

ANNEX I

EIB Selection Guidelines for Urban Development Funds

Background

Within the context of JESSICA, and for the cases in which the EIB is appointed Holding Fund, it is for the EIB, as manager of the Holding Fund, to manage the procedure for the identification and selection of appropriate Urban Development Funds (UDFs) which are eligible to receive contributions from the JESSICA Holding Fund, and in accordance with the Investment Strategy and Planning. Final selection of UDFs is subject to the approval of the Investment Board.

According to article 44 (2) of the Commission Regulation 1828/2006¹ ("The Commission Regulation"): "The funding agreement (...) shall, in particular, make provision for: (...) (b) a call for expression of interest addressed to financial intermediaries or urban development funds; (c) the appraisal, selection and accreditation of financial intermediaries or urban development funds by the holding fund; (...)".

The Commission Regulation thus leaves a wide degree of discretion to the Holding Fund as to the organisation of the call of expression of interests and the appraisal, selection and accreditation of UDFs. Such a discretion is justified by, inter alia, the following reasons:

- the socio-economic nature of the urban development sector;
- the fact that JESSICA constitutes a new initiative under the applicable Structural Funds Regulation which seeks to apply banking investment criteria to the selection of eligible projects;
- the fact that final investments must have a repayable nature;
- the absence at present of a pan-European UDF market;
- the overall interest to maximise the number of potential UDF candidates within a flexible time frame depending on national/regional needs;
- the variety of legal forms and nature which UDFs could adopt in each relevant jurisdiction;
- the variety of particular regulatory framework that applies to the implementation of each Operational Programme;
- the fact that each Holding Fund and UDFs will invest in a predefined limited geographical area and in accordance to predetermined Investment Strategies.

Moreover, for reasons pertaining to the functioning and status of the Bank as financing institution of the EU, the EIB Internal Guide for Procurement², foresees the possibility of applying a different procedure. It is therefore necessary to provide for Guidelines that combine the requirements of transparency, equal treatment and publicity with those of flexibility and the need to adapt to the selection of UDFs pursuant to banking investment criteria.

Both the legal basis and the specific issues referred to above justify the adoption of ad hoc guidelines for the selection of UDFs, as distinct from the EIB Internal Guide for Procurement.

The EIB Selection Guidelines for UDFs that follow comply with the parameters laid down in the EU Regulation and with the principles of EC procurement law, namely:

- i) equal treatment,
- ii) non-discrimination,
- iii) confidentiality, and
- iv) transparency.

¹ Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.

² Guide for the procurement of services, supplies and works by the EIB for its own account

The EIB Internal Guide for Procurement will be of subsidiary application.

What follows is the EIB's internal selection process for UDFs in the context of JESSICA.

Calls for Expression of Interest (Eoi)

The templates for the Call for Eoi will be internally agreed but adapted by the JESSICA Task Force to national/regional circumstances, and approved on a case by case basis by the relevant Investment Board.

Each Call for Eoi will specify the selection criteria and the procedure which will be followed for the selection of UDFs.

Upon approval by the Investment Board, the specific Call for Eoi may be published on the EIB website. If appropriate, given the specific circumstances of each case, the Call for Eoi may also be publicised using any other means considered appropriate to ensure a suitable level of information flow to potentially interested UDF promoters, investors or managers.

Interested UDFs should submit their Eoi following the procedure described in the Call for Eoi. Depending on the needs of the specific Call for Eoi, it may:

- a) remain open for submission of Eoi at any time before a final closure date, specifying one or more intermediate deadlines where a selection will take place;
- b) indicate a final deadline for submission of the Eoi with no intermediate deadlines.

UDFs not meeting the selection criteria will be informed and reasons for rejection will be provided upon written request.

Pre-selected Applicants (meaning applicants who meet the selection criteria) will receive an Invitation to Negotiate (ITN) which will be approved by the Investment Board. It will include the Terms of Reference (ToR) with detailed award criteria.

Pre-selected Applicants will submit an Offer, including a business plan, following the procedure outlined in the ITN.

If a small number of applicants only meet the selection criteria the issue of an ITN may not be necessary. In such a case the EIB may enter into direct contact with the applicants concerned and select the UDF directly following these contacts, evaluation of the Eoi and any other documentation subsequently requested from the applicants.

Evaluation Process

The EIB will constitute a panel composed of at least three voting members and, in any case, an odd number of voting members, which, following the receipt of the Offers, will appraise them in accordance with the award criteria set out in the ITN.

Where an ITN is not issued the panel shall appraise the applicants on the basis of the Eoi submitted, contacts with the applicant and any other documentation subsequently requested from these applicants.

In each case, the EIB will send the Investment Board the list of the UDF(s) proposed by EIB following the evaluation process. The Investment Board will take the final decision on the selection.

The procedure for informing the successful and unsuccessful applicants shall be that normally followed by the Bank. Unsuccessful applicants meeting the selection criteria will remain on the list of pre-selected applicants and the EIB may directly send to them a new ITN should the need arise for a new UDF.

Contractual relationship with the UDF

Following the selection process it is envisaged that EIB (acting as JESSICA Holding Fund) will enter into an Operational Agreement (agreement providing for a contribution by the JESSICA Holding Fund to the UDF). However, EIB is under no obligation to enter into such Operational Agreement. The entry into an Operational Agreement will depend, *inter alia*, on the outcome of the negotiations with the UDF, the contributions made available by the Managing Authority or other parties to the JESSICA Holding Fund, and the approved Investment Strategy and Planning. EIB may enter into any co-financing agreements with the UDF in its own name, but this would follow a different process and procedure altogether.

EIB Appeal Mechanism Policy

The EIB Complaints Mechanism Policy shall apply.

ANNEX II
Detailed Score achieved by each applicant per Lot

	BPI	CGD-IHRU	TdP	FundBox	Montepio	Imorendimento	Refundos
Lot 1 - North	76.1	75.5	64.2	51.2	46.3	47.6	0.0
Qualitative	46.1	30.5	36.4	37.9	46.3	32.6	0.0
1. Investment policy	9.3	6.0	8.7	8.1	9.7	8.6	0.0
2. Financial forecasts and operational budget of the UDF	5.0	2.5	4.4	5.0	5.0	3.1	0.0
3. Typology of urban projects	9.6	0.9	6.1	8.8	9.8	6.5	0.0
4. Methodology for the identification and evaluation of urban projects	15.0	15.0	10.1	9.8	13.1	7.4	0.0
5. Governance structure	7.2	6.1	7.1	6.3	8.6	7.0	0.0
Quantitative	30.0	45.0	27.8	13.3	0.0	15.0	0.0
6. Annual management fee	25	20	25	13	0	15	0
7. Co-financing leverage	5	25	3	0	0	0	0
Lot 2 - Centre	74.7	75.5	61.1	51.2	46.3	47.6	0.0
Qualitative	44.0	30.5	34.0	37.9	46.3	32.6	0.0
1. Investment policy	9.3	6.0	8.7	8.1	9.7	8.6	0.0
2. Financial forecasts and operational budget of the UDF	5.0	2.5	4.4	5.0	5.0	3.1	0.0
3. Typology of urban projects	7.5	0.9	3.7	8.8	9.8	6.5	0.0
4. Methodology for the identification and evaluation of urban projects	15.0	15.0	10.1	9.8	13.1	7.4	0.0
5. Governance structure	7.2	6.1	7.1	6.3	8.6	7.0	0.0
Quantitative	30.7	45.0	27.1	13.3	0.0	15.0	0.0
6. Annual management fee	25	20	25	13	0	15	0
7. Co-financing leverage	6	25	2	0	0	0	0
Lot 3 - Lisbon	70.0	66.6	74.0	51.2	46.3	0.0	18.1
Qualitative	44.0	30.5	34.0	37.9	46.3	0.0	18.1
1. Investment policy	9.3	6.0	8.7	8.1	9.7	0.0	3.4
2. Financial forecasts and operational budget of the UDF	5.0	2.5	4.4	5.0	5.0	0.0	3.1
3. Typology of urban projects	7.5	0.9	3.7	8.8	9.8	0.0	2.8
4. Methodology for the identification and evaluation of urban projects	15.0	15.0	10.1	9.8	13.1	0.0	2.0
5. Governance structure	7.2	6.1	7.1	6.3	8.6	0.0	6.8
Quantitative	26.0	36.1	40.0	13.3	0.0	0.0	0.0
6. Annual management fee	25	20	25	13	0	0	0
7. Co-financing leverage	1	16	15	0	0	0	0
Lot 4 - Alentejo	79.0	75.5	63.2	51.2	46.3	47.6	0.0
Qualitative	44.0	30.5	34.0	37.9	46.3	32.6	0.0
1. Investment policy	9.3	6.0	8.7	8.1	9.7	8.6	0.0
2. Financial forecasts and operational budget of the UDF	5.0	2.5	4.4	5.0	5.0	3.1	0.0
3. Typology of urban projects	7.5	0.9	3.7	8.8	9.8	6.5	0.0
4. Methodology for the identification and evaluation of urban projects	15.0	15.0	10.1	9.8	13.1	7.4	0.0
5. Governance structure	7.2	6.1	7.1	6.3	8.6	7.0	0.0
Quantitative	35.0	45.0	29.2	13.3	0.0	15.0	0.0
6. Annual management fee	25	20	25	13	0	15	0
7. Co-financing leverage	5	24	15	0	0	0	0
Lot 5 - Algarve	74.0	74.0	75.3	51.2	46.3	47.6	0.0
Qualitative	44.0	30.5	35.3	37.9	46.3	32.6	0.0
1. Investment policy	9.3	6.0	8.7	8.1	9.7	8.6	0.0
2. Financial forecasts and operational budget of the UDF	5.0	2.5	4.4	5.0	5.0	3.1	0.0
3. Typology of urban projects	7.5	0.9	5.0	8.8	9.8	6.5	0.0
4. Methodology for the identification and evaluation of urban projects	15.0	15.0	10.1	9.8	13.1	7.4	0.0
5. Governance structure	7.2	6.1	7.1	6.3	8.6	7.0	0.0
Quantitative	30.0	43.5	40.0	13.3	0.0	15.0	0.0
6. Annual management fee	25	20	25	13	0	15	0
7. Co-financing leverage	5	24	15	0	0	0	0
Lot 6 - Territorial Enhancement	74.1	75.5	59.0	51.2	46.3	47.6	0.0
Qualitative	42.4	30.5	34.0	37.9	46.3	32.6	0.0
1. Investment policy	9.3	6.0	8.7	8.1	9.7	8.6	0.0
2. Financial forecasts and operational budget of the UDF	5.0	2.5	4.4	5.0	5.0	3.1	0.0
3. Typology of urban projects	5.9	0.9	3.7	8.8	9.8	6.5	0.0
4. Methodology for the identification and evaluation of urban projects	15.0	15.0	10.1	9.8	13.1	7.4	0.0
5. Governance structure	7.2	6.1	7.1	6.3	8.6	7.0	0.0
Quantitative	31.7	45.0	25.0	13.3	0.0	15.0	0.0
6. Annual management fee	25	20	25	13	0	15	0
7. Co-financing leverage	7	25	0	0	0	0	0

ANNEX III
GENERAL TABLE OF CONTENTS OF OPERATIONAL AGREEMENT

GENERAL NOTE:

Final structure for the implementation of the JESSICA Initiative at the UDF level is under study.

The table of contents is merely indicative and may vary from the final contents included in the Operational Agreement to be executed with the awardee.

If requested by the Investment Board, further details and explanations will be provided regarding the contents of each section of the Operational Agreement especially regarding the undertakings and obligations assumed by the UDFs and Urban Projects to ensure compliance with EU rules.

1. Definitions and Interpretation

This section shall contain definitions used in the Operational Agreement.

2. Definitive Portfolio of the Eligible Urban Projects

This section shall establish the process of presenting the definitive portfolio of Eligible Urban Projects and possible outcomes until the portfolio is finally rejected or approved by the Investment Board.

3. Contingent Loan and Disbursement

This section deals with the contingent loans to be granted by EIB to each of the awardees and shall further establish the main features of such loans (such as, among others, the amount, purpose of the loan, repayment mechanisms, disbursement procedure, and currency of disbursement).

4. Interest

The "Interest" Section shall refer to different kind of interests payable by each of the awardees under the Operational Agreement. Interest shall accrue over (i) amounts non-disbursed as on-funding agreements and (ii) on-funding loan agreements. Accordingly, this section will foresee how the different types of interest will be calculated and how they will be paid.

This section shall also determine how capital gains or dividends received from equity investments made by the awardees in the Eligible Urban Projects must be paid to EIB.

5. Repayment of the Contingent Loan

This section shall deal with repayment of principal under the Operational Agreement. In this sense, this section shall establish the mechanism to pay at the level of the JHFA the principal repaid under the on-funding loan agreements and the capital recovered from equity investments.

6. Payments

This section refers to the mechanism of making payments under the Operational Agreement.

7. Reserve Account

This section will deal with the operation and functioning of the Reserve Account to which almost all amounts due under the Contingent Loan will be made (other than payments of principal not disbursed as on-funding financing).

8. Proof, Calculations and Enforcement Action

This section establishes certain mandatory requirements under Spanish Law for liquidating the amounts due under the Operational Agreement in the event of acceleration of the loan or termination of the agreement and determining the enforceable balance thereunder.

9. Management of the Contingent Loan

This section shall regulate generally the manner for selection of monitoring of and reporting on eligible urban projects and shall further establish minimum guidelines for granting on-funding financing.

10. Management Fee

This section shall deal with calculation and payment of the management fee payable to the manager of each UDF.

11. Borrower's undertakings and Representations

This section shall establish certain undertakings of the UDF and of the Manager regarding duties and tasks under the Operational Agreement.

12. Security

This section will deal with guarantees to be granted by the UDF in favour of EIB in security of its obligations under the Operational Agreement.

13. Information and Visits

This section shall refer to information obligations due by the UDF under the Operational Agreement and the visit regime in favour of EIB and other authorities to monitor the Eligible Urban Projects and operations thereunder.

14. Events of Default

This section will establish different events of default and mechanism to declare the termination of the Operational Agreement and the acceleration of the contingent loan.

15. Final Clauses

This section establishes a set of customary final clauses applicable to agreements as the Operational Agreement. This section will include among others provisions such as governing law, dispute resolution and jurisdiction.

ANNEX IV
REGIONAL BRAKDOWN OF LEVERAGE FROM CGD/IHRU

(€M)

Lots	Max Value	Leveraging IHRU/CGD through UDF	Other Leveraging	Total leveraging
1 - Norte	30	27	60	87
2 - Centro	20	18	35	53
3 - Lisboa	5	4,5	50	54,5
4 - Alentejo	10	9	10	19
5 - Algarve	5	4,5	10	14,5
6 - Valorização territorial	30	27	45	72
Total	100	90	210	300

In case any reduction in any of the lots occurs, the leveraging will be obtained as follows:

(€M)

Lots	Max Value	Leveraging IHRU/CGD through UDF	Other Leveraging	Total leveraging
1 - Norte	y1	$z1 = (27 \times y1)/30$	$x1 = (60 \times y1)/30$	$z1 + x1$
2 - Centro	y2	$z2 = (18 \times y2)/20$	$x2 = (35 \times y2)/20$	$z2 + x2$
3 - Lisboa	y3	$z3 = (4,5 \times y3)/5$	$x3 = (50 \times y3)/5$	$z3 + x3$
4 - Alentejo	y4	$z4 = (9 \times y4)/10$	$x4 = (10 \times y4)/10$	$z4 + x4$
5 - Algarve	y5	$z5 = (4,5 \times y5)/5$	$x5 = (10 \times y5)/5$	$z5 + x5$
6 - Valorização territorial	y6	$z6 = (27 \times y6)/30$	$x6 = (45 \times y6)/30$	$z6 + x6$
Total	yT	$zT = (90 \times yT)/100$	$xT = (210 \times yT)/100$	$zT + xT$