



**SERVE JAMAICA
GOVERNMENT OF JAMAICA
DEVELOPMENT BANK OF JAMAICA LIMITED
CALL FOR PROPOSALS
FROM
LOCAL AND INTERNATIONAL
PRIVATE EQUITY FUNDS
FOR
Fund Managers for the Establishment and
Management of Small and Medium Enterprises
(SME) Funds**

November 23, 2021

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Disclaimer

Investor Panel

The information provided in, and pursuant to, this Call for Proposal (“CFP”), in whatever format is not an agreement and does not constitute an offer by the corporate and institutional investors (“the Investor Panel”) to the qualified Applicants or any other person. The purpose of this CFP is to provide interested parties with information that may be useful to them in submitting their Proposal. This CFP does not purport to contain all the information that each Proposal may require. Each Applicant prior to presenting its Proposal should, therefore, do its own due diligence by conducting its own investigations and analysis.

The Investor Panel accepts no responsibility for the accuracy or completeness of the information provided or for any interpretation or opinion on the law expressed in this CFP and included in any documents forming part of this CFP.

The Investor Panel makes no representation or warranty and shall have no liability to any person, including any Applicant who has presented a Proposal, under any law, statute, rules or regulations, or otherwise for any loss, damage, cost or expense which may arise from or be incurred or suffered on account of anything contained in this CFP or deemed to form part of this CFP or arising in any way from participation in this CFP process.

The Investor Panel is not obliged to but may, in its absolute discretion, update, amend or supplement the information, assessment or assumptions contained in this CFP.

The Investor Panel is neither bound to select any submitted Proposal nor to invest in any selected Applicant(s), as the case may be. Furthermore, the Investor Panel reserves the right to reject all or any of the Applicants or their Proposals without assigning any reason whatsoever.

The Applicant shall solely bear all its costs associated with or relating to the preparation and submission of its Proposal including but not limited to preparation, copying, postage, delivery fees, expenses associated with any queries, or any other costs incurred in connection with or relating to its Proposal. All such costs and expenses shall remain solely with the Applicant and the Investor Panel shall not be liable in any manner whatsoever for the same, regardless of the conduct or outcome of the selection process.

Call for Proposals

1. Introduction

1.1 Purpose of the Call for Proposals (CFP)

The Minister of Finance and the Public Service tabled the Social and Economic Recovery and Vaccine Programme for Jamaica, known as the SERVE Jamaica Programme, during his 2021 Budget Speech in the House of Parliament.

Under the theme of “*Financing Support for Businesses*”, the Government of Jamaica (GOJ), through the Ministry of Finance and the Public Service (MOFPS), has made funding of some J\$2 billion available to the DBJ for investment in private equity funds investing in SMEs, in Jamaica.

The DBJ is charged with the responsibility to utilize these resources to invest in at least two (2) SME Funds, managed by eligible private equity fund managers, selected through a Call for Proposals (CFP). The selected fund managers are expected to raise funding from other private capital sources, of at least twice the value of funds invested by the DBJ. In that regard, the J\$2 billion will be used to leverage, at a minimum, an additional J\$4 billion in private capital resulting in, at least, J\$6 billion in private equity available for investments in SMEs.

The CFP will be spearheaded by the DBJ, as the lead anchor investor, while other potentially interested investors, who along with the DBJ will be collectively referred to as the **Investor Panel**, will join in the process of evaluation and selection of two (2) Fund Managers for the establishment and management of two (2) Small and Medium Enterprises (SME) Funds, in Jamaica. Applicants for the position of Fund Manager are invited to present proposals (the “**Proposal**”) to the Investor Panel in accordance with the requirements described in this CFP.

1.2 Eligibility of Applicants

The Applicant must be a local or international Fund Manager who is licensed or intends to be licensed and operating in accordance with relevant regulations and properly registered in the country of origin and operation. If a Fund Manager is an overseas company, then such a company will be required to be registered in Jamaica as an overseas company and licensed or registered in accordance with the Financial Services Commission (FSC) Act. Existing fund managers with aligned investment strategy may apply (e.g., funds that are already fund raising or have completed first close).

1.3 Background

The GOJ has recognized that the private equity markets play a key role in providing financing and other support to businesses. With the focus on recovery of the business environment, post-COVID, the GOJ seeks to collaborate with eligible private capital funds to provide smart financing to SMEs.

The GOJ will contribute capital of up to J\$1 billion as an investment in each of two (2) funds that will, in turn, provide risk capital for SMEs with high growth potential and with a locus of activity in Jamaica. Access to risk capital along with capacity building from a professional fund manager is expected to allow these investees to achieve higher levels of growth and productivity, and contribute, where possible, to job growth in their sectors.

The GOJ has recognized that a vibrant and sustainable Private Equity (PE) market will create an avenue for addressing the problem of lack of access to long term equity financing for Jamaican companies. In that regard, the GOJ, through DBJ's Private Capital Unit, is collaborating with other public sector and private sector investment partners to source two or more qualified and experienced Fund Managers to establish and manage new SME Funds in Jamaica.

The **Investor Panel** comprised of the DBJ and a number of local corporate, institutional and individual investors will utilize an already established framework for the selection of the qualified Fund Managers which will undertake investments in eligible SMEs in Jamaica through appropriate investment vehicles.¹The Investor Panel will have the opportunity of undertaking investments, in the established Fund(s), along with the selected Fund Manager(s).

Key features of each Fund are expected to be: (i) Fund focus; minimum J\$3 billion invested in Jamaican SMEs (ii) management by a private fund manager; (iii) co-investment by other investors including private investors; (iv) no government participation on the Investment Committee or on the Board of Directors of the fund or fund manager; (v) fund life of 10 years extendable by an additional period of not more than 5 years; (vi) targeted enterprises are SMEs, as nationally defined, that are 'established', i.e. enterprises with sustained positive cash flow and a growing customer base, which require infusion of growth equity to expand their business; (vii) estimated ticket sizes of J\$15 million to J\$300 million and (viii) provide technical assistance to SMEs to relieve capacity constraints (viii) fund will be sector-neutral in its investment strategy, however sector specific funds may be considered.

Private investors will be required to invest at least twice the amount invested in the respective Fund(s) by the GOJ, represented by DBJ. DBJ, will invest a total of J\$2 billion in the Fund(s), and private investors will, in aggregate, commit at least J\$4 billion in matching funds.

¹ there could be some flexibility on funds raised in excess of J\$3 billion which could admit SMEs not based in Jamaica.

1.4 Objectives and Features of the SME Fund

Objectives:

The objective of the SME Fund is to provide risk capital financing to established SMEs that have high growth potential and operations in Jamaica, and which may have adversely impacted by the downturn in the economy due to the Covid-19 pandemic. The long-term vision is to encourage the equity investment market to increase the supply of investment finance for established firms by demonstrating their financial viability, growth potential, and economic role.

The DBJ and the SME Fund Managers will monitor the following indicators for the SMEs' participation in the SME Funds, in J\$ and US\$ where applicable, in line with the objective of the Fund:

- Sales
- Employment
- Volume of exports
- Volume of co-investments by the private sector
- New products introduced
- Number of training programmes received by SMEs

Features:

The SME Fund will be designed and governed according to the following international best practices and principles of:

- Commercial orientation and market practices
- Professional and independent management competitively selected, based on objective criteria linked to experience, expertise, and operational capacity
- Good governance and transparency
- Financial, social, and environmental sustainability
- Market competition

Eligibility Criteria

- **Eligible Beneficiaries / Investees**

The key beneficiaries of the SME Fund will be SMEs, as nationally defined and updated in 2017², that are established and require an infusion of growth equity to expand their business. Eligible firms must be able to demonstrate sustained positive cash flow and a growing customer base, immediately anteceding the investment decision.

The SME Fund will be sector-neutral, however eligible sector-specific funds may be considered. Other exceptions are described in the DBJ's Environmental and Social Safeguards Policy. SMEs seeking financing for very high-risk projects. SMEs seeking financing for activities included on the Policy's Exclusion List are not eligible."

² Definition of MSME as defined by Ministry of Industry, Commerce Agriculture & Fisheries <https://www.micaf.gov.jm/content/msme-sector>

Additional criteria applied are: (i) the SME has a legal form in Jamaica; (ii) the SME operates or intends to commence operations in Jamaica, to generate or expand enterprise production and employment in Jamaica.

Investees are required to provide financial and non-financial information, as required by reporting requirements, to the SME Fund Management Firm on a regular basis as defined in the Sub-financing Agreements to be entered into between the SME Fund and the beneficiaries (investees companies).

- **Eligible Private Investor Partners**

Depending on the amount of investment, many co-investors of the SME Fund will be institutional or commercial investors – such as pension funds, insurance companies, Development Finance Institutions (DFIs), standalone funds, holding companies, banks, and others.

Investors with participation or ownership by any public entity or politically exposed persons will be required to undergo enhanced due diligence. In addition, eligible investors shall neither be nor have been the subject of a conviction of criminal acts, including bribery, abuse of power, and fraud, as described in the SME Fund’s governing documents.

- **Eligible Instruments and Ticket Size**

The SME Fund will provide equity, quasi-equity investments or self-liquidating structures.

The estimated minimum and maximum ticket sizes are J\$15 million and J\$300 million respectively.

Investees may receive follow-on financing. A maximum of 10% of the SME Fund’s capital may be invested in one investee, with a possible increase to 15% (contingent on permission from the SME Fund’s Advisory Committee, as defined in the Shareholders Agreement).

Financial Features

- **Management Fees**

In line with best practices, the remuneration of the SME Fund Management Firm shall reflect the current market remuneration, including management fees and profit-sharing, in comparable situations, which is ensured through the competitive bidding. They will be based on international best practices and market principles.

- **Returns**

To incentivize co-investment mobilization the SME Fund could be structured to deliver asymmetric positive returns to co-investors, based on the winning bid’s proposal.

- **Technical Assistance**

Technical assistance / grant facility would be available to the SME Fund to support the economic viability of the fund.

Governance Framework

The SME Fund will be governed by the following documents:

Document	Parties
Loan Agreement	The MOFPS and DBJ
Applicable investment documents, which may include Limited Partnership Agreement, Shareholder Agreement, Subscription Agreement, Management Agreement, Prospectus, or Side Letter(s)	DBJ, SME Fund, SME Fund Management Firm, Co-Investors
Sub-Financing Agreements	The SME Fund and Investees

Fund Managers submitting proposals/applications shall present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of, and compliance with, the DBJ's AML and Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection, audit rights and the rights for the Bank to review related documentation and activities.

Investment documents must clearly state requirements such as:

- The DBJ and the members of the Advisory Committee must receive quarterly Environmental & Social (E&S) Performance Reports.
- Members of the Advisory Committee, or their representatives, must have the right to visit, with reasonable notice, any of the premises of the Fund Manager, or have access to their management, records/ books, to monitor compliance or assess legal or reputational risk.
- The Fund must be subject to regular independent audits.
- The Fund and its GP/Manager may not engage in any Sanctionable Practices (as detailed in the Definitions on page 16).
- Appropriate investor protections must be included, including those covering the GOJ's participation in the Fund.
- The GOJ maintains the right to terminate commitment or dissolve the Fund if the Fund has been unable to make investments within a defined period, subject to the provisions in the shareholder or Limited Partnership Agreements.

Once the winning bid from the Call for Proposals process has been awarded, DBJ will sign an agreement with the selected company, to outline mutual roles and responsibilities, as well as terms and conditions of investments.

The Limited Partnership Agreement (or equivalent, such as LLC or Shareholders Agreement) will outline the strategic objectives of the SME Fund, and key operational aspects of the SME Fund, such as defining the role of the manager versus the other investing partners; the governance structure (including an Investment Committee and Advisory Committee); the management fees structure; return distribution; reporting requirements/ performance evaluation, etc. These agreements will be informed by best practices and legal counsel of DBJ (to ensure proper investor protection mechanisms).

- **Role of the SME Fund Management Firm**

The SME Fund Management Firm will be solely and exclusively responsible for the investment and exit decisions. The SME Fund Management Firm will be responsible for: (i) actively seeking deals; (ii) fundraising; (iii) presenting deals to the investment committee; (iv) monitoring performance of approved investments; (v) reporting; and (vi) supporting portfolio companies.

The SME Fund Management Firm must be able to both (i) raise capital from other sources which must be at least twice that of DBJ's capital and (ii) set up a fund with minimum viable economic size (typically a minimum of US\$15 million for an SME Fund). This applies to new and existing funds. For existing funds, matching will be proportionate to DBJ's capital allocation in the fund.

The SME Fund Management Firm must be willing to comply with DBJ reporting and monitoring and evaluation requirements of investments, as described in the CFP criteria, applicable investment documents, safeguards guidelines as described in the Environmental and Social Safeguards Policy, Audit and Anti-Fraud/Corruption Clauses, as well as the DBJ's provisions on Conflict of Interest.

If the SME Fund is already existing and has a broader investment strategy, it must be in conformity with required policies (e.g., ESG.) and provide segregated reporting for the DBJ in line with the project's objective. The SME Fund Management Firm if affiliated to an institution with a broader mandate, must show how the governance of the fund would have clear accountability to shareholders, rather than to the parent company.

The government and other investors will not have any influence on the investments and exit decisions.

- **Role of DBJ**

Among other responsibilities, DBJ will be in charge of: (i) initiating and conducting a CFP process to select the SME Fund manager(s); (ii) entering into agreements with the SME Fund Management Firms, whose eligible applications and subsequent offers have been accepted; (iii) making payments in accordance with subscription agreements; (iv) ensuring that compliance with DBJ reporting, monitoring, and evaluation requirements of investments, as well as procurement and safeguards policies.

DBJ will not be involved in the investment decisions of the SME Funds.

- **Role of Investment Committee (IC)**

The Investment Committee (IC) will be constituted by the SME Fund Management Firm and independent members with relevant private equity expertise. There will not be any government participation on the IC or affiliation to the SME Fund Management Firm. The constitution of the IC will be defined in the Management Agreement.

The composition of the IC is intended to reassure investor partners of the serious intent behind their decisions, no political interest capture, and good governance of the SME Fund. Decisions will be made independently based on the commercial viability of the proposals.

- **Role of Advisory Committee (AC)**

Each SME Fund will have an Advisory Committee (AC) comprised of a small number of voting representatives of the investors, including the DBJ. The constitution of the AC will be defined in the applicable investment documents.

The AC will be responsible for overall oversight of the SME Fund, in line with the original objectives of the fund and Management Agreement. The AC will also be responsible for ensuring that transparency in information and decision criteria is achieved within the limits of commercially sensitive disclosure. However, the AC will not influence investment decisions.

2. Proposal Presentation

For the Proposal to be considered as pre-qualified for submission to the Investor Panel, the following minimum information should be presented:

2.1 Executive Summary

a) Company Information:

- i. Name and address of the **Applicant**, Registration Number, Taxpayer Registration Number, telephone number and email address.

b) Fund Information:

- i. Name.
- ii. Name of the Management Company.
- iii. Name of the Administration Company.
- iv. Name of the person(s) responsible for the management and administration of the **Fund**.
- v. Legal Structure (Corporation, Partnership, Trust, etc.).

c) Fund Strategy:

- i. Objective: whether by sector or inter alia, local, regional, international) of the **Fund** in relation to the profile(s) of the Investee Companies.
- ii. Proposed maximum and a minimum investment of the **Fund** by sector.
- iii. Maximum and minimum investment of the **Fund** in Investee Companies.
- iv. Number of Investee Companies to be targeted.
- v. Participation of the **Fund** in Investee Companies (majority/minority stakes).
- vi. Size (by assets) of the Investee Companies, at the time of investment.
- vii. Proposed instruments for the Fund and regulatory limits to the use of the instruments.

d) Fund Management

- i. Duration of the **Fund**.
- ii. Period of investment and divestment.
- iii. Target minimum and maximum size of the **Fund**.
- iv. Administration and performance fees.
- v. Fundraising target, along with the **Investor Panel** and other investors.
- vi. Stage of fundraising of the **Fund**.
- vii. Commitment of capital of the management company of the **Fund**.

- e) **Legal and Regulatory requirements (if the Fund Manager is already established and if currently available)**
 - i. Proof of incorporation of the Applicant and copy Articles of Incorporation.
 - ii. Proof of accreditation of the **Applicant** and of the relevant members of the management team for the **Fund** in keeping with FSC requirements; or
 - iii. Proof of submission of application for accreditation to the FSC, if applicable.

2.2 Detailed Information Required for the Investor Panel's Analysis of the Proposal

a) Company and Management Team

- i. Management Company – shareholding structure, history of operations, governing instrument, and assets under management.
- ii. Administration Company - shareholding structure, history of operations, and assets under administration.
- iii. The person responsible for the management of the **Fund** – including Curriculum Vitae (CV), history of operations, personal references with name, address, telephone number and email contact information.
- iv. Fund Management Team – CV and personal references of each person with a name, address, telephone number and email contact information, role in the management of the **Fund**, as well as the respective time that will be dedicated by each team member.
- v. Experience/Track Record of investments into SMEs. The full deal sheet of all deals done, all deals that fit the SME parameters, and exits achieved.
- vi. Experience/Track Record in Fundraising and using self-liquidating investment structures.
- vii. Experience/Track Record in using Technical Assistance (TA) and managing a TA facility in parallel to a Fund.
- viii. Signed acceptance, to be incorporated in any resulting contracts, confirming the application of, and compliance with, the DBJ's Anti-Corruption Guidelines, including without limitation the DBJ's right to sanction and the Bank's inspection and audit rights.

b) Fund Details – General:

- i. Total value projected for the **Fund**, duly supported by the investment thesis.
- ii. Duration of the **Fund**, detailing the investment cycle (periods of investment and divestment).
- iii. Details of management team retention policy, including the distribution rate for performance fees between the Management Company and members of the team.
- iv. Proposed strategies in using different investment structures and the associated regulatory limits applicable. Example, self-liquidating investment structures.
- v. Strategies for exiting investments.
- vi. Fundraising along with other investors, including profile, and status of negotiations.
- vii. The investment strategy for the **Fund**– target industry and sector, size and profile of the Investee Companies and the projected size of the investments.
- viii. Analysis of the investment target market, substantiated by research and citing sources, where applicable.
- ix. Pipeline information – profiles of Investee Companies.

c) Fund Details - Financial:

- i. The cost structure of the **Fund** along its life cycle (remuneration for the members of the team, fixed and variable costs, presented in an Excel spreadsheet).
- ii. Details of the structure of administration fees and performance fees of the **Fund**.
- iii. Assessment of specific costs associated with an SME Fund and how these costs will be covered.
- iv. Projected Cash Flow of the **Fund**.
- v. Investment return goals, including simulations for baseline scenario, favorable and unfavorable with:
 - a. Rates of return on investments
 - b. Internal rate of return for the **Fund** and for the investors (net and gross).

d) Fund Details - Environmental, Social, Governance: -

- i. The governance model of the Fund in particular shareholder meetings, investment committee and councils (include other governance policies and arrangements, where applicable).
- ii. Governance model relating to Investee Companies.
- iii. Indicate any internal and external policies which encompass social, environmental and/or ethical responsibility, and provide information about these respective policies.

2.3 Deadline & Submission Method for Proposals

- I. **Proposals will be accepted in Hard Copies or Soft Copies**
- II. If Proposals are submitted via Hard Copies, both Technical and Financial Proposals must be submitted separately, simultaneously in sealed envelopes via mail or courier, or presented in person by a Proposer's representative, to the address below on or before 3:00 p.m. on the **January 5, 2022**. A thumb drive must be provided with Hard Copies as per the required format in IV below.

**The Private Capital Unit,
Development Bank of Jamaica Limited
11a-15 Oxford Road
Kingston 5, Jamaica**

- III. Proposals submitted in Soft Copies should be submitted via email to: **accesstofinance@dbankjm.com**.
- IV. Applicants must submit a soft copy of their Proposal in the following format:
 - DOC, DOCX, or PDF
 - Cost Structure, detailing the administration fee and the performance fee and Cash Flow of the **Fund**
 - (Items 2.2 c) i, ii, iii & iv) in Excel format (2016 or later).
- V. Proposals received after the submission deadline will not be accepted. **DBJ reserves the right to extend the deadline for the submission of proposals.**

2.4 Confidentiality

The Investor Panel maintains strict confidentiality standards with respect to all confidential business information in accordance with the common law and applicable statute. However, the Investor Panel will not treat as confidential or proprietary, general ideas and concepts contained within any Proposal. Any disclosure made will be in accordance with the Access to Information Act or pursuant to a court order or other process of the Court.

3 Evaluation Process

3.1 Outline of Evaluation Process

Proposals will be evaluated in a two-stage process. The first stage is a pre-qualification stage and examines whether the Proposal meets the minimum requirements to be submitted to the Investor Panel for the second stage.

The second stage involves an assessment of the pre-qualified Proposals by the Investor Panel and includes a presentation to the Investor Panel by the Applicant appearing in person or **online via Microsoft Teams, Zoom or WebEx**.

The selection of the Applicant for detailed due diligence will be determined upon the conclusion of the second stage.

3.2 Stage 1: Pre-Qualification

The first phase for analyzing the **Proposal** will consist of establishing its pre-qualification based on items detailed in Paragraphs 2.1 and 2.2 of this CFP. Failure to comply with the requirements in Items 2.1 and 2.2 and the deadline outlined in Item 2.3 will result in the rejection of the Proposal. (See preliminary Screening form for applications in Appendices).

The results of the pre-qualification assessment will be sent electronically to the email address submitted in the Proposal. It is the Applicant's responsibility to submit and maintain relevant and up-to-date contact information.

The venue, date and time scheduled for the Applicant's presentation to the Investor Panel, where applicable, will be communicated via email to the email address submitted in the Applicant's Proposal.

3.3 Stage 2: Review by the Investor Panel

The pre-qualified Proposals will be evaluated by the Investor Panel and specially invited advisors. The presentation to the Investor Panel should be prepared in format PPT, PPTX or PDF with a maximum of 12 slides and should be submitted to the email: acesstofinance@dbankjm.com at least five (5) days in advance of the presentation date.

The distribution of printed copies of the presentation to the Investor Panel by the Applicant is permissible.

Failure of the Applicant to appear at the scheduled meeting as advised in the manner aforesaid will be deemed to be a withdrawal by the Applicant from the evaluation process. **(DBJ reserves the right to arrange such presentation online via Microsoft Teams, Zoom or WebEx etc.)**

3.4 Decision of the Investor Panel

- The **Proposal** will be analyzed by the Investor Panel based on the following criteria: (See Evaluation Methodology and Presentation Evaluation Forms in Appendices)
 - Structure, clarity, and feasibility of the **Proposal**.
 - Clarity and consistency of the investment process and proposed exit strategy.
 - Quality of the pipeline (prospects) that can be invested by the Fund.
 - Feasibility of the cost structure presented by the **Fund** (administration fee, performance fee, expected rates of return for the investor, etc.).
 - Qualification and previous experience of the management team of the **Fund**.
 - Framework and process for monitoring of the **Fund** and the companies and funds invested.
 - Eligibility and investment objective of each member of the Investor Panel.

- After a decision has been arrived at by the Investor Panel, the Proposals will be classified into two (2) groups:
 - **Group 1 - Due Diligence:**
Due diligence to be conducted
 - **Group 2 – No Due diligence:**
No due diligence at this time, due to Fund Manager not meeting any or all of the criteria.

- Within 10 days of the presentation aforesaid, each Fund Manager will receive, from the Investor Panel, a brief, written evaluation of their **Proposal**, including the strong points, the weak points and the concerns raised during their presentations. It is anticipated that this evaluation will assist fund managers to improve their Proposals and to address any deficiencies identified.

- For those in Group 2, the feedback will allow them to prepare for any future CFP.

- The results of the Investor Panel will be disclosed via email at the email address submitted by the **Applicant**, and it is the **Applicant's** responsibility to satisfy the due diligence requirements requested by any Member or by the Investor Panel.

- Following the due diligence procedure, the Investor Panel will continue the process of in-depth analysis of the Proposal with the Applicant in compliance with the Investor Panel's approval process.

- The decision by the Investor Panel, the analysis, and the post due to diligence procedures shall not be construed as the granting of an investment contract by any Member or by the Investor Panel.

- The Applicants will be ranked based on the scores received after the due diligence is completed. If the selected Fund Manager does not successfully constitute a fund and raise the requisite financing within an agreed timeline of being awarded the bid, the runner up in the tender process will be automatically selected in its place.

4 Clarification of Issues

Questions arising prior to the submission of the **Proposals** should be sent by email to the following address: accesstofinance@dbankjm.com

All explanations will be disclosed electronically on a weekly basis on the website: <http://dbankjm.com/tenders-and-job-opportunity/> while respecting the Applicant's condition of anonymity.

Questions will **not** be answered by telephone or after the deadline set out in Item 6.

5 Investors' Terms and Preferences

The preferences of the Members as it relates to private equity investments are summarized in the **Appendices** which include the complaint mechanism. These are provided as a guide to the **Applicants** in the preparation of their Proposal.

6 Calendar

Action	Date
Issue of Call for Proposals:	November 23, 2021
Deadline for clarification of issues (Item 4.0)	up to 4.30 p.m. on December 13, 2021
Deadline to submit the Proposal (Item 2.3)	3.00 p.m. on the January 5, 2022
Announcement of Pre-qualification results (Item 3.2)	On or before January 12, 2022
Submission of Presentation slides to the Investor Panel (Item 3.3)	On or before January 26, 2022 (5 days prior to Investor Panel presentation)
Investor Panel, presentation (Item 3.3)	On or around the period January 31-February 4, 2022
Deadline to receive the results from the Investor Panel (Item 3.4)	Within 10 days following the Investor Panel presentation

7. Definitions

Applicant: The entity submitting a Proposal in response to the CFP.

Fund Manager: The person(s) who manages and operates private equity or venture capital funds.

Growth/Expansion Capital: Investment in relatively mature companies that are looking for capital to expand or restructure operations, enter new markets, or finance a significant acquisition without a change of control of the business.

Innovation: Relates to the implementation of a new or significantly improved product (good or service) or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations. Three levels of novelty can be distinguished from the process of innovation: new to the firm, new to the market and new to the world.

Investee Companies: Those companies targeted by the Fund Manager as part of the portfolio in a VC or PE fund.

Investment Fund (Fund): Financial resources pooled with the objective of achieving earnings based on the equity contributions in innovative companies with elevated growth potential.

Investor Panel: Development Bank of Jamaica Limited along with other corporate and institutional investors including investors from the public as well as private sector institutions.

Jamaican Companies: This means those companies operating in Jamaica whether, or not, incorporated in Jamaica.

Jamaica's MSME Definition:

Firm Size	No. of Employees	Total Annual Sales/ Turnover
Micro	≤ 5	≤US\$120K
Small	6 - 20	>US\$120K ≤ US\$600K
Medium-sized	21 - 50	>US\$600K ≤ US\$3.4 million

Source: Ministry of Industry, Commerce, Agriculture & Fisheries (MICAF)³

Private Equity Fund: Vehicle for investment in private companies, through buyouts, buy-ins, expansion, or replacement capital. The fund usually functions in a closed regime and applies high corporate governance standards as well as participates in the decision-making processes of the companies in which it invests.

Proposal: Document submitted in response to a CFP.

Sanctionable Practices: a corrupt, fraudulent, coercive, collusive, or obstructive practice, as such terms are defined in the Anti-Corruption Guidelines, Procurement Guidelines or Consultant Guidelines of the DBJ.

³ Reference GOJ MSME Policy 2017

https://www.micaf.gov.jm/sites/default/files/pdfs/MSME%20and%20Entrepreneurship%20Policy%20Updated%202017_0.pdf. US equivalent at exchange rate US\$1.00: J\$125

Self-Liquidating Structure: a form of short- or intermediate-term credit instrument that is repaid with money generated by the assets it is used to purchase.

Start-up: A new business venture that is established from “scratch”; that is, any business venture that did not exist prior to the entrepreneur’s efforts.

USEFUL LINKS

Understanding Environmental and Social Risk by the International Finance Corporation as part of the World Bank’s Group E&S Risk Management Retrieved from

<https://firstforsustainability.org/risk-management/understanding-environmental-and-social-risk/>

Model Subscription Agreement by Institutional Limited Partners Association Retrieved from

<https://ilpa.org/model-sub-agreement/>

8. INVESTOR PANEL INVESTMENT CRITERIA

INVESTOR: DEVELOPMENT BANK OF JAMAICA

INVESTOR	Development Bank of Jamaica
Legal structure	Local regulation or offshore structure
Fund size	Not less than J\$3 billion
Fund Currency	Investments can be denominated in JM\$ and US\$
DBJ Participation	Up to J\$1 billion (Up to 33.33% of the shares issued by the Fund). Disbursements to be made in Jamaican dollars.
Fund manager role & financial commitment	Solely and exclusively responsible for the investment and exit decisions. Investment obligation of the Fund Manager shall be at least 2% of the fund. For existing funds, the fund manager must be able match the DBJ's capital 2X, that is, raise capital from other sources which must be at least twice DBJ's capital
Stage/size of investee companies	SMEs as nationally defined established and operating in Jamaica
Investment thesis	Funding (including matching) should be invested in SMEs in Jamaica with some flexibility on funds raised, in excess of J\$3 billion, which could admit SMEs not based in Jamaica.
Instruments	Equity, Quasi-equity, and Self-Liquidating structures, may be employed where necessary to support the equity transactions
Focus/Priority Sectors	Sector neutral, however funds with sector specific strategies may be considered
Investor Participation in the Governance of the Fund	Proportional to participation and no individual investor can have power to veto decisions
	No participation on the Investment Committee. Observing member, with the same rights to information as the voting members.
	Participation on the Shareholder Advisory Committee (SAC) or Limited Partner Advisory Committee (LPAC)
	Strategic instances: Active participation as a voting member
Specific Mandatory clauses	Priority of co-investment for investors of the Fund; Key-man clause; Policy on dismissal with or without cause; Presentation of detailed Investment Policy; Presentation of detailed Information Policy; Auditing of accounts of the Fund with specific audit in relation to the pre-operating costs, management, and performance metrics; Treatment of conflicts of interest; Environmental, Social and Governance Policies.
Duration of the fund	10 years extendable by an additional period of not more than 5 years

APPENDICES

EVALUATION CRITERIA

The minimum required score for the Technical Evaluation is seventy (70) points. Applicant whose proposals have not attained 70 or more points on the technical evaluation will be deemed non-responsive.

The Technical Proposal will comprise of information for the following:

- ❖ Firm
- ❖ Team
- ❖ Investments Thesis
- ❖ Investment Process
- ❖ Pipeline
- ❖ Governance
- ❖ General
- ❖ Fundraising status

Financials Proposal will comprise of the following:

- ❖ Cost structure / budget
- ❖ Fee structure & Fund sustainability

Technical Component – (Weightings – 80 %) – see Technical Evaluation

Total Financial Price - (Weighting = 20 %)

The lowest applicant price is assigned the full 20 points. The points for each subsequent proposal under consideration are calculated using the following format:

FORMULA: $\text{Lowest Applicant Price} \times 20 = P$

$\text{Other Applicant Price} \times 100$

The maximum available points is 100.

Technical Evaluation Matrix

I. Preliminary Screening of Fund Manager Application Form

Preliminary Screening Checklist, the following information must be submitted to pass this stage of the process.	Status & Remarks	Applicant's Fund Information		
		1	2	3
1. Fund Information:				
Name of the Management Company;	Y/N			
Name of the Administration Company;	Y/N			
Name of the person(s) responsible for the management and administration of the Fund;	Y/N			

Legal Structure (Corporation, Partnership, Trust, etc).	Y/N			
2. Fund Strategy:				
Objective: target company sector; local, regional, or international	Y/N			
Proposed maximum and minimum investment of the Fund by sector;	Y/N			
Maximum and minimum investment of the Fund in (single) Investee Company;	Y/N			
Number of Investee Companies to be targeted	Y/N			
Participation of the Fund in Investee Companies (majority/minority stakes);	Y/N			
Size (by assets) of the Investee Companies, at the time of investment.	Y/N			
3. Fund Management				
Duration of the Fund;	Y/N			
Period of investment and divestment;	Y/N			
Target minimum and maximum size of the Fund;	Y/N			
Administration and performance fees;	Y/N			
Fund raising target, along with the Panel and other investors;	Y/N			
Stage of fund raising of the Fund;	Y/N			
Commitment of capital of the management company of the Fund.	Y/N			
4. Legal and Regulatory requirements				
Proof of incorporation of the Applicant and copy Articles of Incorporation; (Yes or no)	Y/N			
Proof of accreditation of applicant and relevant members of management team by FSC; or submission of application (If Applicable).	Y/N			

5. Signed acceptance				
<p>To be incorporated in any resulting contracts, confirming application of, and compliance with, the World Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection, audit rights and the rights for the Bank to review related documentation and activities must be included in all proposals</p>	Y/N			

II. Presentation Evaluation Forms

NAME OF THE FUND				
NAME OF THE FIRM				
CRITERIA		Points	Scores	Questions/Notes
FIRM				
Experience with SME investment and finance	6	12		
Financial strength	3			
Quality of firm business network	3			
FUNDRAISING				
Financial commitment to the fund	6	18		
Ability to fundraise from existing clients/investors	4			
Ability to fundraise from new investors	4			
Fundraising strategy	4			
TEAM				
Individual experience of team members	2	20		
Previous work together of team members	4			
Dedication of team to the fund	3			
Complementarity of team skills	2			
Remuneration and retention policy	3			
Personal commitments by team members to capital of fund	3			
Evidence of capacity to meet capital commitments	3			
INVESTMENT STRATEGY				
Pipeline development	1	10		
Deal negotiation and structuring	2			
Portfolio management	3			
Exit	2			
ESG/Impact strategy	2			
INVESTMENT PROCESS				
Lead generation	1	15		
Screening	1			
Due diligence	2			
Value addition plans for portfolio companies	5			
Grooming companies for exit	2			
Reporting systems for portfolio companies	2			
Crisis management of troubled portfolio company	2			
REPRESENTATIVE PIPELINE				
Number and quality of the companies	3	15		
Negotiation status	6			
Developed information on and investment thesis for each company	6			
GOVERNANCE				
Shareholder structure of fund manager	2	10		
Composition and rules of procedure of Investment Committee	2			
Composition and rules of procedure of Advisory Board	2			
Conflict resolution mechanisms	2			
Fund reporting	1			
Adherence to PRI and ESG good practise	1			
TOTAL SCORE				
		100		

III. Investor Panel Due Diligence Questionnaire

Criteria	Max points available	Elements	Assessment	Rating
FIRM				
Experience with SME investment and finance	0.5	FM can demonstrate a track record of SME finance/Experience with providing technical assistance to SMEs/		
Financial strength	0.1	FM can produce a balance sheet of sufficient substance/For SPV, Principals can demonstrate sufficient personal assets		
Quality of firm business network	0.1	Assessment of the business network in Jamaica, wider Caribbean and internationally		
Type of Fund structure	0.3	Legal form/country of incorporation/practicality, standing and reputation of incorporation centre of fund and FM		
Total	1			0
FUNDRAISING				
Financial commitment to the fund	0.1	The FM's financial commitment to the Fund as % of total fund capital/Evidence of capacity to meet commitment		
Ability to fundraise from existing clients/investors	0.4	Produce soft commitment letters/ Verify letters are bona fide		
Ability to fundraise from new investors	0.4	Produce soft commitment letters/ Verify letters are bona fide		
Fundraising strategy	0.1	FM should articulate a credible fundraising strategy from first close to final close/Evidence of contacts wide wide range of potential investors		
Total	1			0
TEAM				
Individual experience of team members	0.1	Detailed CV review/Taking up references/Produce university and other certificates on demand/track record of equity investments with references/past board positions on portfolio companies/business network of team member		
Previous work together of team members	0.1	Details of past work together either as company colleagues or on project basis/References to confirm such common work		
Dedication of team to the fund	0.1	For team members not 100% dedicated, details of % dedication and location/details of other activities/any conflicts of interest/planned location of all team members/in case of "commuting" member, details of modus operandi		
Complementarity of team skills	0.1	Evidence of mix of skills to cover deal origination & representation, valuation & dealmaking, due diligence, operational skills, fundraising skills		
Remuneration and retention policy	0.2	Details of team salaries/Bonus program/Carried interest split/contractual arrangements		
Personal commitments by team members to capital of fund	0.2	Details of personal share of each team member to FM commitment		
Evidence of capacity to meet capital commitments	0.2	Income statements or bank statements showing cash and marketable securities for a significant % of individual commitment		
Total	1			0
INVESTMENT STRATEGY				
Pipeline development	0.1	Thought out strategy for pipeline development/marketing plan to raise and maintain the fund's profile in target region		
Deal negotiation and structuring	0.2	Approach to negotiations and deal structuring/how many investments planned/financial instruments to be used/typical % ownership expected		
Portfolio management	0.2	Value addition model to investments with details of leverage approach, cash flow management, business growth model, governance steps		
Exit	0.2	Exit strategy reflected in choice of investment , deal structuring, portfolio management approach		
ESG/Impact strategy	0.2	Incorporation of ESG criteria in the investment strategy/In case of impact funds, approach to balancing dual objective		
Regional and sector focus/diversification	0.1	Any sectors of particular focus/% commitment to investments in Jamaica/details of wider regional targeting/diversification and concentration policies		
Total	1			0
INVESTMENT PROCESS				
Lead generation	0.1	Process for generation of leads/team responsibility/working with external advisors and brokers/involvement of non exec IC and other committees' members		
Screening	0.1	Approach to screening investments/how discipline will be maintained in selection/use of screening template/internal manual for screening policy		
Due diligence	0.1	due diligence approach/types of due diligence that will be performed (accounting, legal, technical, ESG, other)/use and management of external consultants		
Value addition plans for portfolio companies	0.2	evidence of developed value addition plans for portfolio companies/evidence of differentiated plans depending on type of investment (from very hands on to "light touch"/making use of external board members and operating partners/internal manual for value addition policy		
Grooming companies for exit	0.2	process in place for preparing companies for exit ahead of exit point/incorporation of exit considerations in value addition plan		
Reporting systems for portfolio companies	0.2	Process for rolling out best practise reporting on portfolio companies/implementation of upgraded MIS systems in companies		
Crisis management of troubled portfolio company	0.1	Plan in place for quick deployment in case of a crisis in a portfolio company/details of resources to be deployed		
Total	1			0
REPRESENTATIVE PIPELINE				
Number and quality of the companies	0.1	List of companies contacted as potential investments/amount of investment and % stake/type of financial instrument		
Negotiation status	0.6	Evidence of level of discussions with company contacted (term sheet, letter, emails)/ability to verify directly with company		
Developed information on and investment thesis for each company	0.3	Write up with details of investment thesis for each pipeline company, with preliminary details of deal structure, value addition plan and exit strategy		
Total	1			0

GOVERNANCE					
Shareholder structure of fund manager	0.1	Details of GP shareholder structure, including anticipated future changes/details of any option agreements/In case of LP shareholder, details of governance arrangements			
Composition and rules of procedure of Investment Committee	0.2	composition between senior FM management, independents and LP representatives/details of selection process of independents/rules of voting(unanimous, simple majority, vetoes)/powers of IC vis a vis Advisory Board			
Composition and rules of procedure of Advisory Board	0.2	selection process of Advisory Board (by LP size, any independents, other)/Any subcommittees (eg valuation, remuneration)			
Conflict resolution mechanisms	0.2	In case of conflicts within FM or other, what mechanisms in place to resolve			
Fund reporting & valuation	0.2	Reporting and valuation standards adopted by FM (IPEV, ILPA, other)/FM manuals in place/auditing of fund			
Adherence to PRI and ESG good practise	0.1	incorporation of PRI and ESG reporting/Details of template used			
Total	1			0	
Due Diligence Questionnaire Assessment Summary					
Criteria	Score			Weight	Weighted Score
FIRM	0			12%	0
FUNDRAISING	0			18%	0
TEAM	0			20%	0
INVESTMENT STRATEGY	0			10%	0
INVESTMENT PROCESS	0			15%	0
REPRESENTATIVE PIPELINE	0			15%	0
GOVERNANCE	0			10%	0
				100%	0

IV. COMPLAINT MECHANISM GUIDELINE

Standstill Period

1.1 The Contract shall not be awarded earlier than the expiry of the Standstill Period. The Standstill Period shall be ten (10) Business Days unless extended. The Standstill Period commences the day after the date the DBJ has transmitted to each Applicants/Proposers (that has not already been notified that it has been unsuccessful) the Notification of Intention to Award the Contract.

Notification of Intention to Award

1.2 The DBJ shall send to each Fund Manager/Proposer (that has not already been notified that it has been unsuccessful) the Notification of Intention to Award the Contract to the successful Applicant/Proposer. The Notification of Intention to Award shall contain, at a minimum, the following information:

- (a) the name and address of the Applicant/Proposer with whom the DBJ successfully negotiated a contract;
- (b) the contract price of the successful Proposal;
- (c) the names of all Applicants/Proposers included in the short list, indicating those that submitted Proposals and were selected for due diligence;
- (d) where the selection method requires, the price offered by each Applicants/Proposers as read out and as evaluated;
- (e) the overall technical scores and scores assigned for each criterion and sub-criterion to each Applicants/Proposers;
- (f) the final combined scores and the final ranking of the Applicants/Proposers;
- (g) a statement of the reason(s) why the recipient's Proposal was unsuccessful, unless the combined score in (f) above already reveals the reason;
- (h) the expiry date of the Standstill Period; and

- (i) instructions on how to request a debriefing and/or submit a complaint during the Standstill Period.

Notification of Award

- 1.3 Upon expiry of the Standstill Period, or any extension thereof, and upon satisfactorily addressing any complaint that has been filed within the Standstill Period, DBJ shall, send a notification of award to the successful Applicant/Proposer confirming DBJ's intention to award the Contract to the successful Applicant/Proposer and requesting the successful Applicant/Proposer to sign and return the draft negotiated Contract within eight (8) Business Days from the date of receipt of such notification.

Contract Award Notice

Within ten (10) Business Days from the date of notification of award such request, DBJ shall publish the Contract Award Notice which shall contain, at a minimum, the following information:

- (a) name and address of the DBJ;
- (b) name and reference number of the contract being awarded, and the selection method used;
- (c) names of the Applicants/Proposers that submitted proposals, and their proposal prices as read out at financial proposal opening, and as evaluated;
- (d) names of all Applicants/Proposers whose Proposals were rejected or were not evaluated, with the reasons therefor;
- (e) the name of the successful consultant, the final total contract price, the contract duration and a summary of its scope; and.

- 1.4 The Contract Award Notice shall be published on the DBJ's website with free access if available, or in at least one newspaper of national circulation in Jamaica, or in the official gazette.

Debriefing

- 1.5 On receipt of the DBJ's Notification of Intention to Award, an unsuccessful Applicant/Proposer has three (3) Business Days to make a written request to DBJ for a debriefing. The Client shall provide a debriefing to all unsuccessful Applicants/Proposers whose request is received within this deadline.
- 1.6 Where a request for debriefing is received within the deadline, DBJ shall provide a debriefing within five (5) Business Days, unless DBJ decides, for justifiable reasons, to provide the debriefing outside this timeframe. In that case, the standstill period shall automatically be extended until five (5) Business Days after such debriefing is provided. If more than one debriefing is so delayed, the standstill period shall not end earlier than five (5) Business Days after the last debriefing takes place. DBJ shall promptly inform, by the quickest means available, all Applicants/Proposers of the extended standstill period
- 1.7 Where a request for debriefing is received by the DBJ later than the three (3)-Business Day deadline, DBJ should provide the debriefing as soon as practicable, and normally no later than fifteen (15) Business Days from the date of publication of Public Notice of Award of contract. Requests for debriefing received outside the three (3)-day deadline shall not lead to extension of the standstill period.
- 1.8 Debriefings of unsuccessful Applicants/Proposers may be done in writing or verbally. The Applicants/Proposers shall bear their own costs of attending such a debriefing meeting

Signing of Contract

- 1.9 The Contract shall be signed promptly after expiry of the Standstill Period, or any extension thereof, and upon satisfactorily addressing any complaint that has been filed within the Standstill Period.
- 1.10 The Applicant/Proposer is expected to commence the assignment on the date and at the location specified by DBJ.

V. DEVELOPMENT BANK OF JAMAICA'S FRAUD AND CORRUPTION GUIDELINES

1. Purpose

1.1 The following shall apply with respect to procurement under the DBJ's Investment Project Financing operations.

2. Requirements

GoJ requires that all Public Officers and individuals engaged in the procurement process, including Bidders and contractors under GoJ-financed contracts, observe the highest standard of ethics during the procurement process and in the execution of contracts.

Within the context of GoJ's Procurement Policy (GoJ Handbook OPSPP Vol. 1) the following terms are defined:

(a) Corrupt Practice means the offering, giving, receiving or soliciting of anything of value to influence the action of a Public Officer in the procurement process or in the execution of a contract.

(b) Fraudulent Practice refers to a misrepresentation of facts in order to: influence a procurement exercise; manipulate the tender process; or the execution of a contract to the detriment of GoJ. This includes collusive practices among Bidders (prior to or after bid submission), designed to establish bid prices at artificial, non-competitive levels and to deprive GoJ of the benefits of free and open competition.

(c) Collusive Practice refers to a scheme or arrangement between Bidders, designed to establish bid prices at artificial, non-competitive levels, or to influence the action of any party in the procurement process or the execution of a contract.

(d) Coercive Practice refers to deliberately harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement exercise, or to affect the execution of a contract.

(e) Obstructive Practice refers to the act of deliberately destroying, falsifying, altering or concealing evidence material to an investigation, or making false statements to an inquiry, in order to materially impede an investigation (by GoJ) into allegations of corrupt, fraudulent, coercive or collusive practices. Making threats, harassing or intimidating any individual to prevent him/her from disclosing knowledge of matters relevant to an investigation, or from pursuing the investigation - are also regarded as obstructive practice. In addition, this definition includes all acts intended to materially impede the exercise of the GoJ's inspection and audit rights.

In addition, the following are defined and imposed either by operation of law or DBJ policy:

(f) Abusive Practice, which means theft, misappropriation, waste or improper use of property or assets, either committed intentionally or through reckless disregard.

(g) Money Laundering, which without limitation as to the provisions of any Act, refers to: (i) the conversion or transfer of property, knowing that such property is derived from the crime, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of the crime to evade the legal consequences of his or her actions;

(ii) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of or rights with respect to property, knowing such property is derived from crime; or (iii) the acquisition, possession or use of property knowing at the time of receipt such property was derived from a criminal offence.

(h) Financing of Terrorism or Terrorist Financing which is the commission of any offence as set out in Article 2 of the International Convention for the Suppression of the Financing of Terrorism and the Terrorism Prevention Act.

All Public Officers and individuals engaged in the procurement process, including Bidders and contractors under GoJ-financed contracts shall REFRAIN from the practices set out at (a) through to (h) above and shall ADHERE to the provisions of the Proceeds of Crime Act and any other laws promulgated by the Government of Jamaica which concerns fraud, corruption, and/or money laundering.

5.1.1 SANCTIONS/REJECTION

(a) All persons involved in proven fraudulent and/or corrupt practices will be subject to criminal and/or civil law sanctions in accordance with the Laws of Jamaica.

(b) Bid/proposals will be rejected if it is determined that the Bidder recommended for the award has engaged in corrupt or fraudulent practices in competing for the contract in question.

(c) Any firm which has engaged in corrupt or fraudulent practices in competing for, or in the execution of GoJ-financed contracts, will be declared ineligible to participate in the GoJ procurement process for a stated period or indefinitely. Similarly, contractors should be aware that corrupt behaviour will have implications for future contract awards. Note: Employees/persons who are involved in the preparation of tender estimates and the management of the procurement process, are prohibited from assisting or providing services to contractors in the preparation of their bids.