



European Union

European Regional Development Fund

**Call for Expressions of Interest:  
Ref. VP- 964  
Subject: JESSICA Holding Fund for Sicily  
Selection of Energy Efficiency and Renewable Energy Urban Development Fund**

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

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

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

**DO NOT OPEN:**

**Ref.: VP-964**

**Subject: Energy Efficiency Urban Development Fund**

**Deadline for reception of Expressions of Interest: 9<sup>th</sup> May 2011**

and delivered:

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

EUROPEAN INVESTMENT BANK  
For the attention of Ms. Véronique Paulon  
Ref.: VP-964  
Purchasing and Administrative Services Division  
98-100 boulevard Konrad Adenauer  
L-2950 LUXEMBOURG

by midnight on 9 May 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. Véronique Paulon  
Ref.: VP-964  
Purchasing and Administrative Services Division  
98-100 boulevard Konrad Adenauer  
L-2950 LUXEMBOURG

The EoI (representing the responses to Stage 1 as described in Annex 3) must be posted or handed in by 9 May 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 Offers (in the form of a Business Plan). It is anticipated that the main terms of the Operational Agreement will be provided during Stage 2.

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

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

Activity	Timing
Issue of Call for EoI	07-Apr-11
Deadline for Stage 1 requests for additional information	18-Apr-11
Deadline for submission of Stage 1 EoI	09-May-11
Notification to applicants of outcome of Stage 1 EoI assessment	25-May-11
Deadline for submission of Stage 2 Offers (in the form of a Business Plan)	30-Jun-11
Notification to applicants of outcome of Stage 2 Offers, following Investment Board approval	End of July 2011
Start of negotiations on Operational Agreements	End of August 2011

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

Submissions will not be accepted if they:

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

Applicants are directed to the important notices below. Unless expressly stated otherwise, the terms and expressions used in this document shall have the meanings set out in Appendix F. For clarity, any references to Annexes and Appendices in this Call for EoI are, unless explicitly stated otherwise, references to annexes and appendices in this Call for EoI.

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

1. The selection of the UDF will proceed in two stages:
  - I. **Stage 1** (applying the Exclusion and Selection Criteria): Eols will first be assessed against the Exclusion Criteria (as outlined in Section IV of Annex 3). Eols which are admitted in accordance with the Exclusion Criteria will be assessed on the basis of the Selection Criteria, which are also included in Section IV of Annex 3.
  - II. **Stage 2** (applying the Award Criteria): all applicants that meet the Selection Criteria will be invited to submit their Offers (including detailed Business Plans prepared in line with Annex 3). The Offers will be evaluated on the basis of the Award Criteria, as outlined in Appendix A.
2. Information on both Stages 1 and 2 is included in this document. However the first required submission relates solely to Stage 1, the application of Exclusion and Selection criteria to the Eols. Applicants wishing to commence work on the Offer required under Stage 2 prior to notification of selection will do so entirely at their own risk.
3. Offers must be firm and non-revisable, quoted in EURO and free of taxes and duties, the EIB being exempt therefrom under the Protocol on the Privileges and Immunities of the European Communities.
4. Each applicant must declare that it has taken note of the conditions of the Call for Eol and the Terms of Reference contained herein and has had the opportunity to gauge the scope and quality of the services required, as well as the possible difficulties.
5. The applicant cannot invoke any error, inaccuracy or omission in their submissions to call any contract into question or to attempt to have any contract amended.
6. The EIB reserves the right to reject any submission that fails to comply with the specifications of this Call for Eol.
7. The EIB reserves the right to reject any applicant:
  - I. guilty of material misrepresentation;
  - II. who contravenes any of the terms of this document; or
  - III. undergoing a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the applicant.
8. Submissions must be drawn up in writing in English (offers in other languages will not be accepted).
9. Applicants must respond to the specifications item by item.
10. The EIB reserves the right to award contracts to the applicants of its choice (subject to the approval of the Investment Board), in accordance with the criteria set out in the Terms of References or not to award a contract to any applicant or to extend the deadline for the submission of the Eol or Offers before the expiration date of the Call for Eol documents, at its own discretion. The EIB may cancel the procedure at any time excluding any claim of the applicants to any rights, including any rights arising under any pre-contractual liability. Applicants should only participate in the Call for Eol process on the understanding that they would not be entitled to any form of compensation, should the EIB decide to interrupt the procurement procedure before the contract is signed.
11. Participation in this Call for Eol involves acceptance of all the terms and conditions mentioned in the present Call for Eol.
12. The following documents shall form an integral part of this Call for Eol:

- Annex 1 -“Template for Expression of Interest”
  - Annex 2 -“Declaration to be made by the applicant”
  - Annex 3 -“Technical specifications” (Terms of Reference)
13. Any requests for additional information on Stage 1 should be addressed in writing 18 April 2011, at the latest to Ms Véronique Paulon, fax: +352-437962545, e-mail: [bei.asa@eib.org](mailto:bei.asa@eib.org). Please note that the EIB responses to any queries or clarification requests will be made available to all applicants through publication on the Call for EoI website before the deadline for submissions.
  14. EoI must be drawn up on paper in duplicate, i.e. one original and one copy, clearly marked as “Original” and “Copy”. An electronic copy in MSWord or PDF format on a single CD-ROM marked with the name of the entity shall also be submitted.
  15. Before the Operational Agreement is signed, the selected applicant must undertake to comply with all current laws and provisions and to obtain all relevant permits required to provide the services described.
  16. Applicants will be informed of the outcome of their submissions by communication sent out to the e-mail address that is indicated by the applicant in the EoI.
  17. Applicants that have submitted Offers may be invited to a presentation, if the EIB so decides. Applicants will not be permitted to modify the terms and conditions of their submission during their presentation or at any other time after the submission has been transmitted to the EIB. The EIB reserves the right to seek additional detail from an applicant to clarify any part of an applicant’s submission.
  18. Any dispute concerning procurement conducted by the EIB falls under the jurisdiction of the European Court of Justice.

## **DISCLAIMER**

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

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

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

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

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

## **CONFLICTS**

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

## **CANVASSING AND NON COLLUSION**

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

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

## **INTELLECTUAL PROPERTY**

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

## **PUBLICITY**

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

## **COMMUNICATIONS**

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

## **PRIVACY STATEMENT**

The personal data provided by the applicants will be processed in accordance with Regulation (EC) 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the EU institutions and bodies and on the free movement of such data. The information requested for the Call for EoI is necessary in order to assess the EoI, and if applicable the subsequent Offer and will be used solely for that purpose under the authority of the EIB Procurement and Purchasing division in accordance with the EIB guide for procurement, approved by the Management Committee of the EIB. Please note that for the EoI to be considered, it may be mandatory to answer some or all of the questions in the declaration to be made by the applicant. The mandatory/optional nature of these questions is outlined in the specific Call for EoI document.

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

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# ANNEX 1

TEMPLATE FOR EXPRESSION OF INTEREST

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(name of an applicant)

EXPRESSION OF INTEREST

---

(place of conclusion)

---

(date)

(Stamp of the applicant)

## 1. Information about the applicant

### 1.1. General information about the applicant<sup>1</sup>

EoI 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 <sup>2</sup> (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<sup>3</sup>

Name, surname	
Position	
Contacts: Address Telephone No Fax Email	

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

<sup>2</sup> Registration with the official companies registry, chamber of commerce, or other competent authority.

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

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

Name, surname	
Position	
Contacts:	
Address	
Telephone No	
Fax	
Email	

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

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

ENCLOSED:

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

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

a) ...

b) ...

c) ...

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

a) ...

b) ...

c) ...

\_\_\_\_\_

(position)

\_\_\_\_\_

name, surname)

\_\_\_\_\_

signature)

- having taken note of this Call for EoI;
- having taken note of the specifications and the documents referred to therein; and,
- having completed the requisite declaration (see Annex 2), hereby undertakes unconditionally, in accordance with the provisions of the aforementioned documents, to supply the services on the terms set out below in this Call for EoI, this submission being binding upon the organisation, however, only if its acceptance is notified by the EIB within 180 days of the date of opening of submissions.

Is authorised to do so on behalf of any subcontractors/consortium members listed in paragraph 1.1 of Annex 1 and in doing so commits those subcontractors/consortium members to supply the services on the terms set out below in this Call for EoI, for 180 days from the date of opening of submissions.

# ANNEX 2

DECLARATION TO BE MADE BY THE APPLICANT
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1. Name of the applicant.....
2. Type of business .....
3. Address (registered office) .....  
.....  
.....
4. Number and date of entry in trade register  
.....
5. Represented by (name and position):  
.....

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

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

If so:

(a) date of the receivership or the bankruptcy order or date of opening of the above mentioned proceedings: .....

(b) on what terms is the applicant authorised to carry on its activity? Specify in particular:

the name and address of the receiver(s):  
.....

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

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

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

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

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

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

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

Done at ..... (date) .....

STAMP

NAME(S)

SIGNATURE(S)

# ANNEX 3

## TERMS OF REFERENCE

### I. GENERAL INFORMATION

#### A. Background on JESSICA

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

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

JESSICA responds to the request by several Member States and the European Parliament to give special attention to the need for urban regeneration and urban investments, including projects in energy efficiency and renewable energy sources, and the initiative 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 cycle of Cohesion Policy programmes by:

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

#### B. European Regional Development Fund Operational Programme in Sicily

The European Regional Development Fund (ERDF) Operational Programme for Sicily 2007-2013<sup>4</sup> (the "OP Sicily") provides a framework for the investment of national and ERDF funds totalling circa €6.5bn. The strategic objective of the OP Sicily, which was approved by the Commission in September 2007, is "to raise the average growth rate of the regional economy through the strengthening of attractiveness and competitiveness factors within a framework of environmental sustainability and territorial and social cohesion".

The broad investment priorities (i.e. the "Priority Axes" in Commission terminology) are identified in the OP Sicily, along with the financial resources from the EU Structural Funds. There are seven Priority Axes in the OP Sicily each of which is further broken down into Activities<sup>5</sup> describing potential areas of investment.

In Sicily, the Presidenza della Regione Siciliana represented by the Managing Authority responsible for the OP Sicily<sup>6</sup> has decided to support the financing of Urban Projects through the JESSICA initiative.

Priority Axis VI of the OP Sicily is specifically dedicated to sustainable urban development, and there is an explicit statement regarding the possible use of the JESSICA initiative in implementing the urban policies. Priority Axis VI therefore represents the primary programming framework within which to

<sup>4</sup>[http://www.euroinfosicilia.it/Portals/0/Altri%20documenti/pofesr\\_20072013/POFESR\\_InvioCommissione.pdf](http://www.euroinfosicilia.it/Portals/0/Altri%20documenti/pofesr_20072013/POFESR_InvioCommissione.pdf)

<sup>5</sup>In the OP Sicily each Priority Axis is subdivided into Specific Objectives which in turn are divided into Operational Objectives and finally Activities which are designed to achieve the strategy chosen. A number of indicators of impact, output and result will allow the monitoring of the progress and effectiveness of the main targets.

<sup>6</sup> Presidenza della Regione Siciliana - Dipartimento della Programmazione

proceed with the implementation of JESSICA in Sicily. Through the mechanism of the PISU/PIST (see Section C), projects financed with resources from this Axis , as well as from other Priority Axes of the OP Sicily, can be instrumental in the implementation of Priority Axis VI in accordance with a multi-axis approach<sup>7</sup>.

### **C. Integrated plan for sustainable urban development**

Pursuant to Article 44 of Regulation 1083, Urban Projects that are financed by JESSICA must be a part of an Integrated Plan for Sustainable Urban Development". The EU Structural Funds Regulations do not include a definition of, or specific requirements for, an Integrated Plan for Sustainable Urban Development. Consequently, such plans or strategies are defined by the competent authorities in the Member States and/or Managing Authorities, taking account of Article 8 of Regulation 1083 and the specific urban, administrative and legal context of each region. In Sicily's case the following two plans have been defined by the Managing Authority in the context of Priority Axis VI, referred together as the "Integrated Plans":

- Piani Integrati di Sviluppo Territoriale - PIST (Integrated Territorial Development Plan(s));
- Piani Integrati di Sviluppo Urbano - PISU (Integrated Urban Development Plan(s)).

The Integrated Plans are developed by local government bodies gathered into Coalitions formalised by a protocol of agreement<sup>8</sup>.

Each Coalition is allowed to propose a single PIST, which shall include PISU, developed by provincial capitals and municipalities with populations over 30,000 inhabitants. Within a PIST the following projects can be presented:

- Projects to be funded under OP Sicily's Specific Objective 6.1, as part of a PISU;
- Projects to be funded under OP Sicily's Specific Objective 6.2 for cities with less than 30,000 inhabitants;
- Integrated projects involving Activities under other Priority Axes of the OP Sicily, which contribute to the implementation of Priority Axis VI;
- Projects for interventions based on other Programmes of the Regione Siciliana (PAR FAS, PO FSE, PSR Sicilia, PO FEP<sup>9</sup>, transnational Programmes Italy-Malta and Italy-Tunisia) to be decided jointly with the responsible departments who have signed inter-departmental agreements between Managing Authorities;
- Projects for urban development and PPP initiatives, to be funded with loans or equity from the UDFs activated on the basis of the JESSICA initiative.

In Sicily, the process in which Coalitions develop and present the Integrated Plans – which include the list of eligible projects - is structured into three successive phases. Each phase is characterised by a negotiation/assessment procedure carried out by the Managing Authority which includes an assessment of the Integrated Plans as a whole, a verification of their eligibility and an assessment of the individual projects. The final output is a list of projects in merit order from the PISU and PIST which are eligible for grant support and/or JESSICA financing.

With regard to JESSICA, the general presumption is that eligible projects are included in the Integrated Plans submitted by the Coalitions through the open and competitive process described above. However, it should be noted that for inclusion in JESSICA, the list of projects already identified may be modified even after the presentation of the Integrated Plans. New projects can be added notwithstanding specific operational requirements and procedures agreed upon with the Managing Authority who will judge project compliance with the OP Sicily on a case-by-case basis and shall

<sup>7</sup> See Section D (3) for more specific information on the OP Sicily.

<sup>8</sup> Following the Public Announcement for the regional implementation of Priority Axis VI "Sustainable Urban Development" of the ERDF Operational Programme 2007-2013, (published in the GURS n.51 dated 6 November 2009), 26 territorial coalitions were established by the beneficiary local government bodies, on the basis of specific agreement protocols, for the development of twenty-six PIST.

<sup>9</sup> These are respectively "Programma Attuativo Regionale Fondi Aree Sottoutilizzate" (PAR FAS), "Programma Operativo Fondo Sociale Europeo" (PO FSE), "Programma di Sviluppo Rurale" (PSR Sicilia), "Programma Operativo Fondo Europeo per la Pesca (PO FEP)"

confirm (jointly with the relevant department responsible for the Priority Axis to which the projects belong) that they can be included in the Integrated Plans.

In general, according to recent amendments to the EU Structural Funds Regulations<sup>10</sup>, projects related to energy efficiency and renewable energy in buildings do not necessarily have to be part of an Integrated Plan for Sustainable Urban Development. However where a UDF also supports, together with other projects, projects related to energy efficiency and use of renewable energy in buildings, such projects should be included in Integrated Plans for Sustainable Urban Development. In such cases, inclusion in the Integrated Plans as defined above is required.

#### **D. Energy Efficiency and Renewable Energy Potential in Sicily**

In March 2007 the EU's leaders committed EU to transforming itself into a highly energy-efficient, low carbon economy. The EU Heads of State and Government set a series of climate and energy targets to be met by 2020. These include:

- a reduction in EU greenhouse gas emissions of at least 20% below 1990 levels;
- 20% of EU energy consumption to come from renewable resources; and
- a 20% reduction in primary energy use compared with projected levels, to be achieved by improving energy efficiency.

Collectively these are known as the "20-20-20" targets and in January 2008 the Commission proposed binding legislation to implement them<sup>11</sup>. This 'climate and energy package' was agreed by the European Parliament and Council in December 2008 and became law in June 2009<sup>12</sup>.

Sicily's strategy concerning energy efficiency and renewable energy sources is designed to meet international and European commitments (such as those mentioned above) and national objectives. The documents presented below provide information on the energy plans for the Region and resulting energy related Urban Project possibilities. For the sake of clarity these are not Integrated Plans for Sustainable Urban Development (see Section C):

- *The Regional Energy Environmental Plan*<sup>13</sup> (PEARS): a strategy document containing strategic objectives in the energy field and resulting areas for intervention.
- *The Framework Agreement Programme on Energy (Energy APQ)*: an agreement between the Region and Italian Ministries which aims to contribute to the implementation of legislation liberalizing the domestic energy market and meeting emission reduction targets, especially through the promotion of renewable sources and energy efficiency.
- *The OP Sicily*: the 2007-2013 ERDF Operational Programme aims to raise and stabilize the average growth rate of Sicily through increasing the competitiveness of production activities within a framework of environmental and territorial sustainability and social cohesion. In particular, Priority Axis II has resources equal to 8% of the total amount of the OP Sicily and is dedicated to actions which favour energy efficiency and renewable energy.

##### 1. PEARS and the Action Plans

The strategies and objectives of the PEARS are aimed at promoting environmental sustainability and the following are of particular relevance to energy efficiency and renewable energy: reduce greenhouse gas emissions and the percentage of the population exposed to air pollution; increase the proportion of energy consumed from renewable sources; reduce energy consumption and increase energy efficiency.

Alongside the PEARS, Action Plans<sup>14</sup> were developed which identify a set of measures to safeguard the environment for future generations and to ensure the availability of energy sources and clean

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<sup>10</sup> REGULATION (EU) No 539/2010 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

<sup>11</sup> The energy efficiency target is not currently legally binding.

<sup>12</sup> [http://ec.europa.eu/clima/policies/brief/eu/package\\_en.htm](http://ec.europa.eu/clima/policies/brief/eu/package_en.htm)

<sup>13</sup> "Piano Energetico Ambientale Regione Siciliana" adopted with Decreto Presidente Regione 9 March 2009: [http://www.regione.sicilia.it/industria/use/p5\\_novità\\_PEARs.html](http://www.regione.sicilia.it/industria/use/p5_novità_PEARs.html)

technologies in order to foster and support the sustainable economic and social development of Sicily. The Action Plans were coordinated between the public authorities and local actors to start a process that aims to achieve the objectives of the Kyoto Protocol, in line with European Community policy and the decree of CIPE of 19 December 2002<sup>15</sup>.

The Action Plans propose a series of measures to reduce energy consumption through innovation, efficiency and deployment of technologies for the use of renewable energy i.e. "A key element of environmental energy planning, particularly in relation to the current national and Community guidelines is to adopt a firm policy to develop renewable energy sources". The Action Plans, also place particular emphasis on technologies that convert solar energy into heat energy for measures to be implemented by the public administration.

### PEARS Scenarios

In order to plan the energy supply in the Region, reliable forecasts up to 2012 were used for socio-economic and environmental growth scenarios. These scenarios were constructed taking into account the effects that the measures outlined in the Action Plans (see above) may have on the energy and environmental systems.

The PEARs scenarios were developed to integrate actions specifically linked to the environmental sustainability of Sicily by including measures to:

- Create infrastructures to achieve energy efficiency in the industrial sector;
- Complete gas (methane) distribution networks in the territorial area of Aree di Sviluppo Industriale (ASI) and Piani di Insediamento Produttivo (PIP);
- Support the development of the electricity grid;
- Favour the promotion and development of renewable sources;
- Promote the use of hydrogen vehicles and related infrastructure;
- Encourage savings of energy use in the industrial sector and increase the savings/efficiency in the civil sector;
- Sponsor the necessary transformation to improve energy-environmental efficiency in the transport sector.

All actions have as a common reference the sustainable development of the Region and their implementation should be directed to obtaining adequate economic and social returns as well as adhering to the principles of environmental sustainability and preservation of public health.

## 2. Energy APQ

The Energy APQ was signed on 29 December 2003 between the Italian Ministry of Economy and Finance, the Ministry of Environment and Protection of Natural Resources, the Ministry of Industry, and the Sicilian Region in order to contribute to the full implementation of regulation liberalising the domestic market and to meet the targets for the reduction of gas emissions from energy production especially through the use of renewable energy sources and energy efficiency. The five areas of intervention, in which the Energy APQ leads its actions, are as follows

- (i) Measures to promote auto-production<sup>16</sup> from renewable resources: the aim is to reduce dependence on energy produced from conventional sources by promoting solar thermal, photovoltaic, micro-hydro etc. *Beneficiaries*: public bodies (local authorities, ASI consortia, hospitals, etc).
- (ii) Integrated interventions for the expansion of the gas-methane network in the municipalities of the Region.

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<sup>14</sup> [http://www.regione.sicilia.it/industria/use/Documenti%20ufficiali%20energia/Regionali/Sicilia/altri/PEARS/Piani\\_d'azione\\_-\\_AD\\_2008.pdf](http://www.regione.sicilia.it/industria/use/Documenti%20ufficiali%20energia/Regionali/Sicilia/altri/PEARS/Piani_d'azione_-_AD_2008.pdf)

<sup>15</sup> Comitato Interministeriale per la Programmazione Economica (CIPE) resolution n. 123/02 (Gazzetta Ufficiale 22 March 2003, n. 68), revision of guidelines for national politics and measures on reduction of green house gases emissions. Among the considered measures appear the energy efficiency decrees and the diffusion of solar thermal energy

<sup>16</sup> The majority of the energy is consumed on-site. Auto-producer undertakings generate electricity and/or heat, wholly or partly for their own use as an activity which supports their primary activity

- (iii) Energy saving measures: reducing energy demand through the implementation of energy audits and increasing energy efficiency in end-use especially through the use of intelligent energy management systems in public buildings, insulation, air conditioning, natural gas cogeneration systems, and lighting systems. *Beneficiaries*: public bodies (local authorities, ASI consortia, hospitals, etc.)
- (iv) Promotion of sustainable mobility through the: a) renewal of public transport fleet with vehicles powered by natural gas and the construction of compressor and distribution stations; b) support for the use of electric vehicles in public transport. *Beneficiaries for a)*: local authorities of the Sicilian Region required to adopt an energy plan in accordance with the Italian Law 10/91; *Beneficiaries for b)* the smaller islands and local authorities in mature tourist areas.
- (v) Information and awareness campaign: promote the use of renewables and energy efficiency in the various production and civil sectors. *Beneficiaries*: public entities.

### 3. OP Sicily

Priority Axis VI "Sustainable urban development" is the Axis that forms the backbone of JESSICA involvement in the Region and is motivated from a background of medium to large size urban centres that have weaknesses in terms of essential services and relationships with surrounding regional areas. The interventions in this Axis are intended to enhance the attractiveness and innovative capacity of cities and smaller urban poles through sustainable development and social integration.

At both the strategic and operational level the OP Sicily promotes a multi-axis approach, to fulfill the overall sustainability objective of the programme, through the interaction of all Activities from the various axes hinged under the territorial focus of Priority Axis VI.

With regards to energy efficiency and the use of renewable sources, the OP Sicily has been formulated to complement the objectives of the PEARS, the regulatory framework, and the planning of the major environmental issues at European, national and regional level.

Priority Axis II of the OP Sicily is titled "Efficient use of natural resources" and in line with the PEARS the choice of eligible initiatives under the axis promotes the economic potential of natural energy resources in the regional areas, particularly those related to renewable energy production and energy efficiency. More specifically, Operational Objective 2.1 and Activities 2.1.1.2., 2.1.2.1 and 2.1.2.2. support the production of energy from renewable sources by local public bodies, promote increased energy efficiency and aim to reduce greenhouse gas emissions. The relevant categories of expenditures<sup>17</sup> (or Priority Themes in Commission's terminology) under these Activities are

- Renewable energy: wind (category number 39)
- Renewable energy: solar (category number 40)
- Renewable energy: biomass (category number 41)
- Renewable energy: hydroelectric, geothermal and other (category number 42)
- Energy efficiency, co-generation, energy management (category number 43)

In line with the central focus on urban areas, energy interventions supported by resources from Priority Axis II within the Integrated Plans shall contribute to the overall sustainability objectives of Priority Axis VI to achieve the strategic aim of reducing energy demand and improving the efficiency of energy production and distribution facilities.

#### Study on Energy in Sicily

To further investigate the potential of Urban Projects focusing on energy efficiency and renewable energy (EE/RE Urban Projects), the EIB has appointed expert consultants to perform the following studies. The studies are aimed at assessing the potential of the energy focused UDF by examining the available market conditions and the potential players that could be involved in the investment process.

- i. Review of the Sicilian market for a UDF focusing on energy efficiency & renewable energy projects

<sup>17</sup> See COUNCIL REGULATION (EC) No 1083/2006 (amended by Regulation (EC) 539/2010)

This study analyses the current market conditions, the expertise and the types of legal, technical and financial frameworks that are needed to ensure maximum success of investments in energy efficiency and/or renewable sources. In particular, the study aims to identify the most suitable project arrangements (e.g. municipality-driven or ESCO driven) to consider as well as the related financial products. The results of this study should outline the potential for an energy focused UDF to operate successfully in Sicily.

ii. **Market Analysis of Energy Service Companies (ESCOs) in Sicily**

The study investigates the situation in relation to Energy Performance Contracting (EPC) and ESCO potential in the Sicily Region and in particular in Sicilian cities. To this end, the study sketches out the current status of the Sicilian market, including the identification of regulatory amendments/directives, market players and any other changes or developments that have occurred during recent years. The study will provide a snapshot of the existence and relevance of typical barriers with an indication of what needs to be done in order to successfully overcome the obstacles and enhance the ESCO market.

These studies are ongoing and the results will be made available during Stage 2.

**E. JESSICA Holding Fund in Sicily**

Urban development represents a key objective that is common to the entire OP Sicily. Hence, the Presidenza della Regione Siciliana and the EIB signed a Funding Agreement establishing the JHFS on 19 November 2009 which entered into force on 23 November 2009.

The Presidenza della Regione Siciliana contributed an initial amount of €148,068,359 to the JHFS from its 2007-2013 allocation for the OP Sicily. 50% of this amount is co-financed by the ERDF.

The resources allocated to the JHFS are derived from four different Priority Axes, in accordance with the multi-Priority Axis approach:

- Priority Axis I - Networks and connections for mobility,
- Priority Axis II - Efficient Use of Natural Resources,
- Priority Axis III - Cultural identity and environmental resources for the development of tourism,
- Priority Axis VI - Sustainable Urban Development

As described in Section C and D, projects/actions financed with resources from different Priority Axes through the mechanism of the Integrated Plans can be instrumental for the implementation of Priority Axis VI and therefore will contribute directly to sustainable urban and regional development in Sicily.

Governance of the JHFS

The JHFS has been established as a separate block of finance within the EIB for the purpose of investing the contributed funds as repayable investments in PPPs, other Urban Projects or specific investment activities in energy efficiency and use of renewable energy in the Region. The functioning of the JHFS is supervised by its Investment Board, an independent body currently consisting of seven independent members appointed by the Managing Authority after consultation with the EIB.

The Investment Board is mainly responsible for approving or rejecting recommendations made to it by the EIB as the JHFS manager including, inter alia, the contract terms and conditions of the Operational Agreement with the UDF(s).

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

- Hold the assets of the JHFS and carry out temporary cash management of funds not yet invested in UDFs;
- Procure the UDFs through a transparent and competitive Call for EoI process. This will include reviewing the UDF structure put forward by UDF managers and the management thereof;

- Invest in UDFs on behalf of the JHFS 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. JESSICA UDFs in Sicily**

A first Call for EoI for a UDF focused on urban development and regeneration initiatives in the Region was launched in November 2010. The amount allocated for this Call is originated from JHFS' resources of Priority Axes I, III and VI. More details can be found on [www.eib.org/jessica](http://www.eib.org/jessica). It should be noted that having responded to the first Call for EoI does not preclude applicants from bidding for this or any other subsequent Calls for EoI.

## **G. UDF focusing on Energy Efficiency and Renewable Energy**

Energy efficiency and renewable energy measures can play a significant role in achieving sustainable urban development objectives<sup>18</sup>. It was therefore decided to launch a second Call for EoI for the selection of a UDF devoted to energy efficiency and renewable energy projects using resources solely from Priority Axis II.

In order to achieve the objectives of the OP Sicily as regards Priority Axis II a financial structure will be established whereby funds from the JHFS will be channelled into the UDF and then finally invested into specific EE/RE Urban Projects.

Loans, equity and equivalent financial instruments are the investment products that can be used by the JHFS. The UDF will only invest in EE/RE Urban Projects complying with the eligibility criteria indicated in Section H.

### **a. The role of the UDF**

In line with the JESSICA concept, UDFs should be active partners with regional and local authorities in stimulating individual area development while investing in EE/RE Urban Projects with a long-term perspective. Broadly the main tasks of the UDF will be to:

- Identify, invest in and lead the negotiation and structuring of financial investments in viable EE/RE Urban Projects which fit within the agreed Business Plan of the UDF, the Investment Strategy of the JHFS and the eligibility requirements and criteria applicable to the OP Sicily;
- Work in coordination with the Managing Authority to identify possible investment opportunities in EE/RE Urban Projects either within the project pipeline of the relevant Integrated Plans or new projects that fit within the agreed Investment Policy of the UDF;
- Monitor EE/RE Urban Projects to provide the necessary information in order to comply with the reporting obligations of the Commission in accordance with the EU Structural Funds Regulations;
- Source additional funding, to the extent possible, at UDF and/or project level. The aim of this is to enable the investment by the JHFS to be further leveraged for investment in EE/RE Urban Projects in Sicily and to ensure that sufficient Eligible Expenditure can be declared in those projects in accordance with EU Structural Fund Regulations; and
- Recommend and manage appropriate exit strategies from EE/RE Urban Project investments.

In practice, after receiving confirmation from the Managing Authority that an EE/RE Urban Project (or a portfolio of EE/RE Urban Projects) meets the eligibility criteria established in the EU Structural Funds Regulations and the specific eligibility criteria of the JHFS, the UDF must also ensure project viability from an economic, social and technical point of view.

Therefore, the UDF must analyze the associated risks, the financing structure and income foreseen for the parties involved in the EE/RE Urban Projects, in order to establish the conditions required for the participation of the UDF in the financing of these projects.

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<sup>18</sup> See also EC Regulations 539/2010 of 16 June 2010

b. Legal and ownership form

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

The UDF may be owned and/or managed either by private investors (e.g. Italian or international banks, real estate developers, fund managers, private companies, etc.) and/or public entities (e.g. local authorities, municipal companies, local agencies, etc.)

c. Focus of the UDF

The key investment activities anticipated of the UDF include:

- Direct lending (senior, junior or mezzanine) to the public sector (e.g. local authorities, municipalities,) for eligible EE/RE Urban Projects (as described in Section H) or to energy service providers/other private companies that have been procured by the public sector to deliver an energy service solution with such EE/RE Urban Projects;
- Equity investments in energy service providers/other private companies that have been procured by the public sector to deliver an energy service solution with EE/RE Urban Projects.

## H. The EE/RE Urban Projects

The UDF may only make investments or commit to investment in EE/RE Urban Projects targeting energy efficiency and renewable energy<sup>19</sup>.

In particular, EE/RE Urban Projects must:

- comply with the objectives of the OP Sicily or have already received a validation from the Managing Authority on their compliance;
- be aligned with the relevant EU Structural Funds Regulations;
- be included in the Integrated Plans<sup>20</sup>;
- be covered by one of the Priority Themes whose specifics are further detailed below in part (i);
- offer an acceptable return on investment in line with market standards following the contribution of JESSICA resources;
- comply with EU State aid Rules;
- have not already been completed (the UDF shall not re-finance acquisitions or participate in projects already completed);
- be dedicated to the following sectors:
  - *Buildings*
    - Public buildings, including publicly owned social housing;
  - *Public services infrastructures related to energy*
    - Street and traffic lighting;
    - Local infrastructure related to the Priority Themes (explained in part (i) below);
  - *Transport*
    - Public and private (with a public service final use) transport infrastructure and fleet.

## A Project Types

The types of EE/RE Urban Projects targeted by the UDF are defined by the Priority Themes and are detailed as follows:

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<sup>19</sup> The JESSICA Evaluation Study for Sicily focuses more on the traditional Urban Projects eligible for financing under JESSICA rather than those related to energy. However it does include an energy related case study. The Evaluation Study can be made available to all applicants admitted to Stage 2.

<sup>20</sup> For the avoidance of doubt, where funds or other incentive schemes invest exclusively in projects for energy efficiency and use of renewable energy in buildings, including in existing housing, it is not obligatory to include them in integrated plans for sustainable urban development.

(a) Renewable Energy (Priority Theme code number 39, 40, 41,42)

Priority will be given to renewable energy projects that are integrated in an overall energy efficiency operation. The eligible renewable energy projects are:

(i) Wind (Priority Theme code number 39)

Wind units are not normally located in urban environments. However, wind projects can be considered if they are in urban areas and part of an overall energy efficiency solution.

(ii) Solar (Priority Theme code number 40)

Solar projects can include both thermal and photovoltaic (PV) projects. For projects financed by the UDF this could include building integrated solar photovoltaic and solar thermal collectors while stand alone PV plants connected to the public electricity grid (transmission/distribution network) should in principle be excluded for UDF financing.

(iii) Biomass (Priority Theme code number 41)

Biomass units include thermal and electricity production in the eligible sectors, with preference for Combined Heat and Power (CHP). For example:

- Facilities for thermal energy production from biomass;
- Biomass for CHP, when the heat is used in a building or on a network to provide heat to buildings;
- Facilities for the treatment and storage of biomass for energy purposes (grinding, chipping, manufacturing pellets, preparation and storage areas including hangars etc.);
- Installation of pumps at service stations for the supply of biofuels.

(iv) Hydroelectric, geothermal and other (Priority Theme code number 42),

This theme focuses on hydroelectric and geothermal units.

(b) Energy Efficiency, Cogeneration and Energy Management (Priority Theme code number 43)

Priority Theme 43 covers all investments which have the main objective of reducing energy consumption and increasing the energy efficiency in the eligible sectors. Amongst others the projects can include, energy efficiency measures in buildings, district heating, CHP and upgrading/modernising of street and traffic lighting street lighting. Investments can also includes projects related to clean and energy-efficient public transport .where projects can improve the energy efficiency of the transport fleet and support the integration of renewable energy sources e.g. hybrid buses and changing to a cleaner fuel (e.g. ethanol); electrical or low-carbon propulsion systems; increasing public transport fleet; electric vehicle infrastructure etc. Eligible projects should apply pollution standards higher than the minimum standards, in particular concerning energy efficiency

### General Financial Eligibility Criteria for Energy Efficiency Projects

Investments should result in an increase in energy efficiency of at least 20% compared to the situation without the project. Investments made by the UDF that result in an increase in energy efficiency of less than 20%, should contribute to decreasing energy consumption and/or increasing the energy efficiency in the eligible sectors. The energy savings generated by these investments should justify at least 50% of the investment cost, in NPV<sup>21</sup> terms and using a discount rate of 5%.

Furthermore, the following projects are eligible despite not being subject to the financial eligibility criteria described above:

(i) Energy Savings/ Energy Efficiency in Buildings

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<sup>21</sup> Net Present Value (NPV) is the difference between the present value of the cash flows generated by a project and its capital cost. It is calculated as part of the process of assessing and appraising investments.

Projects support increased energy efficiency in buildings. Energy efficiency refers to products or systems using less energy to accomplish the same task, such as heating or lighting a building. The following are eligible:

- Investments for the renovation of existing buildings which aim to improve energy efficiency through measures such as improving the building envelope, upgrading or replacing inefficient heating/cooling systems with more energy efficient HVAC (Heating Ventilating, and Air Conditioning), and installing more energy efficient lighting systems.
- Investments in new buildings achieving an energy efficiency standard class A or B. Funds can finance the additional cost in relation to the minimum standards.

(ii) High-efficiency Co-generation of Heat and Power

High efficient Co-generation (Combined Heat and Power, CHP) are eligible provided that they meet the criteria for high-efficiency cogeneration according to the relevant EU Directive (2004/8/EC)<sup>22</sup>. CHP projects using renewable energy or the recovery of industrial products that are currently wasted are eligible.

(iii) Renovation or extension of existing district heating or cooling networks

Renovation and extension of district heating networks (and cooling networks) are eligible provided that the long-term heat supply costs, including all necessary reconstruction and renovation, are competitive with the supply costs from individual heat boilers.

## **B. Final Recipients/Promoters**

The following are eligible promoters/Final Recipients of Urban Projects under the JHFS:

- Local authorities;
- Mixed public-private companies;
- Private partners of contract-type PPPs.

The latter in particular includes ESCOs being procured by a public entity to perform actions in the field of energy efficiency or renewable energy. ESCOs are considered viable business models for financing and implementing energy efficiency projects and therefore they are expected to be one of the main promoters of EE/RE Urban Projects in buildings, especially public buildings. A brief outline of ESCOs and typical contractual arrangements is as follows:

### ESCO

According to Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on Energy End-use Efficiency and Energy Services (Energy Services Directive) an ESCO is a “*natural or legal person that delivers energy services and/or other energy efficiency improvement measures in a user’s facility or premises, and accepts some degree of financial risk in so doing. The payment for the services delivered is based (either wholly or in part) on the achievement of energy efficiency improvements and on the meeting of the other agreed performance criteria*”.

An ESCO enters into an Energy Performance Contracts (EPC) with a client to implement energy efficiency measures. The Energy Services Directive defines an EPC as a “*contractual arrangement between the beneficiary and the provider (normally an ESCO) of an energy efficiency improvement measure, where investments in that measure are paid for in relation to a contractually agreed level of energy efficiency*”.

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<sup>22</sup> DIRECTIVE 2004/8/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC

The two most commonly used types<sup>23</sup> of EPC between an energy services supplying party (e.g. ESCO) and an energy services receiving party (e.g. the municipality for public buildings) are:

a) *Shared savings contract*

- The ESCO guarantees the cost of energy saved;
- The ESCO takes on the credit risk, either from its own resources or from a third party lender;
- The cost savings are shared between the municipality and the ESCO for a pre-determined length of time in accordance with contract conditions (dependent on the cost of the project, the length of the contract and any risks involved etc).

b) *Guaranteed savings contract*

- The ESCO guarantees the level of energy saved;
- The municipality public client takes on the credit risk;
- The ESCO guarantees that the savings will be sufficient to cover the investment cost for the client, and if they are not the ESCO pays the difference between the realized savings and project payments

The main difference between these two types of contracts lies in which party takes on the credit risk. In the shared saving contract, the ESCO assumes the performance and credit risk; in the guaranteed savings contract, the client assumes the credit risk, while the ESCO assumes the risk for the savings (i.e the performance risk). Whichever arrangement is chosen depends on the market conditions and on the parties involved. However, in both types of EPC the energy cost savings are used to repay the investment made and the ESCO takes on the responsibility of delivering the results. The client (e.g. municipality) enjoys the benefits of the energy efficiency project, which should consist of reduced energy consumption in buildings and reduced energy bills.

## **(II) AMOUNT ALLOCATED FOR THE CALL FOR EOI**

In accordance with the Funding Agreement, the JHFS shall channel its resources into EE/RE Urban Projects through the UDF selected following the present Call for EoI.

The Investment Board has decided that a UDF focusing on energy efficiency and renewable energy will be allocated a total investment of approximately €52,700,000.

The amounts invested may be increased at a later stage by any returns on investment in the UDF, additional EU Structural Funds or any other funding that may be held by or become available to the JHFS<sup>24</sup>.

## **(III) PORTFOLIO ALLOCATION**

In order to ensure proper distribution of the JHFS resources across the Region and in line with the Priority Axis which originated the resources, a system of portfolio allocation needs to be implemented. This allocation should proceed according to the following table, which takes into account the Activities of

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<sup>23</sup> Another frequently used type of contract is the "Chauffage", where the ESCO is completely responsible for the supplying to the client of agreed energy services, like space heating, industrial steam, lighting, electricity, fuel, etc.

A Build-Own-Operate-Transfer (BOOT) ESCO contracting model may involve the designing, building, financing, owning and operating for a defined period of time and then transferring this ownership to the client.

One sub-type of BOOT is the "First out" approach where the ESCO is fully paid from the energy savings until the project costs including the ESCO profit are repaid. The duration of the contract depends on the level of savings achieved: the greater the savings, the shorter the contract.

<sup>24</sup> A new Call for EoI may be required to be launched in some circumstances

Priority Axis II contributing to the JHFS, the eligible beneficiaries as outlined in the OP Sicily and the relevant categories of expenditures (“Priority Theme codes”) as defined by EC Regulation 1083<sup>25</sup>.

Applicants are encouraged to present in their Business Plan a portfolio of EE/RE Urban Projects (“Portfolio of EE/RE Urban Projects”) that correspond to the indicative calculated percentages associated with each Activity as indicated in Figure 1<sup>26</sup>.

The Portfolio of EE/RE Urban Projects of a UDF will consist of a number of EE/RE Urban Projects that may differ in terms of their economic value added, technical description, duration, size, risk and returns. As such, there are no maximum or minimum limits for the number of EE/RE Urban Projects that can be financed by the UDF. However, if there is insufficient demand for investment in a particular Activity, the UDF may request the Investment Board (in writing) to reduce the percentage targets associated with one Activity whilst increasing that of another Activity, provided that the aggregated amount invested within Priority Axis II remains constant. Over time therefore, the Investment Policy of the UDF may evolve subject to agreement between the EIB and the selected UDF. It is not preferable though that the focus of the UDF will be limited to a single category of expenditure (represented by the Priority Theme codes or technology), such as photovoltaic, as the objective of the UDF is to invest into a sustainable mix of EE/RE Urban Projects.

Activities	Details	% of total funding	Beneficiaries
2.1.1.2	Actions to support the production of energy from renewable resources, by local entities and other public bodies and to benefit production areas (...) (Priority Theme code no. 39, 40, 41, 42)	26%	<ul style="list-style-type: none"> <li>▪ Local authorities, including:               <ul style="list-style-type: none"> <li>- Regional administrative bodies</li> <li>- Public hospitals and health-care companies;</li> <li>- Public authorities alone or in consortium with companies and institutions dependent on or supervised by the municipal provincial/regional administration;</li> <li>- Publicly owned research centres.</li> </ul> </li> <li>▪ Mixed public-private companies.</li> <li>▪ Private partners of contract-type PPPs, including:               <ul style="list-style-type: none"> <li>- Private ESCOs realising energy efficiency works for any of the above mentioned categories through Energy Performance Contracts (EPCs), e.g. through Guaranteed saving or Shared saving contracts</li> </ul> </li> </ul>
2.1.2.1	Actions to support energy efficiency improvements for end uses and greenhouse gas emissions reduction, especially in the sectors of industry, transportation and social-health care buildings, (...) (Priority Theme code no. 43)	38%	
2.1.2.2	Development and implementation of locally integrated programmes, including also demonstrative measures, to reduce greenhouse gas emissions by pursuing energy self-sufficiency, (...) (Priority Theme code no. 43)	36%	

**Figure 1– Priority Axis II Activities in JESSICA and percentage of funding allocated.**

For clarity, the JHFS can only invest in the Eligible Expenditure components of EE/RE Urban Projects via the UDF. Applicants should note that it is possible to invest in EE/RE Urban Projects where some components of the project are not Eligible Expenditure but where this occurs, separate accounting systems/coding must be used for the co-financed expenditure and detailed down to the EE/RE Urban Project level for reporting purposes. It is also highlighted that, in addition to JHFS resources, all EE/RE

<sup>25</sup> See COMMISSION REGULATION (EC) No 1883/2006 of 11 July 2006, Annex IV Categories of expenditure: Priority Theme Code 39 Renewable energy: wind; Code 40 Renewable energy: solar; Code 41 Renewable energy: biomass; Code 42 Renewable energy: hydroelectric, geothermal and other; Code 43 Energy efficiency, co-generation, energy management

<sup>26</sup> For the avoidance of doubt, although the OP Sicily refers to SMEs as potential eligible beneficiaries of the Activities indicated, the present Call for EoI excludes SMEs.

Urban Projects related to the Activities in the OP Sicily will be eligible for receiving grants directly by the Managing Authority following appropriate procedures and in line with the relevant regulations.

#### **(IV) PROCUREMENT PROCESS FOR THE UDF SELECTION**

The process by which the JHFS will engage with a UDF begins with this Call for EoI and consists of two phases which are described in detail in the following sections:

##### **PHASE 1 – Call for EoI**

This phase has two stages.

- **Stage 1:** EoI applications which are not excluded due to the Exclusion Criteria defined below will be assessed against the Selection Criteria (also defined below);
- **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 will be evaluated on the basis of the Award Criteria set out in Appendix A.

##### **A. Stage 1**

###### **1. Submission of EoI**

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

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

###### **2. Exclusion Criteria**

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

- a) they are bankrupt or are being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for under national laws or regulations;
- b) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*;
- c) they have been guilty of grave professional misconduct proven by any means which the EIB can justify;
- d) they have not fulfilled their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is performed;
- e) they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Community's financial interests;
- f) they are guilty of misrepresentation in supplying the information required by the contracting authority for participation in this Call for EoI or who have not provided such information.

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

- In relation to items (a), (b), and (e) above, relevant extract(s) from the judicial record or, failing that, equivalent documentation issued by a competent judicial or administrative authority in the country of origin or provenance showing that those requirements are satisfied. Depending on the national legislation of the country in which they are established, these documents must relate to legal persons and/or natural persons, including, any person with powers of representation, decision-making or control in relation to the applicant. If such documents are not available in the country of origin or provenance the applicant:
  - i. For any entity incorporated in Italy, such entity may provide a substitutive self-declaration further to Presidential Decree, 28 December 2000, 445;
  - ii. For any entity not incorporated in Italy, such entity may provide a sworn statement before a competent judicial authority; and
  - iii. For any entity incorporated in one of the Member States where such statement does not exist, such entity may swear a declaration before a competent administrative authority, a notary or a qualified professional body entitled to such declaration in the country of origin or provenance, declaring that such documents are not available and that Exclusion Criteria (a), (b) and (e) do not apply to it.
  
- In relation to item (d) above, the most recent certificates issued by the competent social security and tax authorities of the country where they are established. Where such certificate is not issued in that country, this can be replaced by a declaration on oath or solemn statement made before a competent judicial or administrative authority, a notary or a competent professional or trade body in that country. The declaration or statement provided must be dated less than 4 months before the final date for submission of submissions. Depending on the national legislation of the country in which they are established, these documents must relate to entities with legal personality and/or natural persons, in the latter case, they shall relate to the person(s) empowered to represent the applicant and sign the contract if the Offer is successful. If such documents are not available in the country of origin or provenance the applicant:
  - i. For any entity incorporated in Italy, such entity may provide a substitutive self-declaration further to Presidential Decree, 28 December 2000, 445;
  - ii. For any entity not incorporated in Italy, such entity may provide a sworn statement before a competent judicial authority; and
  - iii. For any entity incorporated in one of the Member States where such statement does not exist, such entity may swear a declaration before a competent administrative authority, a notary or a qualified professional body entitled to such declaration, in the country of origin or provenance, declaring that such documents are not available and that Exclusion Criteria (d) does not apply to it.
  
- In relation to items (c), and (f) above, a declaration made as indicated above, stating that the applicant is not guilty of professional misconduct, and is supplying all the information required under this Call for 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 submissions.

### 3. Selection Criteria

Submissions not excluded due to the Exclusion Criteria, will be assessed on the basis of the following Selection Criteria:

- a) The EoI is prepared in accordance with Annex 1, and all supporting documents are provided;
- b) Declarations indicated in Annex 2 are completed to the satisfaction of the EIB;
- c) Experience in the relevant targeted market: at least two years out of the last five (i.e. from 2006 to 2010), spent in the management of equivalent or similar projects to those foreseen in this Call for EoI;
- d) Minimum rating of **BBB/Baa2** provided by either Standard & Poor's Rating Services (a division of The McGraw-Hill Companies Inc.), Moody's Investors Service Inc. or Fitch Ratings Ltd.; or presentation by the applicant of a letter of support from a parent company financial institution (which meets the same minimum rating) confirming that it will support the performance of the UDF's obligations under the Operational Agreement and that the applicant has the financial capacity and suitability to be involved in the management of equivalent or similar projects to those foreseen in this Call for EoI;
- e) Should the applicant be a consortium, the leading party (which should hold more than 50% of participation and be a financial entity with proven experience in financial services<sup>27</sup>) or any of the parties undertaking joint and several liability with the other members of the consortium, shall provide the rating or the parent company's expression of support, as referred in the above paragraph d);
- f) Presence in the Region: the applicant has, or commits to open within 6 months from the signature of the Operational Agreement, a minimum of two structures operating in the Region (e.g. local offices, branch or representative office, etc.), of which at least one is located in Palermo and another one in a city with over 30,000 inhabitants or a provincial capital.

The experience requested from the applicant under point c) above includes that from different types of EE/RE Urban Projects executed and from different types of roles played by the applicant, including advisory services, financing of the project, execution, monitoring, audit and others. See Section I (H) for more details on the types of EE/RE Urban Projects.

The EIB will particularly look for:

- Relevant track record in appraising, making and managing financial investments (in particular loans) made directly to the public sector for EE/RE Urban Projects.
- Track record of financing energy efficiency projects "off" the public sector balance sheet (i.e. where the financing associated with energy efficiency assets does not count as public sector borrowing), e.g. direct lending to special purpose energy efficiency asset financing vehicles established by energy service providers/banks etc; asset financing organisations for energy efficiency in public buildings and/or social housing.

Relevant experience may be provided by the applicant, its shareholders or founders, members of the consortium or parties to a cooperation agreement. However, experience of other members of the consortium, the applicant's parent company or other companies in its group will only be relevant to the extent that these other entities are directly involved in the delivery of the services or to the extent that the applicant will be able to directly benefit from the quoted experience when performing the required services under the Call for EoI.

The EIB reserves the right to verify the correctness of the information received. The EIB may, on its own initiative, inform applicants of any error, inaccuracy, omission or any other error in their application.

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<sup>27</sup> According to Commission Regulation (EC) 213/2008 (OJ L74, 15.3.2008, p.1) ("the CPV Regulation") concerning the revision of the Common Procurement Vocabulary (CPV codes from 66100000-1 to 66190000-8)

If clarification is required or if obvious clerical errors in the application need to be corrected, the EIB may request the applicant to provide clarifications and/or additional information provided the terms of the application documents are not substantially modified as a result.

Contact names and details should be provided for example project investments where the EIB may seek a reference. The EIB reserves the right to verify the correctness of the information received.

Information provided should include: project name, project description, role in project, funding requirements, method and sources of funding, details of whom the funding was provided to and the terms of the investment and exit strategy. See the sample table provided below<sup>28</sup>.

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

**B. Stage 2**

**1. Submission of offers**

Applicants who are not excluded and meet the Selection Criteria for Stage 1 will be invited to submit Offers, in the form of a Business Plan, for the use of the JHFS resources and demonstrating economic viability of the Investment Policy. The Business Plans shall be completed using the format provided in Section V.

It is anticipated that during Stage 2, before submission of the Offers, the following information may be disclosed by the EIB to applicants who meet the Selection Criteria. The following list of documents is not intended to be exhaustive and may be subject to changes depending on the availability of information and/or documentation from third parties during Stage 2.

- The main terms and conditions of the Operational Agreement;
- Selected data/information on projects included in the Integrated Plans;
- JESSICA Evaluation Study for Sicily; and
- Studies on energy in Sicily described in Section I (D).

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

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

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<sup>28</sup> Explanatory note: Should the applicant's experience relevant to the JESSICA mechanism consist of a considerable number of items, relevant experience may be presented in an aggregated form (e.g. projects aggregated by types or by role of the applicant).

## **PHASE 2 – Negotiation and conclusion of the Operational Agreement**

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

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

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

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

## **(V) BUSINESS PLAN**

As described in Section IV, during Stage 2 of the procurement process the selected applicants are invited to submit their Offers in the form of a Business Plan. This Business Plan should contain the following information.

### **1. Legal and ownership structure of the UDF**

Applicants shall provide information on the proposed legal structure, which must be acceptable to the JHFS.

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

### **2. By-laws of the UDF**

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

### **3. Governance structure**

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

The applicant shall describe the management, administration and accounting procedures, which will be applied in carrying out the activities of the UDF. The applicant shall also present the governance provisions of the UDF, including the internal control and the risk management procedures that will be applied to the operations of the UDF. The governance provisions shall define the mechanisms to guarantee the compliance of EE/RE Urban Projects with eligibility criteria under the OP Sicily (as described in Section I (H)), applicable local and regional legislation and the EU Structural Funds Regulations<sup>29</sup> as well as the fulfilment of all obligations arising from ERDF co-financing according to regional, national and EU Rules.

The UDF will be responsible for obtaining all relevant authorisations and licences relevant thereto. Therefore, the applicant should pay particular attention to the procedures to be adopted to ensure the compliance of EE/RE Urban Projects with Eligibility Rules and technical/economic quality requirements.

Project appraisal could be carried out internally, within the UDF, or through a third party fulfilling the relevant ethical, professional and organisational requirements under this Call for EoI and should ensure that EE/RE Urban Projects are feasible from an economic, social and technical. It should also analyse the risks involved, the financial structure and the expected revenues for the different stakeholders of the EE/RE Urban Projects in order to set up the conditions for the participation of the UDF in the financing of these projects.

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

In setting up the governance structure of the UDF, the bodies having the decision-making power and those responsible for, inter alia, the approval of EE/RE Urban Projects should be outlined. The

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<sup>29</sup> According to the Commission Regulation (EC) No. 1828/2006 of 8 December 2006, amended by Commission Regulation (EC) No 846/2009 of 1 September 2009 and Commission Regulation (EC) No 832/2010 of 17 September 2010, setting out rules for the implementation of Council Regulation (EC) No 1083/2006 (amended by EC No 539/2010) laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 (amended by EC No 397/2009) of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L371 of 27.12.2006).

applicant shall indicate possible way(s) of coordination with the Managing Authority through consultation or propose other ways for the participation of the Managing Authority in the process of project implementation.

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

**4. Key Experts**

The applicant shall indicate a team of experts with experience in relevant fields, which shall be established and is available in order to complete the JESSICA action’s objectives.

	<b>NAME AND SURNAME</b>	<b>SCOPE OF DUTIES ENTRUSTED</b>	<b>YEARS OF EXPERIENCE</b>
1		Key Manager of the UDF	
2		Expert on Energy Efficiency and Renewable Energy	
3		Project Finance Expert	
4		Public sector finance expert	
5		Team Manager for monitoring and reporting	

The applicant shall provide the relevant experience of its key experts of the team in implementing the Investment Policy as described in point 5, including:

1. An explanation of its experience of and approach to working with its proposed team;
2. Any experience of working with ESCOs;
3. Their track record in EE/RE Urban Projects, in line with criteria indicated in Section I (H).

For each example include: a description of the project; when it was established; total funds managed and number and amount of investments made.

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

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

**5. Investment Policy**

Applicants shall describe their Investment Policy for the purpose of the Business Plan. The Investment Policy will be the starting point for the identification of a Portfolio of EE/RE Urban Projects, or at least the typology of EE/RE Urban Projects they foresee to finance, in accordance with Section I (H).

To the extent possible, applicants are asked to support their Investment Policy with details of concrete EE/RE Urban Projects already identified (“Pipeline of EE/RE Urban Projects”), as outlined in point 6. However, it is understood that an existing pipeline of EE/RE Urban Projects could be difficult to outline at this stage due to the incipient nature of the targeted sectors or the early project completion stages of projects under PISU/PIST. Hence, the presentation of the applicant’s Investment Policy may refer to future EE/RE Urban Projects which will be identified based on a clearly defined identification and evaluation methodology, as outlined in point 7, and it should be based on the best practices and benchmarks in the relevant field.

The Investment Policy will describe the following:

- a) Compliance with the objectives established in the OP Sicily;
- b) Compliance with existing energy policies and Sicily's regional plans;
- c) The strategic focus of the UDF in terms of:
  - The targeted market, geographical coverage, plan to capture a share of the identified market potential;
  - Categories of EE/RE Urban Projects in terms of eligibility criteria, types and targets as outlined in Section I (H));
  - Conditions of investment products offered by the applicant as outlined in point 8;
  - Portfolio diversification, which should comply with the portfolio allocation requirements, as described in Section III; and
  - Any other relevant criteria that the applicant would consider appropriate.
- d) The approach to managing engagement with public sector stakeholders and project delivery bodies such as local authorities, as regards identification and financing of EE/RE Urban Projects.

The implementation of the Investment Policy should be quantified through a sustainable financial model, as described in point 13.

## **6. Pipeline of EE/RE Urban Projects**

Applicants shall be responsible for the identification of types of EE/RE Urban Projects to be included in their Business Plan in accordance with indications provided in Section I (H). Applicants should demonstrate the feasibility, robustness and compliance with the proposed Investment Policy to be adopted.

The Managing Authority already has a list of projects in the existing Integrated Plans which are applying for grants. Some of these projects have been proposed to be funded through JESSICA financial instruments and the applicants will have access to information on these projects from the Managing Authority. Nevertheless, as most projects submitted by Coalitions still remain in the conceptual stage, the list of projects presented may contain only general information whilst no financial or economic analysis may have been carried out. Therefore feasibility studies or business plans, and a reasonable cost-benefit analysis may be impossible to perform at this stage.

Against this background, applicants should be advised that the description of the typology of EE/RE Urban Projects required is aimed at testing the applicants' approach to the selection, analysis and financing of EE/RE Urban Projects. In addition, applicants that are able to provide evidence of a pipeline of projects and specific details of "quick wins" projects will provide a greater degree of comfort to the EIB that they are in a position to invest in EE/RE Urban Projects within the relatively tight timescales envisaged for investment.

The description of the typology of EE/RE Urban Projects shall include at the very least the following parameters:

- a) General description of the project and the project's timetable;
- b) Justification for selection;
- c) Identification of risks (including technical, market, financial, etc.);
- d) Conformity with the EE/RE Urban Projects requirements as described in Section I (H) including the extent to which each EE/RE Urban Project shall contribute to quantitative outputs for the relevant Activities outlined in Section III.
- e) Preliminary assessment of the socio-economic performance including a description of the social and environmental benefits in line with the indicators included in the template provided in Appendix D;
- f) Preliminary structure of the financing, including an estimate of the expected contribution from JHFS resources.

It is recognised that some project details may be less well developed than others and that the project pipeline/financial plan will need to be subject to flexibility and further development/agreement going forward. Provisions for this will be made in the Operational Agreement to be signed with the UDF.

## **7. Methodology for the identification and evaluation of future EE/RE Urban Projects**

Any specific EE/RE Urban Project composing the applicant's pipeline in conformity with previous point 6 shall not be interpreted as an exhaustive or definitive list. It is expected that the selected applicant will continue to look for other EE/RE Urban Projects not identified at the time of presenting the Offer. To this end, the applicant should describe the methodology for the identification and evaluation of future EE/RE Urban Projects including and/or reconfiguring EE/RE Urban Projects to be incorporated into the existing Integrated Plans.

As already outlined in this document, the list of EE/RE Urban Projects may be modified and added to by the Coalitions after the presentation of the PISU/PIST according to a procedure to be provided by the Managing Authority. Likewise, EE/RE Urban Projects that comply with the basic requirements for inclusion in the Integrated Plans can also be presented by the UDF itself. In practice, this means that in both cases presented above, an EE/RE Urban Projects not initially included in the PISU/PIST could be submitted to the Managing Authority, which will judge, on a case-by-case basis, its compliance with Integrated Plan requirements according to the procedures for eligibility verification set out by the Managing Authority (detailed in Section I (C)).

The proposed methodology shall contain provisions to ensure that the selected EE/RE Urban Projects to be financed by the UDF will comply with all requirements indicated in Section I (H). Furthermore, adequate provisions are required to ensure that the selected EE/RE Urban Projects will comply with the expected socio-economic performance of such EE/RE Urban Projects, including a description of the social and environmental benefits and costs resulting from their execution, according to the financial plan of the UDF and the terms and conditions for the Investment products as described in point 13 hereof, that will be specified in the Operational Agreement between the selected UDF and the EIB, acting as JHFS manager.

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

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

The proposed methodology should describe how the UDF will appraise financial and economic characteristics of each EE/RE Urban Project. The assessment of EE/RE Urban Projects as regards their economic performance and impact should cover, to the extent possible, the following aspects: cost/benefit analysis (a qualitative analysis in all cases and, where possible, also a quantitative one); contribution to meet relevant output indicators of the OP Sicily; potential to attract additional funding from other public and private sources.

There are no specific requirements imposed on EE/RE Urban Projects with respect to financial criteria other than those described in these Terms of Reference, particularly in Section I (H)(iii). The criteria as well as the investment products selected (loans and/or equity as indicated in point 8 hereof) will differ according to the EE/RE Urban Projects and shall be established by a UDF on a case by case basis. These criteria may include: internal rate of return, net present value, pay-back period, cash flow profile, availability and form of collateral, other financial indicators typically used in credit analysis, etc. Nevertheless, it is acknowledged that for some EE/RE Urban Projects precise calculation of financial indicators may not be possible at the time of presenting the Offer. In such cases the Offer will still be acceptable.

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

## 8. Conditions for the Investment products of the UDF

The UDF will receive resources from the JHFS to invest in a revolving way in EE/RE Urban Projects. For these purposes, loans, equity and equivalent financial instruments are the investment products that can be used by the UDF. There are neither maximum or minimum limits for loans and/or equity investments in EE/RE Urban Projects nor limits in terms of the mixture of these products. However, it is recommended that additional co-financing from other sources should exist.

The UDF will analyse the best investment product or combination of investment products to be provided to each EE/RE Urban Project. It is expected that at the end of its investment period (i.e. before end of 2015) the range of investment products covered by the UDF will have been market driven.

The following outlines the limits for the number of projects and investment targets to be followed by the UDF:

- limits for the number of EE/RE Urban Projects: There are no maximum or minimum limits for the number of projects that can be financed by the UDF;
- limits for diversification of Priority Themes: The Priority Themes for EE/RE Urban Projects are those outlined in Section I (H). However, according to market demand a reclassification amongst them can take place before the end of the Investment Period (i.e. 31st December 2015) as specified in Section III.

It should be stressed that when defining the most appropriate combination of investment products to be provided to each EE/RE Urban Project, the UDF will have to comply with EU State Aid Rules<sup>30</sup>, including the reference rate framework<sup>31</sup> and EU guidelines on State aid for environmental protection<sup>32</sup> where appropriate. Applicants are expected to take their own legal advice in relation to State aid.

Conditions for the UDF financial products providing support to EE/RE Urban Projects shall be based on the following guidelines:

- a) Only EE/RE Urban Projects, in which the sum of all project cash flows from operating and investing activities is positive before discounting (for all projects this include initial expenditure; in the case of PPP-type or similar projects this includes all potential payments to be received from relevant public authorities/other project promoters e.g. availability payments, shadow tolls, etc.), and are consistent with the concept of the JESSICA instrument should be invested in.
- b) The market sector is not fully developed and hence the JESSICA instrument has been identified as suitable.
- c) The terms and conditions of financing from the UDF should be sufficiently competitive in relation to prevailing market conditions in the absence of JHFS resources but always compatible with EU competition rules, so that<sup>33</sup>:
  - i. due to UDF financing, the rate of return for equity investors remains at a fair market level (Normal Equity IRR);
  - ii. due to UDF financing, the rate of return for providers of debt remains at a fair market level (Normal Debt IRR).
- d) The intensity of UDF financing should not exceed the level sufficient to encourage a project promoter to execute an EE/RE Urban Project. The key is to limit UDF's interventions to what is necessary to proceed with an EE/RE Urban Project and to ensure

<sup>30</sup> For information on State aid rules, reference can be found in the State aid Vademecum on the following European Commission's website:

[http://ec.europa.eu/competition/state\\_aid/legislation/compilation/index\\_en.html](http://ec.europa.eu/competition/state_aid/legislation/compilation/index_en.html)

<sup>31</sup> See [http://ec.europa.eu/competition/state\\_aid/legislation/reference.html](http://ec.europa.eu/competition/state_aid/legislation/reference.html) for further details

<sup>32</sup> [http://ec.europa.eu/competition/state\\_aid/legislation/horizontal.html](http://ec.europa.eu/competition/state_aid/legislation/horizontal.html)

<sup>33</sup> The principles of an economic assessment are provided in the following draft paper: [http://ec.europa.eu/competition/state\\_aid/reform/economic\\_assessment\\_en.pdf](http://ec.europa.eu/competition/state_aid/reform/economic_assessment_en.pdf).

that private partners do not benefit from a higher-than-market rate of return on investment. Following the investment from a UDF, the rate of return for equity investors and providers of debt shall not exceed the Normal Equity IRR and Normal Debt IRR respectively.

- e) In order to achieve the above results, and subject to compatibility with EU competition law, JESSICA financing may come in the form of:
  - i. non pari passu loans with terms and conditions (such as interest, maturity, security package) subordinated to private sector lenders, reducing the risk profile of investment to an extent where private investors may be willing to co-invest significant resources; and/or
  - ii. equity contributions.
- f) For the purpose of the Business Plan:
  - i. Normal Equity IRR shall be established at a fair market level;
  - ii. Normal Debt IRR shall be established in line with the interest rates applicable by Italian banks for the purpose of financing similar projects.
- g) The terms and conditions of project financing from the UDF must be determined before the EE/RE Urban Projects are implemented and must be performed on the basis of the anticipated financial and economic results, presented as part of the financial analysis (i.e. as part of the financial plan of the EE/RE Urban Project).
- h) The terms and conditions of engaging the UDF should be determined on an individual basis.

The compatibility of a new JESSICA State aid scheme providing for different financial conditions that can be applied to JESSICA Investment products is currently being considered by the competent EU authorities and under the EU State Aid rules. Subject to a final decision on this matter by the EU authorities, Offers (in the form of a Business Plan) shall be submitted in line with existing State aid rules.

#### **9. Policy of the UDF concerning exit from EE/RE Urban Projects**

The applicant shall describe the rules governing the exit of the UDF from investments in EE/RE Urban Projects.

#### **10. Reutilisation of resources by the UDF.**

The UDF undertakes to repay funding received to the JHFS or to recycle it into other EE/RE Urban Projects. If applicable detailed procedures for the return of resources to JHFS or for the reutilisation of such resources by the UDF, including the winding-up provisions, shall be described as part of the submission.

#### **11. Co-financing - Leverage**

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

The applicant must distinguish whether the co-financing commitment is carried out inside or outside the UDF. One particular condition is that the UDF manager has no right to require a project to accept co-financing from the UDF manager or any other entity as a pre-condition to receiving financing from the JHFS resources managed by the UDF. Therefore, the terms and conditions of the non-JESSICA co-financing injected into a UDF shall be the same as those of the JESSICA financing ("pari passu rule"). In this case, the applicant will determine the mechanisms for remunerating any different funding resources (equity, loans or equivalent instruments) received by the UDF.

The pari passu rule may not apply to co-financing of EE/RE Urban Projects where JESSICA financing may be junior to other sources of funds, subject to [compliance with EU State Aid Rules](#). In this situation, the applicant will indicate any subordinatory relationships that may exist between the UDF financing and external financing.

## **12. Annual Management Fee**

The UDF will be entitled to receive a Management Fee in accordance with the EU Structural Funds Regulations for their origination and servicing of the Portfolio of EE/RE Urban Projects.

The Management Fee shall include all fees and expenses to be incurred by the UDF in relation to the selection, monitoring, supervision, administration, management and arrangement of the financing to EE/RE Urban Projects and other auxiliary activities provided. If the UDF foresees receiving a combination of its proposed Management Fee along with remuneration also received from EE/RE Urban Projects, then this will have to be clearly stipulated in its Offer. However, should this not be the case, the UDF shall not have the right to request remuneration from EE/RE Urban Projects.

The Management Fee shall in principle be calculated either as (i) a percentage of the resources contributed by the JHFS to the UDF, or (ii) a percentage of the resources allocated through the UDF to the EE/RE Urban Projects not yet repaid by Final Recipients or written-off excluding any amounts which are overdue (i.e. for 60 days or more) or (iii) other amounts as indicated in the Offer. The detailed calculation criteria will be based on the UDF proposal included in the Business Plan.

The applicant should indicate in the Business Plan the percentage of the total managed JHFS resources to be claimed by the UDF as an annual Management fee. In any case, the Management Fee in relation to JHFS resources may not exceed, on an annual average up until 31 December 2015, 3% per annum of the capital contributed from the JHFS to the UDF, in accordance with EU Structural Funds Regulations<sup>34</sup>. However, the EIB is expecting Management Fees, defined by the outcome of the competitive process, to be below this figure especially for the period post initial identification and investment in EE/RE Urban Projects.

The Management Fee shall be paid in advance, unless otherwise agreed in the Operational Agreement. The detailed provisions concerning the Management Fee shall be clearly defined in the Operational Agreement. The Operational Agreement will include the rights, obligations and liabilities associated with the services that the UDF manager provides to the UDF.

The annual Management Fee paid in relation to JHFS resources will not exceed the time period for eligibility of costs under the EU Structural Funds Regulations, i.e. December 31, 2015. After that period, the Management Fee will be paid from moneys returned into the UDF from investments in EE/RE Urban Projects. A substantial decrease of the Management Fee is expected over time, particularly as from 2016 the EU Structural Funds monitoring requirements and workload requested from the UDF is expected to decrease. The Management Fee shall not be calculated on the amounts due by any EE/RE Urban Project to a UDF and not returned, due to a failure by an EE/RE Urban Project to pay.

The Management Fee should typically comprise a fixed and a contingent component, subject to the absolute cap of 3% defined above.

### **A. Fixed part**

- i. Project appraisal and structuring;
- ii. "EU Structural Funds monitoring" consisting of monitoring, reporting and other services related to ensuring the compliance with EU Structural Funds Regulations and EU Rules; and
- iii. Administration of the investments in EE/RE Urban Projects.

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<sup>34</sup> Art. 43(4) of Regulation 1828/2006 (amended by Commission Regulation (EC) 846/2009)

## **B. Contingent part:**

It is suggested that the fixed component of the Management Fee may be replaced by or integrated with additional performance incentives. In particular, the contingent part should provide the UDF with incentives to invest in an EE/RE Urban Project in a timely and efficient manner. The contingent component may be composed of either one or both of the following elements:

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

Investment targets will be indicated in the Business Plan presented by the applicant and should be aligned with the investment timetable as detailed in point 13. Failure to meet these investment targets shall result in a reduction of the level of the Management Fee in the subsequent period and will be in proportion to the shortfall of investments as compared to the target.

Failure to meet investment targets may also result in the termination of the Operational Agreement unless otherwise agreed by the EIB. On the other hand, an earlier allocation of the resources shall be rewarded by means of appropriate incentives proposed by the applicant.

### **13. Financial forecasts and operational budget of the UDF**

The applicant shall describe the financial forecasts and operational budget of the UDF according to the template provided in Appendix C.

The key implementation parameters of the Financial Model of the UDF are as follows:

- a) Resources committed by the JHFS into the UDF for investment in EE/RE Urban Projects will be advanced upfront upon completion of all condition precedents set out in the Operational Agreement in one tranche and shall be kept as bank deposits, unless otherwise agreed between the EIB and the UDF in the Operational Agreement. Detailed explanation of the Financial Model shall be established in the Business Plan, based on this hypothesis. The exact terms and conditions for the JHFS deposits, and other arrangements as agreed between the parties, shall be defined in the Operational Agreement.
- b) The amount contributed to the UDF by the JHFS, other than the portion used to meet UDF management costs, plus any interest accrued on the deposits shall only be used to finance eligible EE/RE Urban Projects;
- c) The portfolio of investments in eligible EE/RE Urban Projects should reflect the one proposed by the applicant in Section III and in accordance with previous points 6 and 7;
- d) The boundary conditions for investment products to be offered by the UDF to EE/RE Urban Projects are described in previous point 8;
- e) The exit profile from the Portfolio of EE/RE Urban Projects should reflect the one proposed by the applicant in point 9;
- f) The level/form of co-financing offered by the UDF should reflect the one proposed by the applicant in previous point 11;
- g) The UDF will compensate the UDF manager for the administration services provided in the form of a Management Fee, as described in point 12;
- h) The EU Structural Fund Regulations require that all ERDF and national contributions must be invested by the UDF into EE/RE Urban Projects by 31 December 2015. It is requested, however, to prepare a financial model imposing a shorter period for this investment to take place according to the following scheme:

<b>10%</b> of the allocated funds shall be invested by <b>31 December 2012</b>
<b>50%</b> of the allocated funds shall be invested by <b>31 December 2013</b>
<b>90%</b> of the allocated funds shall be invested by <b>31 December 2014</b>
<b>100%</b> of the allocated funds shall be invested by <b>30 April 2015</b>

It is likely that the Operational Agreement will impose the same investment timeline on the selected applicant. The Operational Agreement shall also provide for monitoring dates, set before and between the ones outlined above, in which the effectiveness of the UDF's investment activity will be reviewed. Such monitoring shall enable the identification of potential implementation issues to be made in sufficient time, such as the allocations described in Section III, and this allows time for revisions to the Investment Policy to be made accordingly.

#### **14. Term and financial conditions of the Operational Agreement with the JHFS**

The JHFS does not intend to specify the precise form its investment into the UDF will take. The applicant should propose the requested term and the financial conditions of the Operational Agreement which will be concluded between the UDF and the JHFS.

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

- a) the relevant rights and obligations of the UDF and the UDF manager according to the UDF Business Plan presented by the applicant in its Offer, the conditions established in the Terms of Reference, and the results of the selection process;
- b) the financial conditions which will apply to the JHFS resources delivered to the UDF. An outline of the main financial conditions of the Operational Agreement is provided in Appendix B;
- c) the events of default under the Operational Agreement and the liabilities that the UDF and the UDF manager will assume in this particular situation.

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

Following signature of the Operational Agreement, and upon approval by the EIB and, where appropriate, the Investment Board, funds will be disbursed from the JHFS to the UDF in accordance with an approved disbursement profile and the Operational Agreement. A number of standard terms and conditions will apply to disbursement, including the provision to temporarily keep the disbursed funds in deposits. Interest on these deposits shall be used to meet UDF management costs or increase the amount of funds available for investment in EE/RE Urban Projects.

#### **(VI) MODIFICATION OF THE BUSINESS PLAN DURING THE OPERATIONAL PERIOD**

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

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

**(VII) POTENTIAL EIB FINANCIAL CONTRIBUTION TO THE UDF AND/OR EE/RE URBAN PROJECTS**

Independently from managing the JHF, the EIB may consider providing financial support on its own funds for EE/RE Urban Projects in whatever form under its own rules and procedures and within the limits set out by applicable rules. Such potential financial support may include financing extended to a UDF (provided such a UDF meets the relevant EIB credit criteria) or a loan extended by the EIB to the Managing Authority or any other third parties eligible to obtain financing from the EIB with a view to co-financing EE/RE Urban Projects or UDF.

The Business Plans for use of resources received from the JHFS shall be completed and assessed on the basis set out below. The applicants scoring less than 20 points out of 45 on the technical quality (Criteria 1 to 5) will be disregarded. This threshold is aimed at excluding offers deemed unsuitable at EIB’s own discretion.

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
<b>QUALITATIVE AWARD CRITERIA (1 – 5)</b>		<b>0-50</b>
1. LEGAL, OWNERSHIP AND GOVERNANCE STRUCTURE	<p>The applicant should:</p> <ul style="list-style-type: none"> <li>• Present information on and prove the credibility of the ownership and the legal structure of the UDF, including co-financing partners and/or shareholders. Where a separate legal entity is envisaged, provide details on the legal structure and constitution of the UDF and where appropriate the fund management vehicle, including where these will be/are domiciled together with the form the JHFS’ investment into the UDF will take.</li> <li>• Describe the entity/individuals that will ensure that the UDF has the necessary licences/authorisations and the provisions that will be put in place to ensure it retains these throughout the term of the UDF.</li> <li>• Demonstrate ability to engage operators with proven expertise in EE/RE and shall describe the approach envisaged to guarantee regular contacts with local stakeholders and project delivery bodies in the regional context by means of local structures (e.g. offices, info points, etc.).</li> <li>• Describe management and administrative procedures which will be applied in the functioning of the UDF.</li> <li>• Demonstrate the organisational capacity of the UDF, including the strength of the team proposed for delivering the tasks; the diversification of partners’ knowledge, provisions on the professionalism, competence and independence of the management.</li> <li>• Present the corporate governance provisions for the UDF, including internal control procedures.</li> <li>• Describe the accounting procedures which will be applied for the functioning of the UDF.</li> <li>• Propose assumptions in respect of monitoring, reporting and controlling the process of project execution.</li> <li>• Describe the risk management procedures that will be applied for implementation of functions of the UDF.</li> </ul> <p><u>Assessment rule:</u></p> <p>Credibility of the legal and ownership structure and its suitability to the objectives set for the UDF, including diversification of partners’ knowledge and ability to engage local operators.                      Reliability and credibility of the management, administration, accounting and control procedures, taking into account requirements of relevant EU and national legislation.                      Level of presence and proximity ensured by local structures, existing ones and/or new ones that the applicant will commit to open and manage, and relevant functions.</p>	0-10

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
	<p>Strength, reliability and credibility of the accounting and internal control procedures; monitoring, reporting and controlling procedures; and the risk management procedures.</p> <p>The reliability of processes that will be implemented to manage any possible conflicts of interest between the UDF and any other similar investments managed by the applicant.</p>	
2. KEY EXPERTS	<p>The applicant shall indicate the dedicated team of experts with experience in relevant fields, which shall be established and is available in order to complete the UDF's objectives and project identification / implementation proposals. Applicants should provide:</p> <ul style="list-style-type: none"> <li>• A structure diagram / table outlining key roles and responsibilities of each individual and the time they will dedicate to the UDF (e.g. deal sourcing, negotiation, monitoring, back office, relationship management with the EIB);</li> <li>• Curriculum Vitae for key employees of the applicant (including sub-contractors and/or advisors where applicable) which outlines their relevant experience and competence in the targeted sectors. This should include, amongst other things, deal sourcing, negotiation, monitoring and back office skills;</li> <li>• Proposals for key man provisions that will apply to the UDF during the investment period (up until 31 December 2015). This should include declaration of other individuals confirming availability in the event that the key individuals are unable to dedicate a significant proportion of their time to the activities of the UDF.</li> </ul> <p><u>Assessment rule:</u> The relevant experience (years of experience, similarity of past experience with JESSICA initiative, relevant energy project experience, annual turnover, etc.), structure and dedication of proposed team members.</p>	0-10

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
3. INVESTMENT POLICY	<p>The applicant shall:</p> <ul style="list-style-type: none"> <li>• Prove its understanding of the objectives to be achieved through the implementation of JESSICA mechanism in the Region.</li> <li>• Define the goals of the UDF and objectives of its Investment Policy as detailed in Section V.</li> <li>• Describe the strategic focus of the UDF for the delivery of EE/RE Urban Projects in terms of the anticipated recipients of support (e.g. public sector bodies, energy service providers), the target areas of the Region, and expected type of EE/RE works the applicant envisages investing in;</li> <li>• Prove the compliance of the Investment Policy with OP Sicily objectives - particularly Priority Axis II and portfolio requirements specified in Section III - and with the Integrated Plans;</li> </ul> <p><u>Assessment rule:</u> Level of understanding of JESSICA objectives and OP Sicily priorities and manifestation of this comprehension in the Investment Policy will be assessed. The portfolio allocation the applicant will put in place to ensure the respect of investment limits defined in Section III as well as sufficient EE/RE Urban Project diversification for the UDF.</p>	0-10
4. PIPELINE of EE/RE URBAN PROJECTS	<p>The applicant shall</p> <ul style="list-style-type: none"> <li>• Present the Pipeline of EE/RE Urban Projects including an assessment of how these projects align with the Investment Policy and the financial eligibility criteria parameters outlined in Section I (H), as far as reasonably practicable. Applicants are encouraged to demonstrate 'quick wins' that are at an advanced stage of development i.e. ready for UDF investment and in compliance with the guidelines of the Managing Authority as regards the processes for inclusion in the Integrated Plans.</li> <li>• Prove the conformity of the project pipeline's objectives with the general objectives set for the JESSICA initiative as well as those in the OP Sicily (in particular Priority Axes II and relevant Activities), including quantitative outputs.</li> <li>• Describe the level of maturity/preparation of the selected pipeline of EE/RE Urban Projects.</li> <li>• Forecast and describe the expected socio-economic performance of the Pipeline of EE/RE Urban Projects including the social and environmental benefits and costs, if any, resulting from the execution of the projects' portfolio.</li> </ul> <p><u>Assessment rule:</u> Compliance of the Pipeline of EE/RE Urban Projects with the assumptions and guidelines of the Managing Authority as regards Integrated Plans.</p>	0-5

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
	<p>Alignment of project pipeline with portfolio allocation limits defined in Section III.  Level of maturity/preparation of indicated pipeline of EE/RE Urban Projects and the probability of their execution.  Socio-economic performance of projects pipeline (considering indicators listed in Appendix D).  Presence of “quick wins” projects in the pipeline.</p>	
5. METHODOLOGY FOR THE IDENTIFICATION AND EVALUATION OF URBAN PROJECTS	<p>The Pipeline of EE/RE Urban Projects provided by the applicant shall not be interpreted as an exhaustive and definitive list. The applicant should hence explain the identification methodology and the investment process that it will put in place to ensure that the UDF resources are channelled into EE/RE Urban Projects which provide the most promising investment opportunities as well as the delivery of the requisite level of energy savings and the appropriate mix of renewable energies as outlined in Section I (H). These include:</p> <ul style="list-style-type: none"> <li>○ The key stages/parameters, including the internal scoring system, that will be used to assess EE/RE Urban Projects</li> <li>○ The role of any external advisory support</li> <li>○ The type of investments provided directly to local authorities and those addressed to other parties such as ESCOs</li> <li>○ The timescale which allows investment to commence in a timely manner</li> </ul> <p>The applicant should also:</p> <ul style="list-style-type: none"> <li>• Present the rules of cooperation and support to be provided to local authorities as regards identification and financing of EE/RE Urban Projects, based on the applicant’s knowledge of the local market and local needs</li> <li>• Illustrate the approach to managing engagement with ESCOs as regards identification and financing of EE/RE Urban Projects.</li> <li>• Indicate possible way(s) of coordination with the Managing Authority towards better defining project portfolio implementation, namely including a consultation mechanism with or participation of the Managing Authority in the process.</li> </ul> <p><u>Assessment rule:</u></p> <p>Appropriateness of the methodology for identifying EE/RE Urban Projects.  The level of the applicant’s commitment to support ESCO’s ( or other appropriate Service Providers of EE/RE projects) engagement in EE/RE Urban Projects as well as the applicant’s capacity and experience in this respect.  The presence of external support for the development of potential eligible EE/RE Urban Projects in the public sector in line with Priority Axis II.  Suitable portfolio mix of energy efficiency projects and the use of renewable energy sources. A 50-50 overall portfolio allocation (i.e. approximately 50% for energy efficiency themes and 50% for renewable energy projects) is recommended.  Adequate diversification amongst technologies and categories of expenditure. A disproportionate project portfolio</p>	0-15

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
	<p>allocation in a particular technology (e.g. photovoltaic) or Priority theme will receive less credit under this criterion. Investments of more than 30% of the JHFS resources to PV will not be judged favourably, unless such preferential allocation is justified by lack of viable projects in other categories.</p> <p>Proposal of collaboration with local authorities and target investments in cities which have signed up or plan to sign up to the Covenant of Majors in order to curb their CO<sub>2</sub> emissions, and cut primary energy consumption in terms of tons of oil equivalent (toe). JESSICA hence supports the Covenant of Mayors initiative of the Commission, although it is not restricted to entities which have signed up to it.</p>	
<b>QUANTITATIVE AWARD CRITERIA (6-8)</b>		<b>0-50</b>
6. CO-FINANCING - LEVERAGE	<p>The applicant shall present the strategy for obtaining potential financing from external sources with a view to co-financing EE/RE Urban Projects or the UDF. With reference to co-financing at the UDF level, it shall be noted that there should be no preference of external funds over JHFS resources.</p> <p>Where commitments are already in place for the provision of additional financing proposals should describe these; if commitments are not yet secured the proposal should outline when these are expected to happen.</p> <p><u>Assessment rule:</u></p> <p>the potential amount of external funds, including any commitment for the provision of additional financing.  the probability of acquiring additional funds.  the larger the amount invested and the higher the capacity to attract private funds to the initiative at the UDF or project level, the higher the points awarded. The absence of co-financing will result in a zero score.</p>	0-25
7. ANNUAL MANAGEMENT FEE	<p>The applicant should present the level of the Management Fee required, in line with the methodology presented in this Call for EoI, broken down by component. Specifically, the applicant should explain:</p> <ul style="list-style-type: none"> <li>• 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 (with examples).</li> <li>• (if applicable) the inter-relationship between the component parts of the fee structure.</li> <li>• how the fee structure incentivises the fund manager to invest in EE/RE Urban Projects in a timely and efficient manner.</li> <li>• how the applicant will ensure that the management fee does not adversely impact on the ability of the UDF to raise additional investment funding.</li> </ul>	0-15

Award criteria		
Criterion	Description and assessment rules	Scoring for criterion
	<p><u>Assessment rule:</u></p> <p>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) investment of JHFS resources by 31 December 2015; and (2) generation of financial returns on a timely basis (3) delivery of energy savings targets defined in Section I (H); The maximum points will be awarded for management fees of 1% or less and this score will decrease proportionally until 0 at a rate of 3% or higher.</p>	
8. FINANCIAL FORECASTS, OPERATIONAL BUDGET OF THE UDF; CONDITIONS OF INVESTMENT PRODUCTS AND EXIT POLICY	<p>The applicant should</p> <ul style="list-style-type: none"> <li>• Present the financial model that, as far as reasonably practicable, sets out the projected financial operations of the UDF.</li> <li>• Illustrate the financial terms and the contractual arrangements to be applied to EE/RE Urban Projects.</li> <li>• Produce an operational budget for the UDF based on the expected financial results of the UDF participation in EE/RE Urban Projects.</li> <li>• Describe how the financing available to the UDF (i.e. from the JHFS) will be combined to offer the most competitive form of financing to the public sector energy efficiency project promoters.</li> <li>• Describe the schedule for disbursement that will cater for JHFS resources to be invested before end of 2015, including in case of co-financing, any provision for asymmetrical disbursement between JHFS' and external financing's resources.</li> <li>• Describe the winding-up provisions/exit policies of the UDF, including the reutilisation of resources that may be returned to the UDF from investments in EE/RE Urban Projects. The applicant shall present any other provisions which will apply upon the ceasing of operations by the UDF.</li> </ul> <p><u>Assessment rule:</u></p> <p>Credibility of the financial forecasts, compliance with the Investment Policy, and robustness of the ownership and the legal structure of the UDF.</p> <p>The timing and quantum of the projected cash flows.</p> <p>The alignment of the investment timetable with the calendar presented in Section V.13 is mandatory. A quicker absorption of JHFS resources in the form of a higher absorption percentage or shorter investment timescales will be considered favourably.</p> <p>The evidence that proposals are compliant with EU State Aid Rules and, where possible, on a pari passu basis.</p> <p>The reliability and credibility of the winding-up provisions and proposals for reutilisation of resources.</p>	0-10

## OUTLINE OF MAIN TERMS AND CONDITIONS OF THE OPERATIONAL AGREEMENT

### Outline of the terms of the Operational Agreement

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

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

- required and maintain in full force and effect and renew, where necessary, such authorisations;
- h) the Urban Project complies with the objectives of the OP Sicily; and
  - i) the Urban Project shall engage in no action or decision contrary to EU Rules.

### **Financial conditions for the Operational Agreement**

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

The Investment Agreements (on-lending agreements in case of loans, equity investment agreements in case of equity participation, or the specific Investment Agreements that could be signed in case of other equivalent financial instruments) will be signed between UDF and the entities that will develop the Urban Projects ("Final Recipients").

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

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

## FINANCIAL FORECASTS AND OPERATIONAL BUDGET OF THE UDF

### Objective

The financial forecasts and operational budget shall provide EIB with a sufficient degree of comfort that the applicant has assimilated the functioning of the whole structure from a quantitative point of view. In fact, the exercise consist in converting the Offer and, in particular, the aspects linked to investment product proposed (loan and/or equity), its main features (rates, subordination or “pari passu” and others), and the management fees plus co-financing proposals, into quantified cash flows.

### General comments:

- Since underlying projects’ ability of generating returns is crucial for most of the future cash flows, a direct link with EE/RE Urban Projects should be inserted, to the extent possible, in the financial forecasts and the operational budget of the UDF. In case, the applicant has not been able to provide a list of specific Urban Projects, pilot projects in line with the Business plan, for which realistic assumptions should be specified, could be used. Examples of such pilot projects are used in the JESSICA Evaluation Study for Sicily. In case the financial forecasts and the operational budget are not based on project assumptions, the applicant should mention it.
- The operational budget shall be understood as a presentation of expected future key financial figures describing the functioning of the UDF, based on the assumptions made;
- The results and assumptions should be provided on an annual basis (the projections may be prepared for shorter periods, but the results should be aggregated);
- The assumption items listed are a minimum set; if there are any other assumptions with material impact, they should be included;

The template of the financial model presented below is intended to be used to the maximum possible extent to allow for comparability of Offers. Notwithstanding, there is flexibility regarding some elements of the financial forecasting models. The attached template consists of the following sections:

### Assumptions:

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

#### I. Macroeconomic assumptions

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

#### III. EE/RE Urban Projects assumptions

As described in the first point of the General Comments above, this section should give, to the extent possible, the assumptions concerning the EE/RE Urban Projects' performance (i.e. costs and returns) as a basis for the cash flows of the UDF. As a result and to the extent possible, some key average indicators linked to the chosen EE/RE Urban Projects should be given:

- Average IRR
- Average Maturity
- Average Payback period

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

## II. Funding Structure

To the extent possible, assumptions about the funding structure should also be detailed, including: the JHFS resources, the UDF funds in case of co financing and external funding. Assumptions about the financial product used for each source of funding should be also detailed.

## IV. UDF assumptions and financial projection

- a) The projection should include the assumptions adopted for the purpose of the financial projection;
- b) There will be no default assumptions on loans/equity operations;
- c) The assumptions concerning UDF funds and the terms of financing the EE/RE Urban Projects should be supplemented with other financing parameters if used in the projection, e.g. commission for granting the financing, commitment fee etc;
- d) Average equity IRR required, financing costs and Management Fees are to be in line with the requirements set out in this EoI.
- e) Other assumptions:
  - The projection should include all other assumptions that the applicant considers relevant to the results of the financial projections;
  - The amount of external financing obtained by the UDF should be provided on a per year basis;
  - The assumed rate of return of the UDF should take into account all cash flows of the UDF and be calculated using Internal Rate of Return (IRR) methodology.

As a result from the above assumptions, the applicant should give the cash flow projection, including all expected UDF inflows and outflows:

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

UDF financial forecasts and operational budget		2011	2012	2013	2014	2015	2016	2017	2018	2019... <sup>35</sup>
		0	1	2	3	4	5	6	7	8
<b>I- Macroeconomic assumptions</b>										
CPI (price increase)										
Reference Interest rate <sup>(1)</sup>										
<sup>(1)</sup> used as the base rate for the financing (e.g.I RS Term, Euribor, etc.)										
<b>II-Urban Projects assumptions</b>										
Costs										
Returns										
<b>III – Funding structure (in line with the Costs of “Urban Projects assumptions”)</b>										
<b>Loan</b>										
JESSICA										
UDF										
Others										
<b>Equity</b>										
JESSICA										
UDF										
Others										
<b>IV – Cash flow projection for the UDF</b>										
<u>Net cash flow from operating activities</u>										
I. Inflows										
1) dividends received										
On JESSICA funds										
On UDF own funds										
2) interest from loans received										
On JESSICA funds										
On UDF own funds										
3) loans repayment										
On JESSICA funds										
On UDF own funds										

<sup>35</sup> Maturity shall be adapted to the UDF Portfolio of Urban Projects.

4) other												
<b>II. Outflows</b>												
1) equity investments On JESSICA funds On UDF own funds												
2) loans issued On JESSICA funds On UDF own funds												
3) fixed management fee												
On funds contributed from JESSICA (before 2016)								N/a	N/a	N/a	N/a	
On funds returned by Urban Projects (from 2016)			N/a	N/a	N/a	N/a	N/a					
4) contingent management fee												
On funds contributed from JESSICA (before 2016)								N/a	N/a	N/a	N/a	
On funds returned by Urban Projects (from 2016)			N/a	N/a	N/a	N/a	N/a					
5) other												
<b>Net cash flow from financing activities</b>												
<b>I. Inflows</b>												
1) transfers from JHFP												
<b>II. Outflows</b>												
1) transfers to JHFP												
<b>Total Net cash flow for UDF</b>												
UDF IRR												
UDF IRR without Management Fees												
Payback Period												

### **Economic Analysis**

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

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

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

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

### **Economic Growth And Quality Of Life Improvements**

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

Area		Indicator
General (for all areas)		Number of financed EE/RE Urban Projects
		Potential to attract additional funding from other public and private sources
		Potential to attract investors in other projects (especially included in the PISU/PIST), which would be complementary or which could create economic or social synergies
		Private financing Leverage of the UDF
		Generated investment
		Better urban and environmental standards
		Number of the new created business activities
		Number of the additional jobs in the performing area (*)
Specific areas	Energy Efficiency	Energy saving per year and estimated energy cost savings per year (*)
		Reduced dependence on fossil fuel
		White Certificates (TEE) derived from the implementation at regional level of energy efficiency measures in end-uses (***)
		Number of integrated local programs aiming at energy efficiency improvements(**)
		Greenhouse gas emissions abated
	Renewable Energy	Reduced dependence on fossil fuel by combined energy capacity of new renewable energy sources.
		Percentage of energy consumption covered by renewable sources(***)
		No. of businesses supplied with renewable energy
		MW of installed capacity from plants using renewable energy sources(*)
		Greenhouse gas emissions abated
	Clean transport	Increase in the use of public transport (*)

Note:

(\*) Expected value

(\*\*) Output indicator from OP Sicily

(\*\*\*) Result indicator from OP Sicily

Done at ..... (date) .....

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

JESSICA HOLDING FUND FOR SICILY  
SELECTION OF URBAN DEVELOPMENT FUNDS

**KEY EXPERTS AVAILABILITY DECLARATION**

As a legal representative of the company ..... seated in .....registered in the .....register with a registration number ....., I hereby confirm that the company .....will be authorised to engage the following persons:

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

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

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

Yours sincerely,

.....  
(name, surname)

.....  
(signature)

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

“Action Plan”	means the set of measures linked to the PEARS to safeguard the environment for future generations and to ensure the availability of energy sources and clean technologies in order to foster and support the sustainable economic and social development of Sicily
“Activities”	means the specific actions and areas requiring support on which funding will be concentrated following directly from the Priority Axes of the OP Sicily.
“Award Criteria”	means the criteria used to select the UDF Preferred Bidder.
“Business Plan”	means each business plan, relating to any UDF, prepared in accordance with the EU Structural Funds Regulations in Article 43 paragraph two of the Implementing Regulation.
“Call for Expressions of Interest” or “Call for EoI”	means this Call for Expression of Interest.
“CEB”	means the Council of Europe Development Bank.
“Cohesion Policy”	means the EU's strategy to promote and support the "overall harmonious development" of its Member States and regions. Enshrined in the Treaty (Art. 174), the EU's Cohesion Policy aims to strengthen economic and social cohesion by reducing disparities in the level of development between regions. Approximately 35.7% of the EU budget 2007-13 is allocated to financial instruments which support Cohesion Policy. These are managed and delivered in partnership between the European Commission, the Member States and stakeholders at the local and regional level.
“Commission”	means the Commission of the European Union.
“Coalitions”	means territorial coalitions constituted by the beneficiary local government bodies, on the basis of specific Protocols of Agreement, for the development of PIST
Covenant of Mayors	means a commitment by signatory towns and cities to go beyond the objectives of EU energy policy in terms of reduction in CO2 emissions through enhanced energy efficiency and cleaner energy production and use
“EE/RE Urban Project”	means an Urban Project devoted to energy efficiency and/or renewable energy.
“EIB”	means the European Investment Bank.
“Eligible Expenditure”	means expenditure applied in compliance with the Eligibility Rules.
“Eligibility Rules”	means the rules on eligible expenditure contained in articles 48 to 53 of the Commission Regulation (EC) No. 1828/2006 (amended by EC 846/2009 and 832/2010), which apply in accordance with article 13 of Regulation 1080/2006 (amended by EC 397/2009) of the European Parliament and of the Council (subject to the list of ineligible expenditure in article 7 of Regulation 1080) and those contained in articles 56 and 78 of Regulation 1083/2006 (amended by EC 539/2010).
Energy Services Directive	means Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on Energy End-use Efficiency and Energy Services.
“EPC”	means contractual arrangement between the beneficiary and the provider (normally an ESCO) of an energy efficiency improvement measure, where investments in that measure

	are paid for in relation to a contractually agreed level of energy efficiency.
“ERDF”	means the European Regional Development Fund.
“ESCO”	means an Energy Service Company, a natural or legal person that delivers energy services and/or other energy efficiency improvement measures in a user’s facility or premises, and accepts some degree of financial risk in so doing.”
“EU Rules”	means the EU Structural Funds Regulations and any other applicable EU Regulations, Directives or Guidelines.
“EU Structural Funds”	means together the ERDF, the European cohesion funds and the European social funds.
“EU Structural Funds Regulations”	means Regulation 1080, Regulation 1081, Regulation 1083 and the Implementing Regulation and relevant amendments, as well as any other EU legislation from time to time applicable to the EU Structural Funds.
“EU State Aid Rules”	means those rules embodied in Articles 107 -109 of Section 2, Title VII, of the ‘Common Rules on Competition, Taxation and Approximation of Laws- Consolidated versions of the TFEU) (2008/C 115/01) (previously embodied in Articles 87 to 89 of the EC Treaty) including any secondary legislation such as frameworks, guidelines and block exemptions produced by the European Commission, case law of the European Courts and decisions of the European Commission regarding the application of Articles 107 to 109 TFEU.
“EU”	means European Union.
“Exclusion Criteria”	means the criteria used in Stage 1 of this Call for Expressions of Interest to exclude applicants.
“Final Recipient/s”	means the entities that will develop the EE/RE Urban Projects pursuant to the Investment Agreement.
“Financial Model”	means an organizational mechanism to channel the JHF funds to the Urban Projects through UDF.
“Funding Agreement”	means an Agreement establishing the JESSICA Holding Fund for Sicily, signed by the Regione Siciliana and the EIB signed on 19 November 2009.
“Implementing Regulation”	means Commission Regulation (EC) No. 1828/2006 of 8 December 2006, amended by Commission Regulation (EC) No 846/2009 of 1 September 2009 and Commission Regulation (EC) No 832/2010 of 17 September 2010, setting out rules for the implementation of Council Regulation (EC) No 1083/2006 (amended by EC No 284/2009 and No 539/2010) laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 (amended by EC No 397/2009 of the European Parliament and of the Council on the European Regional Development Fund, as amended, supplemented or modified from time to time.
“Information”	means any information (irrespective of form or medium on which it is recorded) relating to the UDF selection process (including but not limited to this Call for EoI) made available to or received by applicants (whether prior to this Call for EoI or at any point during the UDF selection process).
“Integrated Plans for Sustainable Urban Development”	means an integrated plan for sustainable urban development comprising a system of interlinked actions which seeks to bring about a lasting improvement in the economic, physical,

	social and environmental conditions of a city or an area within the city.
“Integrated Plans”	means jointly the PISU/PIST plans defined by the Managing Authority, taking account of Article 8 of Regulation (EC) No 1080/2006 and the specific urban, administrative and legal context of Region.
“Investment Agreement”	An agreement signed between a UDF and an Urban Project providing for financing of the Urban Project.
“Investment Board”	means the board, established in accordance with the Funding Agreement, entrusted with responsibilities regarding the JESSICA Holding Fund for Sicily.
“Investment in Urban Project”	means each contribution by the UDF into an Urban Project.
“Investment Policy”	means the investment policy of the UDF as presented to EIB in the selection process as amended from time to time.
“Investment Strategy”	means the document concerning the investment strategy and the planning of the activities of the JESSICA Holding Fund for Sicily in relation to the JESSICA initiative, attached to the Funding Agreement signed between EIB and the Presidenza della Regione Siciliana.
“JESSICA Holding Fund for Sicily” or “JHFS”	means the JESSICA holding fund for Sicily, established pursuant to the Funding Agreement, and in accordance with Council Regulation (EC) No. 1083/2006, as amended by EC No 284/2009 and No 539/2010 and Commission Regulation (EC) No. 1828/2006, as amended by EC No 846/2009 and No 832/2010.
“JESSICA”	means the initiative “Joint European Support for Sustainable Investment in City Areas” launched by the Commission and EIB in collaboration with the Council of Europe Development Bank, in order to promote sustainable investment, growth and jobs in urban areas.
“Management Fee”	means the fee payable to the UDF, in consideration for the services provided under the Operational Agreement.
“Managing Authority”	means the Regione Siciliana Managing Authority, responsible for the European Regional Development Fund (ERDF) Operational Programme 2007-2013 for Sicily.
“Member States”	means the Member States of the European Union.
“Offer”	means the Business Plan to be submitted by applicants in Stage 2 of this Call for Expressions of Interest.
“OP Sicily”	means the European Regional Development Fund (ERDF) Operational Programme 2007-2013, developed in accordance with Article 37 Regulation. 1083, a part of which shall be administered by the JESSICA Holding Fund for Sicily, in accordance with the provisions of the Funding Agreement.
“Operation”	means each activity connected to investments in a revolving way in public-private partnerships or other projects included in an Integrated Plan for Sustainable Urban Development, according to Regulation 1828, Article 46.
“Operational Agreement”	means an agreement between the EIB, acting as JHFS manager and the selected UDF.

“Operational Objective”	refers to an objective from an operational programme, in this case the Operational Programme for Sicily, 2007-2014
“Operational Period”	means the period following Operational Agreement’s signature until full reimbursement from the UDF to JHFS of the contribution received, it hence also include the period in which JHFS resources are disbursed to the UDF but not yet invested into Urban Projects.
“Pipeline of EE/RE Urban Projects”	means the initial sample of EE/RE Urban Projects, identified by the UDF and included in the Offer.
“PIST”	means the Piano Integrato di Sviluppo Territoriale, an Integrated Plan for Sustainable Urban Development, representing the reference framework for urban and territorial development policies within the Coalitions.
“PISU”	means the Piano Integrato di Sviluppo Urbano, an Integrated Plan for Sustainable Urban Development representing the main tool for the achievement of the Specific Objective 6.1 under Priority Axis VI of OP Sicily and of the intersectorial objectives of the OP Sicily that is aimed at reinforcing urban services in metropolitan areas and medium-size cities.
“Portfolio of (EE/RE) Urban Projects”	means the final Urban Projects selected by the UDF.
“Preferred Bidder”	means an applicant whose Offer is evaluated as the most favourable.
“Priority Axis”	means a set of specific aims within a programme that are to be tackled by the delivery of particular Activities. The choice of priority axes should be justified in light of the NSRF thematic priorities and the specific objectives of the programme. The financial allocation for each priority axis should be justified by the programme strategy.
“Priority Themes”	means the Lisbon priorities that are relevant to the OP Sicily according to the category codes detailed in Annex II: Categorisation of Funds assistance for 2007-2013 of the Implementing Regulation.
“Regulation 1080”	means Regulation (EC) No. 1080/2006 of the European Parliament and of the Council of 05 July 2006 on the European Regional Development Fund and repealing Regulation 1783/1999/EC, as amended, supplemented or modified from time to time.
“Regulation 1081”	means Regulation (EC) No. 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC). 1784/1999 as amended supplemented or modified from time to time.
“Regulation 1083”	means Council Regulation (EC) No. 1083/2006 of 11 July 2006 and amended by Regulation (EU) No 539/2010 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, repealing Regulation (EC) No 1260/1999, and as amended, supplemented or modified from time to time.
“Region”	means the Region of Sicilia.
“Selection Criteria”	means the criteria used in Stage 1 of this Call for Expressions of Interest to select those applicants who will be

	invited to submit an Offer (in the form of a Business Plan) under Stage 2.
“Selection Panel”	means the panel assessing the EoI, and if applicable the subsequent Offer of the applicants using the Award Criteria
“Specific Objectives”	means specific objectives to be achieved by Urban Projects according to the ERDF 2007-2013 Regional Operational Programme for Sicily.
“Terms of Reference”	means terms of reference for the selection of the UDFs.
“TFEU” or “Treaty”	means Treaty on the Functioning of the European Union
“Urban Development Fund” or “UDF”	means a vehicle investing in one or more Urban Projects as defined in Article 44 Regulation 1083.
“Urban Project”	means a public private partnership or other project included in an Integrated Plan for Sustainable Urban Development as described in Article 44 Regulation 1083. In this call Urban Projects refer to energy efficiency and renewable energy projects.