is considered as a typical commitment, but does not indicate a requirement. As specifically mentioned in the corresponding section, the proposed Fund Manager's commitment will be assessed against and aligned with the Fund economics and the broader financial positions of the Fund Manager's team to provide a relevant alignment of financial interest with investors.</p> <p>b) There is no specific requirement in this regard for the Acceleration Compartment.</p>
Q6	<p>EIF Minimum and Maximum</p> <p>a) Is there a minimum EIF percentage of commitments for the acceleration and venture capital compartments?</p>

A6	There is no minimum EIF percentage as well as no defined minimum EIF commitment in absolute terms.
Q7	Application <ul style="list-style-type: none"> a) In Appendix 3 there is a requirement to submit an ownership structure and control chart and the EIF Integrity and Tax Questionnaire. In the second paragraph of Appendix 3 it states that these should be attached, but are to be completed later during the application process. The Selection Criteria makes no mention of the requirement to submit the documentation mentioned in Appendix 3. Could you please clarify whether these documents are required at the time of the submission of the Expression of Interest and the extent to which they need to be completed? b) In the ownership and control structure chart as required in Appendix 3 is the EIF Counterparty the same as the Applicant in the EOI?
A7	<ul style="list-style-type: none"> a) Applicants should provide as much information as possible and available at the time of the submission of their Expression of Interest. However, the documents you refer to can be indeed finalized during the selection process, as may be the case particularly in situations when the Fund Manager and/or the Fund (as well as any other relevant legal entities) have not yet been set up at the time of the submission. b) The ownership and control structure chart of the Fund Manager and the Fund, as the case may be. Normally, this indeed corresponds to the Applicant, though it is possible that the team is applying as a group of individuals while the Fund Manager and/or the Fund (as well as any other relevant legal entities) have not yet been set up at the time of the submission.
Q8	At what point of the process will the portion of the Croatian government and EIF funding received by the Applicant Fund be decided?
A8	A decision is taken only at the time of the approval of EIF's commitment to a Fund by EIF's governing bodies. The Applicant(s) will be informed and consulted on allocations of resources to their Fund(s) during the selection process.
Q9	Can EIF funding be allocated solely without any Croatian government contribution?
A9	Not under this Call, which is launched for the allocation of resources available under the Croatian Venture Capital Initiative 2.
Q10	At what point in the process will it be decided if the additional €20m (on top of the €80m) private funding is available? Is it part of the current Call's total available amount or does it come from other LPs, independent of EIF, investing in the Applicant Fund? Please elaborate on how this component works.
A10	<p>The indicated EUR 20m of private funding is only an overall expectation the EIF has with regard to the fundraising by the selected Applicant(s). It will not be made available by the EIF. It is expected to be committed to the Fund(s) alongside the resources committed by the EIF and treated equally.</p> <p>It should be noted that this expectation does not represent a requirement and the actual amount of private capital committed to the Fund(s) will depend on the selected Applicant(s) ability to attract it, though Applicants should pay attention to the Minimum Private Investor contribution requirements.</p>
Q11	Do we understand correctly, that the second paragraph in the Target Final Recipients section of the Fund Term Sheet implies that the entire EIF investment amount that has been drawn down for investment purposes should be invested in full into a portfolio company? If you had a different intention, could you please provide clarification?
A11	As stated in the Call, EUR 60m out of the overall up to EUR 80m being made available by the EIF under the Croatian Venture Capital Initiative 2 comes from the Programme Competitiveness and

	<p>Cohesion 2021-2027. The paragraph you refer to stipulates that at least an equivalent amount made available through the Programme needs to be invested by the Fund(s) specifically in Target Final Recipients.</p> <p>For example, if a Fund has made investments of EUR 10m and the share of Programme resources in the Fund represents, e.g., 60%, then at least EUR 6m out of the EUR 10m should have been invested specifically in Target Final Recipients.</p>
Q12	Could you please clarify the Minimum Private Investor contribution section in the Fund Term Sheet? Does it mean that the Fund is not allowed to invest alone but only with co-investor(s) who contribute(s) at least 30% of total the investment? (in the VC Compartment)
A12	A minimum 30% Private Investor contribution is required at the level of (i.e., in) a VC Compartment on a 'pari passu' basis. The Fund is not required to co-invest with other investors.
Q13	If the Fund is allowed to manage the investment on its own, can the 30% Minimum Private Investor contribution requirement be fulfilled if there is at least 30% EIF/Croatian government independent source in the Fund coming from other LPs? (in the VC Compartment) Could you please provide further clarification on that?
A13	The stipulated requirement is very clear – at least 30% of the total resources committed to a VC Compartment have to come from Private Investors and be committed on a 'pari passu' basis with resources committed by the EIF from the Croatian Venture Capital Initiative 2, which can represent a maximum of 70% of the total resources committed to a VC Compartment.
Q14	What is the deadline for completing the first, second, and further closings for a new Fund under the current application?
A14	There are no stipulated deadlines for the first closing of a new Fund. With regard to further closings, it is a market standard to have a final closing date set within one year from the date of the first closing, which can be typically extended by up to additional six months subject to investors' consent, though even further extensions could be considered.
Q15	If the Applicant Fund does not receive Croatian government-related funding but EIF funding only, do we understand correctly that the whole funding should be spent until 2029 EoY?
A15	The question is not applicable to this Call, as EIF's commitment to a Fund selected under this Call will be funded under the Croatian Venture Capital Initiative 2.
Q16	In the above-mentioned scenario, is it required to spend the EIF source until 2029 EoY or is there any flexibility in extending this period to five years from the vintage year (first closing of the Applicant Fund)?
A16	Please refer to the previous answer, as well as the answer to Q1. Furthermore, please note that there can be no extensions for the part of the provided funding that needs to be used by 31 December 2029 (corresponding to Programme resources) unless the underlying EU regulations currently stipulating this deadline change correspondingly.
Q17	Is it required to attach the Fund Manager's business plan in the initial application to be submitted by 12 January 2024?
A17	Yes. The Business Plan represents the core of any application.
Q18	Are we allowed to deal with transactions on the secondary market?
A18	If you mean purchases of existing shares from other investors, this is currently foreseen.

Q19	Should we submit our application (Business Plan) in .doc or .ppt format?
A19	Both formats (as well as, e.g., .pdf) would be accepted.
Q20	We are considering establishing a fund in Luxembourg. Is it necessary for the fund to be regulated or can it be unregulated in Luxembourg?
A20	It is necessary for a Fund to comply with all applicable laws and regulations. The Call does not prescribe any specific regulatory regime. Please also refer to the sections of the Call on non-compliant jurisdictions (NCJs).