



JESSICA Holding Fund Moravia-Silesia: call for expression of
interest

KB/VP-947

Questions and Answers

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Selection of UDF in Moravia-Silesia

Nr.	QUESTION RECEIVED	ANSWER EIB
1.	Is it possible to declare relevant experience in the Expression of Interest without citing the name of the client? We will of course certify the correctness of the given information and we will describe the project and the characteristics of the client. We can only add clients' data when and if clients allow us to use their contacts. So under this condition, our references will be subject of a possible future control.	It is possible, although clearly EIB's preference is for names to be included. However, if you are bound by confidentiality obligations from releasing client names these can be withheld provided that sufficient detail is provided to enable EIB to assess the relevant experience.
2.	Is it possible to include alternative solutions of the Business Plan depending on the future conditions unknown at this moment into the Stage 2 Offer? E. g. an applicant will submit more than one version of the offer based on the future development of respective national legislation and its interpretation, or market development.	The UDF candidate through its offer should commit to perform on the basis of the proposed Business Plan. Of course, this proposed Business Plan could potentially consider different scenarios.
3.	Is it possible not to include subcontractors into the Expression of Interest and add them later on within the Stage 2 Offer?	We would expect the applicant to indicate, at least, during stage 1 its intention to submit an offer with other entities and that the applicant would be the lead member of a consortium to be formed, in a manner acceptable to EIB, prior to the submission of the EoI.
4.	Is it on the other hand possible to propose subcontractors into the Expression of Interest and later on avoid cooperation with them in the Stage 2 Offer (i. e. they will not be included in the Business Plan)?	Applicants should not propose subcontractors with whom they do not foresee themselves working. In justified circumstances a subcontractor, which is mentioned in a stage 1 submission, may be removed at stage 2.
5.	Is it possible to submit an Expression of Interest and then decide not to take part in the Stage 2 Offer?	Yes, the applicant may decide not to proceed to stage 2.
6.	Since the crucial document in the transaction is Operational Agreement is it possible to publish template of such document.	Selected key terms of the Operational Agreement are set out in the Appendix B of the Terms of Reference (Annex 3) to the Call for EoI. The template of the Operational Agreement cannot be published together with the Call of EoI.
7.	What are the requirements for legal structure of ROP MS for UDF that	Please refer to Article 43(2) of the Commission Regulation (EC) No.

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	<p>are referred to at the page 20 art. 4a – Legal and ownership structure of the UDF.</p>	<p>1828/2006, which states that: “Financial engineering instruments, including holding funds, shall be independent legal entities governed by agreements between the co-financing partners or shareholders or as a separate block of finance within a financial institution. Where the financial engineering instrument is within a financial institution, it shall be set up as a separate block of finance, subject to specific implementation rules within the financial institution, stipulating, in particular, that separate accounts are kept which distinguish the new resources invested in the financial engineering instrument, including those contributed by the operational programme, from those initially available in the institution.”</p> <p>Additionally, Article 4a (p.20) of the Call for EoI “Legal and ownership structure of the UDF” states that potential UDFs may be established as inter alia: separate blocks of finance within financial institutions, joint stock companies, limited liability companies, investment funds.</p>
<p>8.</p>	<p>Could you please specify what it means separate block of finance within financial institution? What are the requirements for such block of finance? Since the Operational agreement is rather bearing characteristics of <i>deposit and management of funds agreement</i>, is it possible to consider as such block bank account(s) solely used for purpose of UDF? Is it possible to assume that the JESSICA sources are purely owned by JHF and managed by UDF?</p>	<p>Please see the answer to Q 7. The main requirement is that funds kept in this block of finance have to be kept separately from other funds within the institution. The beneficial owner of the JESSICA resources, namely the ones coming from Operational Programmes, is the Managing Authority and these funds are held and managed on its behalf by EIB, which in turn disburses these funds to the selected UDF in order for the latter to invest them in eligible projects before end of 2015.</p>
<p>9.</p>	<p>Is it possible to confirm the assumption that the management fee paid by JHF is the only income of fund manager and all interests paid by Projects are to be reused by the fund?</p>	<p>The calculation of the management fee is explained in detail in the Terms of Reference (Annex 3) to the Call for EoI, section X. The JHF will compensate the UDF(s) for their operations in the form of a management fee. The level of this management fee (see in particular paragraph 6 b), c) and d)), as well as any potential performance-based incentives, have to be proposed by the applicant.</p> <p>At this stage, it is not decided whether the repayment of capital and interest will be reused by the UDF manager.</p>

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10.	Who is going to set the price (interest rate) for JESSICA sources? Can we assume that this price will be set by EIB/RR Moravskoslezsko?	The conditions for the financial products are explained in detail in the Terms of Reference (Annex 3) to the Call for EoI, section IX. It is expected that, the interest rate for each UDF investment will be determined by the UDF on a case-by-case basis, depending on the specific characteristics and expected cashflows of the project within the parameters set in the Operational Agreement and in compliance with state aid rules. It is expected that the investment strategy of the UDF should aim for a balance between two main objectives: (i) catalyzing the realization of Urban Projects (which contribute to the achievement of the objectives of ROP MS) by providing tailor-made preferential financing where appropriate; and (ii) maximizing the value of the UDF's assets. However, the final decision rests with the UDF manager.
11.	In case of releasing funds for particular projects, can we assume that EIB/RR Moravskoslezsko will approve the eligible costs of projects financed by UDF?	As the projects are financed by the UDF, the UDF manager is responsible for assessment of eligibility.
12.	How will be evaluated contribution of projects to ROP MS quantitative outputs? Can you please specify concrete quantitative outputs of ROP MS to be applied to Projects? (Award criteria – project portfolio - Assessment rule).	<p>The applicant shall, at least, demonstrate for each Urban Project the area (in m2) of land and buildings to be revitalized.</p> <p>The quantitative outputs (indicators) included in the Priority axis 2 of the ROP Moravia-Silesia shall be applied. These include for instance: number of new jobs in tourism infrastructure, number of newly constructed or reconstructed beds in tourism development, the area of newly constructed buildings, etc.)</p>
13.	Assuming a situation where a consortium of a financial institution and developer would apply for a manager of the UDF. Would it be a conflict of interest if the developer would than be paid on the project level from the selected project?	In principle, such a structure may entail a conflict of interest (UDF manager would be at the same time beneficiary of UDF financing). As such, this will depend on the governance arrangements and robust conflict procedures applied. UDFs are expected to put forward the most suitable and mature projects.
14.	Is it a necessary condition for the project in order to qualify for the financial sources from the UDF to be included in IPRM – “Integrovaný plan pro udržitelný rozvoj měst” (Integral plan for sustainable urban	The support from the UDF will be granted only for Urban Projects included in relevant Integrated Plans for Sustainable Urban Development, as defined in the Appendix F of the ToR of the Call for EoI. This condition results from the

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	development)?	<p>Article 44 of Regulation (EC) 1083/2006.</p> <p>Integrated urban development plans already approved by the Regional Council MS meet the conditions defined in the Appendix F. However cities could also elaborate new plans which shall meet the conditions defined in the Appendix F.</p>
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