

Information and Communication Technology Call For Proposals

March 2020

The U.S. International Development Finance Corporation (DFC) is launching its Call for Proposals (the “Call”) from fund managers seeking DFC financing for funds that invest in fifth generation cellular network (“5G”) related companies operating in DFC-eligible emerging market countries via equity, debt, and equity-related instruments.¹ The Call will be open to managers from all eligible regions and strategies.

DFC is America’s development bank, and partners with the private sector to finance solutions to the most critical challenges facing the developing world today. We invest across sectors including energy, healthcare, critical infrastructure, and technology. DFC also provides financing for small businesses and women entrepreneurs in order to create jobs in emerging markets. DFC investments adhere to high standards and respect the environment, human rights, and worker rights.

DFC has engaged external alternative investment advisors to assist in evaluating proposals received in response to the Call.

Key Dates	
Call Issued Proposals Due ²	March 10 June 15

Geographic Focus	Eligible Fund Investments
Indo-Pacific Region ³ Africa	Equity Convertible Debt Mezzanine Debt Senior Debt

PURPOSE OF THE CALL

DFC seeks to select one or more funds targeting investments in DFC-eligible countries for expansion, business development, spin-outs, growth capital, management buyouts, restructuring, and/or privatization. This selection will be conducted through a competitive process. DFC has sole discretion to respond to multiple agency objectives in making its selection, including policy priorities, market needs, and the ongoing construction of a balanced and diversified portfolio.

¹ 5G-related investments examples include: mobile network operations; service providers; equipment providers; equipment manufacturers; data centers; advanced software; artificial intelligence; towers; fiber; or subsea cable; among others.

² DFC may extend this date at its sole discretion.

³ Visit [Where We Work](#) for a full list of DFC-eligible countries.

FUND QUALIFICATIONS & CHARACTERISTICS

- Fund is expected to invest in open & secure information & communication technology (“ICT”) assets poised for disruption by the transition to 5G.⁴
- Target assets and countries should be described in a fund’s submission.
- A fund’s investment thesis should reflect the fund manager’s prior experience and track record.
- DFC is targeting funds with total capitalization of \$500 million or more (including the DFC commitment).
- Funds must be privately owned and managed.

SELECTION CRITERIA

1. Credibility and thoughtfulness of the proposal; consistency and clarity of the investment thesis and proposed exit strategies.
2. Previous track record of the fund management team making long-term risk investments in the emerging Indo-Pacific and African region, and the team's telecom infrastructure experience.
3. Experience, depth, credibility and cohesiveness of the fund management team and details of its local presence for portfolio management and monitoring.
4. Competitive position of the fund manager, including deal sourcing, ability to add value to investments, reputation and capital markets access.
5. Ability of the fund manager to raise sufficient equity capital to close the proposed fund in a reasonable amount of time.
6. The fund manager’s experience as a fiduciary in managing institutional capital, meeting reporting requirements and administering a fund.
7. Demonstration of how the proposed fund and its investments may have a positive developmental impact on the host country/countries in areas including, but not limited to: job creation, infrastructure improvements, social policies and corporate social responsibility initiatives, as well as technology and knowledge transfer.
8. Ability of the fund manager to comply with DFC’s policies related to environmental and social sustainability as well as respect for human and workers’ rights. For further details on DFC policies, please visit [DFC Policies](#).⁵
9. DFC prefers, but does not require, a “U.S. Connection,” which means that the manager or GP must either (i) be a U.S. entity that is at least 25% U.S.-owned or a foreign entity that is majority U.S.-owned, OR (ii) raise investment capital from U.S. investors that is equal to or greater than 25% of the DFC loan. As an example, for a \$500 million dollar fund in which DFC participates with a \$100 million loan, the GP must raise \$25 million of capital from U.S. investors. A fund

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⁵ DFC Policies incorporate the International Finance Corporation [Performance Standards](#).

need not have already secured U.S. investor commitments to apply to DFC, but ability to raise U.S. investor commitments will be considered.

SELECTION PROCESS

Non-Qualifying Proposals

Each proposal will be reviewed against the criteria of the Call. Those fund managers not selected for further due diligence review will be notified via email. The selection process is very competitive, and DFC receives proposals from many highly-qualified managers. Regrettably, DFC does not have the capability to support all of the worthy funds that apply.

Selection of Finalists

An Evaluation Committee comprised of DFC staff and assisted by the Advisors will determine which applicants will become finalists and selected for further consideration. The DFC team may conduct on-site due diligence of finalists. DFC may select candidates for further due diligence based solely on their written proposals.

Recommendations & Approvals

Upon the completion of due diligence, the Evaluation Committee will make its recommendation for selecting one or more funds to DFC's Investment Committee and Board of Directors, as appropriate. The Evaluation Committee reserves the right to recommend any of the finalists or none of them.

DFC PARTICIPATION IN SELECTED FUNDS

DFC financing takes the form of a structured senior loan to the fund.

DFC Loan Summary Terms

- **Loan amount:** The loan amount may range from a \$100 million to \$200 million commitment, but will be limited to 25% of a fund's total capitalization, as determined by DFC.
- **Term:** The DFC loan maturity is co-terminus with a fund's primary term.
- **Facility Interest:** DFC will earn interest that will be 100 basis points less than the LP hurdle rate, which will compound and be paid pursuant to a waterfall.
- **Profit Participation:** DFC will receive pro rata share of fund profits after the GP catch up is paid (i.e. proportionate to DFC's capital contribution).
- **Seniority:** The DFC loan allows for distributions to equity investors on a pro rata basis with DFC until the earlier of (a) the time of sale of the fund's final portfolio asset, (b) the end of the fund's primary term, upon which DFC will go senior in the waterfall until it has been repaid its principal plus 4% (compounded semi-annually) unless the maturity date is extended, or (c) an Event of Default.

- **Events of Default:** Payment default (in violation of the waterfall), insolvency, fund termination and material adverse change.
- **Fund Governance:** DFC provides proportionate consent according to its percentage contribution to the capitalization of the Fund; DFC is a voting member of the investor advisory committee.
- **Fees & Expenses:** The DFC loan can be drawn to pay management fees and expenses.
- **Security:** The DFC loan is unsecured, and is non-recourse to LPs of a fund.
- **Country Eligibility and Policy Compliance:** DFC will only fund investments in DFC-eligible countries ([Where We Work](#)) and reserves the right to review prior to loan disbursement each fund investment for compliance with DFC investment policy standards ([DFC Policies](#)).

SUBMITTING A PROPOSAL

Set up a user account

Complete the information requested in the [User Account](#) form and select the “Submit” button to transmit that information to DFC. Please open a User Account as soon as possible if you intend to submit a proposal.

Submit your proposal online

Once you have set up a User Account, log in and select [Submit a Proposal](#). Through your User Account, you may view your submissions and upload related documents at any time until you click the “Submit” button. Click the “Add Document” button in order to upload a document. Once you are ready to send your completed proposal to DFC, click “I certify that this proposal is complete” and click the “Submit” button. Once you click “Submit”, your proposal will be sent to DFC and will no longer be available for editing and you will not be able to submit any more documents.

Please ensure that your proposal is complete before you click “Submit”.

DFC reserves the right not to consider any proposal submitted after the deadline or to extend the deadline at its discretion.

QUESTIONS RELATING TO THIS CALL

Applicants are welcome to [submit questions](#) about the Call to DFC. DFC will post answers to those questions deemed pertinent to all applicants on this page. Given that all applicants will be able to view these questions and answers, applicants should be cognizant of divulging proprietary information in their questions.

OTHER

- You may upload documents to your User Account (see “Submitting a Proposal” above) at any time. A proposal may not be edited or supplemented once it is submitted.
- DFC will not be liable for any costs incurred in connection with the submission of a proposal.
- DFC reserves the right not to select any of the proposals and to re-initiate the Call, or to suggest that proposals be supplemented or combined with other proposals without reinitiating the selection process. The issuance of the Call does not obligate DFC to provide support to any proposal or any selected fund.