



**Call for Expressions of Interest:
Ref. KB-940**

**Subject: JESSICA Holding Fund Portugal
Selection of Urban Development Fund**

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

The EIB is launching a Call for Expressions of Interest (“Call for EoI”) with the aim of selecting entities intended to act as Urban Development Funds (“UDFs”) that will receive resources from the JESSICA Holding Fund for Portugal (“JHFP”), 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 in Continental Portugal NUTS-2 regions included in Integrated Plans for Sustainable Urban Development (“Urban Projects”).

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

**DO NOT OPEN:
Ref.: KB-940**

**Subject: JESSICA Urban Development Fund Portugal
Deadline for reception of Expressions of Interest: 2 December 2010**

and delivered:

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

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

by midnight on [...] 2010 at the latest, as evidenced by the postmark, or by

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

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

As further described below, the selection procedure of the UDFs might have two rounds.

First Round

The EoI (representing the responses to Stage 1 as described below) must be posted or handed in by Thursday, 2 December 2010 at the latest as mentioned in the time table below (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 deadline for submission of Offers. It is anticipated that selected terms for the Operational Agreement will be provided during Stage 2.

As shown in the table below, the selected applicants will have around 8 weeks to prepare Offers (in the form of a Business Plan), although this period may be subject to change.

Second Round

If, following the outcome of the First Round of the selection procedure described above, the total amount has not been fully allocated, a Second Round will be carried out by EIB in order to ensure the final allocation of the remaining amount (possibly increased by any additional amounts made available to the JHFP as from this date until this Second Round).

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

Activity	Timing
Issue of Call for EoI.	6 November 2010
FIRST ROUND	
Deadline for Stage 1 and Stage 2 requests for additional information.	15 November 2010

Deadline for submission of Stage 1 Eol.	2 December 2010
Notification to applicants of outcome of Stage 1 Eol assessment.	10 December 2010
Deadline for submission of Stage 2 Offers (in the form of a Business Plan).	7 February 2011
Notification to applicants of outcome of Stage 2 Offers, following Investment Board approval.	15 March 2011
Stage 3 Start of the Negotiated Process for the applicants having submitted the most favourable offers (optional).	15 March 2011
Notification to applicants of outcome of Stage 3 Process (if indeed occurred) following Investment Board approval and Start of negotiations on Operational Agreements (Stage 4).	31 March 2011

Information and deadlines about the Second Round will be provided by the EIB after the Operational Agreements with the selected candidates of the First Round have been signed. However the Second Round will not start earlier than 6 months after the end of the First Round.

All applicants who have met the Selection Criteria at the First Round and were therefore invited to submit Offers (Stage 2), will be included in a Database list. Other entities who have not taken part in the First Round, may also send an e-mail to the EIB (bei.asa@eib.org) requesting to be included in the Database list at any time before the deadline to be further defined by the EIB.

All applicants included in the Database list will be asked to send again their Eol within a deadline to be further defined by the EIB and notified to the applicants.

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

Submissions will not be accepted if they:

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

The rejection of a submission based on the aforementioned reasons will be determined by EIB at the beginning of Stage 1 of the selection process described below.

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 G. Any references in this Call for Eol to Annexes and Appendices are, save if explicitly stipulated otherwise, references respectively to annexes and appendices to this Call for Eol.

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

1. The selection and awarding of UDFs in the First Round will proceed as follows:
 - I. **Stage 1** (*Applying the Exclusion and Selection Criteria*): Eols will first be assessed against the Exclusion Criteria (as outlined in Section III of the Terms of Reference). Eols which are not excluded in accordance with the Exclusion Criteria will be assessed on the basis of the Selection Criteria, which are also included in Section III of the Terms of Reference.
 - II. **Stage 2** (*Applying the Award Criteria*): All applicants that meet the Selection Criteria will be invited to submit their Offers (in the form of a Business Plans prepared in line with Appendix B). The Offers will first be assessed against the *Mandatory Amounts Limits* detailed in Section III.B.1 of the Terms of Reference and any mandatory specifications established in this Call for Eol or in any other procedural document. The Offers not respecting these aspects will be excluded from the awarding process at the beginning of this Stage 2. The not excluded Offers will be evaluated on the basis of the Award Criteria (detailed in Appendix C).
 - III. **Stage 3** (*Negotiation Process*): Following the evaluation of the Offers on the basis of the Award Criteria, the EIB may, if it considers appropriate, initiate a process of negotiation, as further detailed in Section III of the Terms of Reference.
 - IV. **Stage 4** (*Negotiation of the Operational Agreement*): The selected applicant(s) shall be invited to negotiate the final terms and conditions of the Operational Agreement to be signed with the EIB.
2. Information in respect of all the selection process stages 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. Additionally, Offers on the Management Fee must be quoted in accordance with the rules provided in the Terms of Reference and free of taxes and duties, the EIB being exempt therefrom under the Protocol on the Privileges and Immunities of the European Communities.
4. 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.
5. The EIB will reject any applicant or submission:
 - I. guilty of material misrepresentation;
 - II. who contravenes any of the terms of this document;
 - III. that fails to comply with the specifications of this Call for Eol; or
 - IV. undergoing a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the applicant.

6. Submissions must be drawn up in writing in English (offers in other languages will not be accepted). Any official documents in a language other than English must be accompanied by a certified translation.
7. Applicants must respond to the specifications item by item as set in Annex 2.
8. 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 Reference or not to award a contract to any applicant or to extend the deadline for the submission of the EoI or Offers before the expiration date of the Call for EoI documents, at its own discretion. The EIB may cancel the procedure at any time excluding any claim of the applicants to any rights, including any rights arising under any pre-contractual liability. Applicants should only participate in the Call for EoI process on the understanding that they would not be entitled to any form of compensation, should the EIB decide to interrupt the procurement procedure before the Operational Agreement is signed.
9. Participation in this Call for EoI involves acceptance of all the terms and conditions mentioned in the present Call for EoI.
10. The following documents shall form an integral part of this Call for EoI:
 - Annex 1 -“Template for Expression of Interest”
 - Annex 2 -“Declaration to be made by the applicant”
 - Annex 3 -“Terms of Reference”
11. Any requests for additional information on Stage 1 and/or on Stage 2 should be addressed in writing by Monday, 15 November 2010, at the latest to Mrs Klaudia Berger, fax: +352-437968167, e-mail: bei.asa@eib.org. Please note that the EIB responses to any queries or clarification requests will be made available to all applicants through publication on the Call for EoI website at least 8 working days before the deadline for submissions. Should those requests be made in the referred due time and the responses be made available by the EIB after time frame set above, then the deadline for submissions will be extended accordingly.
12. 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 company shall also be submitted.
13. 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.
14. Applicants will be, in each stage, simultaneously informed of the outcome of their submissions by communication sent out to the e-mail address that is indicated by the applicants in the EoI.
15. Exception made to the specific cases and within the limits referred to in the Terms of Reference, the applicants will not be permitted to modify the terms and conditions of their submission during the negotiations to be carried out or at any other time after the submission has been transmitted to the EIB.
16. Any dispute concerning procurement conducted by the EIB falls under the jurisdiction of the European Court of Justice.

DISCLAIMER

Any person considering making a decision to enter into contractual relationships with the EIB, JHFP 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 UDFs 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.

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

CONFLICTS

The EIB requires all actual or potential conflicts of interest to be resolved to the EIB's satisfaction prior to the delivery of an applicant's submission. Failure to declare such conflicts as set in Annexe 2, and/or failure to address such conflicts to the reasonable satisfaction of the EIB, will lead to applicant being disqualified at Stage 1 or immediately after EIB having knowledge of such conflict.

CANVASSING AND NON COLLUSION

The EIB will disqualify, at any stage of the selection process (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, the approximate amount or any other material matter 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 UDFs 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 UDFs 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 directly 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 Eol has been issued. All clarifications should be through the EIB as set out in the introduction to this Call for Eol.

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 Eol is necessary in order to assess the Eol, and if applicable the subsequent Offer and will be used solely for that purpose under the authority of the EIB purchasing division (ASA), in accordance with the EIB procurement rules, approved by the Management Committee of the EIB. Please note that for the Eol 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 Eol document.

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

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ANNEX 1

TEMPLATE FOR EXPRESSION OF INTEREST

(name of an applicant)

EXPRESSION OF INTEREST

(place of conclusion)

(date)

(Stamp of the applicant)

1. Information about the applicant

1.1. General information about the applicant ¹

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

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

1.2. Person authorised to submit the EoI²

Name, surname	
Position	
Contacts: Address Telephone No Fax Email	

(2) A power of attorney authorizing that person to submit the EoI and the Offer and to represent the applicant/consortium at all stages of the selection procedure on behalf of the applicant is necessary

¹ 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 for EoI, as well as the identification of the percentage that each of them represents in the consortium.

² A power of attorney authorizing that person to submit the EoI and the Offer and to represent the applicant/consortium at all stages of the selection procedure on behalf of the applicant 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 EoI, the undersigned:

- 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:

1. declare(s) that:
 - a. there is no Exclusion Criteria preventing its selection under the terms of this Call for EoI;
 - b. the applicant is fully aware that resources of the JHFP, which aim is to finance Urban Projects, are provided by the EU Structural Funds 2007– 2013;
 - c. the information contained in this EoI and its Annexes is complete and correct in all its elements; and
 - d. the applicant has taken note of conditions of the Call for EoI and the Terms of Reference contained herein and has had the opportunity to gauge the scope and quality of the services required, as well as the possible difficulties;
2. undertake(s) unconditionally, in accordance with the provisions of the aforementioned documents to supply the services to be provided therein on the terms set out below in this Call for EoI, this submission being binding upon the organisation, however, only if the selection of the applicant is notified by the EIB within 180 days of the date of opening of submissions;
3. declare(s) that is authorised to do so on behalf of any consortium members listed in paragraph 1. above and in doing so commit(s) those consortium members to supply the same services on the terms set out in this Call for EoI, for 180 days from the date of opening of submissions.

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 III.A.2 of the Terms of Reference (Exclusion Criteria) below:

a) ...

b) ...

c) ...

(position)

(name, surname)

(signature)

ANNEX 2

DECLARATION TO BE MADE BY THE APPLICANT

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 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 Portugal under the applicable
regulatory framework? If applicable, a copy of a decision of a competent authority granting the
license evidencing that the applicant is authorised to carry out business in Portugal 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
SIGNATURE(S)

NAME(S)

ANNEX 3

TERMS OF REFERENCE

I. GENERAL INFORMATION

A. Background on JESSICA

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

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

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

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

B. Establishment and composition of the JESSICA Holding Fund Portugal (“JHFP”)

The JHFP has been created based on the Funding Agreement signed on 20th July 2009 between the Portugal Managing Authorities (“the “Portugal MAs” meaning Managing Authority for the Operational Programme (“OP”) Territorial Enhancement, the Managing Authority for the OP North, the Managing Authority for the OP Centre, the Managing Authority for the OP Lisbon, the Managing Authority for the OP Alentejo, the Managing Authority for the OP Algarve), the Direção-Geral do Tesouro e Finanças (“DGTF”) and the EIB (“the Funding Agreement”).

The JHFP has been established as a separate block of finance within the EIB for the purpose of investing the contributing funds as repayable investments, in urban projects forming part of a Integrated Plan for Sustainable Urban Development in Continental Portugal NUTS-2 regions (“Urban Projects”). To this aim the EIB will select Urban Development Funds (“UDFs”) that will receive resources from the JHFP to implement Urban Projects. The functioning of JHFP is supervised by its Investment Board, currently consisting of eight independent Members appointed by the Portugal MAs and DGTF after consultation with EIB. The Investment Board will broadly be responsible for governing the implementation of the JHFP which includes approving or rejecting recommendations made to it by EIB as the JHFP manager.

The composition of the JHFP is described in the following table:

Contributor	Amount
OP Territorial Enhancement	EUR 30 000 000
OP North	EUR 30 000 000
OP Centre	EUR 20 000 000
OP Lisbon	EUR 5 000 000
OP Alentejo	EUR 10 000 000
OP Algarve	EUR 5 000 000
DGTF	EUR 30 000 000
	EUR 130 000 000

As to Continental Portugal NUTS-2, the ERDF, in what specifically refers to this Call for EoI, shall be invested in accordance to the EU Structural Funds Regulations and in line with the priorities set forth in six OPs approved by the Commission in October 2007, as follows:

- OP for Territorial Enhancement 2007-2013 (the “OP Territorial Enhancement”);
- OP for the North 2007-2013 (the “OP North”);
- OP for the Centre 2007-2013 (the “OP Centre”);
- OP for Lisbon 2007-2013 (the “OP Lisbon”);
- OP for Alentejo 2007-2013 (the “OP Alentejo”);
- OP for Algarve 2007-2013 (the “OP Algarve”)³.

These OPs provide a framework for the investment of the ERDF amounts in the relevant sectors and/or regions in Portugal, for the period 2007-2013, identifying the broad priorities for the investment (called ‘Priority Axes’ in Commission terminology), together with relevant resources from the EU Structural Funds and co-financing requirements.

Within these intervention domains, the following can be identified as particularly relevant for the purposes of this Call for EoI, (the “Relevant Intervention Domains”):

OP North

PRIORITY AXIS IV – Urban System Qualification

- Promoting urban excellence operations and networks for competitiveness and innovation;
- Promotion of integrated operations within priority areas of urban regeneration;
- Promotion of urban mobility;

OP Centre

PRIORITY AXIS II – Cities and urban systems development

- Urban Regeneration Partnerships;
- Competitiveness of innovation urban networks;
- Urban mobility ;

OP Lisbon

PRIORITY AXIS III – Social Cohesion

- Urban Regeneration Partnerships (focusing on social inclusion);
- Immigrant population integration platforms;
- Services to populations with special handicaps;

OP Alentejo

³ All these OPs are available in http://www.qren.pt/item3.php?lang=0&id_channel=34&id_page=203.

PRIORITY AXIS II – Urban Development

- Urban Regeneration Partnerships;
- Competitiveness and innovation urban networks;
- Urban mobility;

OP Algarve

PRIORITY AXIS III – Territorial Enhancement and Urban Development Urban Regeneration Partnerships;

- Competitiveness in the urban regional network;
- Urban system enhancement through accessibility and mobility;
- Urban Regeneration Partnerships;

OP Territorial Enhancement (only applicable for operations in North, Centre and Alentejo NUTS 2 regions)

PRIORITY AXIS IX – Development of the National Urban System

- Promote a polycentric urban development, strengthening the connections between the cities and its respective surrounding areas and the qualification of urban spaces considering namely innovating solutions;
- Promote social cohesion, ensuring territorial equity in infra-structure and collective equipment distribution.

In the context of the OPs, and, in particular, envisaging the effective implementation of these Relevant Intervention Domains and the promotion of the inherent policies, the Portuguese Government, through DGTF and the Portugal MAs responsible of the aforementioned ERDF OPs have decided to support the financing of Urban Projects in Continental Portugal through the JESSICA Holding Fund Portugal, as further described below.

C. Regulation and priorities

Since the amounts contributed to the JHFP by each of the Portugal MAs are allocated to the Relevant Intervention Domains in each of the relevant OPs, all the Urban Projects promoting the effective implementation of said priorities, preferably those located in medium/large cities, are eligible projects to be financed by the UDFs to be selected, provided that:

- According to the Regulation (EC) No 1080/2006, as amended by Regulation 397/2009, the urban projects to be financed under the JESSICA initiative are part of an Integrated Plan for Sustainable Urban Development, as defined in Appendix A (“Definition of Integrated Plans for Sustainable Urban Development”);
- Given the revolving aspect of the investments to be done by the UDFs, the Urban Projects generate sufficient returns;
- The Urban Projects comply with criteria applicable to the relevant OP;
- The project cost financed from ERDF and the National Match Funding is considered as an “Eligible Expenditure” pursuant to EU Structural Funds Regulations and is consistent with OPs requirements; “Non-eligible” project costs can be financed from UDFs resources other than the JHFP contributions or from private resources (ensuring separate accounting and audit trails).
- Urban Projects contribute to the achievement of objectives (including quantitative outputs as set in Appendix F).

Without prejudice to the principles defined above, and as general guidelines to be considered by the applicants when preparing their Offers, EIB clarifies that, at this stage, it considers as preferred solutions (the “priorities” or the “JESSICA Portugal priorities”) to promote the effective implementation of the policies inherent to the following Relevant Intervention Domains the Urban projects focused on:

- Urban rehabilitation and regeneration including urban infrastructure and facilities regeneration;
- Energy efficiency and renewable energy in urban areas;

- Urban economic revitalisation especially in what regards small and medium enterprises (“SME”) or innovating companies;
- Information and communication technology dissemination in urban areas, including broadband and wireless infrastructure.

D. The role of the UDFs

a Legal and ownership form

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

b Key Tasks

UDFs will be asked to manage in a sustainable manner a portfolio of Urban Projects that comply with the Call for EoI objectives. UDFs must not be project developers or the owners of the assets because EU Structural Funds Regulations allow only investing through loans, equity or guarantees. In Portugal, the UDFs are only to invest through loans or equity in the promotion of new projects and, therefore, the applicants can not apply to JESSICA funds with the perspective of refinancing their already existing portfolio.

For these main purposes, the key tasks envisaged for the UDFs will broadly be to:

- Identify, invest in and lead the negotiation and structuring of financial investments in viable Urban Projects which fit within the agreed Business Plan of the UDF, the Investment Strategy of JHFP and eligibility requirements and criteria applicable to the relevant OPs;
- Monitor and control Urban Projects to provide the necessary information in order to comply with the reporting obligations towards the Commission in accordance with the EU Structural Funds Regulations;
- Possibly, secure co-financing at UDF level and, to the extent possible, additional financing at project level in identified Urban Projects to ensure that JHFP's investment is sufficiently and appropriately leveraged and that sufficient eligible expenditure (“Eligible Expenditure”) can be declared in those Urban Projects in accordance with EU Structural Fund Regulations;
- Recommend and manage appropriate exit strategies from Urban Project investments.

II. AMOUNT ALLOCATED FOR THE CALL FOR EOI

In accordance with the Funding Agreement, the JHFP shall channel its funds to Urban Projects through UDFs selected in accordance with this Call for EoI.

The amount to be made available according to this Call for EoI will be up to EUR 130 000 000, in line with the funds managed by the JHFP. The aforementioned amount, from which the relevant management costs (as referred to in the Funding Agreement) shall be deducted, will be divided in 6 Lots, as follows:

Lots	Maximum Amount Available	Contributor	Utilisation
Lot 1	EUR 30 000 000	OP North	North NUTS-2 Region
Lot 2	EUR 20 000 000	OP Centre	Centre NUTS-2 Region
Lot 3	EUR 5 000 000	OP Lisbon	Lisbon NUTS-2 Region
Lot 4	EUR 10 000 000	OP Alentejo	Alentejo NUTS-2 Region
Lot 5	EUR 5 000 000	OP Algarve	Algarve NUTS-2 Region
Lot 6	EUR 30 000 000	OP Territorial Enhancement	North, Centre or Alentejo NUTS-2 Regions

Further to the table above, an additional amount of EUR 30 000 000 contributed by DGTF shall be allocated on top at a later stage, at the level of each OP in accordance with the needs of National Match Funding.

Moreover, the amounts to be invested in the UDFs may be increased, by any returns on investment in UDFs, additional EU Structural Funds or any other funding that may be held by or become available to the JHFP to cover the possible need of additional National Match Funding, with the exclusion of central government lending or additional participation from DGTF, or to accommodate the increase in the contribution of a specific region. It is also highlighted that, in addition to JHFP resources, all investments aforementioned will be eligible for receiving grants directly by the Portugal MAs following appropriate procedures, as required to comply with their National Match Funding obligations or as freely decided by the Portugal MAs in any other circumstances.

III. PROCUREMENT PROCESS FOR THE UDFs SELECTION

In overview, the process by which the JHFP will engage with UDFs begins with this Call for EoI and will or may proceed regarding the following stages:

A. Stage 1

At this first stage, EoI which are admitted in accordance with the Exclusion Criteria will be assessed on the basis of the Selection Criteria.

A.1. Submission of Expression of interest

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

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

A.2. Exclusion Criteria

Applicants will be excluded from participating in this Call for EoI if any of the following Exclusion Criteria applies to them or, in case of the EoI being submitted by a consortium, to any of its members:

- 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 or any of its in office managers, holders of company management, directors or equivalent have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*;
- c) they or any of its in office managers, holders of company management, directors or equivalent 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, with those of the country of the contracting authority, and with those of the country where the contract is performed;
- e) they or any of its in office managers, holders of company management, directors or equivalent 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 or any of its in office managers, holders of company management, directors or equivalent 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 entities with legal personality and/or natural persons, including any person with powers of representation, decision-making or control in relation to the applicant. If such documents are not available in the country of origin or provenance the applicant:
 - May provide a sworn statement before a competent judicial authority;
 - 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, certificates issued less than 6 months before the final date for submissions by the competent social security and tax authorities of the country where they are established, of the country of the contracting authority, and of Portugal. Where such certificate is not issued in the country where they are established, 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 6 months before the final date for submission of submissions. Depending on the national legislation of the country in which they are established, these documents must relate to entities with legal personality and/or natural persons, in the latter case, they shall relate to the person(s) empowered to represent the applicant and sign the contract if the Offer is successful. If such documents are not available in the country or origin or provenance the applicant:
 - May provide a sworn statement before a competent judicial authority;
 - For any entity incorporated in one of the Member States where such statement does not exist, such entity may swear a declaration before a competent administrative authority, a notary or a qualified professional body entitled to such declaration, in the country of origin or provenance,

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

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

A.3. Selection Criteria

Submissions admitted in accordance with the Exclusion Criteria will be assessed on the basis of the following Selection Criteria:

- a) The Eol is prepared in accordance with the procedural requirements to be defined in the Call for Eol;
- b) Experience in the relevant targeted market during the last three years in the management of equivalent or similar projects and/or financial vehicles investing in similar projects to those foreseen in this Call for Eol;
- c) 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 bank reference, released by a financial institution meeting the same minimum rating, confirming that the applicant maintains a regular relationship with said bank and that in accordance to the bank's assessment the applicant has financial capability or suitability to be involved in the management of equivalent or similar projects to those foreseen in this Call for Eol;
- d) If applicants are non financial public entities: a clear evidence (supported by legal opinion) that their ultimate risk either through external guarantee or through implicit State/Local Entities support shows a minimum score equivalent to a ratio of BBB/Baa2 as defined by either Standard & Poor's Rating Services (a division of the McGraw-Hill Companies, Inc.), Moody's Investors Service or Fitch Ratings Ltd.;
- e) Should the applicant be a consortium, the leading party (which should hold more than 50% of participation) or any of the parties undertaking joint and several liability with the other members of the consortium shall provide the rating or the bank reference, as referred in paragraph c), or the ultimate risk indicated in the above paragraph d).

B. Stage 2 - 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 prepared substantially in the form and following the instructions provided for in Appendix B, for use of the JHFP resources, demonstrating economic viability of the Investment Policy.

The Business Plans shall, in particular, comply with the *Mandatory Amounts Limits* listed below. Only the Business Plans that comply with these *Mandatory Amounts Limits* will be evaluated in the context of the Award Criteria, otherwise they will be rejected in the beginning of Stage 2, prior to that evaluation.

It is anticipated that during Stage 2, before submission of the Offers, the selected terms and financial conditions for the Operational Agreement will be disclosed by the EIB to applicants who meet the Selection Criteria in order to allow their consideration in the preparation of the same Offers.

B.1 Mandatory Amount Limits

Applicants shall mention in their Offer the Lots and respective amounts they are bidding for and also precise the flexibility of their Offer by filling the following table:

	Minimum target amount (in EUR m)	Maximum target amount (in EUR m)
Lot 1 – North		
Lot 2 – Centre		
Lot 3 – Lisbon		
Lot 4 – Alentejo		
Lot 5 – Algarve		
Lot 6 – Territorial Enhancement		

In case the Offer is for more than one Lot, the applicants should also mention (i) the minimum number of Lots and/or (ii) the minimum amount for which their Offer should be considered as valid by EIB. These mentions are essential for the selection process as each Lot will be individually evaluated and awarded.

When filling the table above and preparing their Offers the applicants:

- a) can provide Offers from one up to the six Lots;
- b) as regards Lots 3, 4 and 5, applicants must apply for the total amount per Lot; and
- c) as regards Lots 1, 2 and 6, applicants can apply for the total or for a partial amount per Lot with a minimum amount of EUR 10 000 000; the minimum and maximum amounts per Lot to be indicated by each applicant shall be multiples of EUR 10 000 000.

Should any of the Offers received by EIB fail to comply with the conditions referred in paragraphs b) and c) above (the “*Mandatory Amounts Limits*”), said Offers will be automatically excluded at the beginning of this Stage 2.

B.2. Typology of Urban Projects

Applicants should include in their Offers the typology of Urban Projects (as part of the Business Plan). The typology of Urban Projects should contain a general description of the Urban Projects to be supported, detailing the type of projects that the applicants foresee to finance and focusing their description on the level of preparation of the vehicles that will channel the funds (the financial vehicles that will channel the funds can be the UDF itself or sub-vehicles created by the UDF with various partners having different scope and approach each). In addition, and to the extent possible, the typology of Urban Projects should also include a list of projects that applicants foresee to finance. Applicants will have the possibility, nevertheless, to substitute those projects, on justified grounds, for other Urban Projects of a similar nature, including similar balance between financial and socio-economic benefits.

Should applicants not be able to provide with such a list, they will describe the typology of Urban Projects they foresee to finance focusing their description on the level of preparation of the vehicles that will channel the funds to the Urban Projects.

The Award Criteria described in Appendix C privileges the degree of maturity of the projects and/or the financial vehicles that will channel the funds to the Urban Projects included in the typology of Urban Projects list.

Should specific Urban Projects be identified, they may differ in terms of their economic added value, technical description, duration, size, risk and returns.

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

I. Minimum requirements

The minimum requirements have been detailed in Section I.C. above and include namely:

- a) compliance with EU Structural Fund Regulations;
- b) soundness in terms of business model, cash flows, partners, etc.;
- c) being part of the Integrated Plans for Sustainable Urban Development;
- d) being structured in such a way so as to generate revenues sufficient to repay any funding received from the UDF, as required by EU Structural Funds Regulations;
- e) being capable of ensuring economic and/or social benefits.

Prior to proceeding with the analysis of a project from an economic and financial standpoint, the selected UDFs shall demonstrate conformity of the portfolio of projects in relation to points I.a) and I.c) above to the regulations of the Portugal MAs and the relevant department responsible for the Relevant Intervention Domains to which the projects belong.

II. Financial and economic

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

B.3 Evaluation of the Offers - Award Criteria

The Offers in compliance with the Mandatory Amounts Limits and other mandatory specifications established in this Call for EoI shall be evaluated on the basis of the Award Criteria, as these are described in Appendix C. Appendix C also gives guidance on the assessment rule which will be applied to each section of the Business Plan.

At this stage, EIB may seek from the applicants the clarifications regarding any aspect of the submissions that EIB considers relevant for its evaluation. The clarifications eventually provided by the applicants can not lead to an amendment or completion of the submission originally presented.

The EIB will identify the applicant(s) in each Lot whose Offer(s) (in the form of Business Plan) is(are) evaluated as the most favourable and, if EIB decides that the negotiation process set forward should not take place, EIB will immediately recommend preferred bidder(s) to the Investment Board for its approval ("Preferred Bidder").

Only the Offers that obtain at least 30 points out of 50 points in the qualitative Award Criteria are eligible for selection and can go through stages 3 and/or 4.

The Preferred Bidder(s) should have the necessary governance, processes, skills, track record and deal sourcing/appraisal capabilities.

C. Stage 3 – Negotiation Process

Following the evaluation of the Offers on the basis of the Award Criteria, the EIB may, if it considers appropriate, initiate a preliminary process of negotiation, which process may involve one or more applicants, as better detailed in the following paragraphs.

EIB may invite for this stage the applicants that submitted the Offer(s) evaluated as the most favourable one(s) in each Lot.

If the EIB decides that this stage should take place, the following rules shall apply:

- a) The invitation for negotiation shall state the aspects that EIB is not available to put to negotiation and the aspects of the Offer EIB is intending to negotiate;
- b) The invitation for negotiation shall indicate the format of the negotiation sessions, notably if, when involving more than one applicant, they will take place simultaneously with all the invited applicants or in separate sessions;
- c) Negotiations may concern only aspects of the proposals submitted to the competition in this document and assessable in the light of the Award Criteria, as these are described in Appendix C;
- d) The invited applicants shall have the same opportunities to propose, to accept and to counter propose modifications to the attributes of its Offers during the negotiations sessions;
- e) At the end of the negotiation stage, any Offers improved in the context of the negotiations will be once again evaluated on the basis of the Award Criteria, as these are described in Appendix C;
- f) In any case, should no improvement occur, the applicants remain bound to the initial version of their Offers submitted prior to the negotiation stage.

Should EIB decide this negotiation phase to take place, EIB will evaluate the Offers at the end of said stage, identifying the applicant(s) in each Lot whose best and final Offer(s), assessed through the application of the Award Criteria, is(are) evaluated as the most favourable and recommend Preferred Bidder(s) to the Investment Board for its approval.

D. Stage 4 – Negotiation of the Operational Agreement with the Preferred Bidders

Once accepted by the Investment Board, the Preferred Bidder(s) of each Lot shall be invited to negotiate the terms and conditions of the Operational Agreement to be signed with the EIB as indicated in Section IV.

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

The negotiations with the Preferred Bidder(s) should be limited to a fine-tuning of the Operational Agreement, to the adjustment of the Operational Agreement so as to increase

the efficiency of the Business Plan and its coherence with the Relevant Intervention Domains and to discuss new Urban Projects included in the Business Plan in the meantime.

In any case, it must be assured that the adjustments agreed upon would not have changed the result of this procurement process if they had been reflected in any of the Offers submitted by any of the applicants; also, it must be assured that those adjustments do not violate any of the mandatory provisions of this Call for EoI and that they respect all its mandatory specifications.

Once negotiations have been concluded, EIB shall make a proposal on the award of contract to the Investment Board for approval. Such proposal shall include the key terms and conditions of the Operational Agreement to be signed between EIB and the selected UDFs.

Before signature of the Operational Agreement, the EIB reserves the right to verify any relevant ethical, professional and technical requirements declared by the selected UDFs under this Call for EoI and, in particular, whether the Exclusion Criteria remain fully respected.

Operational Period

It is accepted that the UDFs' investment policy ("Investment Policy") may evolve throughout the operational period of the UDFs. It will be important that the UDF continues to deliver investment in Urban Projects within the parameters of its Investment Policy. For this reason, the EIB should agree to any proposed changes to the UDF's Business Plan to ensure it continues to align with the JHFP's investment strategy ("Investment Strategy"). This may be achieved through the participation of the EIB in a supervisory or investor committee of the UDFs.

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

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

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

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

- The Urban Project is in line with its Investment Policy, including whether it fits within an Integrated Plan, appropriate financial parameters and how it contributes to meeting Output Targets;
- The Urban Project fulfils the Eligible Expenditure requirements and the proposed investment in the Urban Project is State aid compliant;

- If applicable, it has the necessary private sector co-financing in place either at the UDFs or Urban Project level to support the drawdown of funds from the JHFP for the particular Urban Project.

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

IV. OPERATIONAL AGREEMENT

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

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

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

V. FINANCIAL MODEL OF THE UDFs

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

i.	50% of the allocated funds shall be invested by 31 December 2013
ii.	90% of the allocated funds shall be invested by 31 December 2014
iii.	100% of the allocated funds shall be invested by 30 April 2015

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

5. Transfer of funds to UDFs:

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

VI. CONDITIONS FOR THE FINANCIAL PRODUCTS

1. As described in section V, UDFs will receive funds from the JHFP to invest in a revolving way in Urban Projects.
2. For these purposes, UDFs shall support Urban Projects by means of loans and/or equity.
3. Loans made by UDFs to Urban Projects must comply with EU State aid requirements⁴, including the reference rate framework where appropriate (see http://ec.europa.eu/competition/state_aid/legislation/reference.html for further details). Applicants should take their own advice in this regard.
4. Conditions for the UDFs financial products shall be based on the following guidelines:
 - Only Urban Projects, where the sum before discounting of all project cash flows from operating and investing activities (including initial expenditure and – in case of PPP-type or similar projects – including all potential payments to be received by an Urban Project from relevant public authorities or other Urban Project's promoters in the form of e.g. availability payments, shadow tolls, etc.) is positive, are consistent with the concept of the JESSICA instrument;
 - It exists a market failure, hence an Urban Project without UDFs support and with typical forms of financing could not have been realised;

⁴ 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

- The terms and conditions of financing from the UDFs should be sufficiently competitive in relation to prevailing market conditions in the absence of JHFP funds but always compatible with EU competition rules, so that⁵:
 - due to UDFs financing, the rate of return for equity investors remains at a fair market level (Normal Equity IRR);
 - due to UDFs financing, the rate of return for providers of debt remains at a fair market level (Normal Debt IRR).
- The intensity of UDFs financing should not exceed the level sufficient to encourage a project promoter to execute an Urban Project. The key is to limit UDFs intervention to what is necessary to proceed with a project and to ensure that private partners do not benefit from a higher-than-market rate of return on investment. Following the investment from UDFs, the rate of return for equity investors and providers of debt shall not exceed the Normal Equity IRR and Normal Debt IRR respectively;
- In order to achieve the above results, and subject to compatibility with EU competition law, JESSICA financing may come in the form of:
 - 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
 - equity contributions.
- For the purpose of the Business Plan:
 - normal Equity IRR shall be established at a fair market level;
 - normal Debt IRR shall be established in line with the interest rates applicable by Portuguese banks for the purpose of financing similar projects.
- The determination of the terms and conditions of project financing from the UDF must take place before the Urban Projects are implemented and must be performed on the basis of the anticipated financial and economic results, presented as part of the financial analysis (i.e. as part of the financial plan of the Urban Project);
- The terms and conditions of engaging the UDF should be determined on an individual basis.

The compatibility of JESSICA financing scheme as described above is currently being considered by the competent EU authorities under the State Aid rules of the EC Treaty on the Functioning of the European Union (TFEU). Pending a final decision on this matter by the EU authorities, Offers (in the form of a Business Plan) shall also contain a proposal which is in line with existing State aid rules.

VII. MANAGEMENT FEE

A. Definition

⁵ 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.

- 1 The UDF will be entitled to receive a Management Fee in accordance with the Operational Agreement for their management of the Urban Projects.
- 2 The Management Fee shall include all fees and expenses to be incurred by the UDF in relation to the selection, monitoring, supervision, administration, management and arrangement of the financing to Urban Projects and other auxiliary Activities provided. If the UDF foresees a combination of its Management Fee proposal with remuneration received also from Urban Projects this will have to be clearly stipulated in its Offer. However, should this not be the case, the UDF shall not have the right to request remuneration from Urban Projects with respect to the same.
- 3 The Management Fee should typically comprise a fixed and a contingent component, subject to the absolute cap, as described in Section C.11 below.
- 4 Fixed part: it is suggested to applicants to propose a Management Fee linked to the three following components of its activity:
 - project appraisal and structuring;
 - "EU Structural Funds monitoring" consisting of monitoring, reporting and other services related to ensuring the compliance with EU Structural Funds Regulations; and
 - administration of the investments in Urban projects.
- 5 Contingent part: it is suggested that the fixed component of the Management Fee may be replaced or integrated by additional performance incentives. In particular, the contingent part should provide the UDF with incentives to invest in Urban Project in a timely and efficient manner. The contingent component may be composed of either one or both of the following elements:
 - a performance incentive fee based on commitments. The rationale of this fee stems from the fact that the industry, both at level of UDF and at revenue generating Urban Projects level, is still immature;
 - an incentive based on the ex-post quality of the portfolio of Urban Projects. Charging fees on committed capital only would in fact encourage the UDF manager to invest too quickly, hence a well constructed performance fee should alleviate the risk of putting money to work too quickly and in unprofitable/risky projects.
- 6 The detailed provisions concerning the Management Fee shall be established in the Operational Agreement. The Operational Agreement will include the rights, obligations and liabilities associated with the services that the UDF Manager provides to the UDF.

B. Calculation

- 7 The Management Fee shall be calculated as a combination of (i) a percentage of the funds contributed by the JHFP to the UDF, and (ii) a percentage of the funds allocated through the UDF to the Urban Projects not yet repaid by Final Beneficiaries or written-off excluding any amounts which are overdue (i.e. for 60 days or more) ("Invested capital"). The detailed calculation criteria will be based on the UDF proposal included in the Business Plan.
- 8 The Management Fee shall not be calculated on (i) the interest earned by a UDF on any deposits of funds contributed to the UDF by the JHFP and not yet invested in Urban Projects or (ii) resources returned to the UDF from investments in Urban Projects and not yet re-invested.
- 9 The Management Fee shall not be calculated on the amounts due by any Urban Project to a UDF and not returned, due to a failure by an Urban Project to pay, (payments overdue for a period of 60 days or more).

C. Payment

- 10 The annual Management Fee paid according to JHFP resources will not exceed the time period for eligibility of costs under the EU Structural Funds Regulations that it is to say, December 31, 2015. After that period, the Management Fee will be paid from cash flow returned to the UDF from investments in Urban Projects. It is expected a substantial decrease over time of the Management Fee, particularly as from 2016, according to the evolution, the EU Structural Funds monitoring requirements, and workload requested to the UDF.
- 11 The required level of Management Fee payable to the UDF Manager shall be indicated in the Business Plan submitted by each applicant. In any case, the Management Fee to be paid according to JHFP resources may not exceed, on an annual average, up to 31 December 2015, 3% p.a. of the capital contributed from the JHFP to the UDF. However, the EIB is expecting Management Fees to be below this, as defined by the outcome of the competitive process, especially for the period post initial identification and investment in Urban Projects.
- 12 Investment targets under Section V.4.d shall be further elaborated in the Operational Agreement. Failure to meet investment targets in a given time period shall result in the reduction of the level of the Management Fee in the subsequent period in proportion to the shortfall of investments as compared to the target or may result in the termination of the Operational Agreement unless otherwise agreed by EIB.

Definition of Integrated Plan for Sustainable Urban Development

An Integrated Plan for Sustainable Urban Development comprises 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) or a network of cities.

This eligibility criterion for UDF operations and investment projects co-financed by JHFP is met by the promoters when they are able to demonstrate that the aforementioned interventions are framed by the strategic referential of the following typologies of Integrated Plans for Sustainable Urban Development:

- Territorial management instruments in force, such as Municipal Masterplans (Planos Directores Municipais), Urbanization Plans (Planos de Urbanização) and Detailed intervention plans (Planos de Pormenor)
- Urban Regenerations Partnerships (Parcerias para a Regeneração Urbana) and Urban Networks for competitiveness and innovation (Redes Urbanas para a Competitividade e Inovação) under POLIS XXI policy approved by respective Regional Operational Programmes or programmes of similar nature promoted or with the involvement of national entities responsible for urban regeneration policies.
- Urban rehabilitation operations in force, established under the legal framework for urban regeneration approved by Decree-Law nr. 307/2009, 23rd October or other urban rehabilitation or regeneration operations predicted by a specific act of law.
- Urban rehabilitation operations promoted by Urban Regeneration Companies (Sociedades de Reabilitação Urbana) established under Decree-Law nr. 104/2004, 7th May
- Other integrated interventions formally approved by municipalities whose integrated nature has been formally recognised by DGOTDU.

Business Plan

<h3>1. Investment Policy</h3>
<p>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, to the extent possible, specific Urban Projects or at least the typology of Urban Projects they foresee to finance in accordance to Section III.B.2 of Annex 3.</p> <p>The Investment Policy will describe, at least, the following matters:</p> <ul style="list-style-type: none"> a) its compliance with the objectives established in the relevant OPs and with the eligibility conditions stipulated in Section I.C of Annex 3; b) the targeted market, geographical coverage and other relevant criteria and objectives of the Urban Projects composing the typology of Urban Project list; c) the terms and conditions for financial products in accordance with the description of the UDF financial products provided for in Section VI of Annex 3; <p>Should the UDF intend to finance non eligible expenditures, the conditions and resources for their financing and the solutions ensuring separate accounting and audit trails shall be fully described.</p> <p>Applicants are also encouraged to support their Investment Policy, to the extent possible, with details of specific Urban Projects already identified. The presentation of the applicant's Investment Policy may refer to best practices and benchmarks in this field.</p>
<h3>2. Financial forecasts and operational budget of the UDF</h3>
<p>Applicants shall describe the provisional financial forecasts and operational budget of the UDF according to the template provided in Appendix E, based on the Urban Projects' criteria and other aspects included in the Investment Policy, and additional details provided in Section V, VI and VII of Annex 3.</p>
<h3>3. Fiscal Regime applicable to the UDF</h3>
<p>Applicants shall describe the fiscal regime they will operate under, namely identifying fiscal benefits he might benefit from, allowing for comparing the Offers.</p>
<h3>4. Typology of Urban Projects</h3>
<p>Applicants shall be responsible for the identification and evaluation of Urban Projects fitting the typology of Urban Projects to be detailed in the Business Plan as referred to in Section III.B.2 of Annex 3. Applicants should demonstrate the feasibility and robustness of the strategy to be adopted and their compliance with the objectives as presented in the relevant OP. Against this background, applicants should be advised that the description of the typology of Urban Projects required is aimed at testing the applicants' approach to the selection, analysis and financing of Urban Projects.</p> <p>In addition, applicants that are able to provide evidence of a pipeline of projects and specific details of "early win" projects will provide a greater degree of comfort to EIB that they are in a position to invest in Urban Projects within the relatively tight timescales envisaged for investment. Therefore, when possible, applicants are invited to present in their Offers details of specific projects already identified, even if it is recognised that some project details may be less developed/indicative than others and that the project pipeline / financial plan will need to be subject to flexibility and further development/agreement going forward. Provision for this will be made in the Operational Agreement to be signed with the UDF.</p> <p>The description of the typology of Urban Project shall include, at least, the following matters:</p> <ul style="list-style-type: none"> a) General description of the type of project and its timetable;

- b) Justification for selection;
- c) Identification of risks (including technical, market, financial, etc.);
- d) Conformity of type of project's objectives with the objectives set forth in the JESSICA initiative and as described in the relevant OP. This means that the selected Urban Projects shall contribute to the achievement of the relevant OP objectives, including quantitative outputs, as stipulated in the Relevant Intervention Domains of the same OP, mentioned in Section I of Annex 3.
- e) Assessment of the socio-economic performance including the description of the social and environmental benefits according to the indicators included in the template provided in Appendix F;
- f) Structure of the financing.

The typology of Urban Projects presented shall comply with the assumptions and guidelines arising from the Integrated Plans for Sustainable Urban Development since it is required that Urban Projects will be ultimately included in said Integrated Plans for Sustainable Urban Development.

More information on Urban Projects' objectives and criteria for their selection can be found in Section II and III of the Terms of Reference.

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

Any specific Urban Projects presented by the applicants in their Offers shall not be interpreted as an exhaustive or definitive list. It is expected that the selected UDF applicant will continue to look for other Urban Projects not identified at the time of presenting the Offer in accordance to the typology of Urban Projects proposed and as required to absorb the overall amount of resources assigned to the UDF by the JHFP.

To this end, applicants should describe the methodology for the identification and evaluation of future Urban Projects including and or/reconfiguring projects to be incorporated into the existing Integrated Plans for Sustainable Urban Development. In fact, even after the execution of the Operational Agreement, the list of projects may be modified and added to at a later stage according to a procedure to be provided in the same agreement.

The methodology shall contain provisions assuring that the selected Urban Projects to be financed by the UDF will comply with objectives as presented in Appendix F, guidelines for implementation of the Relevant Intervention Domains and relevant EU Structural Funds Regulations in line with the procedures for eligibility verification under the Integrated Plans for Sustainable Urban Development and the relevant OP set out by the Managing Authorities. Furthermore, adequate provisions are required to ensure that the selected Urban Projects will comply with the expected socio-economic performance of the Urban Projects, including a description of the social and environmental benefits and costs resulting from their execution, according to the Financial Model of the UDF and the terms and conditions for the financial products, that will be specified in the Operational Agreement between the selected UDF and the JHFP.

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

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

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

Finally, applicants should also include a full description of the internal scoring system used for the

credit risk assessment of each Urban Projects and for the pricing of the operations, if applicable.

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

Applicants shall describe the rules governing the exit of the UDF from investments in Urban Projects.

7. Legal and ownership structure of the UDF

Applicants shall provide information on the proposed legal structure.

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

Applicants 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.

8. The by-laws of the UDF

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

9. Governance structure

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

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

Project appraisal could be carried out internally, within the UDF, or through a third party fulfilling the relevant ethical, professional and organisational requirements under this Call for EoI and should ensure that Urban Projects are feasible from an economic, social and technical standpoint and that they comply with the eligibility criteria set up in the EU Structural Funds Regulations⁶, in the national applicable rules, and in the relevant OP. It should, of course, also analyse the risks involved, the financial structure and the expected revenues for the different stakeholders of the Urban Projects in order to set up the conditions for the participation of the UDF in the financing of these projects.

Applicants should propose a practical, cost-effective method to achieve a satisfactory management and governance system.

⁶ According to the Commission Regulation (EC) No. 1828/2006 of 8 December 2006, amended by Commission Regulation (EC) No 846/2009 of 1 September 2009 and Commission Regulation (EC) No 832/2010 of 17 September 2010, setting out rules for the implementation of Council Regulation (EC) No 1083/2006 (amended by Regulation (EC) 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 Commission Regulation (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)

10. Key Experts

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

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

11. Term and financial conditions of the Operational Agreement with the JHFP

The JHFP does not intend to specify the precise form its investment into the UDF will take. However, applicants should note that it is anticipated that the UDF will invest in Urban Projects primarily by way of debt (e.g. subordinated and senior debt) and/or equity or equity type form.

Applicants should propose the requested term and the financial conditions of the Operational Agreement to be concluded between the UDF and the JHFP. This term must be compatible with the timing of the applicants' Investment Policy and ideally should be between 15 and 20 years or more.

In any case, the Operational Agreement must comply with the requirements set forth for this Agreement in the EU Structural Funds Regulations⁷ and the conditions explained in Section IV of Annex 3.

An outline of certain rights and obligations of the UDF with respect to the JHFP is provided in Appendix D.

12. Annual Management Fee

Applicants should indicate the percentage to be claimed by the UDF, as annual Management Fee, of the total JHFP funds managed, as described in Section VII of Annex 3.

13. 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, applicants shall present the strategy for obtaining further financing from sources other than the JHFP with a view to co-financing Urban Projects, including its undertaking, if any, for this respect, or the UDF.

Applicants must distinguish whether the co-financing commitment is carried out at a UDF level or at the Urban Projects level.

With reference to co-financing at a UDF level, preference shall be given to co-financing solutions not entailing any privilege for non-JHFP resources over JHFP resources and, therefore, (i) the preferred solutions shall imply the terms and conditions of the non-JESSICA co-financing coming to a UDF to be the same as the terms and conditions of the JESSICA financing ("*pari passu* rule"); and (ii) applicants will determine the mechanisms for remunerating the different sources

⁷ Art. 43(6) of EC Regulation 1828/2006 as amended by EC Regulation 846/2009 and 832/2010.

(equity, loans or equivalent instruments) of the co-funding received by the UDF, if any.

As to the co-financing at the Urban Projects level, JESSICA financing may be junior to other sources of funds in line with the principles defined in Section VI of Annex 3. In this case, applicants will indicate the subordinatory relationships that may exist between UDF financing and external financing, if any.

One particular condition is that the UDF manager has no right to require a project to accept co-financing from the UDF manager or another entity as a pre-condition of receiving financing from the JHFP resources managed by the UDF.

Applicants shall further indicate if they propose any risk sharing mechanism, under the Operational Agreement, related to the potential losses for the JHFP arising from the financing of Urban Projects by the UDF.

14. Reutilisation of Resources

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

APPENDIX C

Award Criteria

In order to ensure that selected candidates do have quality offers, offers with less than 30 points in the qualitative criteria will be automatically discarded.

Award criteria			
Criterion	Sub criterion	Description and assessment rules	Scoring for criterion
QUALITATIVE AWARD CRITERIA			0 - 50
1. INVESTMENT POLICY	Understanding of the objectives, clear definition of goals	The applicant shall prove its understanding of the objectives to be achieved through the implementation of JESSICA mechanism in Portugal. The applicant shall define the goals of the UDF and objectives of its Investment Policy, including the targeted market and urban/territorial strategy. <u>Assessment rule:</u> level of understanding of JESSICA objectives and respective OP(s) intervention domains (“Relevant Intervention Domains” as set up in section I.B. of the Terms of Reference) and manifestation of this comprehension in the Investment Policy will be assessed.	0-10
	Understanding of the concept of Integrated Plan for Sustainable Urban Development and direct implication in the Investment Policy.	The applicant shall prove his understanding of the definition of Integrated Plan for Sustainable Urban Development. This essential concept should have direct implications in the Investment Policy. Examples of Integrated Plans for Sustainable Urban Development should be mentioned. <u>Assessment rule:</u> Importance of the Integrated Plan for Sustainable Urban Development in the Investment Policy.	
	Terms and conditions for financial products.	The applicant shall present the terms and conditions for JESSICA financial products. <u>Assessment rule:</u> the terms and conditions of the JESSICA financing shall ensure optimisation of the utilisation of funds in order to achieve the objectives of the Investment Policy	
2. FINANCIAL FORECASTS AND OPERATIONAL BUDGET OF THE UDF		The applicant should produce an operational budget for the UDF based on the expected financial results of the UDF participation in Urban Projects. <u>Assessment rule:</u> credibility of the financial forecasts and compliance with the Investment Policy, potential of the Portfolio of Urban Projects and robustness of the ownership and the legal structure of the UDF.	0-5

Award criteria			
Criterion	Sub criterion	Description and assessment rules	Scoring for criterion
QUALITATIVE AWARD CRITERIA			0 - 50
3. TYPOLOGY OF URBAN PROJECTS	Robustness of the typology of urban projects list	The applicant shall prove the conformity of the projects' objectives with, on the one hand, the general objectives set for in the JESSICA Initiative and on the other hand, with the priorities set in section I.C. of the Terms of Reference. The typology of urban projects shall comply with the assumptions and guidelines of the Managing Authority as regards Integrated Plans for Sustainable Urban Development.	0-10
		The applicant shall also describe its policy concerning exit from Urban Projects. <u>Assessment rule:</u> contribution of the Urban Projects from the typology of urban projects list to the respective OP(s) quantitative outputs, robustness of the typology of urban projects list and coherence with the JESSICA Portugal priorities set in section I.C. of the Terms of Reference, compliance of the projects with the assumptions and guidelines of the Managing Authority as regards Integrated Plans for Sustainable Urban Development.	
		Level of preparation/ advancement of the Typology of Projects list or of the vehicles that will channel the funds to the projects and their reliability	
	Expected socio-economic performance of the Typology of Urban Projects	The applicant shall forecast and describe the expected socio-economic performance of the projects including the social and environmental benefits and costs, if any, resulting from the execution of the projects' portfolio. <u>Assessment rule:</u> socio- economic performance of typology of urban projects list.	
	Identification of risk areas for particular projects / project types	The applicant should identify the risks for particular projects or types of project. The applicant should also describe possible ways of mitigating identified risks. <u>Assessment rule:</u> the comprehensiveness of the risk assessments and the reliability of mitigation actions.	

Award criteria			
Criterion	Sub criterion	Description and assessment rules	Scoring for criterion
QUALITATIVE AWARD CRITERIA			0 - 50
4. METHODOLOGY FOR THE IDENTIFICATION AND EVALUATION OF URBAN PROJECTS	Projects selection and evaluation	The typology of urban projects list provided by the applicant shall not be interpreted as an exhaustive and definitive list. It is expected that the UDF will continue to seek Urban Projects to be supported with the JESSICA mechanism. The applicant should describe the methodology for identifying and evaluating Urban Projects and the key stages/parameters that intends to use according to the level of advancement of each Urban Project. The methodology should contain provisions ensuring that the Urban Projects will comply with the assumptions and guidelines of the Managing Authority as regards Integrated Plans for Sustainable Urban Development.	0-15
		<u>Assessment rule:</u> appropriateness of the methodology to the specificity of Urban Projects.	
	Cooperation with local authorities	Based on applicant's knowledge of local market and local needs the applicant shall present the rules of cooperation and support to be provided to local authorities regarding identification and financing of Urban Projects. Proposal should indicate possible way(s) of coordination with the Managing Authority towards better defining project portfolio implementation, namely including a consultation mechanism with or participation of the Managing Authority in the process.	
<u>Assessment rule:</u> the level of the applicant's readiness to support local authorities together with the applicant's capacity and experience with this respect.			

Award criteria			
Criterion	Sub criterion	Description and assessment rules	Scoring for criterion
QUALITATIVE AWARD CRITERIA			0 - 50
5. GOVERNANCE STRUCTURE	Legal and Ownership structure	<p>The applicant shall present information on the ownership and the legal structure of the UDF. The applicant shall prove the credibility of the legal and ownership structure of the UDF, including co-financing partners and/or shareholders.</p> <p>Proposal submitted by applicants should demonstrate diversification of partners' knowledge and ability to engage local operators with proven expertise.</p> <p>Legal details about the possible vehicles to put in place to channel the funds to the projects should be given.</p> <p><u>Assessment rule:</u> 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.</p>	0-10
	Winding-up provisions of the UDF	<p>The applicant should describe the winding-up provisions of the UDF, including the reutilisation of resources returned to the UDF from Investments in Urban Projects.</p> <p><u>Assessment rule:</u> the reliability and credibility of the winding-up provisions.</p>	
	Management, administration procedures and organisational capacity	<p>The applicant shall describe management and administrative procedures which will be applied in the exercise of the function of an UDF. The applicant shall prove the organisational capacity of the UDF, including the strength of the team proposed for delivering the tasks and the potential to identify structure and optimise the portfolio of Urban Projects, provisions on the professionalism, competence and independence of the management.</p> <p><u>Assessment rule:</u> the reliability and credibility of the management, administrative procedures and organisational capacity of the UDF to deliver tasks, including the quality of the proposed consultation procedure.</p>	

Award criteria			
Criterion	Sub criterion	Description and assessment rules	Scoring for criterion
QUALITATIVE AWARD CRITERIA			0 - 50
5. GOVERNANCE STRUCTURE	Proximity and local presence	<p>The applicant shall describe the approach envisaged to guarantee presence in the regional context by means of local structures (e.g. offices, info points, etc.) to facilitate contacts with local stakeholders and project delivery bodies.</p> <p><u>Assessment rule:</u> 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>	
	Accounting and internal control procedures	<p>The applicant shall describe the accounting procedures which will be applied in the exercise of the function of a UDF. The applicant should also present the corporate governance provisions for the UDF, including internal control procedures.</p> <p><u>Assessment rule:</u> the strength, reliability and credibility of the accounting and internal control procedures.</p>	
	Monitoring, reporting controlling	<p>The applicant shall propose assumptions in respect of monitoring, reporting and controlling the process of project execution.</p> <p><u>Assessment rule:</u> the strength, reliability and credibility of the monitoring, reporting and controlling procedures.</p>	
	Risk management procedures	<p>The applicant shall describe the risk management procedures that will be applied to the operations of the UDF.</p> <p><u>Assessment rule:</u> the strength, reliability and credibility of the risk management procedures.</p>	

Award criteria			
Criterion	Sub criterion	Description and assessment rules	Scoring for criterion
QUANTITATIVE AWARD CRITERIA			0 - 50
6. ANNUAL MANAGEMENT FEE		<p>The applicant should present the level of the Management Fee required, in line with the methodology presented in this Call for EoI.</p> <p><u>Assessment rule:</u> the lower the level of the Management Fee indicated by the applicant, the higher the number of points awarded (an applicant requesting the lowest Management Fee shall receive the maximum number of points available for this criterion). 25 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. The share of the contingent part of the management fee will also be taken into account when assessing offers between 1% and 3%.</p>	0-25
7. CO-FINANCING - LEVERAGE	Co-financing at UDF Level	<p>The applicant shall indicate the strategy for obtaining additional financing at the UDF level.</p> <p><u>Assessment rule:</u> The higher the co-financing at the UDF level, the higher the number of points awarded. The highest offer will receive 15 points and the other offers will be scored by the proportion of their offers towards the best offer.</p>	0-25
	Co-financing at Project Level	<p>The applicant shall indicate the strategy for obtaining additional or potential financing from external sources from JHFP with a view to co-financing at the Project level, including its eventual external co-financing undertaking.</p> <p><u>Assessment rule:</u> The higher the co-financing at the Project level, the higher the number of points awarded. The highest offer will receive 10 points and the other offers will be scored by the proportion of their offers towards the best offer.</p>	

..... APPENDIX D

Outline of the main 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 JHFP due to a breach by a UDF of its obligations under the relevant Operational Agreement, in accordance with suitable market standard clauses.
8. The right of the UDF to payment of market-standard management costs, which shall not exceed the cap provided in these Terms of Reference.
9. An undertaking by the UDF that all authorisations, which it requires to carry on business have been obtained or effected and are in full force and effect and no steps have been taken to challenge, revoke, annul or cancel them, together with an obligation to obtain when required and maintain in full force and effect and renew, where necessary, such authorisations.
10. An undertaking by the UDF to be in compliance with all the applicable regulations concerning inter alia state aid and to provide to EIB all relevant information regarding planned investments in Urban Projects. This information shall be forwarded by EIB to the Managing Authority of the Region in order to enable the Region to comply with its obligations under national or EU rules regarding state aid.
11. An undertaking that, in every Investment Agreement, 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 relevant OP;
 - i) the Urban Project shall engage in no action or decision contrary to EU Rules.

Financial conditions for the Operational Agreement

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

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

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

The UDF further undertakes to develop (for the Portfolio of Urban Projects), with the received JHFP 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 JHFP and applying all normal standard procedures and governance structure of the UDF.

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

.....APPENDIX E

Financial forecasts and operational budget of the UDF

Objective

The financial forecasts and operational budget enables to show 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 type of financial product proposed (loan and/or equity), its characteristics (rates, subordination or “pari passu” and others), and the management fees plus co-financing proposals, into quantified cash flows.

General comments:

- Since Urban Projects capacity of generating returns is crucial for most of the future cash flows, a direct link with 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 Evaluation Study (see <http://www.eib.org/attachments/portugal-evaluation-study.pdf>). 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;

Assumptions:

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

I. Macroeconomic assumptions

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

II. Urban Project assumptions

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

- Average IRR
- Average Maturity

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

III. Funding structure

To the extent possible, assumptions about the funding structure should also be detailed, including: the JESSICA funds, 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 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 Call for EoI.
- e) Other assumptions:
 - The projection should include all other assumptions that the applicant considers relevant to the results of the financial projections;
 - 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

I- Macroeconomic assumptions

CPI (price increase)

Reference Interest rate ⁽¹⁾

⁽¹⁾ used as the base rate for the financing (e.g. I RS Term, Euribor, etc.)

II-Urban Projects assumptions

Costs

Returns

III – Funding structure (in line with the Costs of “Urban Projects assumptions”)

Loan

JESSICA

UDF

Others

Equity

JESSICA

UDF

Others

IV – Cash flow projection for the UDF

Net cash flow from operating activities

I. Inflows

1) dividends received

On JESSICA funds

On UDF own funds

2) interest from loans received

On JESSICA funds

2011	2012	2013	2014	2015	2016	2017	2018	2019... ¹
0	1	2	3	4	5	6	7	8

¹ Maturity shall be adapted to the UDF Portfolio of Urban Projects.

On UDF own funds

3) loans repayment
On JESSICA funds
On UDF own funds

4) other

II. Outflows

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)
On funds returned by Urban Projects (from 2016)

						0	0	0	0
0	0	0	0	0					

4) contingent management fee
On funds contributed from JESSICA (before 2016)
On funds returned by Urban Projects (from 2016)

						0	0	0	0
0	0	0	0	0					

5) other

Net cash flow from financing activities

I. Inflows

1) transfers from JHFP

II. Outflows

1) transfers to JHFP

Total Net cash flow for UDF

UDF IRR

UDF IRR without Management Fees

Payback Period

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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 methods applicable: the Cost-Benefit analysis (CBA).

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

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

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

Economic growth and quality of life improvements

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

Area		Indicator
General (for all areas)		Number, locations and typologies of financed Urban Projects
		Generated investment (highlighting leverage achieved both at UDF/sub UDF level and Urban Project level)
		Jobs created
Specific areas	1. Urban rehabilitation and regeneration including urban infrastructure and facilities regeneration	Number of new created parking spaces
		% of the population covered and/or that will benefit from the financed Urban Projects(*)
		Number of new created of urban, metropolitan and regional service centres (for business, social, cultural, sports, health, infancy, etc.)
	2. Energy efficiency and renewable energy in urban areas	Additional capacity of renewable energy production (MW)
		Number of additional jobs created(*)
		Energy saving per year in the renovated public areas and infrastructures (*)
	3. Urban economic revitalisation especially in what regards small and medium enterprises ("SME") innovating companies	Number of new business activities in the performing area
		Number of RTD projects
		Number of cooperation projects enterprises – research institutions
	4. Information and communication technology dissemination in urban areas, including broadband and wireless infrastructure	Number of inhabitants which will use the new created infrastructures and services (*)
		Number of additional population covered by broadband access(*)

(*) Expected value

.....APPENDIX G DEFINITIONS AND ABBREVIATIONS

“Activities”	means the specific actions and areas requiring support on which funding will be concentrated following directly from the Relevant Intervention Domains;
“Award Criteria”	means the criteria used to select the UDFs Preferred Bidders;
“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 EoI”	means this Call for Expression of Interest.
“CEB”	means the Council of Europe Development Bank.
“Commission”	means the European Commission;
“DGOTDU”	means Direção-Geral do Ordenamento do Território e Desenvolvimento Urbano;
“DGTF”	means Direção-Geral do Tesouro e Finanças;
“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 (EC) No. 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);
“ERDF”	means the European Regional Development Fund;
“EU Rules”	means the EU Structural Funds Regulations and any other applicable EU Regulations, Directives or Guidelines;
“EU Structural Funds”	means together the ERDF, the European cohesion funds and the European social funds;
“EU Structural Funds Regulations”	means Regulation (EC) No. 1080/2006 (amended by EC 397/2009) of the European Parliament and of the Council, Regulation (EC) No. 1081/2006 of the European Parliament and of the Council, Council Regulation (EC) No. 1083/2006 (amended by EC 539/2010) and Commission Regulation (EC) No. 1828/2006 (amended by EC 846/2009 and 832/2010), as well as any other EU legislation from time to time applicable to the EU Structural Funds;
“EU”	means European Union;
“Exclusion Criteria”	means the criteria used in Stage 1 of this Call for Expressions of Interest to exclude applicants;
“Final Beneficiary/ies”	means the entities that will develop the Urban Projects pursuant to the Investment Agreement;
“Financial Model”	means an organisational mechanism to channel the JHFP funds to the Urban Projects through UDF;
“Funding Agreement”	means an Agreement establishing the JHFP signed by the EIB, the DGTF and the Portugal MAs on 20 July 2009;

“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);
“Invested Capital”	means the funds allocated through the UDF to the Urban Projects, not yet repaid by Final Beneficiaries or written-off excluding any amounts which are overdue (i.e. for 60 days or more);
“Investment Agreement”	An agreement signed between a UDF and an Urban Project providing for financing of the Urban Project;
“Investment Board”	means the board, established in accordance with the Funding Agreement, entrusted with responsibilities regarding the JHFP;
“Investment in Urban Project”	means each contribution by the UDF into an Urban Project;
“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) or a network of cities as defined in Appendix A;
“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 JHFP in relation to the JESSICA initiative, attached to the Funding Agreement;
“JESSICA Holding Fund for Portugal” or “JHFP”	means the JESSICA holding fund for Portugal, established pursuant to the Funding Agreement, and in accordance with Council Regulation (EC) No. 1083/2006, as amended by Council Regulation (EC) No. 539/2010 and Commission Regulation (EC) No. 1828/2006, as amended by Council Regulation (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;
“Portugal MAs”	means Managing Authority for the OP Territorial Enhancement, the Managing Authority for the OP North, the Managing Authority for the OP Centre, the Managing Authority for the OP Lisbon, the Managing

“Management Fee”	Authority for the OP Alentejo, the Managing Authority for the OP Algarve; means the fee payable to the UDF, in consideration for the services provided under the Operational Agreement;
“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;
“OPs”	means the European Regional Development Fund (ERDF) Operational Programmes for the Territorial Enhancement, North NUTS-2 Region, Centre NUTS-2 Region, Lisbon NUTS-2 Region, Alentejo NUTS-2 Region and Algarve NUTS-2 Region 2007-2013, developed in accordance with Article 37 Regulation. 1083, a part of which shall be administered by the JESSICA Holding Fund for Portugal, in accordance with the provisions of the Funding Agreement;
“Operation”	means each activity connected to investments in a revolving way in public-private partnerships or other projects included in an Integrated Plan for Sustainable Urban Development, according to Regulation 1828, Article 46;
“Operational Agreement”	means an agreement providing for Operations.
“Output Targets”	relates to activity and are measured in physical or monetary units, for example, length of railway or motorway constructed, number of firms financially supported;
“Preferred Bidder”	means an applicant whose Offer is evaluated as the most favourable;
“Priorities” or “JESSICA Portugal priorities”	means the following four investment types: - Urban rehabilitation and regeneration including urban infrastructure and facilities regeneration; - Energy efficiency and renewable energy in urban areas; - Urban economic revitalisation especially in what regards small and medium enterprises (“SME”) or innovating companies; - Information and communication technology dissemination in urban areas, including broadband and wireless infrastructure.
“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;
“Relevant Intervention Domains”	means the intervention domains which are particularly relevant for the purposes of this Call for EoI within the Priority Axis of each OP. Those intervention domains are detailed in section I.B. of the Terms of Reference;

“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;
“State aid”	means aid that is considered to distort the competition between companies and pose a threat to the Operation of the internal market. European Community rules on State Aids apply limits to the level of help the public sector can give to industry. Examples of State Aid include direct grants: subsidised loans etc or where there are benefits to firms from subsidised business support schemes (e.g. reduced cost business consultancy, subsidised rents, training);
“Terms of Reference”	means terms of reference for the selection of the UDFs;
“Urban Development Fund” or “UDF”	means a vehicle investing in one or more Urban Projects as defined in Article 44 Regulation 1083/2006, amended by Regulation (EC) 539/2010;
“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 1083/2006 amended by Regulation 539/2010.