

**REQUEST FOR EXPRESSIONS OF INTEREST**

**CONSULTANCY SERVICES**

Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Programme

**ASSIGNMENT****:** Consultancy for a Legal Counsel to the DBJ in finalizing the selection of a Fund Manager and to provide Support during the establishment of the Venture Capital (VC) and Sidecar Funds

**PROJECT #:** JA-O0010 /JA-L1085

**Associated WBS #:** 4.1.7

**Procurement ID #:** JA-L1085-P16519

**PROCUREMENT METHOD:** Selection Based on the Consultants' Qualifications (CQS)

The Development Bank of Jamaica (DBJ) through the Government of Jamaica (GoJ) has received financing from the Inter-American Development Bank (IDB) towards the cost of Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Programme, specifically to Subcomponent II.2 Facilitating Access to Capital for Scalable Startups with sub activity Consultancy for a Legal Counsel to the DBJ in finalizing the selection of a Fund Manager and to provide Support during the establishment of the VC and Sidecar Funds.

The consulting services (“the Services”) will require a Legal Counsel (LC) to provide advisory services to the DBJ on its role as an anchor investor in the VC and Sidecar Funds; in finalizing the selection of a Fund Manager and to provide support during the establishment of the VC and Sidecar Funds in Jamaica. This assignment is to be conducted over a nine (9) month period.

The objective of this assignment is to focus on supporting the DBJ in selecting a well-qualified Fund Manager, establishing the VC & Sidecar Funds, and providing legal advice to the DBJ as an investor in the VC Fund.  The selection process for hiring the Fund Manager will have already been initiated and the Legal Counsel (LC), after on-boarding shall provide support to the team on the remaining steps of the selection and the establishment of the VC Fund. The LC will advise the DBJ on the terms for setting up the VC & Sidecar Funds, competitively selecting an experienced Fund Manager for the VC Fund, the development of the term sheet for the Sidecar Fund and on its participation as an Anchor Investor in the Fund.

The DBJ now invites eligible Consultants (“Firms “) to indicate their interest in providing consultancy services for the specialized area. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services.

**Educational Qualification:** The LC must possess a Post-Graduate/Master’s degree in Law with specialization in Investment Banking, Development Economics, Management or a closely related field.

**Working Experience, Qualifications and Skills:**

* 10-15 years of fund formation or related private equity/venture capital funds experience in private practice (or related legal experience), preferably within developing /emerging markets, with a focus on PE/VC.
* Significant work exposure to the legal aspects of venture capital funds in the Caribbean and should have a strong knowledge of Caribbean region and Jamaica’s guidelines and tax laws/guidelines related to the setup of venture capital funds.
* Experience working in complex, multi stakeholder, fast moving environment and ability to work under pressure, respect strict deadlines and multi-tasking
* Experience working in projects funded by national/international Development Finance Institutions or Multilateral Development Banks is an advantage
* Strong writing and communication skills in English.

The Terms of Reference may be downloaded from the DBJ’s website: [**http://www.dbankjm.com**](http://www.dbankjm.com) **as of Monday, February 28, 2022.**

The attention of interested Consultants is drawn to 1.9 of the IDB’s *Guidelines: Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (GN-2350-9), March 2011* setting forth the IDB’s policy on conflict of interest. The Consultant will be selected in accordance with the **Selection Based on the Consultants’ Qualifications (CQS)** methodset out in the *GN-2350-9, March 2011* on page 20, Item 3.7- 8.

**Deadline for Clarifications:** All Requests for Clarification should be submitted on or before **Monday, March 14 2022, at 4:30 p.m.,** by sending an email to:  ***thinkbigee@dbankjm.com***

Expressions of Interest may be delivered in writing to the address below (in person, or by mail, or e-mail) **no later than Monday, March 21, 2022, at 3:00 p.m.**

Development Bank of Jamaica

Attn: Procurement Specialist/Project Manager

Consultancy for a Legal Counsel to the DBJ in finalizing the selection of a

Fund Manager and to provide Support during the establishment of

the VC and Sidecar Funds (BIGEE) Programme

11a-15 Oxford Road, Kingston 5

Jamaica, West Indies

**E-mail:**  ***thinkbigee@dbankjm.com***

**TERMS OF REFERENCE**

**PRIVATE EQUITY/ VENTURE CAPITAL EXPERT –LEGAL COUNSEL**

**Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Programme (financed by the Inter-American Development Bank)**

**Consultancy for a Legal Counsel to the DBJ in finalizing the selection of a Fund Manager and to provide Support during the establishment of the VC and Sidecar Funds**

1. **Background**

Jamaica’s fiscal and macroeconomic conditions improved in the years immediately preceding the COVID-19 pandemic after decades of stagnant or negative growth, high debt to GDP ratio and fiscal deficits. The Debt to GDP ratio was reduced from 145% of GDP in 2014 to 104% of GDPin 2019. Immediately prior to the pandemic, Jamaica was experiencing an 11-year low unemployment rate and had improved its *Ease of Doing Business* and *Poverty* indicators. However, economic growth was 1.1% during 2019. Like many countries, that indicator fell in 2020 when the impact of the COVID-19 pandemic began to be felt, to an official estimate of a 10.2% decline.

Even though a rebound in the economic growth rate and productivity had begun by 2019, the pandemic re-emphasized the need for government-targeted activities to promote robust, sustained economic growth, including policies to facilitate private sector-led activities, and support for micro, small and medium enterprises (MSMEs), entrepreneurship and innovation.

At the macro level, Total Factor Productivity (TFP) measures how an economy combines its inputs – capital and labor – to produce value and reflects the rate of technological change in an economy. At the micro level, TFP reflects the innovation and/or technology development and adoption activities of private sector firms, capturing the efforts to create more value in either new products or new processes. For the previous two decades, Jamaica’s TFP had decreased at a rate of approximately 1.6% per year; and the low economic growth rate was partly attributable to this declining productivity.

Innovation, defined as the transformation of new ideas into economic and social solutions that add value, has a causal link to increases in productivity and growth. On one hand, incumbent companies create new products and processes and gain competitiveness in local and international markets. On the other, entrepreneurs can identify disruptive opportunities and build new companies or startups with high growth rates and impact. Research has shown that the productivity of high-growth firms leveraging innovation spills over to other firms through the movement of workers from one firm to another. Thus, productivity gains ripple through the economy.

However, generating and sustaining high-growth, innovation-based companies requires a distinct set of policies and programs that promote innovation and entrepreneurship in the private sector. Such policies should catalyze a robust ecosystem of entrepreneurship and innovation, composed of: (i) stakeholders from the private, public and academic sectors and intermediary institutions (business incubators and accelerators); (ii) technology transfer offices; and (iii) investor networks, venture capitalists, among others that encourage the development and scale-up of high growth, opportunity-based business ventures, whether from new entrants to the market (entrepreneurs), scalable startups, or existing businesses

The current ecosystem has strengths that provide the basis on which to build a transformational opportunity for Jamaica, several of these having been developed as a result of strategic initiatives spearheaded by the Development Bank of Jamaica (DBJ), through programs such as the Jamaica Venture Capital Program (JVCP) supported by the Inter-American Development Bank (IDB)-Lab. Previous ecosystem development programmes have resulted in: legislation that allows for Venture Capital Funds (VCF) and investment in new ventures; legislation on Limited Partnerships (LP); the investment of Pension Funds in VC funds; instruments for preservation of viable companies; the use of movable assets as collateral; and regulation for the operation of VC funds and their tax treatment; and activities to promote entrepreneurship and venture capital investment, such as stakeholder training and capacity building, especially among university incubators and angel investors.

The Jamaican Government requested further support from the IDB to create new avenues for economic growth, and this resulted in the US$25M loan agreement that supports the Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Programme. The programme will support Jamaica’s growth and employment objectives by:

* Providing support and funding for the development and strengthening of a
* comprehensive innovation and entrepreneurship ecosystem that builds on the currently existing initiatives
* Providing effective business services to vulnerable entrepreneurs
* Promoting a culture of entrepreneurship and innovation; and
* Democratizing access to equity through a set of Funds, including a venture capital fund and an angel investment Sidecar Fund.

There are four components of BIGEE:

The first **(I)** component being promoting innovation and productivity among established MSMEs with high growth potential with subcomponents being **I.1** Investment in Innovation in MSMEs, **I.2** Patent Development and Commercialization and **I.3** Capacity Building for Technology Extension Centers for MSMEs. The second **(II)** component being promoting sustainable growth in scalable start-ups with subcomponents being **II.1** Stimulating Deal Flow and **II.2** Facilitating Access to Capital for Scalable Startups. The third (**III**) componentis Create a sustainable pipeline of high-growth potential start-ups with sub-components being **III.1** Technological Transfer and **III.2** Incubator Support. The fourth **(IV)** component being Project Management.

Subcomponent **II.2** of the Programme, which is aimed at supporting scale-ups, will contribute capital of up to US$20M as an investment in one or more VC Funds that will, in turn, provide primarily risk capital financing to early stage, scalable and investment-ready start-ups registered 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.

Key features of the Fund are expected to be: (i) Fund focus; minimum size of US $15 million (including DBJ’s commitment, the “Minimum Closing”) and shall have a size no larger than US$20 million (the “Maximum Closing”) invested in Jamaican early stage , scalable and investment-ready startups (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 2 years; (vi) targeted enterprises are early stage, scalable and investment-ready startups (vii) estimated ticket sizes of between USD $200,000 and USD $500,000 per eligible company as part of an initial deployment (the “Initial Investment”); the Fund must have a portfolio size of between 25 and 30 companies (vii) provide technical assistance to early stage , scalable and investment-ready startups to relieve capacity constraints (viii) The Fund shall invest in the following industries: Manufacturing, agro-technology, mining, tourism, technology, retail, health, mobility, fintech, and/or base-of-pyramid services or any other industry that deems appropriate to DBJ. No industry allocations shall be made for purposes of building the Fund’s portfolio.

Additionally, the DBJ has capitalized a **US$1.5M Sidecar Fund (SCF)** as its first direct investment vehicle to support high growth potential start-ups and further stimulate investment deal flow. This Fund will partner with angel investment groups and private angel investors, providing matching investments in stat-up companies selected by these Investors and that meet the Fund’s criteria. As part of this process, the DBJ has developed its Approved Angel Investor designation, recipients of which will have been screened and checked for AML compliance, etc. in order to reduce reputational and financial risk to the organisation. The Fund will accept online applications for this designation, along with joint investor/entrepreneur applications for investment.

They will be guided by the DBJ’s existing Venture Capital and Private Equity Policy (VCPEP) approved in 2015 and updated in 2018. The VCPEP defines the procedures by which the DBJ can participate as a Limited Partner (LP)[[1]](#footnote-2) anchor investor in a Venture Capital Fund, as well as risk management practices, investment constraints and monitoring and evaluation.

**II. Objective**

These terms of reference (TORs) focus on supporting the DBJ in selecting a well-qualified Fund Manager, establishing the VC & Sidecar Funds, and providing legal advice to the DBJ as an investor in the VC Fund.  The selection process for hiring the Fund Manager will have already been initiated and the Legal Counsel (LC), after on-boarding shall provide support to the team on the remaining steps of the Selection and the establishment of the VC Fund. The LC will advise the DBJ on the terms for setting up the VC & Sidecar Funds, competitively selecting an experienced Fund Manager for the VC Fund, the development of the term sheet for the Sidecar Fund and on its participation as an Anchor Investor in the Fund.

*Note:  The Fund Manager shall be responsible for structuring and formation of the Fund within the scope of the Call for Proposal, and in alignment with appropriate GOJ (or equivalent authorities) legal/regulatory guidelines, the Project Implementation Guidelines, the relevant terms and conditions of the IDB Project Legal Agreement and Procurement Policies, and IDB policy requirements (e.g. integrity, tax, ESG).  The Fund Manager will obtain its own legal counsel to assist with the Fund formation and preparation of Fund documents, such as the subscription agreement, fund documentation, side letter etc. The Fund Manager and potential investors will be evaluated before participating in the Fund using processes that mirror the IDB’s integrity due diligence approach.*

**III. The scope of responsibilities for the LC would include, inter alia:**

1. The LC will advise the DBJ on the selection of an experienced VC Fund Manager in accordance withIDB Procurement Policies, including on the preparation/review and signing of a contract with the selected Fund Manager based on terms and conditions acceptable to the Inter-American Development Bank.
2. The LC will advise the DBJ in its role as an Anchor Investor in the VC Fund. This shall also include advising the DBJ during the establishment and operationalization of the VC Fund, including on the ambit of applicable tax and securities laws, regulations and guidelines. The LC will consider key factors, including (i) the aim of the VC project to mobilize private capital to co-invest in the Fund; (ii) the need for strong governance arrangements in alignment with industry standards; (iii) that the GOJ/DBJ cannot participate in the investment committee or in investment related decision making in any form.
3. The LC will advise the DBJ on the governance structure of the VC Fund in alignment with private equity/venture capital industry standards, and in line with the applicable terms and conditions of theInter-American Development Bank.
4. The LC will advise the DBJ in the establishment and operation of the angel investor Sidecar Fund. This shall also include advising the DBJ on the ambit of applicable tax and securities laws, regulations and guidelines. The LC will consider key factors, including (i) the aim of the BIGEE project to increase group and individual angel investment in early stage companies; (ii) the need for strong fund governance arrangements in alignment with industry standards.
5. The LC will advise the DBJ on the governance structure of the angel investment Sidecar Fund in alignment with private equity/venture capital industry standards, and in line with the applicable terms and conditions of theInter-American Development Bank.
6. The LC will assist the DBJ with the legal due diligence, and the review, negotiations and signing of the key VC Fund documentation, such as the subscription agreement, fund documentation, side letter, and theInter-American Development Bank policy requirements (including integrity, tax and ESG). The LC would be expected to coordinate and communicate with theInter-American Development Bank as adviser to the DBJ regarding the VC Fund.
7. The LC will assist the DBJ with the legal due diligence, and the review, negotiations and signing of key Sidecar Fund documentation, such as Term Sheets, Notes and Securities, as well as Fund documentation; and theInter-American Development Bank policy requirements (including integrity, tax and ESG). The LC would be expected to coordinate and communicate with theInter-American Development Bank as adviser to the DBJ regarding the Sidecar Fund.
8. The LC will be required to liaise, as needed, with other stakeholders of the Fund, including Approved Angel Investors and potential investee companies.
9. The LC will advise DBJ on the preparation/review of the Operational Manual for the implementation of Subcomponent **II.2** alignment with both Inter-American Development Bank terms and conditions and private equity/venture capital standards. A draft Operational Manual shall be prepared/review in parallel to the recruitment of the VC FUND manager, and a final version of the Operational Manual will need to be prepared following the selection of the Fund Manager to allow for the incorporation of the fund manager’s inputs.
10. Any other related task assigned by DBJ.
11. Travel Requirements: Thefield-visits and tours may not be required; however, meetings via Microsoft Teams and Zooms etc. may be use as per the project requirements**.**

**IV. Expected Effort and Deliverables**

1. The Legal Counsel is expected to perform the above-mentioned tasks on an ongoing basis during the term of his/her assignment, to the satisfaction of the Technical Unit’s and PE/VC Project Coordinators. Semi-annual key performance indicators will be set annually, against which deliverables will be measured during the course of the assignment.

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| **Deliverables** | **DATES** |
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| **Deliverable 1.** Advisory services to the DBJ in finalizing the selection of a VC Fund Manager. These services include, but are not limited to:* The selection of an experienced VC Fund Manager in accordance with approvedInter-American Development Bank Guidelines
* The preparation/review and signing of a contract with the selected Fund Manager on terms and conditions acceptable to both the DBJ and theInter-American Development Bank.
 | 3 months of contract |
| **Deliverable 2**. Advisory services to the DBJ on its role as an Anchor Investor in the VC Fund and on the governance structure of the VC and Sidecar Funds in accordance with PE/VC industry standards |

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| 2-4 months of contract  |

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| **Deliverable 3.** Advisory services to the DBJ on the development of the investment term sheet and related documents that will govern the Sidecar Fund investments | 3-5 months of contract |
| **Deliverable 4**: Support to the DBJ with the legal due diligence, and the review, negotiations and signing of the key fund documentation, such as the subscription agreement, side letters, and theInter-American Development Bank policy requirements  | 4-7 months of contract |
| **Deliverable 5: Support and Advisory services to the DBJ in** preparation /review and finalizing Operational Manuals for the VC and Sidecar Funds | 8-12 months of contract |

**V. Qualifications (The LC will need to have the following expertise):**

**Educational Qualification**: The LC must possess a Post-Graduate/Master’s degree in Law with specialization in Investment Banking, Development Economics, Management or a closely related field.

**Working Experience, Qualifications and Skills:**

* 10-15 years of fund formation or related private equity/venture capital funds experience in private practice (or related legal experience), preferably within developing /emerging markets, with a focus on PE/VC.
* Significant work exposure to the legal aspects of venture capital funds in the Caribbean and should have a strong knowledge of Caribbean region and Jamaica’s guidelines and tax laws/guidelines related to the setup of venture capital funds.
* Experience working in complex, multi stakeholder, fast moving environment and ability to work under pressure, respect strict deadlines and multi-tasking
* Experience working in projects funded by national/international Development Finance Institutions or Multilateral Development Banks is an advantage
* Strong writing and communication skills in English.

**VI. Contract Duration and Reporting Procedures**

The contract duration will be for 12 months initially and may be extended beyond this term, subject to the DBJ’s and theInter-American Development Bank’s satisfaction.

The consultant will report to the Project Manager, BIGEE and the Technical Coordinator –Intermediary Relationships and will liaise with the Inter-American Development Bank staff assigned to contribute to the project.

**VII. Indicative Payment Terms**

1. Deliverable 1 (20%)
2. Deliverable 2 (20%)
3. Deliverable 3 (20%)
4. Deliverable 4 (20%)
5. Deliverable 5 (20%)
1. [↑](#footnote-ref-2)