



European Union
European Regional
Development Fund

**Call for Expressions of Interest:
Ref. KB 929**

**Subject: JESSICA Holding Fund for Sicily
Selection of Urban Development Fund**



JESSICA ("Joint European Support for Sustainable Investment in City Areas") is an initiative developed by the European Commission ("Commission") and the European Investment Bank ("EIB"), in collaboration with the Council of Europe Development Bank ("CEB"), in order to promote sustainable investment, growth and jobs in urban areas.

The EIB is launching a Call for Expressions of Interest ("EoI") with the aim of selecting an entity as an Urban Development Fund ("UDF") that will receive resources from the JESSICA Holding Fund for Sicily ("JHFS"), to facilitate the disbursement of European Union ("EU") Structural Funds through financial engineering instruments in the form of actions which make repayable investments in public-private partnerships or other projects included in Integrated Plans for Sustainable Urban Development ("Urban Projects").

The selection will proceed in two stages as described below. The entities wishing to participate in this Call for EoI, are requested to forward their EoI (prepared in accordance with the instructions in this document) enclosed in two sealed envelopes, the outer envelope bearing instructions not to open the inner envelope, which should be marked:

DO NOT OPEN:

Ref.: KB-929

**Subject: JESSICA Urban Development Fund Sicily
Deadline for reception of Expressions of Interest: 21 December 2010**

and delivered:

(a) either by registered post, to the following address:

EUROPEAN INVESTMENT BANK
For the attention of Ms. Klaudia Berger
Purchasing and Administrative Services Division
98-100 boulevard Konrad Adenauer
L-2950 LUXEMBOURG

by midnight on 21 December 2010 at the latest, as evidenced by the postmark, or by

(b) handing it in (by messenger or courier) at the reception desk of the

EUROPEAN INVESTMENT BANK
For the attention of Ms. Klaudia Berger
Purchasing and Administrative Services Division
98-100 boulevard Konrad Adenauer
L-2950 LUXEMBOURG

The Eol (representing the responses to Stage 1 as described below) must be posted or handed in by Tuesday, 21 December 2010 at the latest (up to midnight Luxembourg time in the case of delivery as described in (b) above).

Those applicants who are selected to proceed to Stage 2 will be notified in writing and advised at that time of the submission date for Offers (in the form of a Business Plan). It is anticipated that a term sheet on the main terms of the Operational Agreement will be provided during Stage 2.

As shown in the table below, the selected applicants will have around 5 weeks to prepare Offers (in the form of a Business Plan), although this period may be subject to change at EIB's discretion.

The indicative timetable for this Call for Eol, which may be subject to change, is therefore:

Activity	Timing
Issue of Call for Eol	23 November 2010
Deadline for Stage 1 requests for additional information	6 December 2010
Deadline for submission of Stage 1 Eol	21 December 2010
Notification to applicants of outcome of Stage 1 Eol assessment	18 January 2011
Deadline for submission of Stage 2 Offers (in the form of a Business Plan)	21 February 2011
Notification to applicants of outcome of Stage 2 Offers, following Investment Board approval	End of March 2011
Start of negotiations on Operational Agreements	Mid-April 2011

The receipt dated and signed by the officer at the reception desk of the EIB who receives the Eol (reception desk open 24 hours a day) shall form the evidence of the Eol having been handed in.

Submissions will not be accepted if they:

- a) are not sent in two sealed envelopes;

- b) are not sent or delivered by hand to the EIB before the specified deadline (as evidenced by the postmark or receipt signed and dated by the officer at the reception desk);
- c) do not conform to the provisions of this Call for EoI.

Applicants are directed to the important notices below. Unless expressly stated otherwise, the terms and expressions used in this document shall have the meanings set out in Appendix F. Any References in this Call for EoI to Annexes and Appendices are, save if explicitly stipulated otherwise, references respectively to annexes and appendices to this Call for EoI.

Applicants must take account of the following provisions (more detail is provided in Annex 3):

1. The selection of the UDF will proceed in two stages:
 - I. **Stage 1** (applying the Exclusion and Selection Criteria): EoIs will first be assessed against the Exclusion Criteria (as outlined in Section IV of Annex 3). EoIs which are admitted in accordance with the Exclusion Criteria will be assessed on the basis of the Selection Criteria, which are also included in Section IV of Annex 3.
 - II. **Stage 2** (applying the Award Criteria): all applicants that meet the Selection Criteria will be invited to submit their Offers (including detailed Business Plans prepared in line with Annex 3). The Offers will be evaluated on the basis of the Award Criteria, as described in Appendix A.
2. Information in respect of both Stages 1 and 2 is included in this document. However the first required submission relates solely to Stage 1, the application of Exclusion and Selection criteria to the EoIs. Applicants wishing to commence work on the Offer required under Stage 2 prior to notification of selection will do so entirely at their own risk.
3. Offers must be firm and non-revisable, quoted in EURO and free of taxes and duties, the EIB being exempt therefrom under the Protocol on the Privileges and Immunities of the European Communities.
4. Each applicant must declare that it has taken note of conditions of the Call for EoI and the Terms of Reference contained herein and has had the opportunity to gauge the scope and quality of the services required, as well as the possible difficulties.
5. The applicant cannot invoke any error, inaccuracy or omission in their submissions to call any contract into question or to attempt to have any contract amended.
6. The EIB reserves the right to reject any submission that fails to comply with the specifications of this Call for EoI.
7. The EIB reserves the right to reject any applicant:
 - I. guilty of material misrepresentation;
 - II. who contravenes any of the terms of this document; or
- III. undergoing a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the applicant.

8. Submissions must be drawn up in writing in English (offers in other languages will not be accepted).
9. Applicants must respond to the specifications item by item.
10. The EIB reserves the right to award contracts to the applicants of its choice (subject to the approval of the Investment Board), in accordance with the criteria set out in the Terms of References or not to award a contract to any applicant or to extend the deadline for the submission of the EoI or Offers before the expiration date of the Call for EoI documents, at its own discretion. The EIB may cancel the procedure at any time excluding any claim of the applicants to any rights, including any rights arising under any pre-contractual liability. Applicants should only participate in the Call for EoI process on the understanding that they would not be entitled to any form of compensation, should the EIB decide to interrupt the procurement procedure before the contract is signed.
11. Participation in this Call for EoI involves acceptance of all the terms and conditions mentioned in the present Call for EoI.
12. The following documents shall form an integral part of this Call for EoI:
 - Annex 1 -“Template for Expression of Interest”
 - Annex 2 -“Declaration to be made by the applicant”
 - Annex 3 -“Technical specifications” (Terms of Reference)
13. Any requests for additional information on Stage 1 should be addressed in writing by 06 December 2010, at the latest to Mrs Klaudia Berger, fax: +352-437968167, e-mail: bei.asa@eib.org. Please note that the EIB responses to any queries or clarification requests will be made available to all applicants through publication on the Call for EoI website before the deadline for submissions.
14. EoI must be drawn up on paper in duplicate, i.e. one original and one copy, clearly marked as “Original” and “Copy”. An electronic copy in MSWord or PDF format on a single CD-ROM marked with the name of the entity shall also be submitted.
15. Before the assignment begins, the selected applicant must undertake to comply with all current laws and provisions and to obtain all relevant permits required to provide the services described.
16. Applicants will be informed of the outcome of their submissions by communication sent out to the e-mail address that is indicated by the applicant in the EoI.
17. Applicants that have submitted Offers may be invited to a presentation, if the EIB so decides. Applicants will not be permitted to modify the terms and conditions of their submission during their presentation or at any other time after the submission has been transmitted to the EIB. The EIB reserves the right to seek additional detail from an applicant to clarify any part of an applicant's submission.
18. Any dispute concerning procurement conducted by the EIB falls under the jurisdiction of the European Court of Justice.

DISCLAIMER

The EIB (including any employees, officers, Investment Board members, advisers and / or contractors of the EIB who contributed to the preparation of this document) make no representation, warranty or undertaking of any kind in relation to the accuracy or completeness of any information provided in, or in connection with, this Call for EoI (for the purposes of this section the "Information").

The EIB will not be liable or responsible to any person in relation to any inaccuracy, error, omission or misleading statements contained in the Information. The EIB will not be liable or responsible to any person in relation to any failure to inform any person of inaccuracy, error, omission or misleading statement contained in such Information of which it becomes aware after the date of release of that Information. The EIB shall not be liable to any person for any damages, losses, costs, liabilities or expenses of any kind which it may suffer as a consequence of relying upon such Information.

Any person considering making a decision to enter into contractual relationships with the EIB, JHFS and/or any other person on the basis of the Information provided to (or otherwise received by) applicants (whether prior to this Call for EoI or at any point during the UDF selection process) in relation to the selection process should make their own investigations and form their own opinion. In particular, the distribution or receipt of this Call for EoI shall not constitute, or be construed as, the giving of investment advice or a recommendation by the EIB of any kind.

Only the express terms of any written contract (as and when it is executed) shall have any legally binding effect in connection with the selection process.

All applicants are solely responsible for their costs and expenses incurred in connection with the UDF selection process including the preparation and submission of submissions and participation in all future stages of this process. Under no circumstances will the EIB be liable for any costs or expenses borne by applicants or any of its supply chain, partners or advisors in this process.

CONFLICTS

The EIB requires all actual or potential conflicts of interest to be resolved to the EIB's satisfaction prior to the delivery of an applicant's submission. Failure to declare such conflicts and/or failure to address such conflicts to the reasonable satisfaction of the EIB could result in an applicant being disqualified at the sole discretion of the EIB.

CANVASSING AND NON COLLUSION

The EIB reserves the right to disqualify (without prejudice to any other civil remedies available to the EIB and without prejudice to any criminal liability which such conduct by an applicant or consortium member (as the case maybe) may attract) any applicant or consortium member who, in connection with this document:

- I. offers any inducement, fee or reward to any Investment Board member, employee or officer of EIB or any person acting as an adviser for EIB in connection with this document;
- II. contacts any Investment Board member, employee or officer of the EIB about any aspect of this document in a manner not permitted by this document;
- III. fixes or adjusts the amount of his offer or submission by or in accordance with any agreement or arrangement with any other applicant or consortium member or supply chain member of any other applicant (other than its own consortium members or supply chain);

- IV. enters into any agreement or arrangement with any other applicant or potential applicant or consortium member of any other applicant or potential applicant to the effect that it shall refrain from making a submission or as to the amount of any submission;
- V. causes or induces any person to enter such agreement as is mentioned above or to inform the applicant or a consortium member of the applicant of the amount or approximate amount of any rival submission;
- VI. canvasses any person connected in connection with this document who is not one of its own consortium members or one of its own team;
- VII. offers or agrees to pay or give or does pay or give any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other submission or proposed submission ; or
- VIII. communicates to any person other than EIB the amount or approximate amount of his proposed submission (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of a submission).

INTELLECTUAL PROPERTY

All documentation supplied by the EIB in relation to this UDF selection process is and shall remain the property of the EIB and must be returned on demand, without any copies being retained. Applicants are not authorised to copy, reproduce, or distribute such documents at any time except as is necessary to produce a submission.

PUBLICITY

Applicants shall not undertake (or permit to be undertaken) at any time, any publicity activity with any section of the media in relation to the UDF selection process other than with the prior written agreement of the EIB. Such agreement shall extend to the content of any publicity. In this paragraph the word "media" includes (but without limitation) radio, television, newspapers, trade and specialist press, the internet and email accessible by the public at large and the representatives of such media.

COMMUNICATIONS

Applicants should note that they are expressly prohibited from contacting, in connection with this Call for EoI, any of the Investment Board members, advisers and / or contractors of the EIB who contributed to the preparation of this document from the date that the Call for EoI has been issued. All clarifications should be through the EIB as set out in the introduction to this Call for EoI.

PRIVACY STATEMENT

The personal data provided by the applicants will be processed in accordance with Regulation (EC) 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the EU institutions and bodies and on the free movement of such data. The information requested for the Call for EoI is necessary in order to assess the EoI, and if applicable the subsequent Offer and will be used solely for that purpose under

the authority of the EIB purchasing division (ASA), in accordance with the EIB guide for procurement, approved by the Management Committee of the EIB. Please note that for the EoI to be considered, it may be mandatory to answer some or all of the questions in the declaration to be made by the applicant. The mandatory/optional nature of these questions is outlined in the specific Call for EoI document.

In order to assess the EoI and if applicable, the subsequent Offer, the personal data provided will be accessed by members of the Selection Panel and the Directorate which requested the Call for EoI. Upon request, access to this data may be granted to the EIB's Office of the Chief Compliance Officer, the legal service or the Inspectorate General. The data of the successful applicant shall be retained for the duration of the contract, plus two years in the central archives, unless these are needed in the context of litigation or claims. The data of unsuccessful applicants shall be retained for four years, unless these are needed in the context of litigation or claims. Applicants have the right to access and rectify or update their data. They can exercise these rights by contacting the Head of the ASA division (bei.asa@eib.org). They also have the right to have recourse at any time to the European Data Protection Supervisor.

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ANNEX 1

TEMPLATE FOR EXPRESSION OF INTEREST

(name of an applicant)

EXPRESSION OF INTEREST

(place of conclusion)

(date)

(Stamp of the applicant)

1. Information about the applicant

1.1. General information about the applicant¹

Eols may be submitted by a consortium that, if awarded the contract, may assume a legal form by incorporation, partnership or otherwise which would enable the members of the consortium to contract as a single entity. Where such a consortium exists the applicant shall be responsible towards the EIB and shall act as the interface between the EIB and the members of the consortium.

Name of the applicant	
Address (registered office)	
Registration number ² (copy of certificate to be attached)	
Telephone No.	
Fax	
Email	
Names and organisation registration numbers of proposed subcontractors / consortium members, if applicable	

1.2. Person authorised to submit the Eol³

Name, surname	
Position	

¹ In case the Eol is submitted by a consortium, it will be necessary to include the information contained in the table above for each of the members of the consortium. The aforementioned information must be accompanied by a cooperation agreement signed by each of the members, including their commitments to participate in this Call of Eol, an authorisation from all the consortium's members to be represented by the leading party at all stages of the procedure, and the identification of the percentage that each of them represents in the consortium. In any case, there should be a leading party within the consortium holding more than 50% of participation.

² Registration with the official companies registry, chamber of commerce, or other competent authority

³ A power of attorney authorizing the person to submit the Eol and the Offer and to represent the applicant/consortium at all stages of the selection procedure is necessary.

Contacts: Address Telephone No Fax Email	
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1.3. Person for communications (if different from paragraph 1.2)

Name, surname	
Position	
Contacts: Address Telephone No Fax Email	

By submitting this Eol, the undersigned declare(s) that:

1. the applicant is fully aware that resources of the JHFS, which aim is to finance Urban Projects, are provided by the EU Structural Funds 2007– 2013;
2. the information contained in this Eol and its Annexes is complete and correct in all its elements.

ENCLOSED:

1. Declaration to be made by the applicant in Annex 2

2. Supporting documents relating to Annex 2 (to be completed by the applicant):

a) ...

b) ...

c) ...

3. Evidence relating to the Exclusion Criteria as set out in Section IV of Annex 3 (Exclusion Criteria) below:

a) ...

b) ...

c) ...

(position)

(name, surname)

(signature)

- having taken note of this Call for EoI;
- having taken note of the specifications and the documents referred to therein; and,
- having completed the requisite declaration (see Annex 2), hereby undertakes unconditionally, in accordance with the provisions of the aforementioned documents, to supply the services on the terms set out below in this Call for EoI, this submission being binding upon the organisation, however, only if its acceptance is notified by the EIB within 180 days of the date of opening of submissions.
- Is authorised to do so on behalf of any subcontractors / consortium members listed in paragraph 1.1 of Annex 1 and in doing so commits those subcontractors / consortium members to supply the services on the terms set out below in this Call for EoI, for 180 days from the date of opening of submissions.

ANNEX 2

<h2>DECLARATION TO BE MADE BY THE APPLICANT</h2>
--

- 1. Name of the applicant.....
- 2. Type of business
- 3. Address (registered office)
-
-
- 4. Number and date of entry in trade register
-
- 5. Represented by (name and position):
-

Questions 6 to 13 should be answered on behalf of the applicant and any proposed subcontractors / consortium members. These questions will be assessed on a pass/fail basis. Responses should be stated in the form of "Yes" / "No" or "Certified" with accompanying details provided where requested.

- 6. Are there any liens or charges outstanding against the organisation at a commercial court (or any other relevant authority)?
-
- 7. Is the applicant in receivership or the subject of bankruptcy, recovery or composition proceedings (or the subject of equivalent proceedings)?
-

If so:

- (a) date of the receivership or the bankruptcy order or date of opening of the above mentioned proceedings:
- (b) on what terms is the applicant authorised to carry on its activity? Specify in particular:

the name and address of the receiver(s):

.....

the date and period of validity of the authorisation given by the official receiver or the court to continue the business or activity:

.....

8. Is the applicant's organisation or any of the persons authorised to act on its behalf in liquidation?

.....

.....

9. Has the applicant or any of the persons authorised to act on its behalf been the subject of any sentence, disqualification or penalty regarding the proper pursuit of commercial or industrial occupations, or under the rules on prices and competition?

.....

.....

10. Has the applicant or any of the persons authorised to act on its behalf a conflict of interest that may affect the performance of the tasks referred to into this Call for EoI?

.....

.....

11. Has the applicant complied with its tax and social obligations, with prudential requirements compulsory to financial institutions, where applicable?

.....

.....

12. Is the applicant authorised to carry out business in Italy under the applicable regulatory framework? If applicable, a copy of all authorisations, licences, permits, approvals, consents, resolutions, exemptions, filings and registrations provided by a competent authority evidencing that the applicant is authorised to carry out business in Italy under the applicable regulatory framework should be enclosed.

.....

13. The applicant certifies that all information submitted in the previous paragraphs is correct.

.....

Done at (date)

STAMP

NAME(S)

SIGNATURE(S)

ANNEX 3

TERMS OF REFERENCE

I. GENERAL INFORMATION

a. Background on JESSICA

JESSICA (Joint European Support for Sustainable Investment in City Areas) is an initiative developed by the Commission and the EIB, in collaboration with the CEB, in order to promote sustainable investment, growth and jobs in urban areas.

Under new procedures, Member States are being given the option of using part of their EU Structural Fund allocation to make repayable investments in projects forming part of relevant Integrated Plans for Sustainable Urban Development.

JESSICA responds to the request by several Member States and the European Parliament to give special attention to the need for urban regeneration and urban investments, and is based on the scarcity of investment funds to finance integrated urban renewal and regeneration projects in pursuit of more sustainable urban communities. JESSICA has therefore been launched with a view to provide new opportunities for Managing Authorities responsible for the current cycle of Cohesion Policy programmes by:

- ensuring long-term sustainability through the revolving character of the EU Structural Funds contribution to UDF specialising in investing in Urban Projects;
- creating stronger incentives for successful implementation by beneficiaries, by combining loans and other financial instruments;
- leveraging additional resources for Public-Private Partnerships (PPP) and other public or public-private initiatives for urban development with a focus on sustainability/recyclability in the regions of the EU;
- contributing financial and managerial expertise from specialist institutions such as EIB, CEB, other IFIs and financial institutions.

b. European Regional Development Fund in Sicily

The European Regional Development Fund ("ERDF") Operational Programme for Sicily 2007-2013⁴ (the "OP Sicily") provides a framework for the investment of around € 6.5 bn, of which € 3 269mn of

⁴ http://www.euroinfosicilia.it/Portals/0/Altri%20documenti/pofesr_20072013/POFESR_InvioCommissione.pdf

ERDF allocated to Sicily Region for the period 2007-2013. The strategic objective of OP Sicily, which was approved by the Commission in September 2007, is “to raise the average growth rate of regional economy through the strengthening of attractiveness and competitiveness factors within a framework of environmental sustainability and territorial and social cohesion”.

The broad investment priorities (called ‘Priority Axes’ in Commission terminology) are identified in the OP Sicily, together with relevant resources from the EU Structural Funds.

In the context of OP Sicily, the regional government of the Region of Sicily, notably the Presidenza della Regione Siciliana and the Managing Authority responsible of the ERDF OP (“Managing Authority”) have decided to support the financing of Urban Projects through the JESSICA initiative.

The OP Sicily includes a Priority Axis, Priority Axis VI, specifically dedicated to sustainable urban development, and an explicit statement concerning the possible use of the JESSICA initiative by the Managing Authority, to implement the urban policies contained in this Priority Axis.

Priority Axis VI, whose general objective is to “promote economic development, the capacity of the city to attract and innovate in a perspective of sustainable development and social integration” therefore represents the primary programming framework within which to proceed with the implementation of JESSICA in Sicily.

Consistently with the objective of developing urban policies with a scope and impact that transcend the local level, and with the intent to pursue coherent development policies, the modalities and instruments established for the implementation of Priority Axis VI have been chosen to encourage a process that involves the territories in a logic of “regional cohesion” and participation in multilevel governance processes, which include the participation of larger cities, as engines of development, in processes to strengthen the attractiveness, innovation and competitiveness throughout the entire “Sicily system”.

It is worth anticipating here that the instruments developed for the implementation of Priority Axis VI of the OP Sicily are the *Piani Integrati di Sviluppo Urbano* (P.I.S.U. - Integrated Urban Development Plans) and the *Piani Integrati di Sviluppo Territoriale* (P.I.S.T. - Integrated Territorial Development Plans), which respond to the concept of “Integrated Plan for Sustainable Urban Development”, i.e. the plan that projects must be part of if they wish to apply for consideration as JESSICA investments.

c. JESSICA in Sicily

The Presidenza della Regione Siciliana and the EIB signed a Funding Agreement on 19 November 2009 (“Funding Agreement”) which entered into force on 23 November 2009 establishing the JHFS. The Presidenza della Regione Siciliana contributed to the JHFS an initial amount of EUR 148 068 359 from its OP Sicily allocation for 2007-2013. In this regard, 50% of this amount is co-financed by the ERDF.

Urban development represents a key objective that is common to the entire OP Sicily, in accordance with a multi-axis approach. Indeed, through the mechanism of the P.I.S.U./P.I.S.T (hereafter referred together as “Integrated Plans”), projects/actions financed with resources from different Priority Axes can be instrumental for the implementation of Priority Axis VI, i.e. contribute directly to sustainable urban and regional development. In light of the above, the JHFS was constituted with resources deriving from four different Priority Axes of OP Sicily, as follows:

PRIORITY AXIS I – Networks and connections for mobility

This priority aims at the completion and reinforcement of transport networks, improvement of accessibility and the mobility of people and goods, and reinforcement of the public mass transportation system.

PRIORITY AXIS II – Efficient use of natural resources

The objective is the rationalisation of the demand for energy, support for the production of energy from renewable resources, upgrading and monitoring of energy production and distribution facilities, completion of infrastructure investments to comply with the standards of the water distribution sector and improvement in the efficiency of solid urban waste management.

PRIORITY AXIS III – Cultural identity and environmental resources for the development of tourism

The priority focuses on the enhancement of the local cultural identities and the environmental and landscape resources for tourist attractiveness and development, including projects to revitalise architectural and urban contexts with historical and cultural value, and realisation of infrastructure and cultural itineraries, to reinforce and protect the assets that are of interest to tourism.

PRIORITY AXIS VI– Sustainable urban development

This priority aims at reinforcing urban services in metropolitan areas and medium-size centres (working prevalently on the business and service incubator function of urban hubs, on social and health centres and on the provision of eco-sustainable mobility) by allocating resources to tackle social integration in urban and metropolitan areas, even by restoring the values of identity in connection with the area. This Priority Axis is coherent with national orientations in urban revitalisation/regeneration, socially, economically and environmentally integrated, and in particular with respect to the Priority Axis IV – Social inclusion and services for the quality of life and attractiveness of the region, and with Priority Axis VIII – Competitiveness and attractiveness of cities and urban systems, of the National Strategic Reference Framework (“NSRF”)⁵.

The general objective of this Priority Axis is articulated in two Specific Objectives as set out below:

- Specific Objective 6.1 – To strengthen urban services in the metropolitan areas and medium-sized cities. This objective targets cities that are provincial capitals and cities with a population greater than 30,000 inhabitants. It aims, within the larger cities, to stimulate the attraction of private investment and the development of services in the more advanced sectors, to foster urban regeneration, welfare and sustainability and improve the quality and quantity of urban services – typically public and public-private – available to people and businesses.
- Specific Objective 6.2 – To create new hubs and enhance urban renewal by building new poles of development and services for a wider-ranging utilisation. This objective aims at creating, within the smaller urban centres (with less than 30,000 inhabitants), diffused development and services poles for a wider catchment area, to foster greater balance and cohesion within the region.

The OP Sicily provides that Specific Objective 6.1. shall be implemented by means of P.I.S.U, and Specific Objective 6.2 by P.I.S.T. It must however be emphasised that each P.I.S.U. must be included in the P.I.S.T. covering the target area, which it must be coherent with. It follows that each P.I.S.T. will

⁵ On the basis of the general orientations defined after the intermediate review of the Lisbon strategy – which also included the definition of the sub-measures aimed at growth and employment, approved in March 2005 – each Member State was required to draft a national reform plan on a three-year basis, which would indicate the reforms and other measures adopted at a national level to achieve the objectives of the Lisbon Strategy. Italy approved the Plan for Innovation, Growth and Employment (*Piano per l’Innovazione, la Crescita e l’Occupazione* - PICO), which specified the reforms, the measures and the national interventions that could be programmed to pursue the Lisbon objectives and to renew their potential. Priority Axis VI is also coherent with the following measures in the PICO: I- Increase the freedom of choice available to citizens and businesses; IV – Upgrade the material and immaterial infrastructure; V – Protect the environment. (See Par. 3.a.3., OP Sicily).

contain projects that will be financed with reference to both Specific Objective 6.1, and to Specific Objective 6.2.

In Sicily, the process launched by the Managing Authority for developing and presenting the Integrated Plans is structured in three successive phases, characterised by a negotiation/assessment procedure, which includes verification of eligibility and an assessment, both with respect to the Integrated Plans as a whole, and with respect to the underlying individual operations/projects. The result of this negotiation/assessment procedure, which takes place in each of the various phases, is a ranking of the operations eligible for outright grants, to be attributed to the sub-measures of Priority Axis VI and other Priority Axes of the OP Sicily that will finance the operations included in the P.I.S.U. and P.I.S.T.

It is worth mentioning that the list of projects already identified through this open and competitive process may be modified and new projects can be added to by the Coalitions, as defined below, in relation to specific operational requirements agreed upon with the UDF even after the presentation of the Integrated Plans.

The "Guidelines for the implementation of Priority Axis VI", approved in Council Deliberation n.431 dated 29 October 2009, set out that local government bodies gathered into coalitions formalised by a protocol of agreement⁶ ("Coalitions") can present the following, as part of the P.I.S.T.:

- Projects for interventions to be funded in relation to Specific Objective 6.1, as part of the P.I.S.U. at the urban scale for cities with over 30,000 inhabitants and/or provincial capitals;
- Projects for interventions to be funded in relation to Specific Objective 6.2, for cities with less than 30,000 inhabitants;
- Integrated projects for interventions, involving Activities referring to other Priority Axes of the OP Sicily, which contribute to the implementation of Priority Axis VI;
- Projects for interventions based on other Programmes of the Regione Siciliana (PAR FAS, PO FSE, PSR Sicilia, PO FEP⁷, transnational Programmes Italy-Malta and Italy-Tunisia) to be decided jointly with the responsible departments who have signed the Inter-Departmental Agreements between Managing Authorities;
- Projects for urban development and public-private partnership (PPP) initiatives, to be funded with loans or equity from the UDFs activated on the basis of the JESSICA initiative.

As a consequence, a requirement for a project to be able to apply for JESSICA investments is that it be included in the P.I.S.T. and/or the P.I.S.U.

Applicants are encouraged to present in their Business Plan a portfolio of Urban Projects included, to the maximum possible extent, in both categories of Integrated Plans.

⁶ Following the public announcement for the regional implementation of the OP ERDF 2007-2013, Priority Axis VI "Sustainable Urban Development" (published in the GURS n.51 dated 6 November 2009), 26 territorial coalitions were constituted by the beneficiary local government bodies, on the basis of specific agreement protocols, for the development of twenty-six P.I.S.T.

⁷ These are the: "Programma Attuativo Regionale Fondi Aree Sottoutilizzate" (Regional Enactment Programme FAS Funds), the "Programma Operativo Fondo Sociale Europeo" (the Operational Programme of the European Social Fund), the "Programma di Sviluppo Rurale" (the Rural Development Programme), and the "Programma Operativo Fondo Europeo per la Pesca" (the Operational Programme European Fishing Fund).

d. JHFS governance

The JHFS has been established as a separate block of finance within the EIB for the purpose of investing the contributed funds as repayable investments, in public-private partnerships or other Urban Projects in co-operation with the banking sector in Sicily. The functioning of JHFS is supervised by its Investment Board, an independent body currently consisting of seven independent Members appointed by the Managing Authority after consultation with EIB.

The Investment Board will, broadly, be responsible for approving or rejecting recommendations made to it by the EIB as the JHFS manager including, inter alia, the terms and conditions of contract with the UDFs.

The EIB, as the JHFS manager is broadly required to:

- Hold the assets of the JHFS and carry out temporary cash management of funds not yet invested in UDFs;
- Procure the UDFs through a transparent and competitive Call for EoI process. This will include reviewing the UDF structure put forward by UDF managers and the management thereof;
- Investing, on behalf of the JHFS, in UDFs (via Operational Agreements). These Operational Agreements will also specify how the UDFs will invest in Urban Projects; and,
- Monitor and report on the actions of the UDFs and their investments in underlying Urban Projects.

e. The role of the UDF

Legal and ownership form

An UDF can be either an independent legal entities governed by agreements between the co-financing partners or shareholders, or be established as a "separate block of finance" within an existing financial institution. The UDF may be owned and/or managed either by private investors (e.g. Italian or international banks, real estate developers, fund managers, private companies, etc.) and/or public entities (e.g. local authorities, municipal companies, local agencies, etc.).

Key Tasks

The key tasks envisaged for the UDF will broadly be to:

- Identify, invest in and lead the negotiation and structuring of financial investments in viable Urban Projects which fit within the agreed Business Plan of the UDF, the Investment Strategy of JHFS and eligibility requirements and criteria applicable to the OP Sicily;

- Work in coordination with the Managing Authority to identify possible investment opportunities into Urban Projects either within the Integrated Plans project pipeline or new ones that fit within the agreed investment policy of the UDF (“Investment Policy”);
- Monitor and control Urban Projects to provide the necessary information in order to comply with the reporting obligations towards the Commission in accordance with the JESSICA Regulations;
- Sourcing additional funding, to the extent possible, ideally at both the UDF and at project level in identified Urban Projects to enable the investment made by the JHFS to be further leveraged for investment in Urban Projects in Sicily and ensure that sufficient eligible expenditure (“Eligible Expenditure”) can be declared in those Urban Projects in accordance with EU Structural Fund Regulations; and,
- Recommend and manage appropriate exit strategies from Urban Project investments.

II. AMOUNT ALLOCATED FOR THE CALL FOR EOI

In accordance with the Funding Agreement, the JHFS shall channel its funds to Urban Projects through an UDF selected in accordance with this Call for EOI. The funds to be allocated in response to this Call for EOI are allocated in accordance with specifications detailed in Section III Portfolio Allocation.

The Investment Board has decided that one UDF will be initially allocated a total investment of approximately EUR 89,500,000 as follows:

- approximately EUR 27,500,000 of the JHFS resources are ring-fenced for investments in Urban Projects under Priority Axis VI of the OP Sicily.
- approximately EUR 62,000,000. of the JHFS resources are ring-fenced for investments in Urban Projects under the other Priority Axes (I, III) of the Op Sicily that will finance the operations included in the P.I.S.U. and P.I.S.T.

It has to be noted that resources originated from Priority Axis II are excluded from this Call for EOI as they will be dedicated to the development of an Energy Efficiency and Renewable Energy UDF that will be selected through a separate Call for EOI. In that regard, it should also be noted that responding to this Call for EOI does not preclude applicants from bidding for any subsequent Calls for EOI for UDFs launched by the JHFS.

The amounts invested may be increased at a later stage by any returns on investment in UDF, additional EU Structural Funds or any other funding that may be held by or become available to the JHFS. It is also highlighted that, in addition to JHFS resources, all investments aforementioned will be eligible for receiving grants directly by the Managing Authority following appropriate procedures.

III. PORTFOLIO ALLOCATION

In order to ensure proper distribution of JHFS resources across the Region of Sicily, in line with the different Priority Axes which have originated the funds, a system of allocation of the project portfolio needs to be implemented. This allocation should proceed according to the following scheme, which also takes into account the Activities (as the investment targets are defined according to EC taxonomy), and relevant categories of expenditures (code for the priority theme ("Priority Theme") dimension) as defined by EC Regulation 1083/2006, contributing to the JHFS. The amount of investment allocated to each Priority Axis has to be considered compulsory. In addition, the applicants are encouraged to present in their Business Plan a portfolio of Urban Projects that replicate to the maximum possible extent the sub-allocation of funds in accordance with the defined percentages associated to each Activity.

- I. 10.3% of the total amount applied for shall be invested in Priority Axis I, "Networks and connections for mobility"):

Under Priority Axis I, the investment will be provided for the following Activity:

- Activity 1.3.2.1: Construction of parking areas favouring modal shift with the objective of promoting the use of public transport from rail to road, to reduce the mobility and long distance of private vehicles to penetrate urban centres (Priority Theme 26).

Target investment allocation: 100%

- II. 59% of the total amount applied for shall be invested in Priority Axis III, "Cultural identity and environmental resources for the development of tourism"

Under Priority Axis III, the investment shall target the following Activities.

- Activity 3.1.4.1: Development of cultural infrastructure to improve the quality of life of residents and the valorisation of local identities (Priority Theme No 59).

Target investment allocation: 27%

- Activity 3.1.4.4: Revitalisation interventions of rural sites of historical-cultural heritage (Priority Theme 61).

Target investment allocation: 9.5%

- Activity 3.3.2.5: Structural and infrastructural interventions aimed at implementing the regional strategic plan for tourist ports, with priority to the creation of safe harbours with flexible capacity in the smaller islands and in the most attractive tourist destinations (Priority Themes 30, 57, 5).

Target investment allocation: 54.5%

- Activity 3.3.3.3: Interventions to facilitate visitor access to the most attractive tourist destinations and sites including adequate road markings and signage, installation of notice boards and construction of new parking facilities (Priority Themes 13, 57, 78).

Target investment allocation: 9%

III. 30.7% of the total amount applied for shall be invested in Priority Axis VI, "Sustainable urban development".

Under Priority Axis VI, the investment shall target the following Activities.

- Activity 6.1.1.1: Integrated regeneration initiatives, supported by architectural and sustainability criteria, for the settlement, incubation, and strengthening of functions and services for urban and metropolitan areas (Priority Theme 61).

Target investment allocation: 35%

- Activity 6.1.1.3: Construction and/or rehabilitation of facilities for pre-school education, primary and secondary to university level vocational training for local services provision (social, community health, cultural, sports etc.) (Priority Themes 61, 75, 77, 79).

Target investment allocation: 31.5%

- Activity 6.1.3.3: Incentives for the preparation of mobility management plans and to encourage car sharing (Priority Theme 52).

Target investment allocation: 30%

- Activity 6.2.1.1: Integrated urban rehabilitation initiatives for the establishment and / or development of service centres (for enterprises, social, cultural, sport, community health, early childhood, etc..) working as attractors for wider catchment area (Priority Themes 77, 78, 79).

Target investment allocation: 3.5%

The amounts allocated to each Priority Axis have been established by the Managing Authority having regard to the need for diversification of investments in order to perform the objectives described in OP Sicily and are therefore compulsory.

Nevertheless, as a result of an absence of market requests, the UDF Manager may request the Investment Board, in writing, to allow reducing the percentage targets associated with each Activity, increasing another Activity by the same amount provided that the aggregated amount invested within **the same Priority Axis remains constant**.

IV. PROCUREMENT PROCESS FOR THE UDF SELECTION

In overview, the process by which the JHFS will engage with an UDF begins with this Call for EoI and will follow through two deployment phases:

Phase 1 – Call for EoI

Stages of the procurement process

- **Stage 1:** EoI which are admitted in accordance with the Exclusion Criteria as presented below will be assessed on the basis of the Selection Criteria;
- **Stage 2:** all applicants that meet the Selection Criteria will be invited to submit their Offers (in the form of a Business Plan).

The Offers (in the form of a Business Plan) will be evaluated on the basis of the Award Criteria set out in Appendix A.

A. Stage 1

A.1. Submission of Expression of interest

Each EoI submitted by an applicant shall be prepared in accordance with the template attached as Annex 1 and shall be accompanied by the following annexes:

- A declaration to be made by the applicant in the form attached as Annex 2; and
- Any supporting documents.

A.2. Exclusion Criteria

Applicants will be excluded from participating in this Call for EoI if any of the following Exclusion Criteria applies to them:

- a) they are bankrupt or are being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for under national laws or regulations;

- b) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*;
- c) they have been guilty of grave professional misconduct proven by any means which the EIB can justify;
- d) they have not fulfilled their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is performed;
- e) they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Community's financial interests;
- f) they are guilty of misrepresentation in supplying the information required by the contracting authority for participation in this Call for EoI or who have not provided such information.

Applicants must show that they are not in one or more of the situations listed above by providing the following evidence in relation to the items mentioned above:

- In relation to items (a), (b), and (e) above, relevant extract(s) from the judicial record or, failing that, equivalent documentation issued by a competent judicial or administrative authority in the country of origin or provenance showing that those requirements are satisfied. Depending on the national legislation of the country in which they are established, these documents must relate to legal persons and/or natural persons, including, any person with powers of representation, decision-making or control in relation to the applicant. If such documents are not available in the country of origin or provenance the applicant:
 - a. For any entity incorporated in Italy, such entity may provide a substitutive self-declaration further to Presidential Decree, 28 December 2000, 445;
 - b. For any entity not incorporated in Italy, such entity may provide a sworn statement before a competent judicial authority; and
 - c. For any entity incorporated in one of the Member States where such statement does not exist, such entity may swear a declaration before a competent administrative authority, a notary or a qualified professional body entitled to such declaration in the country of origin or provenance;

declaring that such documents are not available and that Exclusion Criteria (a), (b) and (e) do not apply to it.

- In relation to item (d) above, the most recent certificates issued by the competent social security and tax authorities of the country where they are established. Where such certificate is not issued in that country, this can be replaced by a declaration on oath or solemn statement made before a competent judicial or administrative authority, a notary or a competent professional or trade body in that country. The declaration or statement provided must be dated less than 4 months before the final date for submission of submissions. Depending on the national legislation of the country in which they are established, these documents must relate to entities with legal personality and/or

natural persons, in the latter case, they shall relate to the person(s) empowered to represent the applicant and sign the contract if the Offer is successful. If such documents are not available in the country or origin or provenance the applicant:

- a. For any entity incorporated in Italy, such entity may provide a substitutive self-declaration further to Presidential Decree, 28 December 2000, 445;
- b. For any entity not incorporated in Italy, such entity may provide a sworn statement before a competent judicial authority; and
- c. For any entity incorporated in one of the Member States where such statement does not exist, such entity may swear a declaration before a competent administrative authority, a notary or a qualified professional body entitled to such declaration, in the country of origin or provenance;

declaring that such documents are not available and that Exclusion Criteria (d) does not apply to it.

- In relation to items (c), and (f) above, a declaration made as indicated above, stating that the applicant is not guilty of professional misconduct, and is supplying all the information required under this Call for Eol in good faith and without misrepresentation. This solemn declaration should be signed by the person(s) empowered to represent the applicant and sign the contract if the applicant is selected and dated less than 4 months before the final date for submissions.

A.3. Selection Criteria

Submissions admitted in accordance with the Exclusion Criteria, will be assessed on the basis of the following Selection Criteria in order to be entitled to proceed with Stage 2:

1. The Eol is prepared in accordance with Annex 1, and all supporting documents are provided;
2. Declarations indicated in Annex 2 are completed to the satisfaction of the EIB;
3. Experience in the relevant targeted market: minimum three years, during the last five years (i.e. from 2005 to 2009), in the management of equivalent or similar projects to those foreseen in this Call for Eol.
4. Minimum rating of **BBB/Baa2** provided by either Standard & Poor's Rating Services (a division of The McGraw-Hill Companies Inc.), Moody's Investors Service Inc. or Fitch Ratings Ltd.
5. Should the applicant be a consortium, the leading party, a financial entity with proven experience in financial services⁸ (which should hold more than 50% of participation) shall provide the rating indicated in the above paragraph 4 and;
6. Presence in the Region: the applicant has, or commits to open within 6 months from the signature of the Operational Agreement, a minimum of two structures operating in the Region (e.g. local offices, branch or representative office, etc.), of which at least one is located in Palermo and another one in a city with over 30,000 inhabitants or a provincial capital.

⁸ According to Commission Regulation (EC) 213/2008 (OJ L74, 15.3.2008, p.1) ("the CPV Regulation") concerning the revision of the Common Procurement Vocabulary (CPV codes from 66100000-1 to 66720000-3)

The experience requested from the applicant includes different types of Urban Projects executed and different types of the role played by the applicant, including advisory services, financing the project, execution, monitoring, audit and others. An illustrative list of Urban Projects includes:

- Rehabilitation or upgrading of existing basic urban infrastructure, including streets and other public spaces, utilities, public transport stations, parking facilities, etc;
- Infrastructures and buildings accommodating innovative activities and SMEs, including research centres, office facilities, industrial estates supporting innovation and entrepreneurship, etc;
- Cultural and historical heritage restoration and re-use;
- Redevelopment of derelict areas (e.g. old industrial and depot sites) for non-residential purposes;
- Clean public transport;
- Local development initiatives and structures providing neighbourhood services and creating jobs;
- Sustainable tourism investments;
- City regeneration projects, e.g. investments in degraded and deprived districts in cities;
- Urban infrastructure projects, including transport, water, waste, energy, etc;
- Redevelopment of brownfield sites, including site clearance and decontamination;
- Regeneration of post-military (e.g. barracks) and post-industrial areas (e.g. for residential, educational, leisure, sport, cultural purposes).

Relevant experience may be provided by the applicant, its shareholders or founders, members of the consortium or parties to a cooperation agreement. The EIB reserves the right to verify the correctness of the information received.

Relevant Experience

NO.	NAME OF THE PROJECT	PERIOD OF EXECUTION OF THE PROJECT (MM/YYYY – MM/YYYY)	DESCRIPTION AND ESTIMATED VALUE OF THE PROJECT (INCLUDING INFORMATION ON PRIVATE AND/OR PUBLIC PARTNERS ENGAGED IN THE PROJECT, IF APPLICABLE)	APPLICANT'S ROLE IN THE PROJECT	RELEVANCE OF THE PROJECT TO JESSICA MECHANISM
1					
2					
3					

Explanatory note:

Should the applicant's experience, relevant to the JESSICA mechanism, consist of a considerable number of items, relevant experience may be presented in an aggregated form (e.g. projects aggregated by types or by role of the applicant).

B. Stage 2

B.1. Submission of offers

Applicants who are not excluded and meet the Selection Criteria for Stage 1 will be invited to submit Offers, in the form of a Business Plan, for use of the JHFS resources, demonstrating economic viability of the Investment Policy.

It is anticipated that during Stage 2, before submission of the Offers, the following information will be disclosed by the EIB to applicants who meet the Selection Criteria:

- a term sheet on the main terms of the Operational Agreement;
- selected data/information on projects included in the Integrated Plans.

The Offers will be evaluated on the basis of the Award Criteria, as these are described in Appendix A. Appendix A also gives guidance on the evaluation criteria which will be applied to assess each section of the Business Plan.

The EIB will identify the applicant whose Offer (in the form of Business Plan) is evaluated as the most favourable and recommend preferred bidder to the Investment Board for its approval ("Preferred Bidder"). This will be determined on the basis of the highest total points out of 100 after assessment of the Award Criteria described in Appendix A. The Preferred Bidder should have the necessary governance, processes, skills, track record and deal sourcing/appraisal capabilities.

The Business Plans for use of resources received from the JHFS shall be completed in substantially the form provided in Section V.

Phase 2 – Negotiation and conclusion of the Operational Agreement

Once accepted by the Investment Board, the Preferred Bidder may be invited to negotiations with the EIB concerning the terms and conditions of the Operational Agreement, as indicated in Section VI. The negotiation could be developed in several phases.

During the period before an Operational Agreement is concluded it is envisaged the Preferred Bidder will continue to develop projects included in its Business Plan and to look for other Urban Projects not identified at the time of presenting the Offer.

Once negotiations have been concluded, EIB shall make a proposal on the award of contract to the Investment Board for approval. Such proposal shall include the key terms and conditions of the Operational Agreement to be signed between EIB, acting as the entity that has to administer and operate the JHFS according to the Funding Agreement, and the selected UDF.

Before signature of the Operational Agreement, the EIB reserves the right to verify any relevant ethical, professional and technical requirements declared by the selected UDF under this Call for EoI.

Operational Period

It is accepted that the Investment Policy may evolve throughout the deployment phase of the UDF ("Operational Period") as projects are developed in greater detail and move into delivery phase. Potential modifications to the Investment Policy may also arise from the absence of market demand for some type of investment, as described in Section III.

It will be important that, while there may be some movement in individual projects, the UDF continues to deliver investment within the parameters of its Investment Policy. For this reason, any revisions to the initial Business Plan will be subject to review and approval by EIB and, where appropriate, the Investment Board to ensure it continues to align with the JHFS' investment strategy ("Investment Strategy"). This will be achieved through the participation of the EIB in a supervisory or investor committee of the UDF, according to the provisions set forth in the Operational Agreement.

Following signature of the Operational Agreement, upon approval by EIB and, where appropriate, the Investment Board, funds will be disbursed from the JHFS to the UDF in accordance with an approved disbursement profile and the Operational Agreement. A number of standard terms and conditions will apply to disbursement. Any JHFS resources received by the UDF, but not yet disbursed to Urban Projects, shall be kept as bank deposits unless otherwise indicated by the EIB and agreed between the EIB and the UDF in the Operational Agreement. Interest on these deposits shall be used to meet UDF management costs or increase the amount of funds available for investment in Urban Projects.

The amount contributed to the UDF by the JHFS, other than the one used to meet UDF management costs, plus any interest accrued on the deposits, shall only be used to finance eligible Urban Projects.

All investment by UDF into projects must meet State aid requirements and UDF will be expected to take appropriate legal advice as necessary in this regard. The selection and approval process carried out by the UDF with regard to Urban Projects may be subject to an evaluation performed by an independent expert appointed by the EIB to determine the risk of each Urban Project of being ineligible in accordance with the parameters and guidelines set out in these Terms of References and in the Operational Agreement.

The evaluation process may require the UDF to, inter alia, demonstrate that:

- The Urban Project is in line with its Investment Policy, including whether it fits within an Integrated Plan for Sustainable Urban Development, appropriate financial parameters and how it contributes to meeting Output Targets.
- the Urban Project fulfils the Eligible Expenditure requirements and the proposed investment in the Urban Project is State aid compliant.
- If applicable, it has the necessary private sector co-financing in place either at the UDF or Urban Project level to support the drawdown of funds from the JHFS for the particular Urban Project.

There will be a general presumption by the EIB that all required due diligence, including credit risk appraisal, will be conducted by the UDF, on the basis of the procedures agreed by the UDF and codified in the Operational Agreement.

V. Business Plan

1. Investment Policy

The applicant shall describe its Investment Policy for the purpose of the Business Plan. The Investment Policy will be the starting point for the identification of a portfolio of Urban Projects (“Portfolio of Urban Projects” or “Portfolio”) that the UDF will have to develop as described in Section VII hereof.

The Investment Policy will describe, at least, the following matters:

- a) its compliance with the objectives established in OP Sicily and with the eligibility conditions stipulated in the guidelines for the implementation of Priority Axis VI⁹;
- b) the targeted market, geographical coverage and other relevant criteria and objectives of the Urban Projects composing the Portfolio;
- c) the terms and conditions for financial products in accordance with the description of the UDF financial products provided for in the Terms of Reference (as described in Section IX hereof).

The applicant shall indicate that support will be granted only for Urban Projects eligible under OP Sicily and JESSICA Regulations, and included in the Integrated Plans (PISU/PIST)¹⁰.

Applicants will also be asked to support their Investment Policy, to the extent possible, with details of specific Urban Projects. The presentation of the applicant’s Investment Policy may refer to best practices and benchmarks in this field.

2. Financial forecasts and operational budget of the UDF

The applicant shall describe the financial forecasts and operational budget of the UDF according to the template provided in Appendix C, based on the Urban Projects’ criteria and other aspects included in the Investment Policy, and additional details provided in Section VIII and IX.

3. Portfolio of Urban Projects

Applicants shall be responsible for the identification and evaluation of an initial portfolio of selected Urban Projects (the “Initial Portfolio”) to be included in the Business Plan. Each applicant should demonstrate the robustness of the project pipeline and compliance of all Urban Projects with the objectives as presented in OP Sicily.

The Initial Portfolio should be composed of a number of projects, sufficiently large to guarantee appropriate diversification of investments and to ensure that a minimum number of different localities will benefit from the activity of the UDF. The Initial Portfolio should reflect to the extent possible the

⁹ “LINEE GUIDA per l’attuazione territoriale del PO FESR 2007 - 2013, con riferimento all’ASSE VI “sviluppo urbano sostenibile”(approved by Council Resolution no. 431 del 29 ottobre 2009).

¹⁰ P.I.S.U. and P.I.S.T. shall be considered as Integrated Plans for Sustainable Urban Development.

required balance of allocation of funds between categories of intervention (i.e. Activities and Priority Theme dimension) as described under Section III above.

The Managing Authority has already a list of projects that are applying for grants inside the existing Integrated Plans. A part of these projects have been proposed for funding through JESSICA financial instruments and the applicants will have access to information on these projects provided by the Managing Authority. Notwithstanding, as most projects submitted by Coalitions still remain in the conceptual stage, the list of projects presented may contain only general information on investments potentially capable to qualify for investment from the UDF, whilst no financial or economic analysis can be carried out. Additionally, since in most cases Coalitions have developed mainly project outlines with no detailed plans, feasibility studies or business plans, a reasonable cost-benefit analysis may result impossible to perform at this stage.

Against this background, the Initial Portfolio can be made up both of real projects and of project ideas or simulations. Applicants should be advised that the description of the projects required is aimed at testing the applicant's approach to the selection, analysis and financing of Urban Projects. Indeed, applicants that are able to provide evidence of a pipeline of projects and specific details of "early win" projects will provide a greater degree of comfort to the EIB that they are in a position to invest in Urban Projects within the relatively tight timescales envisaged for investment. It is recognised that some project details may be less well developed/indicative than others and that the project pipeline / financial plan will need to be subject to flexibility and further development/agreement going forward. Provisions for this will be made in the Operational Agreement to be signed with the UDF.

The Initial Portfolio shall include, at least, the following matters for each of the Urban Projects:

- a) General description of the project and the project's timetable;
- b) Justification for selection;
- c) Identification of risks (including technical, market, financial, etc.);
- d) Conformity of project's objectives with the objectives set forth in the JESSICA initiative and as described in OP Sicily. This means that the selected Urban Projects shall contribute to the achievement of OP Sicily objectives, including quantitative outputs, as stipulated in the relevant Activities of OP Sicily, mentioned in Section I and Section III and in Appendix D of this Call for EoI. The extent to which each Urban Project shall contribute to the achievement of quantitative outputs established in OP Sicily will depend on the project type and the target Activity. It is understood that the Urban Project will not necessarily address all areas of economic growth and the quality of life improvement measures;
- e) Assessment of the socio-economic performance including the description of the social and environmental benefits according to the indicators included in the template provided in Appendix D;
- f) Structure of the financing of the project.

Urban Projects presented shall comply with the assumptions and guidelines¹¹ (as published by the Managing Authority) for local authorities, as regards Integrated Plans for Sustainable Urban Development since it is required that Urban Projects will be ultimately included in the P.I.S.U./P.I.S.T.

Urban Projects must contain sufficient Eligible Expenditure. For clarity, the JHFS' investment into

¹¹ See note 9.

¹² Examples of projects eligible for financing under JESSICA are presented, in the form of case studies, within the JESSICA Evaluation Study for Sicily. The study will be made available to all applicants admitted to Stage 2.

Urban Projects via the UDF must be made into Eligible Expenditure. Applicants should note that it is possible to invest in Urban Projects where some components of the project are not Eligible Expenditure. Where this occurs, separate accounting systems/coding must be used for co-financed expenditure down to the Urban Project level for reporting purposes.

More information on Urban Projects' objectives and criteria for their selection can be found in Section VII¹². During the Operational Period, the selected UDF may add Urban Projects to the list contained in its Initial Portfolio as long as they comply with the OP Sicily and all other requirements therein specified.

4. Methodology for the identification and evaluation of future Urban Projects

The Initial Portfolio shall not be interpreted as an exhaustive or definitive list. It is expected that the selected UDF applicant will continue to look for other Urban Projects not identified at the time of presenting the Offer, particularly when the Initial Portfolio is unlikely to absorb the overall amount of resources assigned to the UDF by the JHFS.

To this end, the applicant should describe the methodology for the identification and evaluation of future Urban Projects including and/or reconfiguring projects to be incorporated into the existing Integrated Plans. In fact, even after the presentation of the P.I.S.U./P.I.S.T., the list of projects may be modified and added to by the Coalitions at a later stage according to a procedure to be provided by the Managing Authority establishing provisions which would enable - under specific conditions - to incorporate in P.I.S.U./P.I.S.T projects to be funded by UDF under JESSICA, which were not initially included in the P.I.S.U./P.I.S.T. Likewise, projects that comply with the basic requirements set out above, can also be presented by the UDF itself for investment. In practice, this means that in both cases presented above, a project could be submitted to the Managing Authority, which will judge its compliance with Integrated Plan requirements on a case-by-case basis and according to the procedures for eligibility verification under P.I.S.U/P.I.S.T and OP Sicily set out by the Managing Authority as detailed in Section VII.

The methodology shall contain provisions assuring that the selected Urban Projects to be financed by the UDF will comply with objectives as presented in OP Sicily (including quantitative outputs), guidelines for implementation of Priority Axis VI and relevant JESSICA Regulations. Furthermore, adequate provisions are required to ensure that the selected Urban Projects will comply with the expected socio-economic performance of the Urban Projects, including a description of the social and environmental benefits and costs resulting from their execution, according to the financial model of the UDF ("Financial Model") and the terms and conditions for the financial products, that will be specified in the Operational Agreement between the selected UDF and the JHFS.

In particular, the methodology shall detail the means and the key steps applied to ensure the selected Urban Projects reach the necessary level of advancement for investment under the JESSICA financing. Such methodology shall cater for the different stages of development of each project, including projects which are only at conceptual stage.

Based on the applicant's knowledge of the local market and local needs, the applicant shall play an active role in terms of cooperation with local authorities as regards identification, selection and financing of Urban Projects and present the proposed cooperation rules. In particular, it is expected that the selected UDF applicant will actively engage in preparing those projects for investments, so as to verify whether they meet the JESSICA requirements.

Finally, the applicant should also include a full description of the internal scoring system used for the credit risk assessment of each Urban Projects and for the pricing of the operations, if applicable.

5. The policy of the UDF concerning exit from Urban Projects

The applicant shall describe the rules governing the exit of the UDF from investments in Urban Projects as described in Appendix B.

6. Legal and ownership structure of the UDF

The Call for EoI does not impose any specific legal and ownership form and therefore leaves open such a possibility with the understanding that it will be up to the potential applicants to identify the most appropriate legal instruments to implement a UDF. As a consequence, the applicant shall provide information on the proposed legal structure.

The UDF may be established as: joint stock companies, limited liability companies, investment funds, and a separate block of finance within a financial institution or other organisational forms requiring a special legal regulation/statute. The proposed legal form must be acceptable to the JHFS.

The applicant shall identify the UDF Manager who will be either the applicant itself or a member of its group or a member of the consortium or their respective groups.

7. The by-laws of the UDF

Where applicable, the by-laws of the UDF and licences provided by the competent Italian authorities to grant loans and provide equity to legal and natural entities, the validity of which should not be limited, should be enclosed. For the avoidance of doubt, signature of the Operational Agreement will be conditional on receipt of these documents to the satisfaction of EIB.

8. Governance structure

The applicant shall describe the management, administration and accounting procedures, which will be applied in carrying out the activities of the UDF. The applicant shall also present the governance provisions of the UDF, including internal control procedures, as well as the risk management procedures that will be applied to the operations of the UDF. The governance provisions shall also define the mechanisms to guarantee the compliance of Urban Projects with eligibility criteria under the OP Sicily, applicable local and regional legislation, and obtaining all relevant authorisations and licences relevant thereto, as well as the fulfilment of all obligations arising from the ERDF co-financing according to regional, national and EU Rules.

For that reason, the applicant should pay particular attention to the procedures to be adopted to ensure the compliance of Urban Projects with Eligibility Rules and technical/economic quality requirements. The applicant shall propose the structure and operation of the UDF management system, which should ensure a proper appraisal of the Urban Projects.

Project appraisal could be carried out internally, within the UDF, or through a third party fulfilling the relevant ethical, professional and organisational requirements under this Call for EoI and should

ensure that Urban Projects are feasible from an economic, social and technical standpoint and that they comply with the eligibility criteria set up in the EU Structural Funds Regulations¹³, in the national applicable rules, and in the OP Sicily. It should, of course, also analyse the risks involved, the financial structure and the expected revenues for the different stakeholders of the Urban Projects in order to set up the conditions for the participation of the UDF in the financing of these projects.

Moreover, the applicant shall specify the strategy to reinforce local presence in the Region, particularly through, existing and newly established local structures, in order to develop and maintain appropriate contacts and relationships with relevant authorities (mainly the Managing Authority and local authorities) as well as local stakeholders and project delivery bodies (either public or public-private involved at project level).

The UDF will have to propose a practical, cost-effective method to achieve a satisfactory management and governance system.

In setting up the governance structure of the UDF, mainly the body(ies) having the decision-making power to and being responsible for, inter alia, the approval of projects, the applicant shall indicate possible way(s) of coordination with the Managing Authority in the form of a consultation mechanism with or participation of the Managing Authority in the process of project implementation as described in Section VII. This proposal may also provide for the participation of one or more non-voting appointees of the Managing Authority to the above body(ies).

9. Key Experts

The applicant shall indicate a team of experts with experience in relevant fields, which shall be established and is available in order to complete the project's objectives. The following persons shall act as key experts of the project team:

n	NAME AND SURNAME	SCOPE OF DUTIES ENTRUSTED	YEARS OF EXPERIENCE AND DESCRIPTION OF THE EXPERT'S EXPERIENCE
1		Key Manager of the UDF	
2		Expert on Urban Projects	
3		Project Finance Expert	
4		Public sector finance expert	
5		Team Manager for monitoring and reporting	

¹³ According to the Commission Regulation (EC) No. 1828/2006 of 8 December 2006, amended by Commission Regulation (EC) No 846/2009 of 1 September 2009 and Commission Regulation (EC) No 832/2010 of 17 September 2010, setting out rules for the implementation of Council Regulation (EC) No 1083/2006 (amended by Regulation (EC) 284/2009 and Regulation (EC) 539/2010) laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L371 of 27.12.2006).

The applicant shall provide the relevant experience of its team in the targeted market of Urban Projects, including:

An explanation of its experience of and approach to working with its proposed team.

Their track record in Urban Projects eligible under the OP Sicily, such as rehabilitation or upgrading of existing basic urban infrastructure, cultural and historical heritage restoration and re-use, redevelopment of derelict areas, local development initiatives and structures providing neighbourhood services, sustainable tourism investments, including for each experience:

- A description of the project;
- When it was established;
- Total funds managed;
- Number and amount of investments made.

This should include detailing the split between proprietary and advisor project sourcing. Contact name and details should be provided for at least two projects where the EIB may seek a reference.

Should any of the Key Experts not be at the direct disposal of the applicant, the applicant shall present a declaration of other entities confirming availability of the Key Expert (according to template provided in Appendix E).

10. Term and financial conditions of the Operational Agreement with the JHFS

The JHFS does not intend to specify the precise form its investment into the UDF will take.

The applicant should propose the requested term and the financial conditions of the Operational Agreement to be concluded between the UDF and the JHFS. This term must be compatible with the timing of the applicant's Investment Policy, the investment timeline defined under Section VIII.4.d and ideally should be between 15 and 20 years or more.

The applicant shall provide indications regarding the way in which the resources channelled from the JHFS to the UDF, namely the amount placed in deposits and not yet in Urban Project, will be returned to the JHFS.

In any case, the Operational Agreement must comply with the requirements set forth for this Agreement in the EU Structural Funds Regulations¹⁴ and the conditions explained in Section VI hereof.

An outline of certain rights and obligations of the UDF with respect to the JHF is provided in Appendix B "Selected elements of the Operational Agreement".

¹⁴ Art. 43(6) of EC Regulation 1828/2006 as amended by EC Regulation 846/2009 and EC Regulation 832/2010.

11. Annual Management Fee

The applicant should indicate the percentage to be claimed by the UDF, as annual Management Fee, of the total JHFS funds managed, as described in Section X hereof.

12. Co-financing - Leverage

An important factor in the evaluation of the Offer will be the ability of the UDF to provide co-financing, either in monetary terms or in kind and to raise finance from other private or public sources. For that reason, the applicant shall present the strategy for obtaining further financing from sources other than the JHFS with a view to co-financing Urban Projects, including its undertaking, if any, for this respect, or the UDF.

The applicant must distinguish whether the co-financing commitment is carried out inside or outside the UDF. With reference to co-financing the UDF, it shall be noted that there should be no preference for non-JHFS resources over JHFS resources. Therefore, the terms and conditions of the non-JESSICA cofinancing coming to a UDF shall be the same as the terms and conditions of the JESSICA financing ("pari passu rule"). One particular condition is that the UDF manager has no right to require a project to accept co-financing from the UDF manager or another entity as a precondition of receiving financing from the JHFS resources managed by the UDF. For the avoidance of doubt, this pari passu rule does not have to apply to co-financing of Urban Projects where JESSICA financing may be junior to other sources of funds. In the first case, the applicant will determine the mechanisms for remunerating the different resources (equity, loans or equivalent instruments) of the funding received by the UDF, if any. In the second case (co-financing with the UDF to Urban Projects) the applicant will indicate the subordinatory relationships that may exist between UDF financing and external financing, if any.

13. Reutilisation of Resources

The UDF undertakes to repay to JHFS the funding received. Detailed procedures for the returning of the funds shall be described as part of the submission, including the winding-up provisions of the UDF. If possible, the plan for the reutilisation of resources returned to the UDF from investments in Urban Projects should be also described.

VI. OPERATIONAL AGREEMENT

The Operational Agreement shall, notwithstanding any other terms set out in this Terms of Reference, include at least:

- a) the relevant rights and obligations of the UDF and the UDF Manager according to the Business Plan of the UDF presented by the applicant in its Offer, the conditions established in the Terms of Reference, and the results of the selection process;

- b) the financial conditions that will apply to the JHFS funds delivered to the UDF. An outline of the main financial conditions of the Operational Agreement is provided in Appendix B;
- c) the events of default under the Operational Agreement and the liabilities that the UDF and the UDF Manager will assume in this particular situation.

In any case, the Operational Agreement must fulfil the requirements set forth in these Terms of Reference, in the EU Structural Funds Regulations and in any other applicable EU Rules, in particular EU Rules on State aid, as well as other applicable rules to the nature of the Urban Projects and the source of its financing.

VII. CHARACTERISTICS OF THE PORTFOLIO OF URBAN PROJECTS

During the Operational Period, the selected UDF shall define and construct the Portfolio of Urban Projects through a cooperation mechanism with the local authorities and other stakeholders as regards identification, selection and financing of Urban Projects. Such mechanism will also involve a coordination with the Managing Authority in the form of a consultation with or participation of the Managing Authority in the process of project implementation.

In principle, the Portfolio of Urban Projects should contain projects that the applicant undertakes to finance, unless unforeseeable circumstances occur. In particular, such circumstances may relate to Integrated Plans being approved in their final form, resulting in certain Urban Projects not being eligible for JESSICA financing or not being allowed to be implemented under the Operational Agreement. In such cases, the possibility of substituting projects contained in the Business Plan with other Urban Projects of a similar nature, including similar balance between financial and socio-economic benefits, will be permitted.

The Portfolio of Urban Projects of a UDF will consist of a number of Urban Projects that may differ in terms of their economic value added, technical description, duration, size, risk and returns.

Although different types of Urban Projects can be distinguished, all projects shall demonstrate the following characteristics:

I. General

- a) compliance with EU Structural Fund Regulations;
- b) soundness in terms of business model, cash flows, partners, etc.;
- c) compliance with the guidelines of the Managing Authority as regards Integrated Plans;
- d) being part of the Integrated Plans (i.e. P.I.S.U./P.I.S.T.);
- e) being structured in such a way so as to generate revenues sufficient to repay any funding received from the UDF, as required by JESSICA regulations; and

- f) being capable of ensuring economic and/or social benefits.

II. Related to Op Sicily

- a) compliance with criteria applicable to the OP Sicily¹⁵;
- b) Urban Projects shall contribute to the achievement of objectives (including quantitative outputs), as stipulated in the relevant measures of the OP Sicily.

Based on the above, all Urban Projects (either in existence or to be established) included in or coherent with these Integrated Plans can be considered within the scope of operation of a UDF (i.e. "suitable" for funding), although only a part of them, or part of the expenditures incurred in implementing them, may turn out to be eligible for its financing, according to the rest of the criteria established in this Call for Eol and the Operational Agreement to be entered into with the UDF.

Prior to proceeding with the analysis of a project or a portfolio of projects from an economic and financial standpoint, the selected UDF shall request confirmation of conformity of such project or portfolio in relation to points I.d), II.a) and II.b) above to the Managing Authority and the relevant department responsible for the Priority Axis to which the projects belong. The department responsible for the Priority Axis shall issue an internal decree certifying the compliance with the Priority Axis objectives, eligibility criteria and eligible beneficiary¹⁶.

III. Financial and economic

- a) Financial criteria will differ according to the Urban Projects and financial products selected (loans and/or equity) and shall be established by a UDF on a case by case basis. These criteria may include: internal rate of return, net present value, pay-back period, cash flow profile, availability and form of collateral, other financial indicators typically used in credit analysis, etc. There are no specific requirements imposed on Urban Projects with respect to financial criteria other than those described in the relevant JESSICA Regulations. Each applicant shall present its views on what financial criteria shall be met by Urban Projects in order to achieve desired objectives. It is acknowledged that for some Urban Projects precise calculation of financial indicators may not be possible at the time of presenting the Offer. In such cases the Offer will still be acceptable.
- b) The assessment of Urban Projects as regards their economic performance and impact should cover, to the extent possible, the following aspects: cost/benefit analysis (a qualitative analysis in all cases and, also, where possible a , quantitative one), contribution to meet relevant output indicators of OP Sicily, potential to attract additional funding from other public and private sources, potential to attract investors in other projects, which would be complementary or which could create economic or social synergies.

¹⁵ Please refer to the document presenting the eligibility requirements and selection criteria available on: <http://www.euroinfosicilia.it/Default.aspx?tabid=252>

¹⁶ According to the provisions included in the guidelines for the implementation of Priority Axis VI of OP Sicily the eligible beneficiaries of JESSICA investments are: local administrative bodies and PPPs.

VIII. FINANCIAL MODEL OF THE UDF

1. In accordance with the JESSICA concept, the UDF should be active partners for regional and local authorities in stimulating individual area development, while investing in Urban Projects with a long-term perspective.
2. UDF shall not re-finance acquisitions or participations in projects that have already been completed.
3. Urban Projects receiving grant assistance from the EU Structural Funds may be supported by the UDF in line with the relevant regulations. Likewise, Urban Projects receiving investment from the UDF may also receive grant assistance from the EU Structural Funds or other sources, in line with the relevant regulations.
4. The key implementation parameters of the Financial Model of the UDF are as follows:
 - a) UDF will receive funds from the JHFS to invest using the financial conditions to be formalised in the Operational Agreement, in a revolving way (in the form of loans and/or equity), in public-private partnerships or other Urban Projects included in Integrated Plans for Sustainable Urban Development, according to Regulation 1828, Article 46.
 - b) The boundary conditions for financial products to be offered by the UDF to Urban Projects are described in Section IX hereof.
 - c) The UDF will compensate the UDF Manager for the administration services provided in the form of a Management Fee (as described in section X hereof).
 - d) The EU Structural Fund Regulations require that all ERDF and national contribution must be invested by UDF into Urban Projects by 31 December 2015. It is requested, however, to prepare a financial plan imposing a shorter period for this investment to take place according to the following scheme:

15% of the allocated funds shall be invested by 31 December 2012
50% of the allocated funds shall be invested by 31 December 2013
90% of the allocated funds shall be invested by 31 December 2014
100% of the allocated funds shall be invested by 30 April 2015

It is likely that the Operational Agreement will impose the same investment timeline. Likewise, the Operational Agreement shall provide for monitoring dates, set before and between the ones described above, in which the effectiveness of the UDF investments activity will be reviewed. Such monitoring activity shall enable to identify in advance, potential issues relating to the implementation, such as the one described in Section III, and it allows for revisions to the Investment Policy accordingly.

Non-compliance with the above mentioned terms may result in a reduction in the Management Fee to be paid, according to a formula to be agreed in the Operational Agreement, or in the termination of the Operational Agreement. On the contrary, an earlier allocation of the funds shall be rewarded by means of appropriate incentives.

5. Transfer of funds to UDFs:
 - a) Funds committed to the UDFs, in order to invest in Urban Projects will be advanced by the JHF in tranches unless otherwise agreed in the Operational Agreement.
 - b) The JHFS funds contributed to the UDF shall be kept as bank deposits unless otherwise indicated by EIB and agreed between the EIB and the UDF in the Operational Agreement. The exact terms and conditions for the JHFS deposits, and other arrangements as agreed between the parties, shall be defined in the Operational Agreement.
 - c) The JHFS resources allocated to the UDF should be fully invested in Urban Projects at least once in line with the milestones indicated in the Business Plan and in Section VIII.4.d).
 - d) Detailed explanation of the Financial Model shall be established in the Business Plan.

IX. CONDITIONS FOR THE FINANCIAL PRODUCTS

1. As described in section VIII, UDFs will receive funds from the JHF to invest in a revolving way in Urban Projects.
2. For these purposes, UDFs shall support Urban Projects by means of loans and/or equity.
3. Loans made by a UDF to Urban Projects must comply with EC state aid requirements¹⁷, including the reference rate framework where appropriate (see http://ec.europa.eu/competition/state_aid/legislation/reference.html for further details). Applicants should take their own advice in this regard.
4. Conditions for the UDF financial products shall be based on the following guidelines:
 - Only Urban Projects, where the sum before discounting of all project cash flows from operating and investing activities (including initial expenditure and – in case of PPP-type or similar projects – including all potential payments to be received by an Urban Project from relevant public authorities or other Urban Project’s promoters in the form of e.g. availability payments, shadow tolls, etc.) is positive, are consistent with the concept of the JESSICA instrument.
 - It exists a market failure, hence an Urban Project without UDF support and with typical forms of financing could not have been realised].
 - The terms and conditions of financing from the UDF should be sufficiently competitive in relation to prevailing market conditions in the absence of JHFS funds but always compatible with EU competition rules, so that¹⁸:

¹⁷ For information on State aid rules, reference can be found in the State aid Vademecum on the following European Commission’s website:
http://ec.europa.eu/competition/state_aid/legislation/compilation/index_en.html

¹⁸ The principles of an economic assessment are provided in the following draft paper:
http://ec.europa.eu/competition/state_aid/reform/economic_assessment_en.pdf.

- i. due to UDF financing, the rate of return for equity investors remains at a fair market level (Normal Equity IRR);
- ii. due to UDF financing, the rate of return for providers of debt remains at a fair market level (Normal Debt IRR).
- The intensity of UDF financing should not exceed the level sufficient to encourage a project promoter to execute an Urban Project. The key is to limit UDF's interventions to what is necessary to proceed with a project and to ensure that private partners do not benefit from a higher-than-market rate of return on investment. Following the investment from UDF, the rate of return for equity investors and providers of debt shall not exceed the Normal Equity IRR and Normal Debt IRR respectively.
- In order to achieve the above results, and subject to compatibility with EU competition law, JESSICA financing may come in the form of:
 - i. non pari passu loans with terms and conditions (such as interest, maturity, security package) subordinated to private sector lenders, reducing the risk profile of investment to an extent where private investors may be willing to co-invest significant resources; and/or
 - ii. equity contributions.
- For the purpose of the Business Plan:
 - i. Normal Equity IRR shall be established at a fair market level;
 - ii. Normal Debt IRR shall be established in line with the interest rates applicable by Italian banks for the purpose of financing similar projects.
- The determination of the terms and conditions of project financing from the UDF must take place before the Urban Projects are implemented and must be performed on the basis of the anticipated financial and economic results, presented as part of the financial analysis (i.e. as part of the financial plan of the Urban Project).
- The terms and conditions of engaging the UDF should be determined on an individual basis,.

The compatibility of a new JESSICA scheme providing for different financial conditions to be applied to JESSICA financing is currently being considered by the competent EU authorities and under the State aid rules of the EC Treaty on the Functioning of the European Union ("TFEU"). Subject to a final decision on this matter by the EU authorities, Offers (in the form of a Business Plan) shall be submitted in line with existing State aid rules.

X. MANAGEMENT FEE

- 1 The UDF will be entitled to receive a Management Fee in accordance with the EU Structural Funds Regulations for their origination and servicing of the Portfolio of Urban Projects.
- 2 The Management Fee shall include all fees and expenses to be incurred by the UDF in relation to the selection, monitoring, supervision, administration, management and arrangement of the financing to Urban Projects and other auxiliary activities provided. If the UDF foresees a combination of its Management Fee proposal with remuneration received also from Urban Projects this will have to be

clearly stipulated in its Offer. However, should this not be the case, the UDF shall not have the right to request remuneration from Urban Projects with respect to the same.

- 3 The Management Fee shall in principle be calculated either as (i) a percentage of the funds contributed by the JHFS to the UDF, or (ii) a percentage of the funds allocated through the UDF to the Urban Projects not yet repaid by Final Beneficiaries or written-off excluding any amounts which are overdue (i.e. for 60 days or more) ("Invested capital"), or (iii) other amounts as indicated in the Offer. The detailed calculation criteria will be based on the UDF proposal included in the Business Plan.
- 4 The required level of Management Fee payable to the UDF Manager shall be indicated in the Business Plan submitted by each applicant. In any case, the Management Fee to be paid according to JHFS resources may not exceed, on an annual average, up to 31 December 2015, 3% p.a. of the capital contributed from the JHFS to the UDF in accordance with EU Structural Funds Regulations¹⁹. However, the EIB is expecting Management Fees to be below this, as defined by the outcome of the competitive process, especially for the period post initial identification and investment in Urban Projects.
- 5 The detailed provisions concerning the Management Fee shall be established in the Operational Agreement. The Operational Agreement will include the rights, obligations and liabilities associated with the services that the UDF Manager provides to the UDF.
- 6 The Management Fee shall not be calculated on (i) the interest earned by a UDF on any deposits of funds contributed to the UDF by the JHFS and not yet invested in Urban Projects or (ii) resources returned to the UDF from investments in Urban Projects and not yet re-invested.
- 7 The annual Management Fee paid according to JHFS resources will not exceed the time period for eligibility of costs under the EU Structural Funds Regulations, that is to say, December 31, 2015. After that period, the Management Fee will be paid from moneys returned into the UDF from investments in Urban Projects. It is expected a substantial decrease over time of the Management Fee, particularly as from 2016, according to the evolution, the EU Structural Funds monitoring requirements, and workload requested to the UDF.
- 8 The Management Fee should typically comprise a fixed and a contingent component, subject to the absolute cap, as described in Section X.4 above.
- 9 Fixed part: it is suggested to applicants to propose a Management Fee linked to the three following components of its activity:
 - I. project appraisal and structuring;
 - II. "EU Structural Funds monitoring" consisting of monitoring, reporting and other services related to ensuring the compliance with EU Structural Funds Regulations; and
 - III. administration of the investments in Urban projects.
- 10 Contingent part: it is suggested that the fixed component of the Management Fee may be replaced or integrated by additional performance incentives. In particular, the contingent part should

¹⁹ Art. 43(4) of Regulation 1828/2006, as amended from time to time.

provide the UDF with incentives to invest in Urban Project in a timely and efficient manner. The contingent component may be composed of either one or both of the following elements:

- i. a performance incentive fee based on commitments. The rationale of this fee stems from the fact that the industry, both at level of UDF and at revenue generating Urban Projects level, is still immature;
- ii. an incentive based on the ex-post quality of the portfolio of Urban Projects. Charging fees on committed capital only would in fact encourage the UDF manager to invest too quickly, hence a well constructed performance fee should alleviate the risk of putting money to work too quickly and in unprofitable/risky projects.

11 The Management Fee shall be paid in advance, unless otherwise agreed in the Operational Agreement.

12 Investment targets under Section VIII.4.d shall be further elaborated in the Operational Agreement. Failure to meet investment targets in a given time period shall result in the reduction of the level of the Management Fee in the subsequent period in proportion to the shortfall of investments as compared to the target or may result in the termination of the Operational Agreement unless otherwise agreed by EIB.

13 The Management Fee shall not be calculated on the amounts due by any Urban Project to a UDF and not returned, due to a failure by an Urban Project to pay, (payments overdue for a period of 60 days or more).

APPENDIX A

The Business Plans for use of resources received from the JHFS shall be completed and assessed on the basis set out below. The applicants scoring less than 35 points out of 60 on the technical quality (Criteria 1 to 6) will be disregarded.

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
1. INVESTMENT POLICY	<p>The applicant shall:</p> <ul style="list-style-type: none"> • prove its understanding of the objectives to be achieved through the implementation of JESSICA mechanism in the Sicily Region. The applicant shall define the goals of the UDF and objectives of its Investment Policy. The applicant shall prove the compliance of the Investment Policy with OP Sicily priorities, in particular Priority Axis VI, and Priority Axes I and III. • describe the targeted market of the Investment Policy and geographical coverage of the UDF. • prove the compliance of the Investment Policy with the portfolio allocation requirements, as described in Section III of the Terms of Reference. The targeted market should include a balance of geographical and sectoral diversification. <p><u>Assessment rule:</u></p> <ul style="list-style-type: none"> • level of understanding of JESSICA objectives and OP Sicily priorities and manifestation of this comprehension in the Investment Policy will be assessed. • compliance of the targeted market with the Investment Policy. 	0-10

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
2. FINANCIAL FORECASTS AND OPERATIONAL BUDGET OF THE UDF	<p>The applicant should</p> <ul style="list-style-type: none"> • present the terms and conditions for JESSICA financial products. • produce an operational budget for the UDF based on the expected financial results of the UDF participation in Urban Projects. • describe the winding-up provisions of the UDF, including the reutilisation of resources returned to the UDF from investments in Urban Projects. <p><u>Assessment rule:</u></p> <ul style="list-style-type: none"> • the terms and conditions of the JESSICA financing shall ensure optimisation of the utilisation of funds in order to achieve the objectives of the Investment Policy • credibility of the financial forecasts and compliance with the Investment Policy, potential of the Portfolio of Urban Projects and robustness of the ownership and the legal structure of the UDF. • the reliability and credibility of the winding-up provisions. 	0-10
3. PROJECTS PORTFOLIO	<ul style="list-style-type: none"> • The applicant shall prove the conformity of the projects' objectives with the general objectives set for in the JESSICA initiative as well as in the OP Sicily. This means that selected Urban Projects shall contribute to the achievement of OP Sicily objectives (in particular Priority Axes I, III, VI and relevant Activities), including quantitative outputs, as stipulated in the relevant measures of OP Sicily. Urban Projects shall comply with the assumptions and guidelines of the Managing Authority as regards Integrated Plans. Consequently, it is required that Urban Projects are included in the Integrated Plans. • The applicant shall describe the level of advancement of selected Urban Projects. • The applicant shall forecast and describe the expected socio-economic performance of the projects including the social and environmental benefits and costs, if any, resulting from the execution of the projects' portfolio. • The applicant should identify the risks for particular projects or types of project. The applicant should also describe possible ways of mitigating identified risks. • The applicant shall also describe its policy concerning exit from Urban Projects. <p><u>Assessment rule:</u></p> <ul style="list-style-type: none"> • contribution of the projects to OP Sicily quantitative outputs, robustness of the projects pipeline, compliance of the projects with the assumptions and guidelines of the Managing Authority as regards Integrated Plans. • stage of the advancement of indicated Urban Projects and the probability of their execution. • socio- economic performance of projects pipeline (considering indicators listed in Appendix D). • the comprehensiveness of the risk assessments and the reliability of mitigation actions. 	0-5

Award criteria

Criterion	Description and assessment rules	Scoring for criterion
<p>4. METHODOLOGY FOR THE IDENTIFICATION AND EVALUATION OF URBAN PROJECTS</p>	<p>The portfolio of projects provided by the applicant shall not be interpreted as an exhaustive and definitive list. It is expected that the UDF will continue to seek Urban Projects to be supported with the JESSICA mechanism.</p> <ul style="list-style-type: none"> • The applicant should describe the methodology for identifying and evaluating Urban Projects and the key stages/parameters that intends to use according to the level of advancement of each Urban Project. The methodology should contain provisions ensuring that the Urban Projects will comply with the assumptions and guidelines of the Managing Authority as regards Integrated Plans. • Based on the applicant's knowledge of the local market and local needs the applicant shall present the rules of cooperation and support to be provided to local authorities as regards identification and financing of Urban Projects. • Proposal should indicate possible way(s) of coordination with the Managing Authority towards better defining project portfolio implementation, namely including a consultation mechanism with or participation of the Managing Authority in the process. <p><u>Assessment rule:</u></p> <ul style="list-style-type: none"> • appropriateness of the methodology to the specificity of Urban Projects (including provisions ensuring that Urban Projects will comply with the objectives as presented in OP Sicily). • the level of the applicant's commitment to support local authorities together with the applicant's capacity and experience in this respect. 	<p>0-15</p>

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
5. LEGAL, OWNERSHIP AND GOVERNANCE STRUCTURE	<ul style="list-style-type: none"> The applicant shall present information on the ownership and the legal structure of the UDF. The applicant shall prove the credibility of the legal and ownership structure of the UDF, including co-financing partners and/or shareholders. Proposal submitted by applicants should demonstrate diversification of partners' knowledge and ability to engage local operators with proven expertise. The applicant shall describe management and administrative procedures which will be applied in the exercise of the function of an UDF. The applicant shall prove the organisational capacity of the UDF, including the strength of the team proposed for delivering the tasks and the potential to identify, structure and optimise the Portfolio of Urban Projects, provisions on the professionalism, competence and independence of the management. The applicant shall describe the approach envisaged to guarantee regular contacts with local stakeholders and project delivery bodies in the regional context by means of local structures (e.g. offices, info points, etc.) . The applicant shall describe the accounting procedures which will be applied in the exercise of the function of a UDF. The applicant should also present the corporate governance provisions for the UDF, including internal control procedures. The applicant shall propose assumptions in respect of monitoring, reporting and controlling the process of project execution. The applicant shall describe the risk management procedures that will be applied to the Operations of the UDF. <p><u>Assessment rule:</u></p> <ul style="list-style-type: none"> credibility of the legal and ownership structure and its suitability to the objectives set for the UDF, including diversification of partners' knowledge and ability to engage local operators. reliability and credibility of the management, administrative procedures and organisational capacity of the UDF to deliver tasks, including the quality of the proposed consultation procedure. level of presence and proximity ensured by local structures, existing ones and/or new ones that the applicant will commit to open and manage, and relevant functions. . strength, reliability and credibility of the accounting and internal control procedures. strength, reliability and credibility of the monitoring, reporting and controlling procedures. strength, reliability and credibility of the risk management procedures. 	0-15
6. KEY EXPERTS	<p>The applicant shall indicate the dedicated team of experts with experience in relevant fields, which shall be established and is available in order to complete the UDF's objectives and project identification / implementation proposals. Applicants should provide:</p> <ol style="list-style-type: none"> A structure diagram / table outlining key roles and responsibilities of each individual and the time they will dedicate to the UDF (e.g. deal sourcing, negotiation, monitoring, back office, relationship management with the EIB); Curriculum Vitae for key employees of the applicant (including sub-contractors and/or advisors where applicable) which outlines their relevant experience and competence in the targeted sectors. This should include, amongst other things, deal sourcing, negotiation, monitoring and back office skill; Proposals for key man provisions that will apply to the UDF during the investment period (to 31 December 2015). This should include the rights of investors in the UDF in the event that the key individuals are unable to dedicate a significant proportion of their time to the activities of the UDF; and, <p><u>Assessment rule:</u> The relevant experience (years of experience, similarity of past experience with JESSICA initiative, annual turnover, etc.),</p>	0-10

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
	structure and dedication of proposed team members..	
7. ANNUAL MANAGEMENT FEE	<p>The applicant should present the level of the Management Fee required, in line with the methodology presented in this Call for EoI.</p> <p><u>Assessment rule:</u> the lower the level of the Management Fee indicated by the applicant, the higher the number of points awarded (an applicant requesting the lowest Management Fee shall receive the maximum number of points available for this criterion).</p>	0-10
8. CO-FINANCING - LEVERAGE	<p>The applicant shall present the strategy for obtaining potential financing from external sources with a view to cofinancing Urban Projects or a UDF. With reference to co-financing at the UDF level, it shall be noted that there should be no preference of external funds over JHFS resources.</p> <p>Proposals should describe commitments for the provision of additional financing where these are in place.</p> <p><u>Assessment rule:</u> the potential amount of external funds, including any commitment for the provision of additional financing, and the probability of acquiring additional funds indicated in the Business Plan will be assessed. The larger the amount invested and the higher the capacity to attract private funds to the initiative at the UDF or project level, the higher the points awarded. The absence of co-financing will result in a zero score.</p>	0-30

APPENDIX B

SELECTED TERMS AND FINANCIAL CONDITIONS OF THE OPERATIONAL AGREEMENT

Outline of the terms of the Operational Agreement

Each Operational Agreement shall include inter alia the following terms. Each applicant acknowledges that it shall be bound to accept these terms should it be selected under this Call for EoI.

1. An obligation of the UDF to pursue the objectives set out in the Operational Agreement, which shall include the obligation to act in accordance with its Investment Policy and Business Plan.
2. An obligation of the UDF to regularly report to EIB in a standardised form and scope to be decided by EIB.
3. An obligation of the UDF to report to EIB on State aid issues.
4. An obligation of the UDF to maintain a separate accounting system or use a separate accounting code for any co-financed expenditure down to the final level of an Urban Project.
5. An obligation of the UDF to allow access to documents related to its JESSICA operations for any national or European entity duly empowered by applicable rules to carry out audit and/or control activities.
6. Procedures for submission of semi-annual accounts by the UDF to EIB and auditing procedures to be complied with by the UDF.
7. The right of EIB to recover any losses incurred by JHFS due to a breach by a UDF of its obligations under the relevant Operational Agreement, in accordance with suitable market standard clauses.
8. The right of the UDF to payment of market-standard management costs, which shall not exceed the cap provided in these Terms of Reference.
9. An undertaking by the UDF that all authorisations, which it requires to carry on business have been obtained or effected and are in full force and effect and no steps have been taken to challenge, revoke, annul or cancel them, together with an obligation to obtain when required and maintain in full force and effect and renew, where necessary, such authorisations.
10. An undertaking by the UDF to be in compliance with all the applicable regulations concerning inter alia state aid and to provide to EIB all relevant information regarding planned investments in Urban Projects. This information shall be forwarded by EIB to the Managing Authority of the Region in order to enable the Region to comply with its obligations under national or EU rules regarding state aid.
11. An undertaking that, in every investment agreement between the UDF and an Urban Project ("Investment Agreement"), the UDF shall provide that each Urban Project shall comply with all obligations imposed on it by the EU Rules and any other applicable laws and that each Urban Project shall do such things as may be necessary to allow the UDF to comply with its obligations under EU Rules, any other applicable laws and the Operational Agreement. In particular, every Investment Agreement shall include, inter alia, the following, where appropriate:
 - a) the Urban Project shall keep necessary accounts;
 - b) the UDF shall be entitled to recover any losses due to a breach by the Urban Project of its obligations under the relevant Investment Agreement;
 - c) the UDF shall diligently, whether by negotiation or legal action, enforce its claims against the Urban Project;

- d) the representatives of the Managing Authority, the Commission, the European Court of Auditors, EIB and any other national or European entity duly empowered by applicable law to carry out audit and/or control activities may access the premises and documents of the Urban Project (right to carry out on-site control) for the purpose of ensuring the legality and regularity of the JESSICA financing;
- e) the UDF and/or Urban Project shall carry out adequate information and publicity measures in accordance with the provisions of the EU Structural Funds Regulations;
- f) investment in Urban Project comes in full or in part from EU Structural Funds;
- g) all authorisations, which the Urban Project requires to carry on business have been obtained or effected and are in full force and effect and no steps have been taken to challenge, revoke, annul or cancel them, together with an obligation to obtain when required and maintain in full force and effect and renew, where necessary, such authorisations;
- h) the Urban Project complies with the objectives of the OP Sicily; and
- i) the Urban Project shall engage in no action or decision contrary to EU Rules.

Financial conditions for the Operational Agreement

JHFS funds will be provided by EIB (acting as JHFS Manager) to the selected UDF, to provide a funding instrument bearing equity, loans or other equivalent financial instruments to Urban Projects (Investment Agreements).

The remuneration of the JHFS funds provided will depend upon the income generated by the Portfolio of Urban Projects of the UDF. The repayment of the JHFS funding will depend on the cash-flow generated by the flows received by the UDF under the Investment Agreements (on-lending agreements in case of loans, equity investment agreements in case of equity participation, or the specific Investment Agreements that could be signed in case of other equivalent financial instruments) composing the Portfolio of Urban Projects of the UDF.

The Investment Agreements will be signed between UDF and the entities that will develop the Urban Projects ("Final Beneficiaries").

The UDF further undertakes to develop (for the Portfolio of Urban Projects), with the received JHFS funding, a new loan/equity/financial instrument partly funded from the disbursed funds and partly co-financed by external resources. The origination, due diligence, documentation and execution of the Urban Projects will be performed by the UDF in accordance with the methodology for project selection agreed with JHFS and applying all normal standard procedures and governance structure of the UDF.

In this context, JHFS will not have any direct or indirect client funding relationship with each Urban Project.

APPENDIX C

FINANCIAL FORECASTS AND OPERATIONAL BUDGET OF THE UDF

General comments:

- The operational budget shall be understood as a presentation of expected future key financial figures describing the functioning of the UDF, based on the assumptions made;
- The results and assumptions should be provided on an annual basis (the projections may be prepared for shorter periods, but the results should be aggregated);
- The assumption items listed are a minimum set; if there are any other assumptions with material impact, they should be included;

The attached template consists of the following sections:

Assumptions:

The information provided by the UDF applicant in this section includes the assumptions on which the financial projections of the UDF applicant are based. This will enable an evaluation of whether the forecasts are realistic, as well as full comparison of the results of the projections and their methodological consistence with other applicants.

I. Macroeconomic assumptions

- a) The UDF applicant should provide all the macroeconomic variables taken into account in the forecast that have an impact on the results;
- b) In particular, the UDF applicant must show the forecasted levels of the key interest rate on which the cost of financing the Urban Projects will be based (if there is more than one rate, all rates should be provided);
- c) The variables listed are a minimum set and if there are other macroeconomic variables that have an impact on the results, they should be included.

II. UDF assumptions

- a) The projection should include the assumptions adopted for the purpose of the financial projection;
- b) There will be no default assumptions on loans/equity operations;
- c) The assumptions concerning UDF funds and the terms of financing the Urban Projects should be supplemented with other financing parameters if used in the projection, e.g. commission for granting the financing, commitment fee etc;

- d) Average equity IRR required, financing costs and Management Fees are to be in line with the requirements set out in other sections of this EoI.
- e) Other assumptions:
 - o The projection should include all other assumptions that the applicant considers relevant to the results of the financial projections;
 - o The amount of external financing obtained by the UDF should be provided on a per year basis;
 - o The assumed rate of return of the UDF should take into account all cashflows of the UDF and be calculated using Internal Rate of Return (IRR) methodology.

III. Project Portfolio Indicators

This section shall provide basic average key performance indicators on Portfolio projects and includes:

- o Average Project Portfolio IRR
- o Average Portfolio Maturity
- o Average Portfolio Payback period

The indicators provided hereof shall enable an assessment of the projects quality and of UDF Investment Policy.

IV. Results of the projection

This section shall include all the results of the projection, including all expected UDF inflows and outflows:

1. Pro forma balance sheet statements for each year of the projection, which will depend on the final structure of the UDF.
2. Pro forma profit and loss accounts for each year of the projection, which will depend on the final structure of the UDF.
3. Pro forma cash flow statements for each year of the projection.

UDF Business Plan	2011	2012	2013	2014	2015	2016	2017	2018... ²⁰
	1	2	3	4	5	6	7	8
I-Macroeconomic assumptions								
CPI (price increase)								
Reference Interest rate ⁽¹⁾								
⁽¹⁾ used as the base rate for the financing (e.g.I RS Term, Euribor, etc.)								
II-UDF assumptions								
Eligibility Period								
UDF Maturity								
Total JHFS funds under management								
Total external funds under management								
Total funds available to UDF								
Loan & Interests								
Total JHFS debt financing								
Unused portion of JHFS debt financing								
JHFS debt financing interest rate (gross margin)								
Average debt portfolio maturity								
Average grace period								
Total external funds debt financing								
Unused portion of external funds financing								
external funds financing interest rate (gross margin)								
Average debt portfolio maturity								
Average grace period								

²⁰ Maturity shall be adapted to the UDF Portfolio of Urban Projects.

Total debt financing			
Equity			
Total JHFS equity financing			
Average expected returns to be earned from equity investments			
Total external funds equity financing			
Average expected returns to be earned from equity investments			
Total equity financing			
Total Amount invested in Projects by UDF			
Management Fees (MF)⁽²⁾			
MF Fixed part			
	I-Appraisal fee		
	II-EU Monitoring fee		
	III-Financing administration fee		
MF Contingent part			
	I- performance fee		
	II-Portfolio quality fee		
		
⁽²⁾ To be adapted according to the Management fees mechanism assumed by the applicant			
Total Management Fees amount			
III-Project Portfolio indicators			
Average Project Portfolio IRR			
Average Project Portfolio maturity			
Average Project Portfolio payback period			
IV Results of the projections			

Balance sheet

Total assets
Loans granted
Investments in Urban Projects
Cash
Other assets
Liabilities and reserves
Sums due to JHFS
Other liabilities and reserves

Cash flow statement

Net cash flow from operating activities

I. Inflows

- 1) dividends received
- 2) interest from loans received
- 3) sale of investment
- 4) loans repayment
- 5) other

II. Outflows

- 1) equity investments
- 2) loans issued
- 3) fixed management fee
- 4) contingent management fee
- 5) other

Net cash flow from investing activities

I. Inflows

- 1) interest from deposits

II. Outflows

Net cash flow from financing activities

I. Inflows

- 1) transfers from JHFS

II. Outflows

- 1) transfers to JHFS

Total Net cash flow

APPENDIX D

Economic Analysis

Economic analysis is a determination of the cost effectiveness of a project by comparing the benefits derived and the costs incurred in a Project, including social factors. Hereafter is presented for illustrative purposes, one of the possible methods applicable: the Cost-Benefit analysis (CBA).

Such analysis is carried out to determine whether, or to what extent, that project is worthwhile from a social perspective. Cost-benefit analysis differs from a straightforward financial appraisal in that it considers all gains (benefits) and losses (costs) to social agents. CBA analysis hinges on two main parameters: ERR and ENPV.

- Economic rate of return (ERR) is the internal rate of return calculated using the economic values,
- ENPV stands for Economic Net present Value,

Both parameters express the socio-economic profitability of a project.

ECONOMIC GROWTH AND QUALITY OF LIFE IMPROVEMENTS

The following economic growth and quality of life improvements shall be considered in case of assessing the entire programme comprising Urban Projects proposed to be funded by the future UDF. Contribution to the achievement of quantitative outputs established in OP Sicily will depend on the character of each of the Urban Projects. The table below includes indicators that are closely linked to those relevant for the Activities that have contributed resources to the JHFS. The list includes both general indicators and specific ones and can be used to assess the impact of single Urban Projects financed and of the Portfolio as a whole. It is understood that individual projects will not necessarily address all areas of economic growth and quality of life improvements measures.

Area	Indicator
General (for all areas)	Number of financed Urban Projects
	Potential to attract additional funding from other public and private sources
	Potential to attract investors in other projects (especially included in the PISU/PIST), which would be complementary or which could create economic or social synergies
	Private financing Leverage of the UDF
	Generated investment
	Better urban and environmental standards
	Number of the new created business activities
	Number of the additional jobs in the performing area (*)

Area		Indicator
Specific areas	1. Sustainable urban and regional mobility	Number of financed Urban Projects
		Generated investment
		Number of new created parking spaces, including modal interchange parking spaces
	2. Rehabilitation and upgrading of cultural heritage	Number of interventions for the rehabilitation of urban and architectural contexts of historical value
		New created services for tourists (including tourist street signage, information panels and the construction of new parking areas)
		Number of additional jobs in the performing area(*)
		Number of visitors of the rehabilitated cultural contest (*)
		Increase of tourist flow (*)
	3. Waterfront renovation/revitalization	Number of financed Urban Projects
		Generated investment
		Number of new business activities in the performing area
		New created services for tourists (including tourist street signage, information panels and the construction of new parking areas)
		Number of generated additional jobs (*)
		Increase of tourist flow (*)
	4. Urban infrastructure, integrated urban regeneration project for the establishment, incubation and reinforcement of urban, metropolitan and regional functions and services	Number of new created or regenerated public spaces and infrastructures
		Number of new created of urban, metropolitan and regional service centres (for business, social, cultural, sports, health, infancy, etc.)
		Number of interventions of sustainable urban and regional mobility
		Energy saving per year in the renovated public areas and infrastructures (*)
		Increase in the use of public transport (*)
		Number of new business activities in the performing area
Number of inhabitants which will use the new created infrastructures and services (*)		
Increase of extra school opening hours of building for education, in which new services for inhabitants are offered (*)		

(*) Expected value

APPENDIX E

Done at (date)

EUROPEAN INVESTMENT BANK
For the attention of _____
Purchasing and Administrative Services Division
98-100 boulevard Konrad Adenauer
L-2950 LUXEMBOURG

JESSICA HOLDING FUND FOR SICILY SELECTION OF URBAN DEVELOPMENT FUNDS

KEY EXPERTS AVAILABILITY DECLARATION

As a legal representative of the company seated inregistered in theregister with a registration number, I hereby confirm that the companywill be authorised to engage the following persons:

1.
(name, surname)
2.
(name, surname)
3.
(name, surname)

to execute the role of, for the JESSICA Holding Fund Sicily.

I confirm that upon signature of the contract between and European Investment Bank, the above -mentioned list of persons will be delegated to work on the project tasks.

Yours sincerely,

.....
(name, surname)

.....
(signature)

APPENDIX F

DEFINITIONS AND ABBREVIATIONS USED FOR THE PURPOSE OF THIS CALL FOR EXPRESSIONS OF INTEREST

“Activities”	means the specific actions and areas requiring support on which funding will be concentrated following directly from the Priority Axes of the OP Sicily.
“Award Criteria”	means the criteria used to select the UDF Preferred Bidder.
“Business Plan”	means each business plan, relating to any UDF, prepared in accordance with the JESSICA Regulations in Article 43 paragraph two of the Implementing Regulation.
“Call for Expressions of Interest” or “Call for EoI”	means this Call for Expression of Interest.
“CEB”	means the Council of Europe Development Bank.
“Commission”	means the Commission of the European Union.
“Coalitions”	means territorial coalitions constituted by the beneficiary local government bodies, on the basis of specific Protocols of Agreement, for the development of P.I.S.T.
“EIB”	means the European Investment Bank.
“Eligible Expenditure”	means expenditure applied in compliance with the Eligibility Rules.
“Eligibility Rules”	means the rules on eligible expenditure contained in articles 48 to 53 of of the Commission Regulation (EC) No. 1828/2006 (amended by EC 846/2009 and 832/2010), which apply in accordance with article 13 of Regulation 1080 (amended by EC 397/2009 and EC 437/2010) of the European Parliament and of the Council (subject to the list of ineligible expenditure in article 7 of Regulation 1080) and those contained in articles 56 and 78 of Regulation 1083 (amended by EC 284/2009 and EC 539/2010);
“ERDF”	means the European Regional Development Fund.
“EU Rules”	means the EU Structural Funds Regulations and any other applicable EU Regulations, Directives or Guidelines.
“EU Structural Funds”	means together the ERDF, the European cohesion funds and the European social funds.

“EU Structural Funds Regulations”	means Regulation 1080, Regulation 1081, Regulation 1083 and the Implementing Regulation, as well as any other EU legislation from time to time applicable to the EU Structural Funds.
“EU”	means European Union.
“Exclusion Criteria”	means the criteria used in Stage 1 of this Call for Expressions of Interest to exclude applicants.
“Final Beneficiary/ies”	means the entities that will develop the Urban Projects pursuant to the Investment Agreement.
“Financial Model”	means an organizational mechanism to channel the JHF funds to the Urban Projects through UDF.
“Funding Agreement”	means an Agreement establishing the JESSICA Holding Fund for Sicily, signed by the Regione Siciliana and the EIB signed on 19 November 2009.
“Implementing Regulation”	means Commission Regulation (EC) No. 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund, as amended, supplemented or modified from time to time.
“Information”	means any information (irrespective of form or medium on which it is recorded) relating to the UDF selection process (including but not limited to this Call for EoI) made available to or received by applicants (whether prior to this Call for EoI or at any point during the UDF selection process).
“Initial Portfolio”	means the initial sample of Urban Projects, identified by the UDF and included in the Offer.
“Integrated Plans for Sustainable Urban Development”	means an integrated plan for sustainable urban development comprising a system of interlinked actions which seeks to bring about a lasting improvement in the economic, physical, social and environmental conditions of a city or an area within the city.
“Integrated Plans”	means jointly the P.I.S.T / P.I.S.U plans defined by the Managing Authority, taking account of Article 8 of Regulation (EC) No 1080/2006 and the specific urban, administrative and legal context of Region.
“Invested Capital”	means the funds allocated through the UDF to the Urban Projects, not yet repaid by Final Beneficiaries or written-off excluding any amounts which are overdue (i.e. for 60 days or more).

“Investment Agreement”	An agreement signed between a UDF and an Urban Project providing for financing of the Urban Project.
“Investment Board”	means the board, established in accordance with the Funding Agreement, entrusted with responsibilities regarding the JESSICA Holding Fund for Sicily.
“Investment in Urban Project”	means each contribution by the UDF into an Urban Project.
“Investment Policy”	means the investment policy of the UDF as presented to EIB in the selection process as amended from time to time.
“Investment Strategy”	means the document concerning the investment strategy and the planning of the activities of the JESSICA Holding Fund for Sicily in relation to the JESSICA initiative , attached to the Funding Agreement signed between EIB and the Presidenza della Regione Siciliana.
“JESSICA Holding Fund for Sicily” or “JHFS”	means the JESSICA holding fund for Sicily, established pursuant to the Funding Agreement, and in accordance with Council Regulation (EC) No. 1083/2006, as amended by Council Regulation (EC) No. 284/2009 and Commission Regulation (EC) No. 1828/2006.
“JESSICA Regulations”	means Regulation 1080; Regulation 1081; Commission Regulation (EC) No. 1828/2006; Regulation 1083, as amended by Council Regulation (EC) No. 284/2009.
“JESSICA”	means the initiative “Joint European Support for Sustainable Investment in City Areas” launched by the Commission and EIB in collaboration with the Council of Europe Development Bank, in order to promote sustainable investment, growth and jobs in urban areas.
“Management Fee”	means the fee payable to the UDF, in consideration for the services provided under the Operational Agreement.
“Managing Authority”	means the Regione Siciliana Managing Authority, responsible for the European Regional Development Fund (ERDF) Operational Programme 2007-2013 for Sicily.
“Member States”	means the Member States of the European Union.
“Offer”	means the Business Plan to be submitted by applicants in Stage 2 of this Call for Expressions of Interest.
“Op Sicily”	means the European Regional Development Fund (ERDF) Operational Programme 2007-2013, developed in accordance

with Article 37 Regulation. 1083, a part of which shall be administered by the JESSICA Holding Fund for Sicily, in accordance with the provisions of the Funding Agreement.

“Operation”	means each activity connected to investments in a revolving way in public-private partnerships or other projects included in an Integrated Plan for Sustainable Urban Development, according to Regulation 1828, Article 46.
“Operational Agreement”	means an agreement providing for Operations.
“Operational Period”	means the period following Operational Agreement’s signature until full reimbursement from the UDF to JHFS of the contribution received, it hence also include the period in which JHFS resources are disbursed to the UDF but not yet invested into Urban Projects.
Output Target	relates to activity and are measured in physical or monetary units, for example, length of railway or motorway constructed, number of firms financially supported.
P.I.S.T.	means the Piano Integrato di Sviluppo Territoriale, an integrated plan for sustainable urban development, representing the reference framework for urban and territorial development policies within the Coalitions.
P.I.S.U.	means the Piano Integrato di Sviluppo Urbano, an integrated plan for sustainable urban development representing the main tool for the achievement of the Specific Objective 6.1 under Priority Axis VI of OP Sicily and of the intersectorial objectives of the OP Sicily that is aimed at reinforcing urban services in metropolitan areas and medium-size cities.
“Portfolio of Urban Projects”	means the final Urban Projects selected by the UDF.
“Preferred Bidder”	means an applicant whose Offer is evaluated as the most favourable.
“Priority Axis”	means a set of specific aims within a programme that are to be tackled by the delivery of particular Activities. The choice of priority axes should be justified in light of the NSRF thematic priorities and the specific objectives of the programme. The financial allocation for each priority axis should be justified by the programme strategy..
“Priority Themes”	means the Lisbon priorities that are relevant to the OP Sicily according to the category codes detailed in Annex II: Categorisation of Funds assistance for 2007-2013 of the Implementing Regulation.

“Regulation 1080”	means Regulation (EC) No. 1080/2006 of the European Parliament and of the Council of 05 July 2006 on the European Regional Development Fund and repealing Regulation 1783/1999/EC, as amended, supplemented or modified from time to time.
“Regulation 1081”	means Regulation (EC) No. 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC). 1784/1999 as amended, supplemented or modified from time to time.
“Regulation 1083”	means Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 as amended, supplemented or modified from time to time.
“Region”	means the Region of Sicilia.
“Selection Criteria”	means the criteria used in Stage 1 of this Call for Expressions of Interest to select those applicants who will be invited to submit an Offer (in the form of a Business Plan) under Stage 2.
“Selection Panel”	means the panel assessing the EoI, and if applicable the subsequent Offer of the applicants using the Award Criteria
“Specific Objectives”	means specific objectives to be achieved by Urban Projects according to the ERDF 2007-2013 Regional Operational Programme for Sicily.
State aid	means aid that is considered to distort the competition between companies and pose a threat to the operation of the internal market. European Community rules on State aids apply limits to the level of help the public sector can give to industry.
“Terms of Reference”	means terms of reference for the selection of the UDFs.
“Urban Development Fund” or “UDF”	means a vehicle investing in one or more Urban Projects as defined in Article 44 Regulation 1083.
“Urban Project”	means a public private partnership or other project included in an Integrated Plan for Sustainable Urban Development as described in Article 44 Regulation 1083.