



Call for Expressions of Interest:

Ref.: KB-VP- 946

Subject: Selection of Scottish Regeneration Urban Development Fund

The European Investment Bank (EIB) is launching a Call for Expressions of Interest (Call for EoI), under the Joint European Support for Sustainable Investment in City Areas (JESSICA) initiative, with the aim of selecting an Urban Development Fund (UDF) that will receive financing of at least GBP 33 million from the Scottish JESSICA Holding Fund to make repayable investments in public-private partnerships or other urban projects in the urban regeneration sector in the Lowlands and Uplands of Scotland (LUPS), and included in Integrated Plans for Sustainable Urban Development (Urban Projects).

The selection of the UDF will proceed in two stages as described below. If you wish to participate in this Call for EoI, please forward your Stage 1 Expression of Interest (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-VP-946

Subject: JESSICA Urban Development Fund Scotland

Deadline for receipt of expression of interest: 24 January 2011

and delivered either by:

- (a) registered post, to the following address:

EUROPEAN INVESTMENT BANK
For the attention of Ms. Klaudia Berger
Ref KB-VP-946
Procurement and Purchasing Division
98-100 boulevard Konrad Adenauer
L-2950 LUXEMBOURG

by midnight on **24 January 2011** 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
Ref KB-VP-946
Procurement and Purchasing 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 **Monday, 24 January 2011** 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 Stage 2 Offers (in the form of a Business Plan). Selected terms for the Operational Agreement may be provided during Stage 2.

It is expected at this stage that around six weeks will be allowed for selected applicants 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	03.12.2010
Call for Eol information event	16.12.2010
Deadline for Stage 1 requests for additional information	10.01.2011
Deadline for submission of Stage 1 Eol	24.01.2011
Notification to applicants of outcome of Stage 1 Eol assessment	Early February 2011
Deadline for submission of Stage 2 Offers (in the form of a Business Plan)	End March 2011
Notification to applicants of outcome of Stage 2 Offers	Mid April 2011
Start of negotiations on Operational Agreements following Investment Board approval	April 2011

An information event for interested parties will be held from 12 noon to 3pm on Thursday 16th December 2010. A buffet lunch will be served at 12 noon with presentations starting at 1pm. This will be a joint event involving Scottish Government, EIB and BIG Lottery Scotland. The event will take place at the offices of the Big Lottery Fund (Scotland), 1 Atlantic Quay, 1 Robertson Street, Glasgow, G2 8JB.

Parties interested in attending this event should send an email no later than Thursday 9th December 2010 to jessica@eib.org notifying their name, organisation and contact details. Capacity at this event will be limited so registrations will be dealt with on a first-come first-serve basis. No more than two representatives will be permitted from a single organisation. Confirmation of successful registration and more details about the event will be provided by email.

The receipt dated and signed by the employee 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.

Applications 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 Eol.

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 C.

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:

- (a) **Stage 1 (applying the Exclusion and Selection Criteria):** Eols will first be assessed against the Exclusion Criteria (as outlined in Section III (a) of Annex 3). Eols which are not excluded in accordance with the Exclusion Criteria will be assessed on the basis of the Selection Criteria, which are included in Annex 2.
- (b) **Stage 2 (applying the Award Criteria):** 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.

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 EoI. Applicants wishing to commence work on the Offer (in the form of a Business Plan) 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 UK pounds sterling (GBP) 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 the 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. An applicant cannot invoke any error, inaccuracy or omission in its application and/or Offer to call any contract into question or to attempt to have any contract amended.
6. The EIB reserves the right to reject any application that fails to comply with the specifications of this Call for EoI.
7. The EIB reserves the right to reject any applicant:
 - (a) guilty of material misrepresentation;
 - (b) who contravenes any of the terms of this document; and/or,
 - (c) undergoing a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the applicant.
8. Applications must be drawn up in writing in English (applications in other languages will not be accepted). Any official documents in a language other than English must be accompanied by a certified translation.
9. Applicants must respond to the specifications item by item.
10. The EIB reserves the right to award a contract to the applicant of its choice (subject to the approval of the Investment Board), in accordance with the Award Criteria set out in the specifications, or not to award a contract to any applicant. The EIB may cancel this procurement procedure without notice at any time. Applicants should only participate in the UDF Selection process on the understanding that they would not be entitled to any form of compensation, should the EIB decide to interrupt the procurement procedure or cancel the procurement process before the contract is signed.
11. Participation in this Call for EoI shall be taken as acceptance of all the terms and conditions mentioned in this Call for EoI and the conditions of the specifications.
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, the EoI, should be addressed in writing by 17:30 (Luxembourg time) on 10 January 2011 at the latest to Ms Véronique Paulon, fax: +352 437 968 167 or e-mail: EIB.ASA@eib.org. The EIB will reply to requests before the deadline for submission of applications. Please note that the EIB responses to any queries or clarification requests may be published on the EIB website or otherwise circulated to all applicants at the EIB’s discretion.
14. During Stage 2, a series of clarification meetings may be arranged with selected applicants after submission of Offers (in the form of a Business Plan). The EIB may arrange these meetings in due course with selected applicants following the completion of the Exclusion and Selection process under Stage 1. The EIB reserves the right to seek additional detail from an applicant to clarify any part of an applicant’s submission.
15. EoI must be drawn up on paper in duplicate, i.e. one original and one copy, clearly marked as “Original” and “Copy”. One electronic copy should also be submitted on CD or USB stick.
16. 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.

17. Applicants will be informed by post of the outcome of their applications.
18. Applicants should be aware the EIB may publicly announce the list of applicants that meet the Selection Criteria and are invited to submit Offers
19. Applicants may be invited to a presentation, if the EIB so decides. Applicants will not be permitted to modify the terms and conditions of their application during their presentation or at any other time after the application has been submitted to the EIB.
20. 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, Scottish JESSICA Holding Fund Investment Board members, employees and officers of the Scottish Ministers, 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 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 contractual effect.

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.

For the purposes of the selection process, all advisors of the EIB are acting exclusively as the advisors to the EIB and will not be responsible or owe any duty of care to anyone other than the EIB in respect of the selection 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:

- (a) offers any inducement, fee or reward to any Investment Board member, employee or officer of EIB.
- (b) contacts any Investment Board member, employee or officer of EIB about any aspect of this document in a manner not permitted by this document;
- (c) 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);
- (d) 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;
- (e) 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;

- (f) canvasses any person in connection with this document who is not one of its own consortium members or one of its own team;
- (g) 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
- (h) 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

The copyright in this document is vested in the EIB.

This document may not be reproduced, copied or stored in any medium without the prior written consent of the EIB except in relation to the preparation of a submission.

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.

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 procurement rules, 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.

Contents

Section	Page
ANNEX 1 – TEMPLATE FOR EXPRESSION OF INTEREST	8
ANNEX 2 – DECLARATION TO BE MADE BY THE APPLICANT	11
ANNEX 3 – TECHNICAL SPECIFICATION (TERMS OF REFERENCE).....	13
APPENDIX A- AWARD CRITERIA	25
APPENDIX B – GEOGRAPHIC FOCUS OF THE REGENERATION UDF.....	30
APPENDIX C – DEFINITIONS AND ABBREVIATIONS USED FOR THE PURPOSE OF THIS CALL FOR EXPRESSIONS OF INTEREST	31

ANNEX 1 – Template for Expression of Interest

TEMPLATE FOR EXPRESSION OF INTEREST

(name of an applicant)

EXPRESSION OF INTEREST

(place of signature)

(date)

(Stamp of the applicant – if available)

1. Information about the applicant

1.1. General information about the applicant

Expressions of Interest 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 (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 EoI*

Name, surname	
Position	
Contacts: Address Telephone No Fax Email	

* In case of the EoI being submitted by a consortium, a power of attorney or a cooperation agreement authorising the attorney to submit the EoI and the Offer (in the form of a Business Plan) and to represent the consortium at all stages of the selection procedure on behalf of the partners jointly applying for the contract.

1.3. Person for communications (if different from paragraph 1.2)

Name, surname	
Position	
Contacts: Address Telephone No Fax Email	

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

1. the applicant is fully aware that resources of the Scottish JESSICA Holding Fund, which aims to finance Regeneration Urban Projects, via a UDF are part-funded by the European Regional Development Fund (ERDF) and that all resources are therefore subject to the EU Structural Funds Regulations; and,

the information contained in this EoI and accompanying Annex 2 is complete and correct in all its elements.

ENCLOSED:

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

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

- (a) ...
- (b) ...
- (c) ...

Evidence relating to the Exclusion Criteria as set out in section III (a) of Annex 3 (Exclusion Criteria) below:

- (d) ...
- (e) ...
- (f) ...

(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,
- and having completed the requisite declaration (see Annex 2), hereby undertake 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 application being binding upon the organisation, however, only if its acceptance is notified by the EIB within 180 days of the date of opening of applications.
- is authorised to do so on behalf of any subcontractors / consortium members listed in 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 applications.

ANNEX 2 – Declaration to be made by the applicant

STAGE 1 DECLARATION TO BE MADE BY THE APPLICANT

- 1. Name of the applicant
- 2. Type of business
- 3. Represented by (name and position):.....

(in case of the EoI being submitted by a consortium provide evidence of a declaration, a power of attorney or a cooperation agreement authorizing the attorney to submit the EoI and the Offer (in the form of a Business Plan) and to represent the consortium at all stages of the selection procedure on behalf of the partners jointly applying for the contract)

- 4. The applicant (which is expected to be the UDF manager) warrants that it is regulated by the Financial Services Authority (FSA) in the UK as a Financial Services Firm under the Financial Services and Markets Act 2000 (FSMA) and that the applicant (and any such operator / manager as relevant) has all appropriate permissions under FSMA to carry out all FSMA regulated activities required of it as the UDF manager and that it will state to be carried out in the Stage 2 Offer (in the form of a Business Plan).

The applicant further warrants that an investment grade credit rated custodian bank will be used for deposits and transfers of any funds provided by, or to be returned to, the Scottish JESSICA Holding Fund.

(provide company number and FSA registration number)
.....

Questions 5 to 11 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 detail provided where requested, either in the space provided or on separate sheets which should be referenced by the applicant.

- 5. Are there any liens or charges outstanding against the organisation at a commercial court (or any other relevant authority)?
- 6. Is the applicant in receivership (or the subject of equivalent proceedings)?.....
If so:
 - (a) date of the receivership order:
 - (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:
- 7. The applicant certifies that neither the organisation nor any of the persons authorised to act on its behalf are in liquidation:.....

8. Has the applicant 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?.....

9. 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 Eol?

.....
.....

10. The applicant certifies that it has complied with its tax and social obligations:

.....
.....

11. The applicant certifies the relevant experience of its team (including proposed subcontractors/advisors) in the targeted market of Urban Projects. Applicants are requested to provide:

- An explanation of its experience of and approach to working with its proposed team of subcontractors / consortium members (if applicable). This information should be provided on no more than two A4 pages.
- An explanation of its experience of and approach to working with key public and/or private sector stakeholders (with a focus, where relevant, on stakeholders in Eligible Areas) in the targeted market of eligible Urban Projects in the LUPS OP area. This information should be provided on no more than two A4 pages.
- Their track record in appraising, making and managing financial investments in urban regeneration projects similar to those eligible under LUPS OP Priority 3. To illustrate their experience, applicants should provide examples (no more than one A4 page each) of not more than four previous projects. Information provided should include: project name, project description, role in project, funding requirement, method and sources of funding and a clear statement of how it was funded and to whom the funding was provided, the term of the investment, level of return/funding terms and exit strategy. Contact names and details should be provided for these example project investments where the EIB may seek a reference.

Applicant certifies that the information given above is correct.

.....

Done at (date)

Stamp

Name(s)

Signature(s)

ANNEX 3 – Technical Specification (terms of reference)

I. GENERAL INFORMATION

a. European Regional Development Fund in the Lowlands and Uplands of Scotland

The Lowlands and Uplands of Scotland (LUPS) European Regional Development Fund (ERDF) Operational Programme 2007-2013¹ (the 'LUPS OP') provides a framework for the investment of €376m of ERDF allocated to Scotland for the period 2007-2013. The vision for the LUPS OP, which was approved by the European Commission (Commission) is:

“to promote a dynamic, sustainable international economy which competes on the basis of knowledge, advanced technology and an excellent quality of life for all”

The broad investment priorities (called 'Priority Axes' in Commission terminology) identified in the LUPS OP, together with the European Union (EU) Structural Funds allocated are:

Priority Axis	Theme	ERDF allocated
1. Research and Innovation	To improve the competitiveness of the Lowlands and Uplands Scotland enterprise base through increased innovation and a fuller use of its RTD base by supporting: 1. Individual enterprises and research centres; and, 2. Research collaboration.	£83m
2. Enterprise Growth	To improve enterprise formation and growth rates by enhancing the enterprise support environment, particularly with regards to access to finance, entrepreneurship, e-commerce and resource efficiency by supporting: 1. Access to finance; 2. Entrepreneurial support; and, 3. Business processes.	£110m
3. Urban Regeneration	To increase the contributions of the most disadvantaged urban communities to Lisbon goals by supporting their regeneration through geographic targeting and supporting: 1. Linkage of urban areas of need with areas of opportunity; and, 2. The improvement of the potential capacity of urban areas to develop	£91m
4. Rural Development	To maximise the contribution of rural areas to achieving Lisbon goals with a view to developing sustainable economic growth through geographic targeting and supporting: 1. Rural diversification; and, 2. Shared services	£66m

Underpinning each of these priorities there is a commitment to equality of opportunity and environmental sustainability. In Scotland EU Structural Funds are allocated to projects / initiatives through an open and competitive process.

b. Background to JESSICA

The Joint European Support for Sustainable Investment in City Areas (JESSICA) is an initiative developed by the European Commission and the EIB, in collaboration with the Council of Europe Development Bank (CEB). Under new procedures, Member States and regions are being given the

¹ Information relating to the OP may be found at <http://www.esep.co.uk>

option of using part of their EU Structural Fund allocations 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 providing new opportunities for managing authorities responsible for the current generation of cohesion policy programmes by:

- ensuring long-term sustainability through the revolving character of the EU Structural Funds contribution to UDFs specialising in investing in Urban Projects;
- creating stronger incentives for successful implementation of Urban Projects by beneficiaries, by combining grants with loans and other financial instruments;
- leveraging additional resources for Urban Projects with a focus on sustainability/recyclability in the regions of the EU;
- contributing financial and managerial expertise from specialist institutions such as EIB, CEB, and other international financial institutions.

More on the EU Structural Fund Regulations specifically related to JESSICA can be found at: http://ec.europa.eu/regional_policy/funds/2007/jii/jessica_en.htm

c. JESSICA in Scotland

The LUPS OP outlined the potential to invest a significant proportion of Priority Axis 3 funding through a JESSICA funding mechanism. The main objective of Priority Axis 3 is urban regeneration in recognition that these areas hold great potential to support economic growth. To test the commercial and financial feasibility of implementing the JESSICA initiative in Scotland in line with the LUPS OP the Scottish Government, in conjunction with the EIB, commissioned a study² in early 2009.

This study concluded that there was a strong case for using the JESSICA initiative to support UDF investment in the LUPS region, based on a review of prevailing landscape of public and private investment. It also outlined the benefits of establishing a JESSICA Holding Fund structure to facilitate the process of investing ERDF and other financial resources into UDFs. This study formed the business case for the implementation of JESSICA in Scotland and subsequently led to a Memorandum of Understanding between Scottish Ministers and the EIB in October 2009 where it was agreed that a significant portion of the EU Structural Funds allocated to Priority Axis 3 would be invested in a holding fund to be established with and managed by the EIB. This holding fund, now called the Scottish JESSICA Holding Fund, would invest in UDFs focusing on urban regeneration. In June 2010 a funding agreement was signed between Scottish Ministers and the EIB setting out their respective roles in the operation of the Scottish JESSICA Holding Fund.

d. Funding allocation to the Regeneration UDF

The current allocation to the Scottish JESSICA Holding Fund is £50m – comprising £24m of ERDF and £26m from Scottish Ministers. This means that the minimum Match funding requirement under ERDF regulations has already been met by Scottish Ministers. Subject to the agreement of the EIB, Scottish Ministers may contribute additional funds available under the LUPS Operational Programme and/or in-kind contributions. It is anticipated that the UDF will source additional Complementary Financing at UDF and / or Urban Project level.

The Scottish JESSICA Holding Fund will invest in the regeneration and climate change agenda sectors eligible under the LUPS OP.

² Report to ESEP on the feasibility of JESSICA in Scotland, Ernst & Young, 2009
(<http://www.esep.co.uk/assets/files/PMC0902/LUPS%2009-02-07%20JESSICA%20Report.pdf>)

The initial allocation from the Scottish JESSICA Holding Fund to the UDF is £33m. The amount invested by the Scottish JESSICA Holding Fund into this UDF may well be increased at a later stage using, inter alia, any returns on investment in the UDF, the Scottish JESSICA Holding Fund's cash management activities or by additional funding or in-kind commitments made available to the Scottish JESSICA Holding Fund. It should be noted that EU Structural Funds Regulations apply to the entire Scottish JESSICA Holding Fund commitment to the UDF.

Over time the investment strategy of the Regeneration UDF may evolve and, subject to agreement between the EIB and the Preferred Bidder, to include energy efficiency retrofit measures to social housing, should this activity not be taken forward through a separate UDF.

e. Scottish JESSICA Holding Fund governance

An independent Investment Board has been established to oversee the Scottish JESSICA Holding Fund. The Investment Board will, broadly, be responsible for approving or rejecting recommendations made to it by the EIB as the Scottish JESSICA Holding Fund manager including the terms and conditions of contract with the UDFs.

The EIB, as the Scottish JESSICA Holding Fund manager is broadly required to:

- Hold the assets of the Scottish JESSICA Holding Fund and carry out temporary cash management of funds not yet invested in UDFs;
- Identify the UDFs through a transparent and competitive Call for EoI process. This will include reviewing the UDF structure put forward by UDF managers (being either independent legal entities or separate blocks of finance within financial institutions) and the management thereof;
- Invest, on behalf of the Scottish JESSICA Holding Fund, 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.

f. Regeneration UDF

Key requirements

This Call for EoI relates specifically to the selection of a UDF which will invest in regeneration Urban Projects. While the detailed requirements of the UDF are set-out in section III below, the key roles envisaged for the UDF fund manager are to:

- Identify and lead the negotiation and structuring of financial investments in viable Urban Projects which fit within the agreed investment strategy of the UDF;
- Secure state aid compliant Complementary Financing at the UDF level and/or Urban Project level to ensure that the Scottish JESSICA Holding Fund's investment is leveraged and that sufficient Eligible Expenditure can be declared in those Urban Projects in accordance with EU Structural Fund Regulations;
- Ensure as far as possible that the Scottish JESSICA Holding Fund's investment in the UDF represents an appropriate balance of risk, return and Output Targets;
- Monitor compliance and risk in accordance with the EU Structural Funds Regulations and applicable national rules; and,
- Identify and manage appropriate exit strategies from Urban Project investments with the aim of making returns from such investments available for recycling in further urban project opportunities.

These requirements are driven primarily by: EU Structural Funds Regulations and applicable national rules; state aid rules attaching to financial assistance provided by the public sector; and the aspirations of Scottish Ministers for the UDF.

The Award Criteria for the selection of the UDF will favour applicants that can identify and commit state aid compliant Complementary Financing channelled either through the UDF or provided directly to Urban Projects.

Components of an eligible Urban Project

Generally the UDF is required to make repayable investments in Urban Projects that are eligible for contributions as outlined in Section II point 3 of this Annex. An Urban Project may be eligible for investment if it is:

- Part of an Integrated Plan for Sustainable Urban Development and in line with the National Planning Framework 2³, which sets out an integrated social, economic and environmental framework for the future development of Scotland for the next 20 years;
- Compliant with national eligibility rules and the specific LUPS OP Priority 3 criteria set out in this Call for EoI; and,
- Compliant with the EU Structural Funds Regulations⁴. Applicants should be aware that as the UDF will be investing public monies committed by the Scottish JESSICA Holding Fund (from the ERDF and Scottish Ministers), they must ensure that the funding structure of the UDF and its investment into Urban Projects are state aid compliant⁵.

Additionality

As is required of all EU Structural Funds initiatives, the UDF will be required to demonstrate additionality. The key aspects of additionality that the UDF should deliver include:

- Complementing Scottish Government policy initiatives
- Addressing the general shortage of finance for urban regeneration projects (both public and private)
- Where possible, sourcing additional Complementary Financing, which is state aid compliant, ideally at both the UDF and Urban Project level to enable the investment made by the Scottish JESSICA Holding Fund to be further leveraged for investment in Urban Projects in Scotland.

Supporting Grant Interventions

It is recognised by Scottish Ministers that to support an integrated approach to urban regeneration, some activities associated with urban development plans may continue to require ERDF grant support. Where the UDF manager identifies ERDF eligible activity, either outlined in Section III, part 3 below or in the LUPS OP, such elements may be referred to the LUPS OP Managing Authority (the Scottish Government) which has retained an amount of £10m of Priority 3 ERDF grant to use, at its discretion and subject to Programme Monitoring Committee approval, to complement UDF projects. Subject to positive policy input and the ongoing availability of ERDF grant resources – which cannot be guaranteed - the MA may consider such applications for funding in due course. Note that JESSICA funds cannot be used to match fund ERDF grant.

Big Lottery Fund (Scotland), which is another source of funding (grant or investment), may also consider investment in Urban Projects alongside the UDF, or in other projects contained within Integrated Plans for Sustainable Urban Development, where proposals comprise activities that align with its objectives and outcomes. Any such commitment will be managed by the Big Lottery Fund under a separate process. For further details please see: <http://www.biglotteryfund.org.uk/funding-sco>. Further details of the potential nature of Big Lottery involvement may be discussed with the Preferred Bidder subsequent to selection.

³ Further information on the National Planning Framework 2 can be found at: <http://www.scotland.gov.uk/Publications/2009/07/02105627/10>

⁴ Further information on the EU Structural Fund regulations specifically related to JESSICA can be found at: http://ec.europa.eu/regional_policy/funds/2007/jij/jessica_en.htm

⁵ Further information on state aid, including the reference rate framework (where appropriate) can be found at: http://ec.europa.eu/competition/state_aid/legislation/reference.html

II. KEY REQUIREMENTS OF THE UDF

The following table sets out the key requirements and principles that the UDF is required to adopt. Applicants that are successful in Stage 1 of this Call for EoI are encouraged to be mindful of these requirements when preparing their Offer (in the form of a Business Plan) in line with the Award Criteria set out in Appendix A.

Description	Requirement
1. Legal structure & jurisdiction	<p>a) The UDF can either be:</p> <ul style="list-style-type: none"> ▪ An independent legal entity governed by agreements between the co-financing partners or shareholders; or, ▪ A separate block of finance within a financial institution (i.e. without the need for establishing a separate legal entity).
2. UDF size, Scottish JESSICA Holding Fund investment and other investors	<p>a) The initial amount that the Scottish JESSICA Holding Fund will allocate to this Call for EoI for investment into the UDF is £33m. This investment into the UDF will be bound by EU Structural Funds Regulations.</p> <p>b) The amounts invested by the Scottish JESSICA Holding Fund in the UDF may be increased at a later stage by, inter alia, any returns on investment in the UDF, the Scottish JESSICA Holding Fund's cash management activities or by any other additional funding available to the Scottish JESSICA Holding Fund.</p> <p>c) Those UDF bidders that demonstrate an ability and commitment to securing Complementary Financing, that is state aid compliant, at the UDF level (e.g. private sector co-investors, own funds) and/or the Urban Project level will be judged favourably in the evaluation process. Ideally such funds or at least a portion thereof, will be provided on pari passu terms and conditions to the Scottish JESSICA Holding Fund's investment in or through the UDF.</p> <p>d) The Scottish JESSICA Holding Fund does not intend to specify the precise form its investment into the UDF will take. However, applicants should be aware of the following principles the Scottish JESSICA Holding Fund is looking for when considering the form and structure such investment may take:</p> <ul style="list-style-type: none"> ▪ Common with market practice for these types of investments the Scottish JESSICA Holding Fund is likely to invest in the UDF primarily through an equity or equity type form. The UDF may make investments in Urban Projects by way of debt or equity, provided this is done in a state aid compliant manner. ▪ At no time should the level or nature of the Scottish JESSICA Holding Fund's participation in the UDF result in the Scottish JESSICA Holding Fund or Scottish Ministers being deemed to have legal or accounting control over the UDF. Applicant proposals should not involve the UDF being consolidated into the accounts of the Scottish JESSICA Holding Fund or the Scottish Government. ▪ The key principles and conditions precedent to drawdown will be as agreed in the Operational Agreement with the Preferred Bidder.
3. Criteria for Urban Projects	<p>All Urban Project investments should meet the following criteria:</p> <p>a) Technical focus</p> <p>The following activity may be supported if it forms part of an integrated plan for sustainable urban development:</p> <ol style="list-style-type: none"> 1. Supporting safe transport hubs to link areas of need with those of opportunity 2. Support for projects that promote clean and sustainable public transport to link areas of need with areas of opportunity 3. Support for investment in increased local access to ICT facilities within communities with the intention of improving skills of local people seeking to re-

- enter the labour market and increasing access to web based public services
4. Support for the development, refurbishment and enhancement of locally based training/learning and e-skills centres
 5. Support for the development and refurbishment of existing facilities and workspace to make them suitable for new or established SMEs or social enterprises, especially those that employ “green design” principles
 6. Support for conversion and adaptation to industrial sites and business centres/facilities that offer employment or training opportunities to people living in targeted areas (especially those that employ “green design” principles)
 7. Support for projects that invest in the rehabilitation of the physical environment (specifically work around the decontamination and servicing of brownfield land and gap sites but only if it can be demonstrated that the end use of the land is linked to ERDF eligible activity. This activity excludes development of public realm unless a reasonable and direct physical link is made with ERDF eligible activity)
 8. Support for energy production from renewable energy and low carbon technologies in response to local energy needs, such as cogeneration and distribution energy systems (such as district heating and CHP projects)

It should be emphasised that Urban Projects involving, for example, development or refurbishment of workspace, decontamination and servicing of brownfield land, etc, should be targeted at SME beneficiaries or occupiers. It is anticipated that a process may be agreed with the Managing Authority for verifying eligibility of expenditure in due course. This will be discussed during the Operational Agreement negotiation process with the Preferred Bidder.

Over time the investment strategy of the UDF may evolve and, subject to agreement between the EIB and the Preferred Bidder, to include energy efficiency retrofit measures to social housing, should this activity not be taken forward through a separate UDF. This broadening of the investment strategy may be supported by additional investment from the Scottish JESSICA Holding Fund at a later stage, or via the recycling of returns from initial Urban Project investments.

b) Project focus

The focus of the UDF must be on primary, rather than secondary market Urban Projects (i.e. those Urban Projects in the development or construction phase, rather than those already in the operating phase). Primary projects may include the extension of existing projects. EU Structural Funds Regulations stipulate that UDFs shall not finance acquisitions or participations in projects that have already been completed.

During 2010, the Managing Authority, assisted by ESEP Ltd, ran a pre-call for projects to increase awareness in JESSICA and identify early interest from project promoters. A summary of these project submissions will be provided to shortlisted applicants in stage 2. It should be emphasised that neither the Managing Authority nor EIB will assume any responsibility for the accuracy or suitability of this information for incorporation in UDF business plans. The information to be provided in stage 2 will be based solely on submissions received in response to the pre-call. It will be entirely at applicants’ discretion whether to use this information; there will be no requirement for applicants to consider any of these projects when developing their project pipelines, and Offers will not receive particular additional credit for incorporating any of these pre-call submission projects.

c) Geographic focus

Investments from the UDF should be in Urban Projects located in one or more of the thirteen local authority areas identified as being eligible for support under Priority 3 of the LUPS OP. Please see Appendix B for the names and locations of these areas.

d) Timing of investment

Investment into Urban Projects must be fully invested and expended as Eligible Expenditure by 31 December 2015. EIB may seek to contractually agree appropriately phased investment timetables based on the Preferred Bidder’s business plan.

e) Eligible expenditure

Urban Projects must contain sufficient Eligible Expenditure. For clarity, the Scottish JESSICA Holding Fund’s investment into 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.

f) Project scale

The Scottish JESSICA Holding Fund does not intend to place restrictions on the scale of Urban Projects that the UDF may invest in. However applicants should be mindful of the Scottish JESSICA Holding Fund’s requirement to ensure there is sufficient diversification amongst Urban Projects and that the UDF itself addresses the principle of additionality. Applicants should also be aware of the EU Structural Funds Regulations regarding Major Projects. Additional reporting obligations to the Managing Authority and pre-approval from the Commission may be required where total Urban Project costs exceed €50m equivalent. This threshold may also trigger additional reporting obligations for the UDF irrespective of what proportion of these costs the UDF commits funding to support.

The UDF is expected to put in place investment restrictions to ensure that, as far as possible, the Scottish JESSICA Holding Fund’s investment into the UDF and the underlying Urban Project risks it is exposed to are mitigated through project portfolio diversification (e.g. maximum amount committed to any one Urban Project / contracting party). This may also improve the additionality of the UDF where additional leverage at either the UDF or Urban Project level can be achieved.

g) Output Targets

The UDF should aim to identify and invest in Urban Projects that will contribute to one or more of the following Output Target indicators:

Indicator	Description	Target
Number of transportation hub projects supported	Self-explanatory.	5
Area of business space created or modified under the "BREEAM" classification (m2)	The development will need to gain an ‘Excellent’ rating in the pre-construction ‘Design and Procurement’ assessment and also in the post-construction review. The number of square metres should be assessed on the practical completion of the works. There are 2 BREEAM assessments for new builds; the ‘Design and Procurement’ assessment which is pre-construction and the post-construction review. The ERDF programme will require projects to have both assessments.	2,250
Full-time equivalent jobs created during construction phase (including evidence of non-discrimination)	A new, permanent, paid, Full-Time Equivalent (FTE) post created as a direct consequence of the project intervention. This includes jobs created during the construction period. Each ‘post created’ should be counted only once, and when the position has been filled for the first time. FTE refers to paid work of 30 hours or more per week, with a duration expected of at least 1 year from the point at which it is created. Part time jobs should be converted to FTE. If part-time freelance jobs are created, they must meet the same FTE requirements.	1,350

The UDF will also be required to monitor Output Targets against the following indicators. Applicants should note however, that these indicators are not intended to be used as the primary driver in selecting Urban Projects:

Indicator
Number of job brokerage initiatives supported

	<table border="1" data-bbox="411 159 1428 448"> <tr> <td>Number of ICT and e-learning facilities supported</td> </tr> <tr> <td>Number of childcare and other community facilities supported</td> </tr> <tr> <td>Increase in number of individuals gaining employment through supported job brokerage schemes</td> </tr> <tr> <td>Increase in number of individuals gaining employment through supported e-learning/ICT facilities</td> </tr> <tr> <td>Number of renewable energy and resource/energy efficiency projects supported</td> </tr> <tr> <td>Number of enterprises supported</td> </tr> <tr> <td>Number of social enterprises supported</td> </tr> </table> <p>The UDF will be required to capture and report data such that these indicators can be measured reliably.</p> <p>Recognising that achieving some of these Output Targets will be dependent on the level of Complementary Financing secured at the UDF level and the type of Urban Projects into which the UDF will invest the table above sets out the aspirational Output Targets for the Regeneration UDF. It will be for applicants to propose more appropriate targets for each indicator based on the investment strategy proposed in their Offer (in the form of a Business Plan).</p> <p>Applicants will also be expected to comply with the Managing Authority's reporting requirements in relation to horizontal themes. Further details on these can be found on the ESEP website - http://www.esep.co.uk/03-info-horizontal-themes.html</p> <p>Applicants are reminded that they are required to comply with all relevant ERDF reporting requirements. Those presented in this Call for EoI cannot be regarded as an exhaustive list and the Managing Authority may, from time to time, require additional information to be provided / reported by the UDF.</p> <p>h) Financial returns</p> <p>Investments made into and by the UDF to Urban Projects must comply with EC state aid requirements including the reference rate framework where appropriate (see http://ec.europa.eu/competition/state_aid/legislation/reference.html for further details). With respect to state aid, applicants are encouraged to take appropriate professional advice in this regard.</p> <p>It is recognised that financial returns may differ depending on the type of Urban Project. The criteria utilised to both set and monitor the financial performance of the UDF investment may include, inter alia: internal rate of return, net present value, pay-back period, cash flow profile, availability and form of collateral (if required), other financial indicators typically used in credit analysis, etc.</p> <p>No specific requirements will be imposed on Urban Projects with respect to financial criteria other than those described in the Regulations and by state aid rules. Applicants will be expected to provide indicative terms under which the UDF may invest in Urban Projects, in particular for the proposed "quick win" projects.</p>	Number of ICT and e-learning facilities supported	Number of childcare and other community facilities supported	Increase in number of individuals gaining employment through supported job brokerage schemes	Increase in number of individuals gaining employment through supported e-learning/ICT facilities	Number of renewable energy and resource/energy efficiency projects supported	Number of enterprises supported	Number of social enterprises supported
Number of ICT and e-learning facilities supported								
Number of childcare and other community facilities supported								
Increase in number of individuals gaining employment through supported job brokerage schemes								
Increase in number of individuals gaining employment through supported e-learning/ICT facilities								
Number of renewable energy and resource/energy efficiency projects supported								
Number of enterprises supported								
Number of social enterprises supported								
<p>4. Term of the UDF and exit provisions.</p>	<p>a) Applicants are required to present their proposals for the term of the UDF (including the operational period post-December 2015).</p> <p>b) Applicants will be expected to outline the exit strategies they may adopt in recovering the UDFs investment in Urban Projects. Strategies that demonstrate an ability to realise investment returns relatively quickly, thereby allowing for quicker recycling of the Scottish JESSICA Holding Fund investment, are encouraged.</p>							
<p>5. UDF Fund Management costs/fees</p>	<p>The Scottish JESSICA Holding Fund may compensate the UDF manager for its activities in the form of a management fee. Management fees will be paid by the Scottish JESSICA Holding Fund to the UDF on a basis to be agreed in the Operational Agreement.</p> <p>In the event of non-performance by the UDF, for example, failure to invest in projects in line with the Business Plan and after a period to be defined in the Operational</p>							

	<p>Agreement, the EIB may require the right to either reduce the Scottish JESSICA Holding Fund's commitment amount, a portion of the UDF management fee, and/or terminate the Operational Agreement as appropriate.</p> <p>As part of the UDF selection process the EIB will evaluate Offers for how such costs will be structured in the Business Plans and applicants should present the level of the management fees required together with a narrative clearly explaining:</p> <ul style="list-style-type: none"> ▪ how the fund management fee (and any individual component parts of it such as set up costs, project appraisal, ERDF monitoring/reporting and investment administration) would be calculated and charged to the Scottish JESSICA Holding Fund, other investors and for the Urban Projects where appropriate; ▪ (where applicable) the inter-relationship between the component parts of the fee structure; ▪ how the fee structure incentivises the UDF to make sound investments in Urban Projects in a timely manner; ▪ how the applicant will ensure that the management fee does not adversely impact the ability of the UDF to raise Complementary Financing (and indeed how it will encourage this); ▪ how the fee structure demonstrates value for money and incentives the UDF to recover the Scottish JESSICA Holding Fund's initial investment. <p>Applicants' proposals must comply with the following requirements:</p> <ul style="list-style-type: none"> ▪ The management fee shall include all fees and expenses incurred by the UDF in relation to administration services and other auxiliary activities. ▪ The management fee proposed by the UDF shall be clearly indicated/detailed in the Offer submitted by each applicant for the entire period of the Scottish JESSICA Holding Fund's investment, including proposals for how management fees are to be dealt with post 2015. <p>EU Structural Fund Regulations indicate that management fees are not expected to exceed, on an annual average up to 31 December 2015, 3% p.a. of the capital contributed by the Scottish JESSICA Holding Fund to the UDF. The EIB is expecting management fees to be well below this, as defined by the outcome of this competitive process and, especially for the period post initial identification and investment in Urban Projects.</p>
--	---

<p>6. UDF Governance</p>	<p>a) Reporting/monitoring obligations</p> <p>The UDF will be required to set out the decision making, monitoring/reporting and control/risk management processes of the UDF including the role and responsibilities of the UDF manager, any supervisory bodies of the UDF and, where appropriate, EIB/co-investor involvement in the governance arrangements. It is expected that, in order to avoid control, accounting consolidation and legal liability for the Scottish JESSICA Holding Fund, any EIB and/or Scottish Government involvement in the governance arrangements of the UDF, in line with market practice, will be appropriately limited.</p> <p>The origination, due diligence, credit rating, loss given default calculations, documentation, taking of security, and ongoing monitoring of investments made in Urban Projects will remain the responsibility of the UDF which will be required to act with an appropriate level of independence and due care and skill in taking investment decisions. As a result, the UDF manager will be required to demonstrate an appropriate level of governance, investment processes and procedures (including risk management procedures) to EIB's satisfaction. The EIB may conduct due diligence procedures on the UDF's proposals and procedures prior to conclusion of an Operational Agreement. It is also for this reason that UDF applicants are required to be FSA regulated.</p> <p>Applicants should be mindful of:</p> <ul style="list-style-type: none"> ▪ Reporting and monitoring requirements of the EU Structural Funds Regulations and, in particular, performance against Output Targets; and
---------------------------------	---

	<ul style="list-style-type: none"> ▪ Responsibilities for any additional reporting (including Major Project reporting) requirements the UDF may need to undertake under the EU Structural Funds Regulations. <p>b) Accounting/Audit The UDF will be required to prepare audited accounts for the UDF in respect of each annual accounting period in accordance with International Financial Reporting Standards.</p>
--	--

III. PROCUREMENT PROCESS FOR THE REGENERATION UDF

a. Phase 1 – Call for EoI

Stages of the procurement process

- **Stage 1:** EoI which are not excluded in accordance with the Exclusion Criteria as presented in Annex 1 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.

Submission requirements for Stage 1

The Stage 1 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.

Exclusion criteria for Stage 1

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

- (c) 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;
- (d) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*;
- (e) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- (f) they have not fulfilled 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;
- (g) 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 Communities' financial interests;
- (h) they are guilty of misrepresentation in supplying the information required by the contracting authority as a condition for participation in this Call for EoI or fail to provide 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, a recent extract from the judicial record or, failing that, an equivalent document recently issued by a 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 may provide a solemn declaration 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 no such certificate is 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 applications. 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 tender is successful. If such documents are not available in the country of origin or provenance the applicant may provide a solemn declaration declaring that such documents are not available and that the exclusion criterion (d) does not apply to it.

In relation to items (c), and (f) above, a solemn declaration stating that the applicant is not guilty of professional misconduct, and is supplying all the information required under this Call for EoI 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 submission of applications.

Selection Criteria for Stage 1

Applications not excluded in accordance with the Exclusion Criteria, will be assessed on the basis of the following Selection Criteria.

- The EoI is prepared in accordance with Annex 1 and all supporting documents are provided; and,
- Declarations indicated in Annex 2 are completed and are acceptable to the EIB.

Submission requirements for Stage 2

Applicants that meet the Selection Criteria for Stage 1 will be invited to submit their Stage 2 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, as 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. While it is anticipated that key aspects of the Business Plan will be binding on the applicant whose Offer is evaluated as the most favourable (e.g. Complementary Financing commitment, organisational structure/management team, internal controls/due diligence processes, fees), it is envisaged that elements of the Business Plan will be developed by the Preferred Bidder in conjunction with the EIB during the Operational Agreement negotiation period.

b. Phase 2 – Conclusion of Operational Agreements

The applicant whose Offer (in the form of a Business Plan) for the UDF is evaluated as the most favourable shall be invited to negotiations with the EIB concerning the terms and conditions of an Operational Agreement. The Operational Agreement will contain the contractual terms and conditions governing the obligations of each party, including the agreed upon investment strategy of the UDF. Selected terms for the Operational Agreement may be provided to applicants at Stage 2 of this Call for EoI for agreement by applicants. During the period before the Operational Agreement is concluded the

EIB will have the right, at its discretion, to undertake due diligence on the Preferred Bidder. This due diligence may include review of governance and operational procedures, interviews with key staff and collection of additional information on past experience and investment performance.

Based on the results of the due diligence and/or negotiations, the EIB shall make proposals to the Investment Board on the execution of the Operational Agreement. Such proposal shall include the key terms and conditions of the Operational Agreement that has been negotiated.

c. Phase 3 – Operational Period

It is accepted that the UDF's investment strategy/policy may evolve throughout the investment period of the UDF. It will be important that the UDF continues to deliver investment in Urban Projects within the parameters of its investment strategy and policy. For this reason the EIB may require rights to agree to any proposed changes to the UDF's investment strategy to ensure it continues to align with the Scottish JESSICA Holding Fund's investment strategy.

Following signature of the Operational Agreement, it is not expected that the UDF will be required to seek project-by-project approval from the EIB to make investments in Urban Projects. Self-certification and eligibility checks with the Managing Authority may however be required.

There will be a general presumption by the EIB that all required due diligence, including credit risk appraisal, will have been conducted by the UDF and an appropriate credit assessment prior to submission to the EIB for drawdown of funds, on the basis of the procedures established by the UDF manager.

APPENDIX A- Award Criteria

The Business Plans for use of resources received from the Scottish JESSICA Holding Fund shall be completed and assessed on the basis set out below.

Criterion	Description and assessment rules	Weighting for criterion
1.GOVERNANCE AND LEGAL STRUCTURE	<p>The applicant shall describe the structure of the proposed UDF and the legal structure, governance, management and control procedures which will apply. This should include explanation of:</p> <p>Legal structure:</p> <ol style="list-style-type: none"> 1. Where a separate legal entity is envisaged, the legal structure and constitution of the UDF and, where appropriate, the fund management vehicle including where these will be/are domiciled 2. Evidence of the robustness of the ownership structure of the UDF to ensure its capability to continue to manage the requirements of the UDF throughout the term of the operation of the UDF. 3. The entity/individuals that will ensure that the UDF manager is FSA regulated and the provisions that will be put in place to ensure it retains its FSA regulated status throughout the term of the UDF. <p>UDF manager:</p> <p>The applicant shall set out the dedicated management team which shall be established and available in order to deliver the UDF's objectives. Applicants should provide:</p> <ol style="list-style-type: none"> 1. 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 / structuring, negotiation, monitoring, back office, relationship management with the Managing Authority and the EIB); 2. 1 page Curriculum Vitae for key employees of the applicant (including sub-contractors and/or advisors where applicable) which outlines their relevant experience and competence in undertaking and managing investments specifically in the regeneration sector. This should include, amongst other things, deal sourcing, negotiation, monitoring and back office skills; 3. Track record of the applicant in managing other regeneration investment funds, including size of fund, investment period, number of investments made and returns achieved. 4. 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 the EIB in the event that the key individuals are unable to dedicate a significant proportion of their time to the activities of the UDF. <p>Management, governance and reporting procedures:</p> <ol style="list-style-type: none"> 1. A description of the decision making, monitoring/reporting and control/risk management processes of the UDF manager and 	20%

Criterion	Description and assessment rules	Weighting for criterion
	<p>where appropriate, proposals regarding the Scottish JESSICA Holding Fund involvement in the governance arrangements. Applicants should be mindful of the Scottish JESSICA Holding Fund's requirement not to exercise a controlling interest in or be legally liable for the activities of the UDF when considering any possible role it may have in this regard.</p> <ol style="list-style-type: none"> 2. The processes that will be implemented to manage any possible conflicts of interest between the UDF and any other similar investments managed by the applicant. 3. The reporting obligations of the UDF, covering both timing and content/format, to ensure that appropriate information is provided to the Scottish JESSICA Holding Fund throughout the investment period (to 31 December 2015) and beyond. <p>Winding up provisions:</p> <p>The winding up, termination and/or other provisions which will apply upon the ceasing of operations by the UDF. The applicant should also highlight the circumstances under which either the UDF manager and/or the Scottish JESSICA Holding Fund can terminate any contracts with the UDF.</p> <p>Assessment rule: Offers will receive higher scoring to the extent that they demonstrate:</p> <ol style="list-style-type: none"> 1. The professionalism, independence, reliability and credibility of the proposed structure, governance and risk management framework under which the UDF will operate; 2. The relevant experience, structure and dedication of proposed team members; and, 3. Robust winding up provisions. 	
2. INVESTMENT STRATEGY	<p>The applicant shall set out the UDF's investment strategy which will include, inter alia:</p> <p>Sourcing of Urban Projects: The proposed approach of the applicant to sourcing eligible Urban Projects for the UDF. This should include description of the following:</p> <ol style="list-style-type: none"> 1. The strategic focus of the UDF for the delivery of Urban Projects in terms of the: the anticipated recipients of support (e.g. public and/or private sector organisations); target areas of Scotland (within the Eligible Areas); expected type of regeneration projects the applicant envisages investing in. 2. The approach to managing engagement with public sector stakeholders, including the Scottish Government, and project delivery bodies such as Urban Regeneration Companies and local authorities as regards identification and financing of Urban Projects; 3. The investment process the applicant will put in place to ensure that the resources of the UDF are channelled into Urban Projects with sufficient Eligible Expenditure, which provide the most promising investment opportunities, delivery against the Output Targets and minimise the potential for deal abort costs. Applicants should explain: 	20%

Criterion	Description and assessment rules	Weighting for criterion
	<ul style="list-style-type: none"> a. The key stages/parameters that will be used to assess Urban Projects; b. The individual roles the UDF management team will play (applicants may cross-refer to their response to 1 above); c. The role of any external advisory support. <p>4. The project pipeline including an assessment of how these projects currently deliver against the investment process / parameters / Output Targets outlined in 3 above, as far as reasonably practicable. Applicants are encouraged to demonstrate 'quick wins' that are at an advanced stage of development and ready for delivery using the UDF investment.</p> <p>5. The investment restrictions the applicant will put in place to ensure sufficient Urban Project diversification for the UDF. This should include any provisions limiting the amount of the UDF funds that can be invested into any single Urban Project, with any one counterparty, and/or how minimum investment thresholds into any individual Urban Project, with any one counterparty will be managed etc.</p> <p>UDF Output Targets: Applicants are required to outline their proposals on the Output Targets achievable by the UDF for each Output Target indicator assuming an initial £33m of the Scottish JESSICA Holding Fund's investment is used to fund eligible Urban Projects. This should reflect the applicant's assumptions regarding the diversification of the Regeneration UDF and utilisation of any Complementary Financing.</p> <p>Assessment rule: Offers will receive higher scoring to the extent that they demonstrate:</p> <ul style="list-style-type: none"> 1. A robust and credible methodology for identifying and appraising regeneration projects; 2. Delivery of Output Targets; and, 3. A pipeline of "quick win" eligible projects (with as much supporting project detail as possible and evidence of why the UDF considers them to be quick wins) into which a proportion of the UDF's investment can be made soon after conclusion of an Operational Agreement, and a longer term pipeline which will allow the UDF's investments to be fully made by 31 December 2015. 	
3. TERMS AND CONDITIONS OF INVESTMENTS	<p>The applicant should outline how it proposes to make investments into eligible projects by setting out:</p> <p>Funding mechanism:</p> <p>The funding mechanism/s (or model) that will be utilised by the UDF to make investments. This should include responses to the following questions:</p> <ul style="list-style-type: none"> 1. What type of investments will the UDF make (eg senior debt, mezzanine, equity)? 2. What organisations will the UDF's investments, particularly for quick win projects, be provided to? For example, developers, 	25%

Criterion	Description and assessment rules	Weighting for criterion
	<p>public sector bodies, or other parties such as special purpose vehicles?</p> <ol style="list-style-type: none"> 3. What are the proposed contractual arrangements between the UDF and Urban Projects? 4. What evidence is there that the proposed funding mechanism is attractive to the market (i.e. how competitive is the investment product)? 5. How will state aid compliance be achieved in terms of pricing and other terms and conditions of loans? <p>Terms and conditions of investments: Each applicant shall present proposals in relation to the proposed terms and conditions of investments in the quick win projects described in criterion 2. These should take the form of term sheets or similar investment proposals. The nature of other investors' contributions to the projects should also be explained in detail.</p> <p>Key financial issues: The applicant should illustrate, with calculations and cash flow projections where appropriate:</p> <ol style="list-style-type: none"> 1. Timing and quantum of Management Fee components; 2. Expected timing, form and quantum of Urban Project cashflows for "quick win" projects, including: <ul style="list-style-type: none"> ▪ Drawdowns during construction period; and, ▪ Repayment profile during operational period. 3. Timing, form and quantum of Scottish JESSICA Holding Fund/Complementary Financing cashflows including drawdown and repayment profile. 4. The cashflow waterfall reflecting the ranking of payments by the UDF to its investors and the UDF manager. 5. Investor return (net and gross of management fees etc) both at Urban Project and UDF level. <p>Recycling of capital repayments: The applicant should explain its proposals for recycling initial investment, for example if this is proposed within the UDF, the period over which this would occur and when investment would be repaid to the Scotland JESSICA Holding Fund. In the event that the UDF proposes recycling of initial capital investment from the JESSICA Scotland Holding Fund, it is not expected that this will be permitted for an indeterminate period from the date of signing of the Operational Agreement. Details of the applicant's exit strategy should be provided and this may form part of the Operational Agreement negotiation process with the Preferred Bidder.</p> <p>Assessment rule: Offers will receive higher scoring to the extent that they demonstrate:</p> <ol style="list-style-type: none"> 1. Evidence that the proposed approach will be attractive to the target investment market, including public and/or private sector promoters of regeneration projects; 2. Well developed terms and conditions for the proposed JESSICA investments in quick win projects which have been discussed and agreed, at least in principle, with Urban Project sponsors; 3. Evidence of the state aid compliance of the proposed approach, including specifically how the UDF will gain assurance on 	

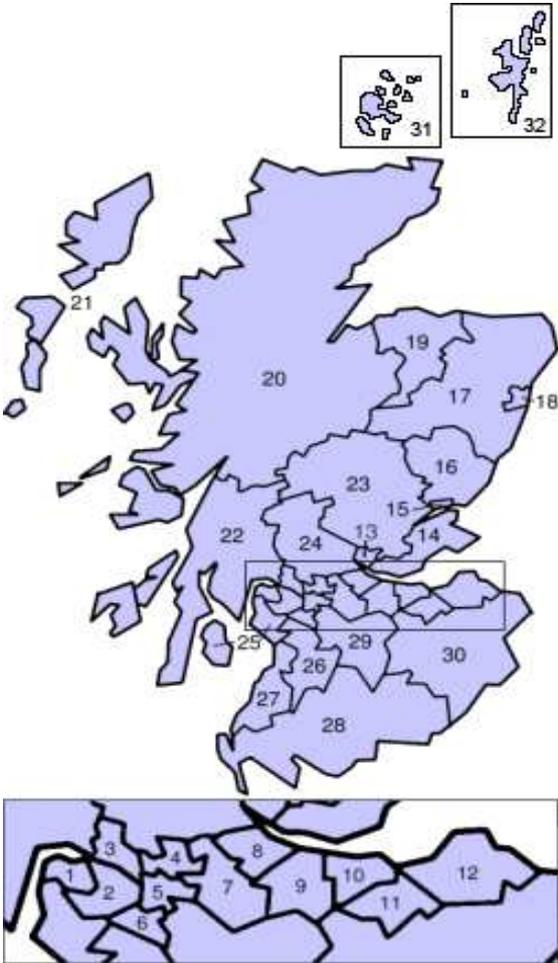
Criterion	Description and assessment rules	Weighting for criterion
	matters such as pricing / rates of return being in compliance with state aid rules.	
4. SOURCING OF COMPLEMENTARY FINANCING	<p>The applicant shall present the strategy for sourcing/providing Complementary Financing at the UDF and/or Urban Project level.</p> <p>In this section, the applicant should set out specifically:</p> <ol style="list-style-type: none"> 1. The sources, quantum and intended applications of Complementary Financing; 2. Evidence of the level to which Complementary Financing (including that potentially provided by the applicant itself) is committed to projects at this stage, and if it is not committed the process and timing of when this will happen; and, <p>Assessment rule: Offers will receive higher scoring to the extent that they demonstrate:</p> <ol style="list-style-type: none"> 1. Robust Complementary Financing proposals, including demonstrated support from public and/or private sector participants, preferably involving commitments to investment at UDF level at the outset. 2. If applicable, robust fund raising plans. 	20%
5. MANAGEMENT FEES	<p>The applicant should present the level of the management fees required, in line with the methodology presented in the Terms of Reference, broken down by component. Specifically, the applicant should present the level of the management fees required together with a narrative clearly explaining:</p> <ol style="list-style-type: none"> 1. how the fund management fee (and any individual component parts of it such as set up, project appraisal, ERDF monitoring/reporting and loan administration costs) would be calculated and charged to the Scottish JESSICA Holding Fund (with example calculations); 2. (if applicable) the inter-relationship between the component parts of the fee structure; 3. how the fee structure incentivises the fund manager to make sound investments in Urban Projects in a timely and efficient manner and maximises Output Targets; 4. how the applicant will ensure that the management fee does not adversely impact on the ability of the UDF to raise additional investment funding (and indeed how it will encourage this); and, 5. how the fee structure demonstrates value for money for the Scottish JESSICA Holding Fund. <p>Assessment rule: Lower management fees with significance performance-related elements will receive greater credit under this criterion than higher fees and/or fee proposals with no or minimal performance related elements. Performance has, inter alia, three key aspects; (1) delivery of Output Targets; (2) investment of the Scottish JESSICA Holding Fund resources by 31 December 2015; and (3) generation of financial returns on a timely basis.</p>	15%

APPENDIX B – Geographic focus of the Regeneration UDF

The Thirteen local authority areas eligible for support under Priority 3 of the LUPS OP are:

13 – Clackmannanshire	25 – North Ayrshire
15 – Dundee	7 – North Lanarkshire
26 – East Ayrshire	2 – Renfrewshire
10 – Edinburgh	29 – South Lanarkshire
14 – Fife	3 – West Dunbartonshire
5 – Glasgow	9 – West Lothian
1 – Inverclyde	

The numbers associated with each area refer to their position on the map below:



APPENDIX C – Definitions and abbreviations used for the purpose of this Call for Expressions of Interest

Abbreviation	Definition
“Annex”	means an annex to this Call for Expressions of Interest which shall form an integral part hereof;
“Appendix”	means an appendix to this Call for Expressions of Interest which shall form an integral part hereof;
“Auditor”	Means the auditor that may be appointed by the UDF manager from time to time (after consultation with the EIB);
“Award Criteria”	means the criteria used to select the Preferred Bidder;
“Business Plan”	means each business plan, relating to any UDF, prepared in accordance with the requirements of this Call for Eol;
“Call for Expressions of Interest” or “Call for Eol”	means this Call for Expression of Interest;
“Commission”	means the Commission of the European Communities;
“Complementary Financing”	means any funding/investment in addition to the Scottish JESSICA Holding Fund investment and which is made directly into the UDF or Urban Projects;
“EIB”	means the European Investment Bank;
“Eligible Area”	Means the geographic area, as defined in Appendix B of this Call for Eol, within which Urban Projects can be located, and which may be varied from time to time by the Managing Authority;
“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 the Implementing Regulation, which apply in accordance with article 13 of Reg. 1080 (subject to the list of ineligible expenditure in article 7 of Reg. 1080) and those contained in articles 56 and 78 of Reg. 1083;
“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 Regulations”	means Reg. 1080, Reg. 1081, Reg. 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

Abbreviation	Definition
	to exclude applicants;
“Funding Agreement”	means an Agreement establishing the Scottish JESSICA Holding Fund, signed by the EIB and Scottish Ministers on 29 June 2010;
“FSA”	means the Financial Services Authority;
“FSMA”	means Financial Services and Markets Act 2000;
“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, , as amended by Commission Regulation (EC) No 846/2009 of 1 September 2009 and Commission Regulation (EU) No 832/2010 of 17 September 2010;;
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)
“Investment Board”	means the board, established in accordance with the Funding Agreement, entrusted with responsibilities regarding the Scottish JESSICA Holding Fund in accordance with Article 5 of the Funding Agreement;
“Integrated Plans for Sustainable Urban Development”	means plans which take account of Article 8 of Regulation (EC) No 1080/2006 and the specific urban, administrative and legal context of Scotland.
“Scottish JESSICA Holding Fund”	means the JESSICA holding fund for Scotland, established pursuant to a 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”	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;
“Major Project”	means a series of works, activities or services intended in itself to accomplish an indivisible task of a precise economic or technical nature, which has clearly identified goals and whose total cost exceeds €50 million as set out in Article 39 of Reg. 1083;
“Managing Authority”	means the Scottish Government acting in its capacity as the national Managing Authority for European Structural Funds;
“Offer”	means the Business Plan to be submitted by applicants in Stage 2 of this Call for Expressions of Interest;
“Operational Agreement”	means an agreement providing for an investment by the Scottish

Abbreviation	Definition
	JESSICA Holding Fund into a UDF;
"LUPS OP"	means the Lowlands and Uplands ERDF Operational Programme 2007-2013;
"Output Targets"	means the targets relating to the LUPS OP set out in the Investment Strategy and Planning Document to be met by the UDF(s) in complying with the obligations placed on them, in respect of investments in Urban Projects.
"Preferred Bidder"	means an applicant whose Offer (in the form of a Business Plan) is selected under this Call for EoI and with whom the EIB will proceed to negotiate an Operational Agreement
"Priority"	means a category of policy priority under the LUPS OP;
"Reg. 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 by Regulation (EC) No 397/2009 of the European Parliament and of the Council of 6 May 2009 and Regulation (EC) No 437/2010 of the European Parliament and of the Council of 19 May 2010;;
"Reg. 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;
"Reg. 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, inter alia. by Council Regulation (EC) No 284/2009 of 7 April 2009 and Council Regulation (EC) No 539/2010 of 16 June 2010;
"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;
"Terms of Reference"	means terms of reference for the selection of the UDF;
"Urban Development Fund" or "UDF"	means a vehicle investing in one or more Urban Projects as defined in Article 44 Reg. 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 Reg. 1083.