



CONTRACT
FOR A PROJECT DEVELOPMENT SERVICES

between

EUROPEAN INVESTMENT BANK

and

PRESOV SELF GOVERNING REGION

CONTRACT NUMBER ELENA-2012-044

Contents

I — SPECIAL TERMS	5
ARTICLE I.1 — PURPOSE	5
ARTICLE I.2 — DURATION	5
ARTICLE I.3 — ROLE OF THE FINAL BENEFICIARY	5
ARTICLE I.4 — FINANCING THE PROJECT DEVELOPMENT SERVICES ..	5
ARTICLE I.5 — PAYMENT ARRANGEMENTS	6
ARTICLE I.6 — SUBMISSION OF REPORTS AND OTHER DOCUMENTS ..	7
ARTICLE I.7 — BANK ACCOUNT	8
ARTICLE I.8 — GENERAL ADMINISTRATIVE PROVISIONS	8
ARTICLE I.9 — LAW APPLICABLE AND COMPETENT COURT	8
II — GENERAL TERMS.....	9
PART A — LEGAL AND ADMINISTRATIVE PROVISIONS	9
ARTICLE II.1 — LIABILITY	9
ARTICLE II.2 — CONFLICT OF INTERESTS.....	9
ARTICLE II.3 — OWNERSHIP/USE OF THE RESULTS.....	9
ARTICLE II.4 — CONFIDENTIALITY	10
ARTICLE II.5 — PUBLICITY	10
ARTICLE II.6 — FORCE MAJEURE	10
ARTICLE II.7 — AWARD OF CONTRACTS	11
ARTICLE II.8 — TERMINATION OF THE CONTRACT	11
ARTICLE II.9 — MODIFICATIONS TO THE CONTRACT	13
PART B — FINANCIAL PROVISIONS	13
ARTICLE II.10 — ELIGIBLE COSTS	13
ARTICLE II.11 — GENERAL PROVISIONS ON PAYMENTS	14
ARTICLE II.12 — DETERMINING THE FINAL CONTRACTUAL AMOUNT ...	14
ARTICLE II.13 — RECOVERY.....	15
ARTICLE II.14 — MONITORING, CONTROLS AND AUDITS	15
SIGNATURES	16
Annex I : Description of the Project Development Services & the planned Investment Programme.....	18
Annex II : Estimated budget of Project Development Services.....	29
Annex III : Eligibility rules for the Project Development Services & the planned Investment Programme.....	31
Annex IV : Technical implementation reports and financial statements ..	32
A.1. INCEPTION REPORT – DETAILED WORK PROGRAMME ...	34
A.2. BI-ANNUAL PROGRESS REPORT	35
A.3. INTERIM REPORT.....	38
A.4. FINAL REPORT	42
Annex V : Fiche for requesting ex-ante comments on the terms of reference of large sub-contracts.....	43
Annex VI : Reference to ELENA - IEE funding & legal disclaimer	44
Annex VII : ELENA Project Factsheet	46
Annex VIII : EIB Guide to Procurement.....	48

Definitions used in ELENA contracts between the Bank and Final Beneficiaries

Covenant of Mayors Initiative	means the initiative launched by the European Commission on 29 January 2008, under which the signatory cities have formally committed themselves to going beyond the objectives of the "20-20-20" Initiative in terms of reducing their CO ₂ emissions through energy demand and renewable energy actions
Elena Facility	European Local Energy Assistance Facility, set up by the European Commission and the European Investment Bank (EIB) under the Sustainable Energy Financing Initiative
Eligible Costs	means the costs of external experts contracted by the EIB or the Final Beneficiary, or additional staff hired by the Final Beneficiary (e.g. to set up project implementation units), to provide Project Development Services to help prepare, implement and finance the Investment Programme
Final Beneficiary	means any authority or any Public Body that benefits from Project Development Services under the Elena Facility
IEE II	means the Intelligent Energy Europe – II Programme (2007-2013) established under the CIP Decision (Decision No 1639/2006/EC of 24 October 2006 of the European Parliament and of the Council establishing a Competitive and Innovation Framework Programme (2007 to 2013))
Investment Programme	means an investment project or a group of projects, in the field of greenhouse gas emission reduction, energy efficiency and renewable energy sources
Leverage Factor	means the ratio between the total investment costs of the Investment Programme supported and the total cost of the project development service coming from the Elena Facility
Participating Countries	means countries participating in the IEE II
Project Development Services	means technical assistance requested by the Final Beneficiary to help prepare, implement and finance eligible Investment Programme and implement the operational objectives of the IEE II
Public Body	means a body created by a public authority or a legal entity governed by private law with a public service mission, financed more than 50% by public sources, whose internal procedures and accounts are subject to control by a public authority and for whose liabilities a public authority will accept responsibility in the event that the Public Body ceases its activities
"20-20-20" Initiative	means the European Union initiative which aims at reducing greenhouse gas emissions by at least 20%, increasing the share of renewables in energy consumption to at least 20% and improving energy efficiency by at least 20%, all by 2020

CONTRACT FOR PROJECT DEVELOPMENT SERVICES

CONTRACT NUMBER 2012-044

relating to the implementation of Project Development Services in the Project Sustainable Energy in Presov Region (SEPR) in the framework of the Elena Facility (the “**Contract**”) (This financing benefits from a grant under the CIP – Intelligence Energy Europe Programme).

The **European Investment Bank (EIB)** (hereinafter referred to as “the Bank”), established at 98-100, boulevard Konrad Adenauer, L-2950 Luxembourg, Grand Duchy of Luxembourg, represented for the purposes of signature of the Contract by Mr László Baranyay, Vice-President,

on one part,

and

The **Prešov Self-Governing Region (PSK)**, established at Námestie Mieru 2, 080 01 Prešov, Slovakia (hereinafter referred to as “the Final Beneficiary”), represented for the purposes of signature of the Contract by Mr Peter Chudík, President of the Prešov Self-Governing Region,

on the other part

HAVE AGREED

The **Special Terms** and the **General Terms** below, and the following **Annexes**:

Annex I	Description of the Project Development Services and the planned Investment Programme
Annex II	Estimated budget of the Project Development Services
Annex III	Eligibility rules for the Project Development Services and the planned Investment Programme
Annex IV	Technical implementation reports and financial statements
Annex V	Fiche for requesting ex-ante Bank comments on the terms of reference of large sub-contracts
Annex VI	Reference to ELENA - IEE funding and legal disclaimer
Annex VII	ELENA Project Fact Sheet
Annex VIII	EIB Guide to Procurement

In the event of discrepancies, inconsistencies and/or conflict between the terms of this Contract, the documents shall prevail in the following order:

- the Special Terms
- the General Terms
- Annex I
- Other Annexes

I — SPECIAL TERMS

ARTICLE I.1 — PURPOSE

I.1.1. The Bank has decided to award Project Development Services, entitled Sustainable Energy in Presov Region (SEPR) under the terms and conditions set out in the Special Terms, the General Terms and the Annexes to the Contract

I.1.2. The Final Beneficiary accepts the Contract and undertakes to do everything in its power to carry out the work programme defined for the project as described in Annex I, acting under its own responsibility.

ARTICLE I.2 — DURATION

The Contract shall enter into force on 1 January 2015, following the signature of the two parties and its publication on the Final Beneficiary's website. The Contract shall remain in full force and effect for three years, unless terminated earlier in accordance with Article II.8.

ARTICLE I.3 — ROLE OF THE FINAL BENEFICIARY

The Final Beneficiary shall 'inter alia':

- (a) ensure that the Project Development Services are implemented in accordance with the Contract;
- (b) be responsible for supplying all documents and information to the Bank which may be required under the Contract, in particular in relation to the payment requests;
- (c) inform the Bank of transfers of budget, as provided in Article I.4.3;
- (d) establish the payment requests, detailing the estimated budget of Project Development Services as foreseen in Annex II, and the actual costs incurred.

ARTICLE I.4 — FINANCING THE PROJECT DEVELOPMENT SERVICES

I.4.1. The total Eligible Costs are estimated at EUR 1,211,000 [one million two hundred eleven thousand], as shown in the estimated budget of Project Development Services in Annex II.

I.4.2. The Bank shall contribute a maximum 90 % of the total Eligible Costs indicated in Article I.4.1., with a maximum of EUR 1,089,900 [one million eighty nine thousand nine hundred].

I.4.3. Changes between the 2 categories of estimated total Eligible Costs in Annex II (Direct staff costs and external experts) shall need prior written approval by the Bank and should be limited to a maximum of 10% of the total Eligible Costs indicated in Article I.4.1.

I.4.4. The amount of the Investment Programme as defined under I.4.5 to be prepared under the Project Development Services supported by this Contract must represent at least 20 times the amount of the total contribution by the Bank as defined under I.4.2 (Leverage Factor).

I.4.5 The amount of the Investment Programme corresponds to the sum of:

- a) the investment occurred during the contract period which has been directly supported by the Project Development Services under this Contract; and
- b) the estimated value of the Contract for further investment which has been supported by the Project Development Services under this Contract, as published in the relevant notice relating to the procurement procedure for this investment in accordance with applicable procurement rules.

To qualify for the inclusion under point I.4.5.b), the related budget must have been fully secured prior to publication and hence the award cannot be made conditional on the availability of budgetary resources. Evidence to that effect must be provided. An eventual cancellation of the tender procedure in accordance with applicable rules for reasons other than the non-availability of budgetary resources shall not affect the inclusion of the estimated value of the contract in the determination of the amount of the Investment Programme as per I.4.5. b).

ARTICLE I.5 — PAYMENT ARRANGEMENTS

The Project Development Services shall be paid in accordance with the following provisions:

I.5.1. First pre-financing

Within 45 (forty-five) calendar days from the entry into force of the Contract, a pre-financing payment of EUR 435.960 [four hundred thirty five thousand nine hundred sixty] representing 40% of the amount specified in Article I.4.2, shall be made to the Final Beneficiary.

I.5.2. Second pre-financing

The Final Beneficiary may request a second pre-financing payment request of 30% of the amount specified in Article I.4.2, which shall be accompanied by the interim report as per I.6 below.

Payment shall be made to the Final Beneficiary upon approval by the Bank of the interim report. The Bank shall have 30 (thirty) days to approve or reject the report and to pay the second pre-financing, or to request additional supporting documents or information. The Final Beneficiary shall have 15 (fifteen) calendar days in which to submit additional information or a new report. The payment of the amount of the second pre-financing may be suspended by the Bank in accordance with the procedure in Article II.11.2.

The payment in full of the new pre-financing payment shall be subject to the consumption of at least 70 % of the total amount of any earlier pre-financing. Where the consumption of the previous pre-financing is less than 70 %, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous pre-financing payment. The statement of the beneficiary's outlay shall be produced in support of any request for a new payment.

I.5.3. Payment of the balance

Upon completion of the Project Development Services, the Final Beneficiary may send a payment request of the balance, accompanied by the final implementation report as per I.6 below.

The balance of the contractual amount shall be paid to the Final Beneficiary upon approval by the Bank of the final implementation report and after the Bank has checked that the amount of the Investment Programme prepared under the Elena project

development has represented at least 20 times the amount of the Contract as defined under Article I.4.2. If the Leverage Factor, as defined in Article I.4.4., is not respected, the Bank will have the right of recovery of part or all of the grant in accordance with the procedure in Article II.13 of the amounts paid pursuant to Articles I.5.1 and I.5.2.

The Bank shall have 60 (sixty) days to approve or reject the final implementation report and to pay the balance, or to request additional supporting documents or information. The Final Beneficiary shall have 20 (twenty) calendar days in which to submit additional information or a new report.

The payment of the balance may be suspended by the Bank in accordance with the procedure in Article II.11.2.

ARTICLE I.6 — SUBMISSION OF REPORTS AND OTHER DOCUMENTS

I.6.1. The Final Beneficiary shall submit, in accordance with Annex IV of the Contract, and in the format provided by the Bank, the following documents:

- a) inception report – detailed work programme after three months
- b) bi-annual progress reports;
- c) interim report (including financial statements);
- d) final implementation report (including financial statements).

All these documents shall be submitted in English or French, in 1 (one) original and 1 (one) electronic format. Any other deliverable shall be submitted in accordance with Annex I.

I.6.2. The interim report, covering the period from month 1 to month 18 shall be submitted within 30 (thirty) calendar days of the end of the reporting period in question.

I.6.3. The final implementation report shall be submitted within 30 (thirty) calendar days following the closing date of the Project Development Services specified in Article I.2. covering the whole duration of the Project Development Services.

I.6.4. Where the Final Beneficiary fails to present any of the required reports and fails to furnish an acceptable written explanation of the reasons why it is unable to comply with this obligation, the Bank may terminate this Contract, refuse to pay any outstanding amount and recover any amounts unduly paid.

I.6.5. The Bank shall review all reports specified in I.6.1 above but shall only give formal approval to the interim and final implementation reports.

ARTICLE I.7 — BANK ACCOUNT

Payments shall be made to the Final Beneficiary's bank account or sub-account denominated in Euro, as indicated below:

Name of the bank:	Štátna pokladnica (State Treasury)
Address of the branch:	Radlinského 32, P.O.BOX 13, 810 05 Bratislava 15
Precise denomination of the account holder:	Prešovský samosprávny kraj (PSK)
Full account number (including bank codes):	7000369328/8180
IBAN account code:	SK64 8180 0000 0070 0036 9328

This account or sub-account must make it possible to identify funds paid by the Bank.

ARTICLE I.8 — GENERAL ADMINISTRATIVE PROVISIONS

Any communication in connection with this Contract shall be in writing, in English or in French, indicating the number of the Contract and the title of the Project Development Services, and shall be sent to the following addresses:

For the Bank:
European Investment Bank (EIB)
Projects Directorate
Mr Antonio Almagro, Head of Division
98-100 Boulevard Konrad Adenauer
L – 2950 Luxembourg
Ordinary mail shall be considered to have been received by the Bank on the date on which it is formally registered by the unit responsible at the Bank referred to above.

For the Final Beneficiary:
Prešov Self-Governing Region (PSK)
Mr František Barnáš, Head of Department
Regional Development
Námestie Mieru 2
080 01 Prešov
Slovakia

ARTICLE I.9 — LAW APPLICABLE AND COMPETENT COURT

The Project Development Services are governed by the terms of this Contract and by EU law.

Any dispute between the Parties as to the interpretation, application, or performance of this Contract, including its existence, validity or termination, not settled amicably shall be submitted to the jurisdiction of the Court of Justice of the European Union.

II — GENERAL TERMS

PART A — LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 — LIABILITY

II.1.1 The Final Beneficiary shall be responsible for complying with any legal obligations incumbent on it.

II.1.2 The Bank shall not, in any circumstances or on any grounds, be held liable in the event of a claim under the Contract relating to any damage caused during the Project Development Services execution. Consequently, the Bank will not entertain any request for indemnity or reimbursement accompanying any such claim except in the cases when damage has been caused by negligence of the Bank.

II.1.3 Except in cases of *force majeure*, the Final Beneficiary shall make good any damage sustained by the Bank as a result of the execution or faulty execution of the Project Development Services.

II.1.4 The Final Beneficiary shall bear sole liability vis-à-vis third parties, including for damage of any kind sustained by them while the Project Development Services are being carried out.

ARTICLE II.2 — CONFLICT OF INTERESTS

The Final Beneficiary undertakes to take all the necessary measures to prevent any risk of conflicts of interests which could affect the impartial and objective performance of the project. Such conflict of interests could arise in particular as a result of economic interest, political or national affinity, family or emotional reasons, or any other shared interest.

Any situation constituting or likely to lead to a conflict of interests during the performance of the project must be brought to the attention of the Bank, in writing, without delay. The Final Beneficiary shall undertake to take whatever steps are necessary to rectify this situation at once. The Bank reserves the right to check that the measures taken are appropriate and may demand that the Final Beneficiary take additional measures, if necessary, within a certain time.

ARTICLE II.3 — OWNERSHIP/USE OF THE RESULTS

II.3.1 Unless otherwise stipulated in the Contract, ownership of the results of the Project Development Services, including industrial and intellectual property rights, and of the reports and other documents relating to it shall be vested in the Final Beneficiary.

II.3.2 Without prejudice to Article II.3.1 and II.4, the Final Beneficiary grants the Bank the right to make free use of the results of the Project Development Services as it deems fit.

ARTICLE II.4 — CONFIDENTIALITY

The Bank and the Final Beneficiary undertake to preserve the confidentiality of any document, information or other material directly related to the subject of the contract that is duly classed as confidential, if disclosure could cause prejudice to the other party. The parties shall remain bound by this obligation beyond the closing date of the Project Development Services.

This undertaking shall not affect, however, any communication of information which is required by a rule of law or by an order of a court having jurisdiction in the matter, which may include communication of information to the European Commission, to the European Anti-Fraud Office (OLAF) and/or to the Court of Auditors.

ARTICLE II.5 — PUBLICITY

II.5.1 Unless the Bank requests otherwise, any communication, report or publication by the Final Beneficiary about the Project Development Services, including at a conference, training programme, seminar or symposia shall indicate that the project has received funding from the Elena facility under the CIP-Intelligent Energy Europe Programme. The Final Beneficiary shall ensure in general that suitable publicity is given in order to inform the public of the role of the European Commission in the Elena facility.

Any communication or publication by the Final Beneficiary in any form and medium shall indicate that sole responsibility lies with the author and that the Bank is not responsible for any use that may be made of the information contained therein.

Annex VI refers to the detailed information about the use of the Intelligent Energy Programme logo and the disclaimer that have to be mentioned in all publications, leaflets and other communication media related to an ELENA project.

II.5.2 The Final Beneficiary authorises the Bank and/or the European Commission to publish the following information in any form and medium, including via the Internet:

- the Final Beneficiary' names and addresses,
- the subject and purpose of the grant,
- the amount granted and the proportion of the support total costs covered by the funding.

Annex VII related to the ELENA Project Fact Sheet will be published on the EIB website.

Upon a reasoned and duly substantiated request by the Final Beneficiary, the Bank may agree to forgo such publicity if disclosure of the information indicated above would risk compromising the Final Beneficiary security or prejudicing their commercial interests.

ARTICLE II.6 — FORCE MAJEURE

II.6.1 *Force majeure* shall mean any unforeseeable exceptional situation or event beyond the parties control which prevents them from fulfilling any of their obligations under the Contract, that was not attributable to error or negligence on their part, and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available (unless due to *force majeure*), labour disputes, strikes or financial difficulties cannot be invoked as *force majeure* by the defaulting party.

II.6.2 A party faced with *force majeure* shall inform the other party without delay by registered letter with advice of delivery or equivalent, stating the nature, probable duration and foreseeable effects.

II.6.3 The party faced with *force majeure* shall not be held in breach of his obligations under the Contract if he's prevented from fulfilling them by *force majeure*. The parties shall make every effort to minimise any damage due to *force majeure*.

ARTICLE II.7 — AWARD OF CONTRACTS

II.7.1 If the Final Beneficiary has to conclude sub-contracts in order to carry out the project and these sub-contracts constitute Eligible Costs within the budget of the Project Development Services, they shall be awarded according to EIB Guide to Procurement, set out in Annex VIII.

II.7.2 The tasks subcontracted must be set out in Annex I and the corresponding estimated costs must be set out in detail in the budget in Annex II.

II.7.3 The Final Beneficiary shall retain sole responsibility for carrying out the project and for compliance with the provisions of the Contract. The Final Beneficiary must undertake to make the necessary arrangements to ensure that the contractor waives all rights in respect of the Bank under the Contract.

II.7.4 The Final Beneficiary must undertake to ensure that the conditions applicable to them under Articles II.1, II.2, II.3, II.4, II.5 and II.14 of the Contract are also applicable to the subcontractor.

II.7.5 For sub-contracts with a total amount higher than 200 000 Euro, the Final Beneficiary will be requested to present a request for comments on the terms of reference related to the subcontract to the Bank prior to the launch for tender. The Final Beneficiary shall submit this request in accordance with the Annex V of the Contract. The Bank will provide an answer to the request within 15 (fifteen) working days.

II.7.6 Contracts eligible for support under this Contract can only be awarded after entry in force of this Contract.

ARTICLE II.8 — TERMINATION OF THE CONTRACT

II.8.1 Termination of the Contract by the Final Beneficiary

In duly justified cases, the Final Beneficiary may withdraw the Final Beneficiary's request for support and terminate the Contract at any time by giving 60 (sixty) days written notice stating the reasons. Where the stated reasons are acceptable to the Bank, no compensation or indemnity shall be due by the Final Beneficiary. Where no reasons are given or the Bank does not consider the reasons to be acceptable, the Contract shall be deemed to have been terminated improperly and the second subparagraph of Article II.8.4 shall apply.

II.8.2 Termination by the Bank

The Bank may decide to terminate the Contract without any compensation or indemnity being due on its part, in the following circumstances:

(a) in the event of a change to the Final Beneficiary's legal, financial, technical, organisational or ownership situation that is liable to affect the project substantially or to call into question the decision to award the contract;

(b) if the Final Beneficiary fails to comply with any of its material obligations under the Contract;

(c) in the event of *force majeure*, notified in accordance with Article II.6;

(d) if the Final Beneficiary is declared bankrupt, is being wound up or is the subject of any other similar proceedings;

(e) if the Final Beneficiary is guilty of misrepresentation or submits information or reports inconsistent with reality to obtain the funds provided for in the Contract;

(f) if the Final Beneficiary has intentionally or by negligence committed a substantial irregularity in performing the project or in the event of fraud, corruption or any other illegal activity on the part of a Final Beneficiary to the detriment of the Bank's financial interests. A substantial irregularity shall consist of any breach to any contractual obligation or any applicable legal or regulatory provision resulting from an act or an omission on the part of a Final Beneficiary which causes or might cause a reputational damage or financial loss to the Bank;

(g) if the amount of the investment programme to be prepared under Elena Project Development Services represents less than 20 times the amount of this contract as defined in Article 1.4.2 (Leverage Factor).

II.8.3 Termination procedure

In the cases referred to in points (a), (b) and (d) of Article II.8.2, the Final Beneficiary shall have 30 days from the date of the notification of the Bank's decision to terminate the contract to submit his observations and take any measures necessary to ensure continued fulfilment of his obligations under the contract.

If notice is not given in the cases referred to in points (c), (e), (f) and (g) of paragraph 2, termination shall take effect from the day following the date on which notification of the Bank's decision to terminate the contract is received.

II.8.4 Effects of termination

In the event of termination of the Contract, payments by the Bank shall be limited to the Eligible Costs actually incurred by the Final Beneficiary up to the date when termination takes effect. Costs relating to current commitments that are not due to be executed until after termination shall not be taken into account. The Final Beneficiary shall have 60 (sixty) days from the date when termination of the Contract takes effect to produce a final payment request.

By way of exception, in the event of improper termination of the contract by the Final Beneficiary, or termination by the Bank on the grounds set out in points (e), (f) or (g) of Article II.8.2, the Bank may require the partial or total repayment of sums already paid under the Contract plus in any case an indemnity fee equal to 5% of the allocated maximum grant amount as specified in Article I.4.2.

ARTICLE II.9 — MODIFICATIONS TO THE CONTRACT

II.9.1 Amendments to this Contract shall be made in writing and shall become effective upon execution by both Parties.

II.9.2 The Parties may agree to modify Annex I of this Contract at any time upon written request by one of the Parties, while respecting the eligibility rules stipulated in Annex III.

II.9.3 In addition, changes affecting the budget can only be made once when submitting the Interim Report. The transfer of cost from one category (direct staff costs or external experts / sub-contracts) to another should not exceed 10% of the total budget.

PART B — FINANCIAL PROVISIONS

ARTICLE II.10 — ELIGIBLE COSTS

II.10.1 Eligible Costs are costs of external experts contracted by the Final Beneficiary or costs related to additional staff hired by the Beneficiary (direct staff costs) which meet the following criteria:

- they are incurred during the duration of the Project Development Services and the commissioning was signed after the entry into force of the Contract;
- they are necessary for the implementation of the Project Development Services;
- they comply with the requirements of applicable tax and social legislation;
- they are reasonable, justified and comply with the requirements of sound financial management in particular regarding economy and efficiency.

The Final Beneficiary's internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the Project Development Services with the corresponding accounting statements and supporting documents.

Direct staff costs comprise actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the Final Beneficiary's usual policy on remuneration.

II.10.2 The following costs shall not be considered eligible:

- travel costs;
- costs of equipment;
- exchange losses;
- VAT, unless the Final Beneficiary can show that he is unable to recover it;
- costs declared by the Final Beneficiary and covered by another project or work programme receiving a Community grant;
- excessive or reckless expenditure.

ARTICLE II.11 — GENERAL PROVISIONS ON PAYMENTS

II.11.1 Payments shall be made by the Bank in Euros. If the currency for the cost occurred is not Euro, the conversion into Euro shall be determined using the relevant foreign exchange reference rates published by the European Central Bank (which are based on the daily concertation procedure between central banks within and outside the European System of Central Banks) applicable on the first working day of the month following the period covered by the financial statement concerned.

Payments by the Bank shall be deemed to be effected on the date when they are debited to the Bank's account.

II.11.2 The Bank may suspend the period for payment at any time by notifying the Final Beneficiary that his request for payment cannot be met, either because it does not comply with the provisions of the Contract, or because the appropriate supporting documents have not been produced or because there is a suspicion that some of the expenses in the financial statements are not eligible and additional checks are being conducted.

The Bank may also suspend its payments at any time if a Final Beneficiary is found or presumed to have infringed the provisions of the Contract, in particular in the wake of the audits and checks provided for in Article II.14.

The Bank shall inform the Final Beneficiary of any such suspension by registered letter with advice of delivery or equivalent, setting out the reasons for suspension.

Suspension shall take effect on the date when notice is sent by the Bank. The remaining payment period shall start to run again from the date when a properly constituted request for payment is registered, when the supporting documents requested are received, or at the end of the suspension period as notified by the Bank.

II.11.3 The Final Beneficiary shall have 2 (two) months from the date of notification by the Bank of the final amount of the grant determining the amount of the payment of the balance or the recovery order pursuant to Article II.13, or, failing that, from the date on which the payment of the balance was received, to request information in writing on the determination of the final contractual amount, giving reasons for any disagreement. After this time, such requests will no longer be considered. The Bank undertakes to reply in writing within 2 (two) months following the date on which the request for information is received, giving reasons for its reply. This procedure is without prejudice to the Final Beneficiary's right to appeal against the Bank's decision pursuant to Article 1.9. Under the terms of Community legislation in this matter, such appeals must be lodged within 2 (two) months following the notification of the decision to the applicant or, failing that, following the date on which the applicant learned of the decision.

ARTICLE II.12 — DETERMINING THE FINAL CONTRACTUAL AMOUNT

II.12.1 The total amount paid by the Bank may not in any circumstances exceed the maximum amount laid down in Article I.4.2, even if the total actual costs eligible exceed the estimated total Eligible Costs specified in Article I.4.1.

II.12.2 If the actual eligible costs when the project development service ends are lower than the estimated total eligible costs pursuant to Article I.4.1, the Bank's contribution shall be limited to the amount obtained by applying the grant percentage specified in Article I.4.2 to the actual eligible costs approved by the Bank.

II.12.3 The Final Beneficiary hereby agrees that the final support shall be limited to the amount necessary to balance the project receipts and expenditures and that it may not in any circumstances produce a profit for them.

II.12.4 Without prejudice to the right to terminate the Contract under Article II.8, if the project is not implemented or is implemented poorly, partially or late, the Bank may reduce the support initially provided for in line with the actual implementation of the project on the terms laid down in the Contract.

II.12.5 On the basis of the amount of the final payment determined in this way and of the aggregate amount of the payments already made under the terms of the Contract, the Bank shall set the amount of the payment of the balance as being the amount still owing to the Final Beneficiary. Where the aggregate amount of the payments already made exceeds the amount of the final grant, the Bank shall issue a recovery order for the surplus.

ARTICLE II.13 — RECOVERY

II.13.1 Where an amount paid by the Bank to the Final Beneficiary is to be recovered under the terms of the Contract, the Final Beneficiary undertakes to repay the Bank the sum in question, on whatever terms and by whatever date it may specify. If the payment has not been made by the due date, the Bank reserves the right to recover directly the amount due from the Final Beneficiary.

II.13.2 If the obligation to repay the amount due is not honoured by the date set by the Bank, the amount due shall bear interest. Interest on late payment shall cover the period between the date set for payment, exclusive, and the date when the Bank receives full payment of the amount owed, inclusive. Any partial payment shall first be entered against charges and interest on late payment and then against the principal.

II.13.3 If payment has not been made by the due date, sums owed to the Bank may be recovered by offsetting them against any sums owed to the concerned Final Beneficiary after informing him accordingly by registered letter with advice of delivery or equivalent. In exceptional circumstances, justified by the necessity to safeguard the financial interests of the Communities, the Bank may recover by offsetting before the due date of the payment. The Final Beneficiary's prior consent shall not be required.

II.13.4 Bank charges occasioned by the recovery of the sums owed to the Bank shall be borne solely by the concerned Final Beneficiary.

ARTICLE II.14 — MONITORING, CONTROLS AND AUDITS

II.14.1 The Final Beneficiary undertakes to provide any detailed information requested by the Bank to check that the Project Development Services and the provisions of the Contract are being properly implemented.

II.14.2 The Final Beneficiary shall keep at the Bank's or at the European Commission's disposal all original documents, especially accounting and tax records, or, in exceptional and duly justified cases, certified copies of original documents relating to

the Contract, stored on any appropriate medium that ensures their integrity in accordance with the applicable national legislation, for a period of 7 (seven) years from the date of payment of the balance specified in Article I.5.3.

II.14.3 The Final Beneficiary agrees that the European Commission and/or the Bank may carry out audits and controls of the use made of the financial support, either directly by its own staff or by any other outside body authorised to do so on its behalf. Such audits and controls may be carried out throughout the period of implementation of the Contract until the balance is paid and for a period of 7 (seven) years from the date of payment of the balance. Where appropriate, the audit findings may lead to recovery decisions by the Bank and/or the European Commission.

II.14.4 The Final Beneficiary undertakes to allow the Bank's staff and outside personnel authorised by the Bank and/or the European Commission the appropriate right of access to sites and premises where the Project Development Services are carried out and to all the information, including information in electronic format, needed in order to conduct such audits.

II. 14.5 The European Court of Auditors and the OLAF shall have the same rights as the Bank and the European Commission, notably right of access, as regards controls and audits.

SIGNATURES

The Contract is executed in three counterparts in the English language, each of which represents an authentic original of this document.

European Investment Bank

Prešov Self-Governing Region
(Final Beneficiary)

Date: 18.12.2014

Date: 18.12.2014

V. I.

.....

László Baranyay
Vice President

V. I.

.....

Peter Chudík
President

Overview of contract annexes

Annex I

Description of the Project Development Services and the planned Investment Programme

Annex II

Estimated budget of the Project Development Services

Annex III

Eligibility rules for the Project Development Services and the planned Investment Programme

Annex IV

Technical implementation reports and financial statements

Annex V

Fiche for requesting ex-ante Bank comments on the terms of reference of large sub-contracts

Annex VI

Reference to ELENA - IEE funding and legal disclaimer

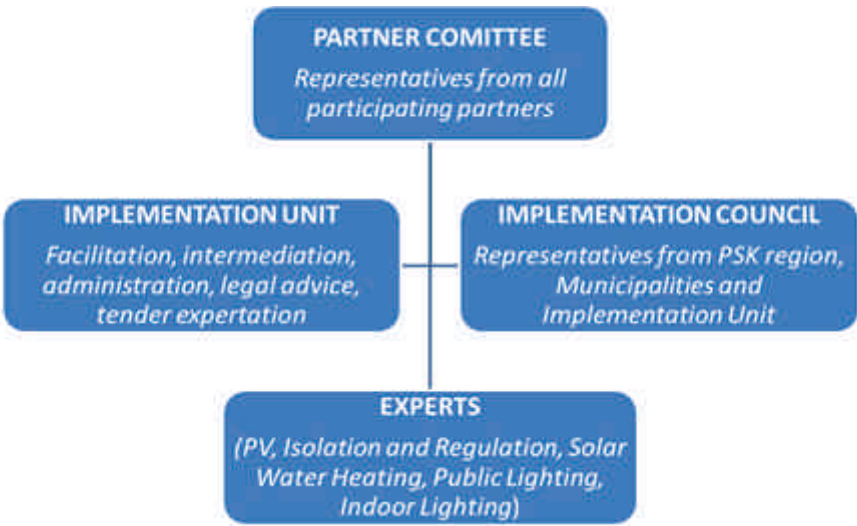
Annex VII

ELENA Project Fact sheet

Annex VIII

EIB Guide to Procurement

Annex I : Description of the Project Development Services and the planned Investment Programme

1. Location	
Location of the Project Development Services [country, region, province etc.]	
Presov region, Slovakia	
Main purposes of the Project Development Services [short summary]	
The Presov Self-Governing Region will set up a project implementation unit under its responsibility in view of preparing an EE and RE investment programme for its own buildings and for buildings and public lighting of 14 associated municipalities. The PIU will prepare with the assistance of external experts a detailed investment programme covering building renovation including indoor lighting, use of solar energy (PV and solar thermal) and the refurbishment of public lighting.	
Description of the Final Beneficiary	
Presov Self Governing Region is one of the eight regions of the Slovak Republic. It has some 800,000 inhabitants representing around 15% of total population in Slovak Republic.	
Role of the Final Beneficiary in the Investment Programme to be prepared	
The Presov Self Governing Region (PSK) will take over the main role and responsibilities of managing and implementing the technical assistance programme leading to the planned investments. Bilateral partnership contracts between PSK and each municipality will be set up in view of defining the mutual relations e.g. obligations and commitments for a successful implementation of the foreseen investment programme. The approved and signed bilateral partnership agreements will be presented within the Inception Report. In a preparatory phase PSK and the municipalities have passed resolutions in the respective executive bodies stating that their budgets shall include funds necessary for co-funding the anticipated costs. The foreseen management structure for the technical assistance project is as follows:  <pre> graph TD PC["PARTNER COMMITTEE Representatives from all participating partners"] IU["IMPLEMENTATION UNIT Facilitation, Intermediation, administration, legal advice, tender expertation"] IC["IMPLEMENTATION COUNCIL Representatives from PSK region, Municipalities and Implementation Unit"] EXP["EXPERTS (PV, Isolation and Regulation, Solar Water Heating, Public Lighting, Indoor Lighting)"] PC --- J1(()) J1 --- IU J1 --- IC J1 --- EXP </pre>	

Partner Committee: consists of representatives nominated by each participating partner (one per partner) within the technical assistance implementation. It will take decisions on basic organisational, financial and legal issues of the technical assistance project. Meetings of the Partner Committee (at least once a year) shall be called by the Head of the Partner Committee, being either the PSK President or an authorised person. The Partner Committee's resolutions shall be binding for all the partners in the matters related to the technical assistance project.

Implementation Council: shall meet at least once every 3 months and shall include the representatives of PSK, municipalities and the PIU. The council shall be a platform for exchange of expertise and organisational consultancy regarding the duties and tasks of the PIU.

Project Implementation Unit:

- shall be established by PSK as the lead partner of the technical assistance project;
- shall be a management, administration and coordination unit that, on behalf of PSK, provides the preparation and implementation of the investment programme and is in charge of the cooperation with external experts in the process of preparing and implementing the planned investments;
- shall define a basic framework for the cooperation with external experts;
- shall be chaired by a Director who reports to the Partner Committee;
- as an administration unit, shall deal with practical issues related to the investments (e.g. monitoring of preparation and implementation process);
- shall provide internal communication within the project organisation (i.e. between external experts and the partners);
- shall analyse and identify the needs of Municipalities and the Region in order to ensure the bankability of planned projects;
- shall provide legal services, in particular for the tender procedures;
- shall deal with financial issues for the investment projects and the accounting of the ELENA grant;
- shall provide assistance in preparing necessary tender documents, contracts and monitor due and timely fulfilment of these contracts (following the completion of offers and public tenders, the payments and deliveries shall be provided for each town and community individually and this shall be included in contracts with building companies and contractors);
- shall employ 6 new employees.

2. Description of the Project Development Services

Aims and objectives of the Project Development Services

The key task of the project development services will be through the PIU to organise energy audits for the chosen buildings, carry out technical studies for the solar energy plants, building refurbishment, indoor lighting and public lighting, prepare the tender documents and evaluate the received offers leading to contract signatures. For the public lighting refurbishment it is planned to use the energy performance contracting approach, which needs special know-how. One important source of co-financing foreseen comes from the European Structural and Investment funds. The PIU will assist in the preparation of the funding requests and in a broader view on the possible financing schemes. The PIU will be staffed with in total six full time posts. It will be led by a director managing a technical expert in EE and RES, a financial expert, a legal expert, an expert in public tendering and a secretary. The external expertise is needed for the preparation of the energy audits, technology specific feasibility studies, technical studies, the preparation of the tender documents and tender evaluation, for IT support enhancing project internal coordination and for the EPC contract preparation.

Indicative activities included in the Project Development Services (personal costs, external services, etc.) and main justification. Estimated total budget for the assistance including a detailed budget breakdown according to activities

Project Implementation Unit (PIU)

In order to secure the Investment Programme, the PIU will hire new staff, which would deal

with and coordinate efforts in preparing and implementing investment activities that are ready to be carried out. This would mostly include coordination, consulting, and operational activities, detailed work on assignments to define conditions for the technology specific feasibility studies, energy audits, technical engineering studies, public tenders, and funding of the planned investments. Other activities would include the preparation of planned contracts with suppliers within the planned investment programme on the basis of public tenders, and consultancy and assistance for future investors in finding an optimum model of funding the investments (by both the PSK and the Municipalities) with the shortest possible payback periods. The use of more complex approaches to tenders and/or awarding of contracts (e.g. Energy Performance Contracting) are envisaged.

The PIU will consist of 6 additional employed persons. It will be led by a Director who shall closely manage and work with the expert to be hired. The staff should meet the following minimum requirements:

- **Director of Implementation Unit** shall be an expert in preparing, managing and implementing structural funds projects, with a university degree (M.A., M.Sc.) and minimum 7 years experience in the public and commercial sectors;
- **Expert (RES and EE)** (M.Sc.) shall be an expert in technologies and construction investments, renewable energy sources, and environmental evaluation with a university degree (M.Sc.) and minimum 10 years of experience;
- **Financial Expert** (M.Sc.) shall be an expert in financial analysis and environmental evaluation, with a university degree (M.Sc.) and minimum 5 years experience in preparing, implementing and evaluating ESIF projects;
- **Legal Expert** (LLD., M.A.) shall be an expert in legal matters and contract signing, with minimum 10 years practical experience in the public and commercial sectors; should have experience in specific legal advice related to tenders and contracts, in tendering EPC contracts, and in preparing EPC contracts;
- **Tender Expert** (M.Sc., M.A.) shall be an expert in public tenders, with minimum 10 years practical experience in the public and commercial sectors; should have expertise in tendering and procurement; experience with tendering EPC contracts and with preparing EPC contracts; experience with the ESIF projects.
- **Assistant** should have at minimum secondary-school education.

The estimated total costs of the PIU amount to EUR 306,000.

Technology specific feasibility studies

Technology specific feasibility studies for the 5 investment areas will further define the technical, financial and environmental requirements for the realisation of individual investments. These studies for investments in PV, Public Lighting, Building Refurbishment and Regulation, Indoor Lighting Replacement and Solar Water-Heating, provided by an independent consulting company, should present basic technical, environmental, social and economic possibilities as well as financial models for the implementation of the Investment Programme.

Following this, in accordance with recommendations and conclusions coming from these studies, all necessary studies, audits, preparation of placing, draft plans, basic calculations, and initial planning of investments within the investment programme in particular areas, would be prepared.

Energy audits and technical studies:

Energy audits and technical studies will be necessary for the 4 investment areas. The external experts will undertake the collection of technical data of the relevant buildings and systems, preparation of EE & RE measures, calculations and budget estimates, savings and investment returns, draft designs, preparation of tender documents and initial planning of investments. The costs and daily rates for external expertise include also travel costs due to the geographical fragmentation of the investments throughout the region, as well as the costs related to the completion of input data, which, in most cases, are difficult to access due to the age of the buildings and facilities, non-professional and superficial interventions, emergency conditions, etc.

Energy audits will contribute to the correct and effective implementation of the investments. 90 audits of buildings and 6 audits of public lighting systems are envisaged in total. Energy audits

will analyse the use of energy consumption in the given installations - in the building and if foreseen, installation of renewable energies. In fact, the possibilities for energy savings will be identified, then measures for their achievement will be proposed, and those measures will be financially evaluated. The energy audits will contain the calculations for the proposed measures including the possible savings. The obtained data will also be used for making analyses of the past patterns of energy consumption and for the monitoring of the demands in the future.

Energy audits, in their first, analytical part, will concentrate on available data on energy management and collection of the missing data. The evaluation of the quality and efficiency of energy and consumption will follow, with the calculation of the related costs. In the second phase, the energy audit will propose measures for the correction of identified deficiencies, including their pricing, and calculation of the return on the investment.

It will show:

- Criteria for the minimum thermal insulation for properties of the building structure;
- Criterion for air exchange – minimum average air exchange in a room;
- Energy criterion – maximum specific heat consumption for heating

The energy audits will also be sufficiently representative, so that they allow reliable conclusions on the overall energy demands and reliable specification of the most significant possibilities for improvement.

Technical studies for tender preparation will be based on the energy audit outcomes. They will include drafting designs for the proposed measures in order to improve the functioning of the existing systems. The external experts will prepare all the necessary input for the tender documents, for example detailed technical description of the planned measures, bill of quantities etc. Additional thermal and technical expertise where required will complement these preparations so that the required norms are fulfilled. In this preparatory stage the aim is to achieve the cost optimum level and the minimum required standards for tendering.

As part of the investment into the public lighting and photovoltaic, where a form of EPC is envisaged, external experts will undertake the development of the basic environmental, energy and economic parameters. The technical proposals of solutions and the technological solutions are envisaged to be implemented by ESCO companies.

All additional costs for the tender preparation that are not included in the financing within the ELENA facility but required by Slovak regulations will be financed by the PSK and the partners.

Lastly, IT assistance is foreseen for the internal communication between partners and workgroups and for the exchange of data in the project.

The total costs of external project development services (subcontractors) involved in achieving the programme's targets are estimated at EUR 905,000.

Technical Expertise	Person days	Person day rate	Costs (EUR)
Technology specific feasibility studies	279	240	67,000
Energy audits for buildings	488	240	117,000
Energy audits and tender preparation for public lighting	625	240	150,000
Preparation PV plants	625	240	150,000
Technical studies and tender preparation for buildings	1740	240	418,000
IT Advisor	13	240	3,000
Total technical expertise	3,770	240	905,000

Indicative implementation timetable for the Project Development Services, indicating the link between the Project Development Services and the Investment Programme

Indicative implementation timetable
January, 2015 – December, 2017

	1 st half 2015	2 nd half 2015	1 st half 2016	2 nd half 2016	1 st half 2017	2 nd half 2017
1. Start up						
Establishing the Implementation Unit including recruitment of project manager and specialists	X					
Concretize work plan within the Unit	X					
Contracting with consultancies to provide technical assistance	X					
Establishing a contractual framework for the use of external consultants for technical assistance	X	X				
2. Preparation of investment programmes						
Concretize work plan within the Structure	X					
Technical examinations of buildings	X	X				
Establish technical, architectonic and economic criteria for the selection of buildings for photovoltaics	X	X				
Adding the knowledge on current and future use of the buildings, their energy consumption and supply and their maintenance	X	X				
Technical examinations of public lighting	X	X				
3. Development of investment programmes						
Develop projects and estimate their costs and effects on energy consumption and CO2 emissions	X	X	X	X	X	
Deciding the most effective ways for tenders	X	X	X	X	X	
Inviting tenders and preparing contracts	X	X	X	X	X	
4. Implementation of investments						
Approve and sign contracts with contractors and suppliers concerning their own buildings (not funded)			X	X	X	X
Implementation Unit and the municipalities monitor implementation and timely execution of contracts			X	X	X	X

Milestones for measuring expected Leverage Factor:

YEAR	Estimated total investment costs	Progress			
		Number of technology specific feasibility studies prepared	Number of energy audits/project documents prepared for an investment	Number of facilities/buildings ready for calls for tenders budgeted and launched	Leverage factor
2015	7,550,000	5	148	148	8.53
2016	26,440,000	-	149	149	37.62
2017	26,440,000	-	-	-	55,44
TOTAL	60,430,000	5	297	297	55,44

Applicants commitment to facilitate dissemination of experiences and results

The Presov Region and the involved municipalities will disseminate the experiences and results within Slovakia through the networks in which they participate.

The Presov Self-Governing Region is a member of the SK8 association that groups the 8 self-governing regions of Slovakia. At municipal level, municipalities are organised in the Association of Slovakia's Municipalities (ZMOS). In addition, PSK and the municipalities are members of various associations, partnerships, initiatives, and unions at micro-regional and euro-regional levels. PSK is also a founding member of the Energy Cluster and a regional coordinator for the Covenant of Mayors.

The Presov Region and the Municipalities will also disseminate the results through the distribution of information brochures, websites, participation and organisation of workshops or conferences.

Every year PSK also organises Energy Day in the Presov Region as a part of the European Union's Sustainable Energy Week (EUSEW), at which PSK presents experts and the general public with its experience and knowledge in the field of EE and RES through various activities, events and workshops.

3. Presentation of Investment Programme
Location of the planned Investment Programme
Presov region, Slovakia
Description of the planned Investment Programme
The proposed investment programme is targeted to different sectors: Building insulation and management of heating system The focus will be placed on the energy performance of public buildings through building envelope insulation, replacement of openings and improvement of the energy management of the heating systems. The 90 pre-selected buildings (e.g. office buildings, schools and school facilities, social facilities and civic centres) belong to the regional government and to 14 participating municipalities. The average specific investment costs are at 255 EUR/m² and the expected energy savings will reach some 30%. Solar energy For some 145 buildings PV rooftop installations are planned. Due to the specific Slovak context PV units with up to 29.3 kWp capacity are considered, leading to a cumulated capacity of 4.4 MWp. Specific investment costs of some 1,400 EUR/kWp are expected. Solar hot water collectors are planned for buildings with sufficient hot water demand such as school kitchens, and will be installed in standard units on some 120 buildings. Indoor lighting A dedicated action will be targeted to the improvement of indoor lighting in public buildings through cost-saving LED lighting technology. Around 140 buildings are concerned, with average specific foreseen investment costs of 23 EUR/m². Public Lighting The performance of public lighting will be improved in 6 municipalities using LED technology and improvement of the energy management systems. Specific investments of around 600 EUR per light column have been foreseen, which means that also occasional replacement of the column itself is included and not only the light fixtures.
Description of the approach to implement the Investment Programme
PSK will establish a Project Implementation Unit (PIU) in order to provide support for the participating municipalities and the Region itself, thus creating the conditions for carrying out the planned investments in the field of EE and RES. With the help of the technical assistance expertise and administration, capacities will be created and used for the efficient investment implementation. In the preparatory phase of application the participating municipalities have passed resolutions showing their commitment to dedicate a portion of their budget to cover the 10 % co-funding of the ELENA technical assistance costs, to make available all the data, documents and plans necessary to prepare the planned investments, to launch public tenders and to sign contracts with suppliers and, finally, to execute the planned investments. The basic stages of the implementation approach include: • establishing a PIU supported by external experts, preparing in conjunction with the PSK and the municipalities a detailed investment programme based on energy audits and feasibility studies; • performing energy audits of buildings and facilities that will be the subjects of the investment; evaluating building locations suitable for renewable energies (PV, solar collectors); carrying out energy audits of public lighting; • preparation of public tender documents in compliance with the legislation. Public tender procedures in Slovakia allow public authorities to carry out the procurement at their expense or to form an alliance (grouping of several municipalities, framework contracts, etc.). The objective is to design the procurement procedure that delivers

the most effective solution possible at a given time as a combination of the lowest price and the best quality of the offer. It will be an important task for the PIU as an authorised entity to present a solution for individual projects that will help to meet the above-defined targets; • preparation and signing of contracts by the investing partners; • investment programme implementation and monitoring.			
Expected results in terms of increase in energy efficiency, decrease in energy consumption, renewable energy production and reduction of greenhouse gas emissions			
The expected results are as shown below:			
Expected results	Annual savings (GWh/y)	Annual Production by RE (GWh/y)	CO ₂ reduction (tons/y)
1. Building envelope	21.3		1,480
2. Solar energy		5.1	1,280
4. Indoor lighting	5		1,250
5. Public lighting	4.6		1,170
Total	30.9	5.1	5,180
Expected other relevant results			
For the Slovak Republic and PSK in particular, this investment programme will bring significantly positive impacts on the increase of employment. Jobs within ELENA project would include both temporary and permanent ones. Within the operations of the facilities, permanent jobs will be created, such as operations staff, technicians, administrators and maintenance staff. The estimation of new jobs is 1 job per each assignment; therefore, at least 150 jobs are estimated to be generated in order to ensure the permanent sustainability of individual investment projects. Temporary jobs (during the ELENA project and during the realisation of works) will include newly-recruited Implementation Unit's staff members (6 job positions), direct construction-related positions during building and reconstruction works – expert's estimation is 750 jobs for construction workers and engineers, and indirect jobs in support services – project designers, supervisors (150 job positions), and in the building materials production – 85 job positions. In total around 1,000 full time employment years are expected. The economic aspects include, most of all, the boost for local enterprises involved in the preparatory stages – counsellors, energy auditors, project designers, etc., and in the execution stages – construction businesses, the sector of construction material manufacturers and service providers, technical engineers, construction and building staff as well as maintenance and services providers, as a result of the planned investment execution. For the local businesses, the project would bring new demands and new job positions. The construction industry will provide job opportunities for primary construction workers within the construction market (new buildings, refurbishments) as well as by means of its secondary effect on services (project designing, consulting, supervising, etc.), on the building material market (producing and selling building materials). So far Municipalities have been acting individually in this area, however, the preparation of the ELENA technical assistance application has made them join forces in the new regional partnership. The support from the ELENA facility will unify the investments in the field of energy into one compact programme that would otherwise prove unfeasible without EC support. Moreover, the programme would enhance people, municipalities and entrepreneur's awareness of the importance and meaningfulness of the RES utilisation and energy cost cutting.			

Further positive effects of the project include **improved air quality** (dustiness, humidity and increased temperature) in urban zones.

Lastly, **the increased safety of energy supplies** will be another positive impact for the whole society related to the reduction of energy dependence of the region and the country.

Expected overall investment cost

Investment sectors	Investments (MEUR)
Building envelope	33.70
PV	6.40
Solar water heating	1.15
Indoor lighting	11.38
Public lighting	7.80
Total	60.43

Preliminary financing plan for the Investment Programme

At the start of the investment programme preparation it is foreseen to carry out technology specific feasibility studies in cooperation with external consultants in order to summarise basic technical, environmental, social, and financial possibilities and funding models for this programme implementation in Slovakia. According to undertaken analysis and assessments so far the following financing alternatives are considered for the proposed investment programme:

Activity	Supposed primary source of investment funding	Alternative source of investment funding	Alternative source of investment funding
1. Building envelope	ESIF	Own funding	
2. PV	ESCO or private partner to be tested	Bank funds	
3. Solar water-heating	ESIF	Bank funds	Own funding
4. Indoor lighting	ESIF	Own funding	Bank funds
5. Public lighting	EPC	Own funding	Bank funds

➤ **Energy Performance Contracting (EPC)**

It is planned to use the EPC approach for implementing and financing the investment for the public lighting refurbishment. Also for the planned PV plants it is intended to use such a set up with private partners (ESCO or other private partner). A certain number of successful EPC projects for public lighting have been implemented in Slovakia and already one project for PV plants with an ESCO. These experiences will be used for optimising and adapting the EPC approach to the planned investment projects.

➤ **EU support**

In order to provide funding of the Investment Programme, both national and EU grants shall be used. According to the European Union's rules, the Slovak Republic and the PSK fall into a category of regions eligible to receive the EU's structural and investment funds, therefore the partners should be able to fund the majority of investments via ERDF and the Cohesion Fund. The currently available Position Paper of the European Commission on the Partnership Agreement and Operational programmes in Slovakia for the 2014-2020 period defines the support for RE and the increase in energy efficiency in the public sector as one of the priorities to be funded in the next programming period. In the past EU grants have normally been provided for the public sector at 85-95 % for non-profit investments (such as the proposed investment programme for building renovation). The remaining 5-15 % are provided

by the municipalities and PSK as the beneficiary from its own or credit sources. The availability and the support rate of the structural funds need to be confirmed as soon as available.

➤ **Bank financing**

Bank financing will be utilised in selected cases. International financial institutions like EIB and EBRD have credit lines available either directly or intermediated through Slovak commercial banks. An initial analysis has shown that PSK and municipalities involved are in acceptable financial condition and are capable of meeting creditors' conditions. Municipalities and the Region are generally in possession of limited means of funding and face law-defined credit limits.

Preliminary implementation timetable for the Investment Programme

The estimated start of the investment programme is month June 2015. It is likely for some investments to exceed the time scope of the ELENA technical assistance; however, all the investments shall be contracted by month DECEMBER 2017, i.e. within 3 years after the signing of the contract between EIB and the Beneficiary.

The preliminary implementation timetable for the investment programme indicating the volumes contracted:

- | | |
|------------|------------|
| - End 2015 | 7,550,000 |
| - End 2016 | 26,440,000 |
| - End 2017 | 26,440,000 |

4. Overview table: Milestones presentation for measuring leverage factor

Reporting time (end of year)	Estimated budget Project Development Service			Milestones for Investment Programme implementation (indicate here the part of the total Investment Programme which is planned to be launched at the indicated reporting time)						Leverage factor according to phasing + milestones
	Staff costs [in EUR]	External experts / subcontracts [in EUR]	Sub-total [in EUR]	Short description of area, technologies concerned ¹	Identification of investor ²	Estimated total costs [EUR]	Estimated annual final energy saved for EE projects ³ [in GWh]	Estimated annual final energy production by RES ⁶ [in GWh]	Estimated annual reduction of CO2 eq [in t]	
Year 1	102,000	300,000	402,000	EE and RES	Municipalities, Region using partially ESCOs	7,550,000	0	2.5	1,280	21
Year 2	102,000	500,000	602,000	EE and RES	Municipalities, Region using partially ESCOs	26,440,000	15.4	2.6	1,950	38
Year 3	102,000	105,000	207,000	EE and RES	Municipalities, Region using partially ESCOs	26,440,000	15.5	0	1,950	55
TOTAL⁴	306,000	905,000	1,211,000	EE and RES	Municipalities, Region using partially ESCOs	60,430,000	30.9	5.1	5,180	55
Interim report (after 18 months)	153,000	452,500	605,500	EE and RES	Municipalities, Region using partially ESCOs	30,215,000	15.5	2.5	2,590	28

¹ Specifying which main area concerned (i.e. EE, RES, transport or urban infrastructure) and which technology(ies)/measure(s) implemented

² Indicate the final investor, the one who will order the work to be carried out

³ Indicate the main type of energy saved or produced (thermal or electrical)

⁴ Total of estimated budget should be the same as in budget table or in Investment Programme presentation

Annex II : Estimated budget of Project Development Services

Direct staff costs				
Categories of staff to work on the project (e.g. senior expert, expert, junior expert; project assistant etc.)	Monthly salary (EUR) (A)	Number of work months on project (B)	Direct Staff costs (EUR) (AxB)	
1 Director of Implementation Unit	2,000.00	36	72,000.00	
2 Expert (RES and EE)	1,500.00	36	54,000.00	
3 Financial expert	1,500.00	36	54,000.00	
4 Tender expert	1,500.00	36	54,000.00	
5 Legal expert	1,500.00	36	54,000.00	
6 Assistant	500.00	36	18,000.00	
Total direct staff costs	8,500.00	306,000.00		
External experts / subcontracts				
Type of activities / support	Description of tasks to be carried out		Total [EUR]	
Technology specific feasibility studies	Parameter studies for PV, Public Lighting, Building refurbishment, solar water heating, indoor lighting.		67,000.00	
Energy audits for buildings	Preparation of energy audits of 90 buildings		117,000.00	
Technical studies and tender preparation for buildings	Technical studies leading to tender preparation and evaluation for 143 buildings including indoor lighting improvement		418,000.00	
Energy audits and tender preparation for public lighting	Establishing of energy baseline, estimation of energy savings, tender preparation and evaluation		150,000.00	
Technical assessment and tender preparation for PV plants	Technical and financial assessment of PV plants for 143 buildings leading to tender preparation and evaluation		150,000.00	
IT Advisor	Administration of internal part of project-homepage for internal project communication and data exchange.		3,000.00	
Subtotal external experts / subcontracts			905,000.00	
ESTIMATED TOTAL ELIGIBLE COST				
Direct staff costs			306,000.00	
External experts / subcontracts			905,000.00	
TOTAL eligible costs [in EUR]			1,211,000.00	
FUNDING				
Requested funding from ELENA facility [in EUR]; maximum 90%		in%	90.0%	1,089,900.00
Own funding [in EUR]		in%	10.0%	121,100.00
Other sources [EUR]		in%	0.0%	0
TOTAL funding [in EUR]			1,211,000.00	

Within the ELENA facility eligible costs are defined as follows:

- costs of external experts contracted by the EIB or the Beneficiary according to the national procurement rules
 - additional staff hired by the Beneficiary (e.g. to set up project implementation units) to manage and provide Project Development Services. The cost of additional staff assigned to the action should comprise actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the beneficiary's usual policy on remuneration.
- No other costs are eligible.

Changes between cost categories:

The total budget initially accepted at the start of the project cannot be increased. Overspending must be taken over by the beneficiary. Changes within each cost category or in relation to the different subcontracting services are possible without any approval. Changes between these two categories need prior approval by the EIB and should be limited to a maximum of 10% of the total beneficiary's budget.

Annex III : Eligibility rules for the Project Development Services and the planned Investment Programme

The following eligibility criteria will be applied to the Project Development Services, the identified planned Investment Programme and needs to be respected by the Final Beneficiary.

1. Eligibility of area's covered

Project Development Services can be provided for the development of Investment Programmes within the following areas:

- public and private buildings, including social housing, and street and traffic lighting, to support increased energy efficiency (refurbishment of buildings aimed at significantly decreasing energy consumption (both heat and electricity) – such as thermal insulation, efficient air conditioning and ventilation, efficient lighting); integration of renewable energy sources (RES) into the built environment – such as solar photovoltaic (PV), solar thermal collectors and biomass; investments into renovating, extending or new district heating/cooling networks including networks based on combined heat and power (CHP); decentralised CHP systems (building or neighbourhood level);
- urban transport to support increased energy efficiency and integration of renewable energy sources, such as high energy efficiency buses, including hybrid buses, electrical or low-carbon propulsion systems; investments to facilitate the introduction of electric cars, investments to introduce new more energy efficient concepts to improve freight logistics in urban areas;
- local infrastructure including smart grids, information and communication technology infrastructure for energy-efficiency, energy efficient urban equipment, inter-modal transport facilities and refuelling infrastructure for alternative fuel vehicles.

2. Excluded sector

According to the request of the European Commission the following sector is excluded from the Project Development Services:

- Industrial facilities, as well as reductions of greenhouse gas emissions due to industry delocalisation

Annex IV : Technical implementation reports and financial statements

1. Dispatch of information: designation of the person responsible

The information below has to be sent to the Bank under the responsibility of:

Company	<i>Prešov Self-Governing Region</i>
Contact person	<i>Mrs. Nicole Chovancova</i>
Title	<i>Dr.</i>
Function / Department	<i>Project Manager/Department of Regional Development</i>
Address	<i>Námestie mieru 2, 080 01 Prešov</i>
Phone	<i>+421 51 7081 534</i>
Fax	<i>+421 51 7081 500</i>
Email	<i>nicole.chovancova@vucpo.sk</i>

The above-mentioned contact person(s) is (are) the responsible contact(s) for the time being. The Beneficiary shall inform the EIB immediately in case of any change.

2. Regular reporting on the project's implementation

The Beneficiary shall inform the Bank of any significant changes in the cost, timing or definition of the work programme activities.

Report / information	Deadline	Frequency of reporting
Inception report – detailed work programme (Refer to template A.1 below)	<i>Due after three months, to be delivered one month later (3+1)</i>	<i>Once</i>
Bi-annual progress reports (Refer to template A.2 below)	<i>Covering the last six months from project start, to be delivered one month later (6+1; 12+1; 18+1 merged with interim report; 24+1 and 30+1)</i>	<i>Bi-annually</i>
Interim report (Refer for template to A.3 below, should reflect the actual cost and results of project advancement)	<i>Due in month 18+1 covering the whole project duration since start</i>	<i>Once</i>

3. Final report on implementation of project development service

The Beneficiary shall deliver to the Bank the following information on project completion and possible initial operations at the latest by the deadline indicated below.

Document / information	Date of delivery to the Bank
<i>Information to be provided by chronologically, according to the form presented in Appendices A.4. This information should reflect the actual costs and results of the projects.</i>	<i>Due in month 36+1 Covering the whole project duration</i>

Language of reports	English or French
----------------------------	--------------------------

Appendices:

- A.1 Inception report – Detailed work programme
- A.2 Bi-annual progress report
- A.3 Interim report including financial statement
- A.4 Final implementation report including financial statement

A.1. INCEPTION REPORT – DETAILED WORK PROGRAMME

Name of project:

Number of project:

Reporting period: project start + 3 months

1. Detailed work programme

[in particular changes in relation to initial programme and their justification; tasks, schedule and pre-established milestones]

2. Identified issues, if any for implementing the work programme

3. Submission of the approved and signed partnership agreements with the involved municipalities

Date of report:

A.2. BI-ANNUAL PROGRESS REPORT

Name of project:

Number of project:

Reporting period: month x until month x+5

1. Work progress

[Progress and achieved results against initial objectives of the work programme, including, when available, copies of consultants' reports, studies or other subcontracted activities such as ToRs and published calls for external services]

2. Identified problems and risks for implementation

[Including the comments of the beneficiary, and corrective actions taken or to be taken]

3. Contracts of technical assistance (external experts / subcontracts) committed/completed during the reporting period

Use attached table A.2.1.

4. Changes in the planned activities under the Project Development Services or in the Investment Programme and other useful information

5. Financial statement

[for the covered six month period]

Use attached table A.2.2.

Date of report:

A.2.1. Contracts of technical assistance (external experts / subcontracts) committed/completed during the reporting period

Nb of subcontract	Name of external consultant / subcontractor	Short description of mission	Expected total costs of subcontracts [EUR]	Duration of subcontracts (start and end date)	Procurement procedure applied	Tender publication references (e.g. OJEU announcement)	Comments

A.2.2. Updated list of started / planned implementation of the Investment Programme

Investment project (IP) identification	Name of IP ⁵	Short description of area/ technology concerned ⁶	Identification of investor ⁷	Estimated total costs [EUR]	Implementation plan (start and end date of works)	Estimated annual final energy saved for EE projects ⁸ [in GWh]	Estimated annual final energy production by RES [in GWh]	Estimated annual reduction of CO ₂ eq [in t]	Comments

⁵

IP = Investment project

⁶

Specifying which main area concerned (i.e. EE, RES, transport or urban infrastructure) and which technology(ies)/measure(s) implemented

⁷

Indicate the final investor, the one who will order the work to be carried out

⁸

Indicate the main type of energy saved or produced (thermal or electrical)

A.2.3. Financial Statement n°

European Investment Bank ELENA - European Local Energy Assistance Financial Statement					
Name of project:					
Number of project:					
Reporting period from: aa/bb/cc to xx/yy/zz					
Currency used: (three letter abbreviation)					
STAFF COSTS (Justification for labour costs may be requested by the Bank)					
Line N°	Name	Category name (e.g. senior expert, engineer, etc.)	Number of man-hours	Hourly rate	Staff costs amount
			A	B	AxB
1					
2					
3					
4					
5					
		Total	0.00		0.00
The cost of staff assigned to the action, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the beneficiary's usual policy on remuneration.					
EXTERNAL EXPERTS / SUBCONTRACTING					
Line N°	Name of Subcontractor	Description of the work undertaken			Amount
1					
2					
3					
4					
5					
				Total	0.00
TOTAL ELIGIBLE COSTS FOR THE PERIOD					
	Direct staff costs				0.00
	External Experts / Subcontracting				0.00
				Total	0.00

A.3. INTERIM REPORT

Name of project:

Number of project:

Reporting period: start month till month x (according to common understanding with beneficiary, in general month 18)

1. Work progress

[Progress and achieved results against initial objectives of the work programme]

2. Lessons learnt

3. Identified problems and risks for implementation

[Including the comments of the beneficiary, and corrective actions taken or to be taken]

4. Contracts of technical assistance (external experts / subcontracts) committed/completed during the reporting period

Use attached table A.3.1.

5. Updated list of started / planned implementation of the Investment Programme

Use attached table A.3.2.

6. Calculation of the leverage factor achieved

7. Other useful comments or information's

8. Request for changes in work programme and/or budget allocation

[according to needs indicate the request for changes already presented or to be presented in parallel to the interim report]

9. Supporting documents to provide

[when available, copies of consultants' reports, studies or other subcontracted activities such as ToRs and published calls for external services; (including published calls for tenders for external services); political decisions (by council or board) for launching the tenders or framework contracts and the investment programme]

10. Financial statement

[for the covered period, since project start]

Use attached table A.3.3.

11. Outlook

[Main achievements and milestones planned for the next six months]

Date of report:

A.3.1. Contracts of technical assistance (external experts / subcontracts) committed/completed during the reporting period

Nb of subcontract	Name of external consultant / subcontract or	Short description of mission	Expected total costs of subcontracts [EUR]	Duration of subcontracts (start and end date)	Procurement procedure applied	Tender publication references (e.g. OJEU announcement)	Comments

A.3.2. Updated list of started / planned implementation of the Investment Programme

Investment project (IP) identification	Name of IP ⁹	Short description of area/ technology concerned ¹⁰	Identification of investor ¹¹	Estimated total costs [EUR]	Implementation plan (start and end date of works)	Estimated annual energy saved for EE projects ¹² [in GWh]	Estimated annual final energy production by RES [in GWh]	Estimated annual reduction of CO ₂ eq [in t]	Comments

⁹

IP = Investment project

¹⁰

Specifying which main area concerned (i.e. EE, RES, transport or urban infrastructure) and which technology(ies)/measure(s) implemented

¹¹

Indicate the final investor, the one who will order the work to be carried out

¹²

Indicate the main type of energy saved or produced (thermal or electrical)

A.3.3. Financial Statement n°

European Investment Bank ELENA - European Local Energy Assistance Financial Statement					
Name of project:					
Number of project:					
Reporting period from: aa/bb/cc to xx/yy/zz					
Currency used: (three letter abbreviation)					
STAFF COSTS (Justification for labour costs may be requested by the Bank)					
Line N°	Name	Category name (e.g. senior expert, engineer, etc.)	Number of man-hours	Hourly rate	Staff costs amount
			A	B	AxB
1					
2					
3					
4					
5					
		Total	0.00		0.00
The cost of staff assigned to the action, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the beneficiary's usual policy on remuneration.					
EXTERNAL EXPERTS / SUBCONTRACTING					
Line N°	Name of Subcontractor	Description of the work undertaken	Invoice N° ¹³	Date of invoice (dd/mm/yy)	Amount
1					
2					
3					
4					
				Total	0.00
TOTAL ELIGIBLE COSTS FOR THE PERIOD					
	Direct staff costs				0.00
	External Experts / Subcontracting				0.00
				Total	0.00
FUNDING					
	Requested funding from ELENA (max. 90%)		in %	0.0%	
	Own funding		in %	0.0%	
	Other sources		in %	0.0%	
				Total	0.00

¹³ As proof for the engaged costs for external experts / subcontracts an electronic copy of the invoices paid is requested to be supplied together with the Interim Report

Statement by the beneficiary

We certify that:

- the above costs correspond to the resources employed for the work under the contract and that those resources were necessary for the work,
- the costs were incurred and fall within the definition of eligible costs,
- where necessary, authorisations have been obtained from the EIB, and
- all the documents supporting the allowable costs reported above, including the time records are available for the purposes of audit by the EIB, EC and its authorised representatives or the Court of Auditors and reflect the costs actually incurred.

Date:

Signature:

A.4. FINAL REPORT

Name of project:

Number of project:

1. Work progress

[Achieved results against initial objectives of the work programme, sectors covered,]

2. Final list of technical assistance contracts

Use attached table A.3.1.

3. Final list of the implemented investment programme

[Detailed list of measures and projects and partners implementing the investment programme]

Use attached table A.3.2.

4. Calculation of the leverage factor achieved and compliance with set objective

5. Financial statement

[for the whole project duration]

Use attached table A.3.3.

6. Other useful comments or information's

7. Supporting documents to provide

[when available, copies of consultants' reports, studies or other subcontracted activities such as ToRs and published calls for external services; (including published calls for tenders for external services); political decisions (by council or board) for launching the tenders or framework contracts and the investment programme]

8. Conclusions

[lessons learnt and to pass over to other local authorities, next steps planned in the implementation of the investment programme]

Date of report:

Annex V : Fiche for requesting ex-ante comments on the terms of reference of large sub-contracts

Introduction:

In the case the Final Beneficiary would need to launch a service contract / subcontract concerning external services for a total amount higher than 200 000 Euro, the terms of reference for the sub-contract have to be available for prior comments by the EIB. The present fiche needs to be properly filled in and sent to the EIB / ELENA facility with the supporting documents (see below). The Bank will provide an answer to the request within fifteen working days.

Name of Final Beneficiary:

Name of project:

Number of project:

1. Reasons for undertaking the external expertise / subcontracts
2. Short description of work to be performed
3. Estimated value of the service contract / subcontract
4. Planned time table of the external services
5. Supporting document requested
 - terms of reference

Date of expedition of request:

Annex VI : Reference to ELENA - IEE funding & legal disclaimer

Instructions for displaying the IEE programme banner

The visual identity

The European Commission introduced a single visual identity in order to have a recognisable image and a more coherent voice when communicating and to reduce costs. In this context, EU programmes should phase out their existing logos and no new logos will be created for upcoming programmes.

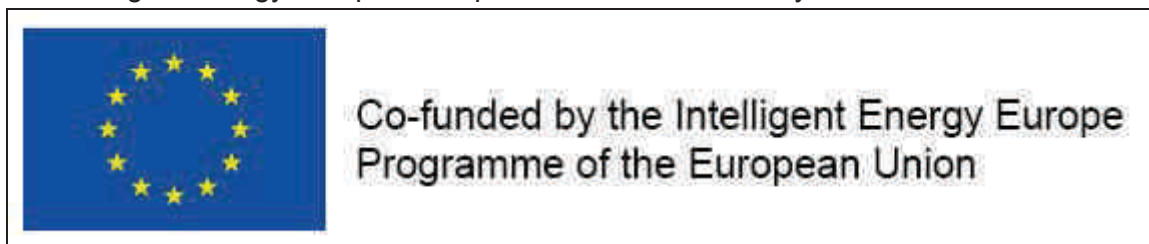
The names of programmes, such as Intelligent Energy Europe (IEE), shall be used as verbal brands, i.e. references to them will be made without a regulated visual mark or logo.

Beneficiaries of EU funding shall use the European emblem in their communication to acknowledge the support received under EU programmes, mentioning “Co-funded by the Intelligent Energy Europe Programme of the European Union” in their communication.

The EU emblem

The name of the EU programme can appear with the EU emblem. However, no graphical mark (i.e. logo) shall be created using the EU emblem and name of the programme. The minimum height of the EU emblem shall be 1 cm.

For Intelligent Energy Europe, two options are available. They can be downloaded below:



The banner can be downloaded in different formats and sizes from:

http://ec.europa.eu/energy/intelligent/implementation/communication_en.htm.

If used on websites, please link the banner image to the webpage of the ELENA facility (www.eib.org/elena).

For more information on the IEE visual identity, all versions of the IEE logo and the rules governing their correct use, please consult the IEE graphic charter on:

http://ec.europa.eu/energy/intelligent/implementation/communication_en.htm.

Please find below some practical examples of how to proceed:

- Project websites: please display the IEE banner in the header or footer of all sub-sites, including any national sub-websites, and the disclaimer in the footer of your homepage.
- Reports/brochures: please use your project logo (if available), the IEE banner and the disclaimer.
- Published papers: we recommended that you add a short text acknowledging the IEE Programme co-funding at the end of the paper.

- Slides: please use your institution or company logo and the IEE banner on slides, e.g. on the first slide, presented at conferences, workshops, etc.

Please do not hesitate to contact the ELENA team in case of any questions related to ELENA project-related publications.

Instructions for displaying the correct legal disclaimer

In addition to the IEE programme banner you will also need to display the following legal disclaimer on any written information produced for your project or event:

The sole responsibility for the content of this [webpage, publication etc.] lies with the authors. It does not necessarily reflect the opinion of the European Union. Neither the European Investment Bank nor the European Commission are responsible for any use that may be made of the information contained therein.

Le contenu de cette [page web, publication, etc.] n'engage que la responsabilité de son auteur et ne représente pas nécessairement l'opinion de l'Union européenne. Ni la Banque européenne d'Investissement ni la Commission européenne ne sont responsables de l'usage qui pourrait être fait des informations qui y figurent.

Die alleinige Verantwortung für den Inhalt dieser [Webseite, Publikation usw.] liegt bei den AutorInnen. Sie gibt nicht unbedingt die Meinung der Europäischen Union wieder. Weder die Europäische Investitionsbank noch die Europäische Kommission übernehmen Verantwortung für jegliche Verwendung der darin enthaltenen Informationen.

El contenido de esta [página web etc.] sólo compromete a su autor y no refleja necesariamente la opinión de la Unión Europea. Ni el Banco Europeo de Inversiones ni la Comisión Europea son responsables de la utilización que se podrá dar a la información que figura en la misma.

(...)

This disclaimer can be written in small font size and it can be put in places, which are less prominent than those used for the main logo, e.g. at the bottom of websites or in the editorial information of publications. But it is important that it is actually being displayed somewhere.

The ELENA Team is available for any further assistance which you may require.

elena@eib.org

Annex VII : ELENA Project Factsheet

Location	Presov Region, Slovakia			
Beneficiary	Presov Self-Governing Region (PSK)			
CoM signatory	PSK became Territorial Coordinator in 2012			
Sector	EE: buildings and public lighting; RE: PV and solar hot water			
Total PDS cost	1,211,000 EUR			
Elena contribution	1,089,900 EUR			
Project development services (PDS) financed by ELENA	The PSK will set up a project implementation unit (PIU) in view of preparing an EE and RE investment programme for its own buildings and for buildings and public lighting of 14 associated municipalities. The PIU will prepare with the assistance of external experts a detailed investment programme.			
Description of ELENA operation	The key tasks are to prepare energy audits for the chosen buildings, carry out feasibility studies for building refurbishment, indoor lighting, solar energy plants and public lighting, prepare the tender documents and evaluate the received offers leading to contract signatures. For public lighting refurbishment it is planned to use the energy performance contracting (EPC) approach, which needs special know-how. One important source of co-financing foreseen comes from the European Structural and Investment funds (ESIF). The PIU will assist in the preparation of the funding requests and in a broader view on the possible financing schemes. The PIU will be staffed with in total six full time posts (director; technical, financial and legal expert, an expert in public tendering and a secretary). The external expertise is needed for the preparation of the energy audits, the feasibility studies, the technical studies, preparation of the tender documents and tender evaluation, for IT support enhancing project internal coordination and for the EPC contract preparation.			
Timeframe	2015 – 2017			
Basis for investment identification	Preliminary assessment for the buildings and facilities owned by PSK and the partner municipalities regarding energy consumption, EE and RE measures and related investments costs and expected energy savings and CO ₂ emission reduction. For some representative buildings more detailed studies were carried out.			
Investment programme description	Improvement of building envelope, energy management system and indoor lighting in public buildings (~ 140); installation of solar thermal and PV plants on public buildings (~ 140) and public lighting renovation in 6 municipalities using LED technology			
Investment to be mobilized	Investment sector		Investments (MEUR)	
	Building envelope		33.7	
	Solar energy		7.5	
	Indoor lighting		11.4	
	Public lighting		7.8	
	Total		60.4	
Expected results	Expected results	Annual	Annual	CO₂ reduction
	1. Building envelope	21.3		1,480
	2. Solar energy		5.1	1,280
	4. Indoor lighting	5		1,250
	5. Public lighting	4.6		1,170
	Total	30.9	5.1	5,180

Leverage factor (Minimum 20)	55
Market replication potential	The role of the regional authority in Slovakia in bundling projects and supporting smaller municipalities might encourage others to adopt similar approaches. The approach to use EPC mainly for public lighting refurbishment will demonstrate the opportunity for municipalities to refinance investments through the achieved and guaranteed energy cost savings. The plan to use the technical assistance for preparing a good quality funding request to be presented to the ESIF is another opportunity for replication by other municipalities and might lead to a better absorption of these funds.
Project status	Start January 2015
Contact person at Beneficiary	Mrs. N. Chovancova, Presov Region, nicole.chovancova@vucpo.sk

Annex VIII : EIB Guide to Procurement



European Investment Bank Guide to Procurement





European Investment Bank Guide to Procurement



European Investment Bank

**GUIDE TO PROCUREMENT
for projects financed by the EIB**

Updated version of June 2011

TABLE OF CONTENTS**Introduction**

1. General Aspects.....	4
1.1. The Bank's Policy	4
1.2. Eligibility of Contractors and Suppliers of Goods and Services	4
1.3. Bank and Promoters: Respective Roles	5
1.4. Ethical Conduct	5
1.5. Conflict of Interest.....	6
1.6. Transparency of Bank Activities	6
1.6.1. Disclosure of Information	6
1.6.2. Complaints against the Bank	6
1.7. Environmental and Social Policies.....	7
2. Operations within the European Union	7
2.1. Operations to which EU Directives apply.....	7
2.2. Operations to which EU Directives do not apply	8
3. Operations outside the European Union.....	9
3.1. General	9
3.2. Eligibility of Providers of Works, Goods and Services	9
3.2.1. Financing from Own Resources	9
3.2.2. Financing under Resources from Third Parties	9
3.2.3. Co-financing from Own Resources	9
3.3. Description of Procurement Procedures	10
3.3.1. General	10
3.3.2. International Procurement Procedures	10
3.3.3. National Procurement Procedures	11
3.4. Selection of Procurement Procedures	11
3.4.1. Operations in the Public Sector	11
3.4.2. Operations in the Private Sector	13
3.4.3. Concession Operations.....	14
3.4.4. Specific Operations.....	15
3.4.5. Specific Case of Joint Co-financing	16
3.5. Bank Review of Procurement Decisions (for both public and private operations).....	16
3.6. Prohibited Conduct - Covenant of Integrity	17
3.7. International Procurement Procedures	17
3.7.1. General Aspects	17
3.7.2. Publication of the Procurement Notice	17
3.7.3. Pre-qualification in Restricted Procedures	18
3.7.4. Tender Documents	18
3.7.5. Language	19
3.7.6. Technical Specifications	19
3.7.7. Tender Prices for Goods, Works and Services	19
3.7.8. Currency	20
3.7.9. Local Preference for Goods	20
3.7.10. Tender Evaluation Criteria	21
3.7.11. Opening of Tenders	21
3.7.12. Evaluation of Tenders	21
3.7.13. Award and Signature of the Contract	21
3.7.14. Award Notice	22
4. Consultancy Services financed by the Bank	23
4.1. Projects Located Within the European Union.....	23
4.2. Projects Located Outside the European Union	23
4.2.1. Description of Procedures	23
4.2.2. Selection of Procedures	24
4.2.3. Evaluation of Consultants Proposals.....	24
4.2.4. Management of the Contract	25
Annex 1 Specific Procurement Terms and Practices	26
Annex 2 Review by the Bank of Procurement Decisions	28
Annex 3 Covenant of Integrity	30
Annex 4 Eligibility for Operations Financed under Resources from External Mandates	32
Annex 5 Definition of Public Operations Outside the European Union	33
Annex 6 Standard Form of the Procurement Notice	36

INTRODUCTION

The purpose of this Guide to Procurement is to inform the promoters of a project whose contracts are financed in whole or in part by the European Investment Bank (“the Bank”) - or are financed under loans guaranteed by the Bank - of the arrangements to be made for procuring works, goods and services required for the project.

This Guide applies specifically to those components of a project identified for Bank’s financing. However, in order to ensure the overall feasibility of the project, the Bank requires that procurement of the other project components does not compromise the project’s technical, economic and financial viability.

The terms “open, restricted and negotiated procedures, and competitive dialogue” are used in this Guide with the meaning defined by European Union (EU) Directives on procurement (see definitions set out in **Annex 1**).

This Guide will be updated as deemed necessary by the Bank.

Version dated June 2011.

1. GENERAL ASPECTS

1.1. The Bank's Policy

The main elements of the Bank's policy on procurement are:

- The Bank will ensure that its funds are employed as rationally as possible. This requires that the works, goods and services procured under its financing are of appropriate quality, and acquired at economic prices and in a timely manner. This is generally best achieved through open international competition. It is consistent with the Bank's statute and accords with the interests of promoters.
- In projects located within the European Union (EU), and in those Candidate Countries (with which negotiations are already in progress for their accession to the EU) and Potential Candidate Countries that have already incorporated the relevant EU legislation, the Bank requires that the applicable EU Law on public procurement, in particular the relevant EU procurement Directives concerning competitive tendering on the basis of fair and non-discriminatory terms, be complied with, particularly as concerns **open or restricted procedures** with publication in the Official Journal of the European Union (OJEU).
- In all other countries outside the Union, the Bank requires that the main mechanisms of the EU Directives on procurement be followed, with the necessary procedural adaptations. These mechanisms may be summarised as open international competition, non-discrimination of tenderers, fairness and transparency of the process, and selection of the economically most advantageous offer. Thus **open or restricted procedures** with publication in the OJEU is the Bank's preferred method. The actual choice of procurement procedures ultimately has to take into account a range of considerations, relating in particular to the commercial nature and interests of the promoter; the sector involved; the nature of the works, goods and services to be procured; the technology to be used; the size of individual components; the timetable for implementation; the number of firms potentially able to undertake the work or provide the supplies or services; the competitiveness of the market; etc. In the case where open or restricted procedures are not followed, promoters must, to the satisfaction of the Bank, justify their decision to use a different procedure; they must prove that the prices for the works, goods or services are commensurate with those obtained for equivalent investments in the light of market conditions and that, at the very least, any differences in cost can be explained by specific verifiable factors.

1.2. Eligibility of Contractors and Suppliers of Goods and Services

In the usual case of projects (both inside and outside the Union) financed by the Bank's "own resources" (funds raised mainly through the Bank's borrowings on capital markets), firms originating from all countries of the world are eligible to tender for works, goods and services contracts.

In some specific cases of projects outside the Union, the Bank's financing comes from third parties, and the origin of firms eligible to participate in the procurement may then be partly restricted. Details of such restrictions are provided in section 3.2.

In addition, individuals or firms may not be eligible to tender in application of section 1.4 on Ethical Conduct.

1.3. Bank and Promoters: Respective Roles

Promoters are fully responsible for implementing projects financed by the Bank, in particular for all aspects of the procurement process, from drafting tender documents and awarding contracts through to implementing contracts. The involvement of the Bank is confined solely to verifying whether or not the conditions attached to its financing are met.

The Bank may advise or assist promoters in the procurement process, but is not a party to the resulting contracts. The Bank has the right and obligation to ensure that, in the case of projects inside the Union, EU provisions in this field or, in the case of projects outside the Union, the relevant criteria with regard to the proper management of its financing are respected, and that the procurement process is fair and transparent and the tender selected is economically the most advantageous. The rights and obligations of the promoter vis-à-vis the tenderers for works, goods or services to be furnished for a project are governed by the local legislation and tender documents published by the promoter, and not by this Guide.

In addition, the EIB requires promoters to ensure that review procedures for effective remedies are available to any party having or having had an interest in obtaining a particular contract and who has been or risks being harmed by an alleged infringement. This should be distinguished from the Bank's own review of procurement decisions for projects located outside the European Union, which is summarised in section 3.5 and in **Annex 2**.

1.4. Ethical Conduct

It is the Bank's policy to require that promoters, as well as tenderers, contractors, suppliers and consultants under Bank-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. The Bank reserves the right to take all appropriate action in order to enforce this policy.

Moreover, the Bank is committed to ensuring that its loans are used for the purposes intended and its operations are free from prohibited conduct (including but not limited to, fraud, corruption, collusion, coercion¹, and money laundering and terrorist financing).

In pursuance of this policy as set out in EIB's Anti-Fraud Policy and within the framework of its exclusion procedures (published in the Bank's website: www.eib.org), the Bank:

- may declare an individual or an entity ineligible to be awarded a contract under any EIB Project or to enter into any relationship with the Bank, if it determines pursuant to its exclusion procedures that such individual or entity has engaged in any prohibited conduct in the course of the procurement process and/or implementation of the contract; and
- may cancel all or part of the Bank financing allocated to a contract for works, goods or services if it, at any time, determines pursuant to its exclusion procedures that an individual or an entity has engaged in any prohibited conduct during the procurement process or during the execution of the contract, without the promoter having taken action satisfactory to the Bank to investigate and/or terminate the prohibited conduct or, as the case may be, remedy the damage.

¹ As defined in Annex 3. This would also include obstruction.

1.5 Conflict of Interest

The Bank requires that candidates, tenderers, contractors, suppliers or consultants participating in an award procedure or a contract under a Bank-financed project shall not have a conflict of interest.

Conflict of interest occurs when the impartial and objective exercise of the functions of the promoter, or the respect of the principles of competition, non-discrimination or equality of treatment with regard to the procurement procedure or contract, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest.

The Bank will not accept candidates or tenderers affected by a conflict of interest in the award procedure to benefit from EIB financing in relation to the contract to be awarded under the concerned procedure.

The assessment of whether or not there is a conflict of interest has to be carried out on a case by case basis, considering the actual risk of conflict based on the specific circumstances of the case at stake. The individual or entity in question should be allowed to present supporting evidence which might remove all suspicion of a conflict of interest.

1.6. Transparency of Bank Activities

The Bank is committed to achieving the highest possible level of transparency. It follows a Transparency Policy, which is an integral part of its Corporate Responsibility Policies. Two aspects of this Policy are relevant to procurement: the public disclosure of information and the EIB Complaints Mechanism. All these policies are available on the Bank's website: www.eib.org.

1.6.1. Disclosure of Information

The Transparency Policy sets out the rules under which the public may access information held by the Bank. While in accordance with the Policy, the Bank is committed to a presumption of disclosure, it also has a duty to respect professional secrecy in compliance with the relevant legislation and standards.

1.6.2. Complaints against the Bank

The EIB Complaints Mechanism (www.eib.org/about/publications/complaints-mechanism-policy.htm) applies to all complaints of alleged maladministration lodged against the EIB Group. Maladministration means poor or failed administration. This occurs when the EIB Group fails to act in accordance with the applicable legislation and/or established policies, standards and procedures, fails to respect the principles of good administration or violates human rights. Some examples of failure to respect the principles of good administration, as set by the European Ombudsman, are: administrative irregularities, unfairness, discrimination, abuse of power, failure to reply, refusal of information, unnecessary delay. Maladministration may also relate to the environmental or social impacts of the EIB Group activities and to project cycle related policies and other applicable policies of the EIB.

When exercising the right to lodge a complaint against the EIB, any member of the public has access to a two-tier procedure, one internal – the Complaints Office - and one external – the European Ombudsman. The exhaustion of the internal complaints mechanism procedure is a necessary requisite for any complaint to be entitled to escalate to the European Ombudsman.

1.7. Environmental and Social Policies

The EIB aims to add value by enhancing the environmental and social sustainability of all the projects that it is financing and as such all projects must comply with the environmental and social requirements of the Bank. The Promoters are responsible for preparing, implementing and operating projects financed by the Bank and for the fulfilment of Bank environmental and social requirements. In respect to procurement, tenderers are required to comply with applicable labour laws and national and international standards of environmental protection, health and safety, including those contained in any relevant International Labour Organization (ILO) conventions and international agreements on environmental protection. The Bank's environmental and social policies are summarized in the 2009 "The EIB Statement of Environmental and Social Principles and Standards", available on the Bank's website.

2. OPERATIONS WITHIN THE EUROPEAN UNION

2.1. Operations to which EU Directives apply

Within the Union, procurement is covered by national legislation implementing EU Law, in particular EU Directives on procurement as they may be amended from time to time². It constitutes the legal framework for procurement in EU Member States. It is the role of the relevant national and EU authorities to ensure that procurement is carried out in line with this legal framework.

For those promoters who fall under the EU Directives on procurement³, whether they are public or private institutions or companies, the Bank will:

- require the promoter, at the project appraisal stage, to ensure that the applicable procurement Directives concerning competitive tendering, on the basis of fair and non-discriminatory terms are complied with under the project; one essential step is the publication of a Procurement Notice in the OJEU when this is required; and
- take further steps during project implementation, to the extent necessary, to control compliance with applicable procurement Directives in order to ensure the rational employment of the Bank's funds, protect the soundness of the project and reduce the risks involved.

When the Bank finances multi-scheme operations where the details of all sub-projects are not known at appraisal (case of **Framework Loans**), it requires the Promoter to ensure that the procurement of works, goods and services relating to the sub-projects that the Bank finances will be undertaken in accordance with the applicable legal framework.

When the Bank makes a loan to an intermediary institution (case of **Global Loans** and **Mid-Cap Loans**), it requires such intermediary institution to take all the requisite measures to ensure that

² In certain autonomous regions of EU Member States, regional procurement law may also apply.

³ In particular, European Parliament and Council Directive 2004/18/EC of 31 March 2004 regarding public works, public supply, and public service contracts; European Parliament and Council Directive 2004/17/EC of 31 March 2004 regarding entities operating in the water, energy, transport and postal service sectors; European Parliament and Council Directive 2007/66/EC of 11 December 2007 regarding Remedies, amending Directives 89/665/EEC and 92/13/EEC with regard to improving the effectiveness of review procedures concerning the award of public contracts; and European Parliament and Council Directive 2009/81/EC of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC. A full list of EU legal instruments concerning procurement can be found at the website: http://ec.europa.eu/internal_market/publicprocurement/index_en.htm

the procurement by the final beneficiaries of works, goods and services relating to the sub-projects that the Bank finances will be undertaken in accordance with the applicable legal framework.

When the Bank finances a project developed under a concession or a public-private partnership (PPP) scheme, it requires that the concession/PPP award process by the relevant public contracting authority complies with the applicable legal framework⁴.

2.2. Operations to which EU Directives do not apply

In all its operations, the Bank aims at the effective use of its resources and ensures that the criteria of economy and efficiency are applied consistently.

For public contracts that are not covered by the EU Directives (e.g., public contracts, the amounts of which are below the thresholds of the Directives), the Bank requires promoters to ensure that procurement complies with the relevant principles of the EU Treaty (in particular the principles of transparency, equal treatment and non-discrimination on the basis of nationality) and applicable national legislation⁵.

For contracts other than public contracts, promoters (most frequently private) operating in sectors where EU Directives do not apply can satisfy the criteria of economy and efficiency in their procurement by recourse to commercial practices other than open or restricted procedures.

In any event, the Bank satisfies itself that promoters follow suitable procurement procedures, ensuring an appropriate selection of works, goods and services offered at competitive prices and in a timely manner. Contracts awarded by promoters must be negotiated impartially and accord with the project's best interests.

⁴ For further guidance, see in particular the Commission Interpretative Communication on Concessions under Community Law, OJEU C 121 dated 29 April 2000, and the Commission Interpretative Communication on the Application of Community Law on Public Procurement and Concessions to Institutionalised Public-Private Partnerships (IPPP), OJEU C(2007)6661 dated 5 February 2008.

⁵ For further guidance, see the Commission Interpretative Communication on the Community law applicable to contract awards not or not fully subject to the provisions of the Public Procurement Directives, OJEU 2006/C 179/02 dated 1 August 2006.

3. OPERATIONS OUTSIDE THE EUROPEAN UNION

3.1. General

The cooperation agreements and financial protocols agreed upon between the European Union and countries outside the EU lay down the conditions under which the Bank can mount operations either in the form of loans from its own resources (originating mainly from the Bank's borrowings on capital markets) or under resources from third parties managed by the Bank on behalf of the Commission or the Member States. In all cases, the Bank requires that the main mechanisms of the EU Directives on procurement, as described in Sub-section 1.1, be followed, with the necessary procedural adaptations.

Candidate and Potential Candidate Countries are progressively incorporating EU Directives in their legislation. In this Guide, they fall under chapter 3, Operations Outside the European Union, until the deadline when they are committed to applying the EU Directives on procurement as agreed during their negotiations with the EU to the extent that they have transposed these Directives into their national legislation at that moment. Then they fall under chapter 2, Operations Inside the European Union.

3.2. Eligibility of Providers of Works, Goods and Services

3.2.1. Financing from Own Resources

In operations financed from the Bank's own resources (subsidized or non-subsidized), tenders are open to nationals of all countries. However there may be restrictions in the case of a joint co-financing (see article 3.2.3 below).

3.2.2. Financing under Resources from Third Parties

Tenders financed by funds made available under the Investment Facility created by the Cotonou Agreement (ACP-EU Partnership Agreement, signed in Cotonou on 23 June 2000) are open to nationals of all countries.

In other cases of financing a contract under resources from third parties (or from a combination of the Bank's own resources and resources from third parties), eligibility of tenderers, goods and services is governed by the rules applicable to the corresponding financing instrument. These rules are summarised in **Annex 4**.

3.2.3. Co-financing from Own Resources

The Bank may co-finance projects with other financial instruments and institutions, particularly some instruments of the European Commission, the World Bank Group (IBRD, IDA and IFC), regional development banks such as the European Bank for Reconstruction and Development (EBRD), the African Development Bank (AfDB), the Asian Development Bank (AsDB), the Inter-American Development Bank (IDB), as well as bilateral aid agencies of EU countries and various banks from other countries, etc.

Such co-financing can be arranged on a joint or parallel basis:

- in **joint co-financing**, two separate financiers, who may have different eligibility rules with regard to the origin of works, goods and services, agree to finance the same contract. In this case, the Bank will make its participation conditional upon having the other co-financier open its eligibility as much as possible, but at least to all the works, goods and services originating from the European Union and the beneficiary country. In the case of a co-financing with EU budgetary instruments, the eligibility is generally restricted to that of the EU instrument; and
- in **parallel co-financing**, each separate project component or contract is financed by a single financier. In this case, the procedures adopted by each co-financier apply to those components or contracts that it finances. The Bank's eligibility rules with regard to the origin of works, goods and services would therefore apply only to the Bank-financed components or contracts.

3.3. Description of Procurement Procedures

3.3.1. General

The procurement procedures for Bank's projects outside the Union are consistent with the provisions of the Bank's statute, the Treaty on the Functioning of the European Union, the above-mentioned cooperation agreements and financial protocols, and the relevant decisions of the European Court of Justice.

The procedures are based on the following:

- the development objective entrusted to the Bank, and specifically the Bank's fundamental task to contribute, through its operations, to economic progress in the countries concerned, implying not only careful selection of projects but also, at the implementation stage, access to the appropriate technology at the most advantageous cost;
- the main mechanisms, procedures and rules incorporated in the relevant EU Directives, as appropriate to the specific operations and countries concerned; and
- the duty of the Bank, as the European Union's long-term financial institution, to ensure that the application of the rules on procurement gives companies from Member States an equitable chance of participating in the works and the provision of goods and services for implementing the project components that the Bank finances.

See **Annex 1** for a definition of specific procurement terms.

3.3.2. International Procurement Procedures

These procedures derive from the EU Directives as they may be amended from time to time:

- **Open procedures** allow all interested parties (contractors or suppliers as the case may be) to submit tenders. They involve strict requirements for international notification (including publication in the Official Journal of the European Union); clear and comprehensive tender documents; and fair and transparent tendering, evaluation and award practices.

Specific provisions applicable to open procedures, which reflect best international practices, are described in section 3.7.

- **Restricted procedures** provide that only those candidates invited by the promoter may submit tenders. They are similar to open procedures regarding the tendering stage (involving clear and comprehensive tender documents, and fair and transparent tendering, evaluation and award practices). The selection of candidates follows:

- either an international notification (including publication in the OJEU) and the list of candidates is prepared through a formal pre-qualification exercise;
 - or the list of candidates is established through a system of qualification of contractors and suppliers established and maintained through publication in the OJEU respecting the principles of fairness, transparency, and non-discrimination. The said list should not be closed for long periods and should be revised regularly to allow new actors to apply for qualification.
- **Competitive dialogue** is a procedure which may be used for particularly complex contracts, for which the promoter is not objectively able to prepare formal tender documents like in the open or restricted procedures. The contract notice must be published internationally (including in the OJEU). The promoter opens a dialogue with selected candidates in order to define the means best suited to satisfy his needs.
 - **Negotiated procedures** allow promoters to consult candidates of their choice and negotiate the terms of the contract with one or more of them. The selection of candidates either follows an international notification (including publication in the OJEU), or is directly established by the promoter. In the latter case, the promoter, to the extent possible, should invite at least three qualified candidates from at least two different countries to negotiate.

3.3.3. National Procurement Procedures

For small contracts and particular works that, if within the EU, would not fall under the scope of the EU Directives, other procedures may be more appropriate:

- **National competitive bidding** (with publication only in the local press) follows the normal procedures of the country of the promoter. Tender documents are normally in the official language of the country; the national currency is generally used for the purposes of tendering and payments; and tender prices are normally inclusive of all applicable local duties and taxes.
- **Shopping** and **direct contracting** allow promoters to negotiate prices and other conditions with several local contractors or suppliers or only one of them.
- **Force account** (also called **direct labour**) is not really a procurement procedure since it consists of the carrying out of works using the promoter's own workforce and equipment. This may be the only practicable method for constructing some kinds of works, or providing the appropriate in-house services, such as basic design, R&D (research and development), etc.

3.4. Selection of Procurement Procedures

3.4.1. Operations in the Public Sector

Outside the EU, the Bank defines operations in the public sector as those carried out by:

- in all cases: public authorities;
- in addition, in the case of gas, heat, electricity, water, transport, exploration for or extraction of oil, gas, coal or other solid fuels, ports and airports, telecommunications, and postal services:
 - public undertakings operating in markets which are not liberalised, and
 - privately-owned entities that have been granted special or exclusive rights without a competitive process and operate in markets which are not liberalised.

A precise definition of the public sector is given in **Annex 5**.

All other operations are considered to belong to the private sector.

In order to ensure economy, efficiency, non-discrimination and transparency in procurement, the Bank requires that, in all appropriate cases, contracts in public sector operations are procured following open or restricted procedures with publication in the OJEU. Exceptions are only warranted on the grounds of special circumstances, relating to the nature of the project or the promoter, the estimated value of the contract, or other factors peculiar to the context of the project. In all cases, the procedures adopted must be fully justified by the promoter, acceptable to the Bank, in the best interest of the project, and consistent with the principles spelt out under article 3.3.1 above.

No proposed contract may be split up with the intention of evading the application of this Guide. In particular, splitting the works in several small contracts with the only purpose of favouring domestic contractors is not acceptable to the Bank, unless the promoter can prove that this would be more advantageous for the objectives of economy and efficiency of project implementation.

To these ends, the Bank requires promoters operating in the public sector to adopt appropriate procedures to procure works, goods and services (except consultancy services, for which procurement procedures are described in Section 4) consistent with the following principles:

- **Open procedures** with publication in the OJEU (and the international and national press) are the most common form of procurement for public contracts.
- **Restricted procedures** with publication in the OJEU (and the international and national press) are recommended for large or complex public contracts warranting pre-qualification of contractors or suppliers. In cases where a technical dialogue between the promoter and tenderers is useful, it is advisable to use the two-stage system described in **Annex 1**.
- **Competitive dialogue** with publication in the OJEU (and the international and national press) may be used for particularly complex contracts where the promoter is not objectively able to define the technical means capable of satisfying the needs or objectives, or is not able to specify the legal or financial make-up of the project.
- **Negotiated procedures** with publication in the OJEU (and the international and national press) may be used when:
 - the nature of the works or services or the risks involved do not allow an overall pricing;
 - the intellectual or financial nature of the services do not allow to use the selection rules of open or restricted procedures or competitive dialogue; or
 - the works are performed solely for purposes of research, testing or development.
- **Negotiated procedures** with the list of candidates directly established by the promoter may be used in exceptional cases where:
 - there has been an unsatisfactory response to open or restricted tenders carried out in accordance with this Guide;
 - the extension of an existing contract, awarded in accordance with this Guide, for additional works, goods or services of a similar nature would clearly be economic and efficient and no advantage would be obtained by further competition;
 - the extension of an existing contract, awarded in accordance with this Guide, is for procuring additional works, goods or services which cannot be technically or economically separated from the original contract without major inconvenience to the promoter;

- a product or service can only be provided by a limited number of suppliers because of exclusive capabilities or rights;
 - standardisation with existing equipment is determined to be important and justified; or
 - it is a case of extreme urgency brought about by unforeseeable events.
- **National competitive bidding** may be appropriate for contracts, which, by their size, nature or scope, are unlikely to attract foreign competition. These circumstances occur when:
 - the contract values are small;
 - works are scattered geographically or spread over time;
 - works are labour intensive; or
 - the advantages of open or restricted procedures are clearly outweighed by the administrative or financial burden involved.
 - **Shopping** is appropriate for procuring readily available off-the-shelf goods or standard specification commodities that are small in value; as much as possible, offers from at least three suppliers should be requested.
 - **Direct contracting** may be justified if only one contractor or supplier can fulfil a contract in a satisfactory manner and at the most advantageous cost.
 - **Force account** may be justified where:
 - services involve the intellectual property of the promoter;
 - quantities of work involved cannot be defined in advance;
 - works are small and scattered or in remote locations;
 - works are required to be carried out without disrupting ongoing operations;
 - the promoter is clearly in a favourable situation to carry out the works at an attractive price (e.g. railway track laying); or
 - there are emergencies requiring prompt action.

To be acceptable to the Bank, **national procedures** (covering national competitive bidding and shopping) must ensure economy, efficiency and transparency, and be broadly consistent with the principles underlying this Guide. If eligible foreign firms wish to participate in national procedures, they must be allowed to do so. The additional Bank requirement is that each tenderer or contract beneficiary must sign a Covenant of Integrity (see section 3.6 and **Annex 3**).

The threshold below which **national procedures** can be used will vary according to the nature of the project, the experience of the promoter and local conditions. The threshold will be agreed for each type of works, supply or services between the promoter and the Bank on a project-by-project basis. Except for consultancy services (see chapter 4), this threshold should not exceed: 5 million euro for works and 200,000 euro for goods and services, except electricity, gas, water and transport where it is 400,000 euro and telecommunications where it is 600,000 euro (all excluding the Value Added Tax, VAT, or equivalent direct taxes).

3.4.2. Operations in the Private Sector

Promoters operating in the private sector (i.e. outside the operations defined in **Annex 5**) normally satisfy the objectives of economy and efficiency by following established commercial practices. The Bank thus does not require that they follow the above public procurement procedures. For example, the less rigid, less costly and faster negotiated procedures (generally consisting of an international enquiry among a short-list of suppliers followed by negotiations) often prove to be more effective. Nevertheless, wherever appropriate, the Bank will encourage such promoters to publish a tender notice in the OJEU and adopt open or restricted procedures, particularly for large

contracts. In such cases it may be necessary to introduce appropriate safeguards to ensure that the legitimate confidentiality interests of the promoter and other commercial contracting parties are fully respected in the procurement process.

In any event, the Bank sees to it that promoters follow fair and transparent procurement procedures ensuring an appropriate selection of works, goods and services offered with an appropriate quality, at competitive prices and in a timely manner. The offer selected must be economically the most advantageous. Contracts awarded by promoters must be negotiated impartially and accord with the project's best interests. In this case, the Bank ensures that, as far as possible and depending on the magnitude of the contract, at least three qualified companies from at least two different countries are consulted. The Bank will also ensure that there is no discrimination on the basis of supplier's nationality.

If a company is a shareholder of the promoter (or the promoter is a shareholder of a company or if the promoter and a company have the same shareholders) and a contract is awarded by the promoter to this company (as contractor, manufacturer or otherwise) under a Bank-financed project, the Bank verifies that contract costs are in line with the initial estimates and with current market prices, and that the contractual conditions are fair and reasonable. The Bank will not finance works, goods or services for which the costs are considered to exceed market levels.

3.4.3. Concession Operations

Where the Bank is participating in financing a project developed under a BOT (Build, Operate, Transfer) or similar concession scheme which enjoys special or exclusive rights, or other state concession such as a recognized monopoly, the Bank's approach is as follows:

- If the concessionaire has been selected following a formal international tender procedure (which may include several stages but has been the subject of an adequate international publicity) acceptable to the Bank, and has explicit responsibility for carrying out the works and providing the services under his concession, the works, goods and services covered by the Bank's financing are considered by the Bank as operations in the private sector and can be procured according to the relevant provisions of this Guide.
- If the concessionaire has not been selected through a formal international tender procedure, but the Concession Agreement is considered by the Bank to be economically reasonable in terms of price, quality and risk-sharing, the Bank will review the selection process to check that the concession was awarded through a transparent process in line with the principles of the EU Treaty, implying that the three following criteria are met:
 - i) There was adequate international publicity to allow for international competition;
 - ii) The process was fair and non-discriminatory; and
 - iii) The process followed can be traced.

If this is the case, the works, goods and services covered by the Bank's financing are also considered by the Bank as operations in the private sector and can be procured according to the relevant provisions of this Guide.

- If the Concession Agreement is considered by the Bank to be economically reasonable in terms of price, quality and risk-sharing, but the review found that some of the above criteria are not fulfilled, the Bank may, on an exceptional basis, still consider supporting the project should it find that the project "added value"⁶ is sufficiently strong to outweigh the deviations. In that case:

⁶ The project "added value" encompasses the following three aspects: (i) the alignment of the project with the Bank's overall objectives and priorities; (ii) the quality and soundness of the project; and (iii) the EIB contribution to the project.

- In the areas of gas, heat, electricity, water, transport, exploration for or extraction of oil, gas, coal or other solid fuels, ports and airports, telecommunications, and postal services - if the concessionaire has been granted special and exclusive rights without a competitive process and operates in a market that is not liberalised⁷ - the Bank will consider the works, goods and services covered by the Bank's financing as operations in the public sector, which have to be procured according to the relevant provisions of this Guide.
- In other areas, notably when several concessionaires operate in a liberalised market, private procurement procedures may be accepted by the Bank on a case-by-case basis, depending on the degree of compliance with the three above criteria and taking into account the co-financing arrangements.

When private procurement procedures are accepted, the Bank will encourage the concessionaire to publish a General Notice in the OJEU regarding the part of his investment programme to be carried out outside his own organisation.

In the case of a Private Initiative in a Public-Private Partnership, also called "unsolicited proposal" (a private investor bears the entire cost of preparing a project which will then be put to international tender by the public promoter), the Bank may accept that this private investor benefit from limited compensation incentives in the tender procedure, provided that these incentives do not affect the transparency, fairness and competitiveness of the tender process.

3.4.4. Specific Operations

- **Framework Loans:** when the Bank finances multi-scheme operations where the details of all sub-projects are not known at appraisal, it requires the Promoter to ensure that the procurement of works, goods and services relating to the sub-projects that the Bank finances will be undertaken in accordance with the provisions of this Guide.
- **Intermediated loans (case of Global Loans and Mid-Cap Loans):** when the Bank makes a loan to an intermediary institution (usually a financial institution providing loans to small and medium-scale enterprises), it requires such intermediary to take all the requisite measures to ensure that the procurement by the final beneficiaries of works, goods and services relating to the sub-projects which the Bank finances is the most economically-advantageous option, following appropriate procedures in view of the circumstances and the local legislation. When open or restricted procedures are involved, these must be undertaken in line with the provisions of this Guide.
- **Share capital operations:** in certain regions outside the EU, the Bank may finance the share capital of a public or private company. In this case, the Bank agrees with the promoter on which particular contracts its financing will be disbursed, and requires that the promoter follow procurement procedures in the same fashion as for the direct financing of projects. However, in case of a purely financial assistance (such as the strengthening of a company's capital), where there is no directly associated procurement of works, goods and services, the above does not apply.
- **Loans guaranteed under the Investment Facility (Cotonou Agreement):** if the Bank guarantees the repayment of a loan made by another lender, the works, goods and services financed under the said loan must be purchased following procedures which ensure transparency of the procurement process, fairness with regard to the tenderers, and selection of the economically most advantageous offer along the principles of articles 3.4.1 and 3.4.2 above. The Bank may request that the competition be opened to an adequate number of suppliers of works, goods or services (for example through an international advertisement of the Procurement Notice).

⁷ As defined in Annex 5.

3.4.5. Specific Case of Joint Co-financing

In the case of joint co-financing between Multi- or Bilateral Financial Institutions or other international organisations, procurement of jointly co-financed contracts may be carried out, with the agreement of the Bank, under the rules of another co-financing institution or organisation (the Co-financing Institution), as long as they meet the Bank's minimum requirements and standards:

- The Co-financing Institution opens its eligibility along the principles of section 3.2 above;
- Calls for tenders receive an adequate publicity to ensure wide international competition; and
- Procurement rules conform with internationally-accepted practices respecting the principles of non-discrimination of tenderers, fairness and transparency of the process, and contract award to the most economically advantageous offer.

In addition, the Bank may decide to entrust the Co-financing Institution to monitor the procurement of jointly co-financed contracts on its behalf.

Furthermore, the Bank may decide to entrust the Co-financing institution to appraise and/or monitor the project on its behalf. In such case, the Co-financing Institution is fully in charge of overseeing project procurement and applies its own rules to all the project components, provided the above principles are respected⁸.

3.5. Bank Review of Procurement Decisions (for both public and private operations)

During the project appraisal stage, the promoter must provide the Bank with information about a detailed procurement plan (choice of procedures appropriate for the project, timetable, technical specifications, publication of Procurement Notices, time allowed for the preparation of tenders, etc.).

In the case of international procurement procedures as defined in article 3.3.2, the Bank requests promoters to seek its concurrence for all major decisions regarding procurement and monitors the procurement process as follows:

- the Procurement Notice, the documents relating to the pre-qualification stage (if this takes place), and the tender documents must be sent to the Bank for information and possible comments before being published or given to potential tenderers;
- the pre-qualification of tenderers (if any), the evaluation of bids and the proposed decision on the award of contracts must obtain the non-objection from the Bank based on appropriate documents; and

In case there is no international procurement procedure, the promoter must obtain the non-objection from the Bank for the procurement procedure chosen and the final selection of the tenderer on the basis of adequate justifications provided by the promoter.

The requirements covering the review by the Bank of procurement decisions are outlined in **Annex 2**.

⁸ In the specific case of projects outside the EU under the "Mutual Reliance Initiative" between EIB, AFD and KfW, one of the three co-financing partners, called the Lead Institution, is entrusted by the two others to appraise and/or monitor the project on their behalf. In such case, the Lead Institution is fully in charge of overseeing project procurement and applies its own rules as agreed with the EIB.

3.6. Prohibited Conduct - Covenant of Integrity

As noted in section 1.4, the Bank is committed to ensuring that its loans are used for the purposes intended and its operations are free from prohibited conduct (including but not limited to, fraud, corruption, collusion, coercion and obstruction⁹, and money laundering and terrorist financing). In particular, in countries outside the EU, the Bank will, as a general rule, require that promoters insert in the tender documents (or in the contract in the case of a negotiated procedure) a clause that:

- requires any tenderer for works, goods or services, as a condition of admission to eligibility, to execute and attach to its tender a Covenant of Integrity in the form indicated in **Annex 3**; and
- grants the promoter, the Bank and auditors appointed by either of them, as well as any authority or European Union institution or body having competence under European Union law, the right of inspection of the records of the contractor, supplier or consultant in connection with any Bank-financed contract.

The requirement for a Covenant of Integrity may be waived for those private sector promoters who can satisfy the EIB that they have implemented anti-fraud standards at least equivalent to the Bank's policy.

3.7. International Procurement Procedures

3.7.1. General Aspects

As a general rule, the Bank requires public contracts to be awarded following open or restricted procedures with publication of a Procurement Notice in the OJEU. Any exception must be justified by the promoter and approved by the Bank.

The various steps of the procurement procedure to be followed by the promoter are normally as indicated below:

- publication of a Procurement Notice inviting tenders (or pre-qualification of tenderers) in the OJEU and other media with the indication that the Bank may finance the contract;
- decision on the list of pre-qualified tenderers and notification to candidates (for restricted procedures);
- dispatch of tender documents to potential tenderers;
- receipt, public opening and evaluation of tenders;
- award of contract, notification of the result to all other bidders, and publication of an Award Notice in the OJEU; and
- implementation of the contract.

When following open or restricted procedures, promoters should apply the rules and incorporate the provisions set out below.

3.7.2. Publication of the Procurement Notice

The Bank requires the promoter to publish a Procurement Notice in the OJEU. If necessary, the Bank will assist in arranging such publication on behalf of the promoter.

⁹ As defined in Annex 3

In the case of a direct call for tenders without prior pre-qualification, the notice must mention at least (see standard form in **Annex 6**):

- promoter's title, project's name and reference to the Bank's potential financing;
- description of the works or nature of the supplies or services to be furnished;
- projected timetable;
- list of tender evaluation criteria in decreasing order of importance;
- place where tender documents can be obtained;
- final date for receipt of tenders; and
- date and place of public opening of tenders.

The Bank also encourages the placing of Procurement Notices in other international media or local publications. In this case, these must appear not before but preferably at the same time as in the OJEU, and with the same conditions and wording.

Should the promoter already have started the tender procedure for a project component before the Bank's involvement, the Bank may still accept to finance this component in spite of the absence of publication in the OJEU, provided the promoter can demonstrate that the publicity of the tender has been sufficient to foster wide international competition.

3.7.3. Pre-qualification in Restricted Procedures

In restricted procedures, the promoter has to select those candidates that will be invited to submit tenders. The selection of the candidates must be carried out following a formal pre-qualification process open to all interested firms and advertised in the OJEU. Such pre-qualification exercise is usually necessary for large or complex contracts.

The pre-qualification factors, which should be referred to in the Procurement Notice and specified in the pre-qualification documents, should be based on the capability and resources of the prospective tenderers to perform the particular contract. Factors that are normally considered are the candidates':

- experience and past performance on previous contracts;
- capabilities with respect to personnel, equipment and construction or manufacturing facilities; and
- financial position.

The promoter should inform all candidates of the pre-qualification decision, including a summary of the relevant reasons for that decision.

In all respects other than notification and selection of candidates through a pre-qualification process, restricted procedures are the same as open procedures.

3.7.4. Tender Documents

Promoters may use the conditions of contracts originating from their country's legislation, but they are encouraged to use internationally-recognised standard procurement documentation such as those prepared by the World Bank (website www.worldbank.org, Projects & Operations / Procurement / see Index of Standard Bidding and Proposal Documents, or Procurement Policies and Procedures for guidance), and the FIDIC (Fédération Internationale des Ingénieurs-Conseils) documents that can be ordered at the FIDIC website www.fidic.org, provided that these are compatible with the provisions of this Guide.

Tender documents must be drafted in such a way as to permit wide international competition. They must also fully comply with the rules set out in this Guide.

The sale price of tender documents should be in line with the cost of their production and eventual shipment.

If any modifications to the tender documents are made during the tendering period, the promoter must send them to all tenderers and provide adequate time to respond.

Tender documents should include provisions dealing with the applicable law and the settlement of disputes. International commercial arbitration may have practical advantages and the Bank encourages promoters to use it as appropriate.

The time allowed for the preparation of tenders should depend on the magnitude and complexity of the contract. Normally, it should be at least six weeks from the time when tender documents are made available to potential tenderers. Where large works or complex items of equipment are involved, the period must be extended accordingly. In such case, the promoter is encouraged to organise explanatory briefings and on-site visits to make it easier for tenderers to understand the subject of the tender. If tenderers raise specific questions on the tender documents, the promoter must answer them within a week. In any event, all tenderers must be treated equally and fairly.

The tender documents should include a statement to the effect that tenderers should alert the promoter in writing, with a copy to the Bank, in case they should consider that certain clauses or technical specifications of the tender documents might limit international competition or introduce an unfair advantage to some tenderers.

3.7.5. Language

The Procurement Notice, pre-qualification documents (if any), tender documents, and the tender evaluation report should be prepared in one of the official languages of the European Union (preferably in English or French).

In specific cases, the original tender documents may be drawn up in the language of the country (which may also be adopted as the legally binding version in the event of litigation), with the proviso that the promoter prepares and makes available to the Bank and the tenderers a certified translation of the main parts of the tender documents. All correspondence and discussions with the foreign tenderers and the Bank relating to the tender must use the EU language utilised for translating the tender documents. Tenderers should be allowed to tender in this EU language.

3.7.6. Technical Specifications

Promoters must use European Union or international standards and specifications such as those issued by the International Standard Organization, wherever these are applicable and appropriate, and apply them consistently across the tender documents. If particular standards, national or other, are adopted, the tender documents must state that standards guaranteeing a level of quality or performance equivalent or superior to those indicated will also be accepted. Reference to trademarks or other specific designations that would lead to discrimination between suppliers must be avoided. If such reference is necessary to explain the nature of the products required, the tender documents must specify that any other product of equal or superior quality or performance is acceptable.

3.7.7. Tender Prices for Goods, Works and Services

When a public promoter (or a private promoter exempted from import duties) calls a tender for the supply of goods, tender prices should be requested on the basis of CIF (port of destination), or CIP (place of destination) for all goods offered from abroad, and EXW (ex-works, ex-factory, or off-the-shelf) for locally available or manufactured or assembled goods, including those previously

imported. The evaluation for the supply of goods should exclude import duties and taxes payable on imported goods and the value added tax or similar taxes on locally supplied goods, but should include all costs associated with the supply, delivery, handling and insurance of the goods to the final destination.

Tender prices for works and services contracts to be substantially executed in the purchaser's country may be requested inclusive of all duties, taxes and other levies. The evaluation and comparison of tenders will be on this basis and the selected contractor would be responsible for all duties, taxes and levies in the performance of the contract.

3.7.8. Currency

Promoters may wish to restrict, with the agreement of the Bank, the tender currency to a specific, internationally tradable currency. Otherwise, tenderers should be allowed to express their tenders in any currency traded internationally, or a combination of these for the foreign exchange component of the contract, but must accept to be paid in local currency for the local component of the contract. In this case, tenderers must justify the percentage of foreign exchange that they request in their tender.

Payments under the contract shall be made in the currency or currencies in which the selected tender is expressed. When the tender price is required to be stated in a single currency, but the tenderer has requested payment in other currencies expressed as a percentage of the tender price, the exchange rates used for purposes of payments shall be those specified by the tenderer in the tender, so as to ensure that the value of the various portions of the tender (in other currencies) is maintained without loss or gain. The tender documents must include clear provisions for price escalation, if any.

For the purpose of tender evaluation and comparison, tender prices will be converted to a single currency, selected by the promoter, using the selling (exchange) rates for the currencies of the tender price quoted on an internationally-recognised currency exchange market (e.g. published in the Financial Times) for a date selected in advance and specified in the tender documents, provided that such date should not be earlier than 30 days prior to the date specified for the opening of the tenders¹⁰.

3.7.9. Local Preference for Goods

Except for operations in Candidate Countries, Borrowers may grant a 15% margin of preference for goods manufactured or produced in the country (defined as having at least a 30% local content ex-factory). Bidding documents must clearly indicate such preference. The comparison is then made between the price (net of taxes and duties at the place of delivery) of the imported good increased by 15% and the price (net of the value added tax or similar taxes) at the place of delivery of the locally manufactured good. The Bank does not allow for preference to be given to works (even if they include the supply of goods) or services originating in the beneficiary country.

¹⁰ The date should normally not be later than the original date prescribed in the tender documents for the expiry of the period of tender validity. However, where the payment provisions in the contract entail a few significant payments at specific predictable dates in the future (e.g. CIF supply contracts), the Promoter may wish to specify the use of quoted forward exchange rates for the estimated dates of the payments for the evaluation, and enter into forward currency contracts for these payments at the time of award, in order to hedge the risks of currency fluctuations. The forward dates and the currency exchange market to be used must be clearly specified in the tender documents.

3.7.10. Tender Evaluation Criteria

The tender evaluation may be based on:

- either the lowest price of the compliant and technically responsive tenders; or
- the most economically advantageous tender, applying a number of criteria adapted to the contract in question: e.g. price, payment terms, construction or delivery period, technical merit (proposed staff, equipment, construction method and planning, technical characteristics, etc.), environmental characteristics, technical compatibility with other equipment, availability of service and spare parts, operating costs, maintenance costs, etc.

The evaluation criteria selected must be indicated in the Procurement Notice and quantified in the tender documents. The evaluation criteria specified in the tender documents must be applied in whole, without omission or addition, in the evaluation of tenders. In case no criterion should be indicated, the lowest price only will apply.

Exceptionally, the tender documents may specifically request the tenderers to submit financing proposals. In such case, the documents should include a clear methodology to evaluate them. In addition, the Bank recommends that tenderers also make a proposal without financing.

3.7.11. Opening of Tenders

In public operations, tenders and associated documents must be opened in public, in the presence of representatives of the tenderers if they wish to attend, on a date and at a place indicated in the Procurement Notice or tender documents. Tenders arriving after the deadline for receipt are not to be opened.

At the opening of tenders, the name of the tenderers and the amount of each tender, including special conditions, rebates and variants if permitted, must be read out aloud and recorded in the minutes of the tender opening. A copy of these minutes must be appended to the tender evaluation report sent to the Bank.

3.7.12. Evaluation of Tenders

The promoter or his representative must scrutinise the tenders for compliance and responsiveness, and correct all arithmetical errors. He must ask the tenderers for any clarification needed to assess the tenders, but no amendment to the substance of the tender or to the price can be accepted after the tender opening.

For large or complex contracts, it is advisable for the evaluation to proceed in two steps (technical then financial) called the two-envelope system and described in **Annex 1**.

Unsolicited financing offers should not be considered in the evaluation of tenders.

3.7.13. Award and Signature of the Contract

The promoter should inform all tenderers of the contract award decision, including a summary of the relevant reasons for that decision. To ensure that review procedures for effective remedies are available to any concerned tenderer, the contract should not be signed until the expiry of a reasonable time period from the date on which the contract award decision was sent to the tenderers.

3.7.14. Award Notice

Immediately after the signature of the contract, the promoter must publish an Award Notice in the OJEU. If necessary, the Bank will assist in arranging such publication on behalf of the promoter.

The Award Notice must include the following information (either in the title or in the text):

- Project title and number;
- Lot number and name;
- Publication reference;
- Publication date of the Procurement Notice;
- Promoter's name;
- Reference of the Bank's financing;
- Contract value (only when price is the evaluation criterion);
- Date of award of contract;
- Number of bids received; and
- Name and address of successful bidder.

4. CONSULTANCY SERVICES FINANCED BY THE BANK

This chapter covers work undertaken by consultants in a project financed by the Bank, either through a loan or a grant. Section 3.6 – Prohibited Conduct - Covenant of Integrity, – fully applies to this chapter as well. Regarding Candidate and Potential Candidate Countries, the second paragraph of section 3.1 of this Guide defines whether their operations are considered Within or Outside the EU.

4.1. Projects Located Within the European Union

The rules applicable in this respect to the Bank's activities within the European Union are the relevant EU Directives.

4.2. Projects Located Outside the European Union

The provisions set out below are only valid for Bank operations in the public sector. The general provisions of article 3.4.2 are valid for consultancy services procured under Bank operations in the private sector.

The procedures for selecting consultants/experts and drawing up contracts governing their services must be transparent, and they must also ensure that the work is carried out in the most economically advantageous way, i.e. that the services are of appropriate quality, acquired at economic prices and performed in a timely manner.

The rules applying to Bank activities outside the European Union with respect to the selection of consultants are always guided by the spirit of the EU Directive applicable for similar services within the Union, with the requisite adjustments to take account of the specific conditions relating to the Bank's operations outside the Union.

4.2.1. Description of Procedures

The various procurement procedures are described below:

- Open procedures: international call for proposals (at least via the OJEU, and additionally the press and other media), allowing any consultant or expert interested to submit a proposal for the services required.
- Restricted procedures: call for proposals on the basis of a list that allows only consultants/experts invited by the promoter to submit a bid. The list of pre-qualified candidates must be drawn up by means of an international call for expression of interest open to all consultants and advertised at least in the OJEU. The Bank finds that this procedure is more efficient than the open procedure above.
- Negotiated procedures with the list of candidates established directly by the promoter: analysis of proposals (technical and financial) from consultants/experts selected by the promoter and negotiation of final conditions with one or several of these. Promoters can establish a list of potential candidates (short-list) by using their experience, contacts and/or consultants register.

4.2.2. Selection of Procedures

The procurement procedures to be adopted must conform to the following provisions:

- For an estimated amount of 200,000 euro (excluding VAT) or above (the contractual value taken into account is the supplier's total remuneration), the procedures applicable are:
 - either open procedures with publication in the OJEU; or
 - restricted procedures including an international call for expression of interest in the OJEU.
- For an estimated amount below 200,000 euro (excluding VAT), negotiated procedures with the list of a maximum of seven candidates drawn up on the basis of registers/research/recommendation and with the participation of at least three candidates of at least two different nationalities.
- Exceptions from the above procedures:

Promoters may find it necessary to contact fewer or only one candidate for the following reasons:

- the expertise sought is such that there are only a very few specialists in this field;
- the degree of urgency, duly justified, is such that there is no time for broader research;
- confidentiality and/or continuity are required;
- another procedure has already been conducted without producing any useful results; or
- when a consultant has been or is involved in the early phases of the project, such as feasibility or design studies, and it has been established that continuity is necessary and no additional advantage would be gained from pursuing competitive procedures; this is one of the most common cases and provisions for such an extension should be envisaged in advance and included in the original terms of reference and contract, which preferably should have been awarded following a competitive procedure.

A single reason or a combination of reasons are possible but must always be clearly justified by the promoter and received a prior non-objection from the Bank.

In the case of a contract estimated to be below 50,000 euro, the Bank may accept a contract negotiated with only one company or individual in order to speed up project preparation or implementation.

4.2.3. Evaluation of Consultants Proposals

The evaluation of proposals is based on a series of factors that must be specified, with their respective weights, in the request for proposals issued to consultants. Indicative factors are:

- consultant's specific experience;
- understanding of the terms of reference and scope of the services;
- methodology proposed for the services;
- qualification and experience of key personnel included to render the services;
- international, regional and local experience; and
- proposed work programme.

Depending on the characteristics of the task to be performed, price may be considered as a factor, but it should have a lower weight than the other factors as a whole. In certain circumstances, the

most efficient way of integrating the price factor in the tender is to indicate the available budget for the services in the request for consultant's proposals, and require that this budget should not be exceeded if the consultant's offer is to be considered.

The promoter's evaluation report must be submitted to the Bank for its non-objection of the proposed award.

4.2.4. Management of the Contract

In common with other contracts awarded within the context of projects financed by the Bank, the promoter is fully responsible for supervising and managing the consultant's services.

ANNEX 1

SPECIFIC PROCUREMENT TERMS AND PRACTICES

A company which submits an offer, called a “**tender**” or “**bid**” is designed by the term “**tenderer**” or “**bidder**”, and one which has sought an invitation to take part in a restricted or negotiated procedure by the term “**candidate**”.

International Procedures

The terms open, restricted and negotiated procedures, and competitive dialogue, are used here in the sense defined by EU Directives as they may be amended from time to time.

1. “**Open procedures**” are formal procedures whereby all interested companies may submit tenders. They must be advertised at least in the Official Journal of the European Union (OJEU). They involve clear and comprehensive tender documents; and fair and transparent tendering, evaluation and award practices. Outside of the EU these procedures are often referred to as **International Competitive Bidding (ICB)** or **Open Tendering**.
2. “**Restricted procedures**” are formal procedures whereby only those companies invited by the promoter may submit tenders. They must be preceded by a pre-qualification exercise open to all interested companies and advertised at least in the OJEU, in order to select the companies to be invited (or the list of candidates is established through a system of qualification of contractors and suppliers established and maintained through publication in the OJEU). They are similar to open procedures regarding the tendering stage (involving clear and comprehensive tender documents, and fair and transparent tendering, evaluation and award practices). Outside of the EU, these procedures are also referred to as **ICB (including a pre-qualification phase)**.
3. The “**Competitive dialogue**” is a procedure designed for particularly complex contracts where the promoter is not objectively able to define the technical means capable of satisfying the needs or objectives, or is not able to specify the legal or financial make-up of the project and where it considers that direct use of a restricted procedure will not allow the contract to be awarded to the tender offering best value for money. The promoter must set out his needs and requirements, and define the award criteria allowing choosing the most economically advantageous tender. A contract notice is first published in the OJEU. The promoter then selects qualified tenderers among the candidates, and opens a dialogue with them in order to define the means best suited to satisfy his needs. He must ensure equality of treatment of the tenderers, and cannot communicate confidential information of one tenderer to the others. The procedure may take several stages. After informing the tenderers that the dialogue is concluded, the promoter will ask them to submit their final tenders on the basis of the solutions presented and specified during the dialogue.
4. “**Negotiated procedures**” are those procedures whereby the promoter consults companies of its choice and negotiates the terms of the contract with one or more of them. The selection of candidates either follows an international notification published at least in the OJEU, or is directly established by the promoter. Outside the EU, in the latter case, these procedures are often referred to as **Limited International Bidding (LIB)**, or **Selective Tendering**.

National Procedures

5. “**National competitive bidding**” follows the normal procedures of the country of the promoter. It is advertised only in the local press. Tender documents are normally in the official language of the country; the national currency is generally used for the purposes of the tendering and payments; and tender prices are normally inclusive of all applicable local duties and taxes.
6. “**Shopping**” and “**direct contracting**” allow promoters to negotiate prices and other conditions with several local contractors or suppliers or only one of them.
7. “**Force account**” (also called “**direct labour**”) is not really a procurement procedure since it consists of the carrying out of works using the promoter’s own workforce and equipment. This may be the only practicable method for constructing some kinds of works, or providing the appropriate in-house services, such as basic design, R&D (research and development), etc.

Specific Practices under Open or Restricted Procedures

8. For large or complex contracts, it is advisable for the evaluation to proceed in two steps (technical then financial). Tenders are requested according to the “**two-envelope**” system, in which both the technical and financial offers are submitted together, but in separate envelopes. In the first step, only administrative and technical documents are opened in public. After review of conformity by the promoter (which may include minimal qualification criteria defined in the tender documents), in a second step the financial offers of only those tenderers that have presented satisfactory documents or have exceeded a pre-determined threshold score in the technical evaluation are opened and read in public.
9. When a technical dialogue between the promoter and the tenderers is useful, a “**two-stage**” system can be followed, whereby the first submission of the tenderers, based on preliminary specifications from the promoter, contains only the technical offers. After a detailed evaluation of technical offers, the promoter amends the initial tender specifications and requests priced tenders only from those tenderers determined to be qualified and technically responsive. The main difference with the “competitive dialogue” is that all final tenders must fulfil the same specifications, thus facilitating tender evaluation.
10. Tendering for “**design-and-build contracts**” is usually a restricted procedure, featuring very general technical requirements, usually stating only the capacities and performance. Tenderers are thus at liberty to put forward the technical solution that appears to them to be the most economical or appropriate, and the evaluation is then carried out on the basis of technical and economic considerations. This type of invitation reduces the work involved in drawing up the initial design used for the tender documents, but calls for far more effort, experience and calculation for the tenderer when it comes to preparing tenders and, for the promoter, to evaluate and compare tenders, and make the final choice of contractor or supplier.
11. Invitations to tender may be issued in respect of an entire project (e.g. construction of a factory or power plant) including testing and commissioning, or for only part of the same. In the first case, the term used is “**turnkey**” contract, which give the promoter more technical guarantees but which are often more expensive. In the second case, splitting the project into a number of separate contract packages (or lots) is quite complex and it usually takes considerable experience and in-house capacity to coordinate their implementation. Substantial lower costs can, however, be achieved, but responsibility for the technical interface between the various components and the risks of delays, cost overruns and poor overall technical performance is carried by the promoter.

ANNEX 2

REVIEW BY THE BANK OF PROCUREMENT DECISIONS for projects located outside the European Union

As explained in this Guide, the Bank has a policy to leave the entire responsibility of the procurement procedures to the promoter. The Bank limits its intervention to ensuring that its funds are used in the most economic, transparent and efficient way possible. Consequently, the Bank limits its review of the promoters' procurement decisions to the essential steps.

During project appraisal or at loan negotiations, the Bank will discuss and agree with the promoter under which procedures the various project components financed by the Bank will be procured. The following steps will then need to be respected.

International Procurement Procedures¹¹

1. The promoter should send the Procurement Notice and tender documents (as well as the pre-qualification documents if any) to the Bank at least twenty days before the expected date of publication of the Notice.
2. As a matter of policy, the Bank does not make a comprehensive review of the tender or pre-qualification documents, which are the entire responsibility of the promoter. However, the Bank may review the main administrative clauses of these documents and make some comments, in particular regarding the pre-qualification factors and the tender evaluation criteria. In any case, this will not constitute an approval of the full content of these documents.
3. If necessary, the Bank will review, and organize publication of, the Procurement Notice in the Official Journal of the European Union (OJEU) on behalf of the promoter.
4. In case of a pre-qualification, the promoter must send to the Bank, for its "non-objection", the pre-qualification report and proposed list of pre-qualified candidates.
5. During the tender preparation period, the promoter must immediately inform the Bank of any written complaint that he may receive from a tenderer.
6. After analysis of the tenders, the promoter must send to the Bank his evaluation report making a clear recommendation for contract award. The Bank will provide its "non-objection" or appropriate comments.
7. Immediately after the contract is signed, the promoter must send to the Bank the Award Notice to be published in the OJEU by the Bank on behalf of the promoter if necessary.
8. Finally, the promoter must send to the Bank a copy of the signed contract (and the Covenant of Integrity, see Annex 3) prior to his first request for disbursement under the contract.

Other Procurement Procedures

For contracts not subject to international procurement procedures, the promoter will send a copy of the main elements of the contract together with an evaluation or justification report to the Bank prior to his request for disbursement.

¹¹ As defined in article 3.3.2.

Specific Case of Contracts for Consulting Services

The Bank reviews the scope of the services and the terms of reference proposed (including procedure selected), the short-listing report explaining how the recommended short-list of consultants has been prepared, the request for proposals, the evaluation report justifying the proposed selection, and the draft consultant's contract, to ensure that it can finance the corresponding services.

1. The promoter must send the terms of reference, the proposed short-list of consultants and a short-listing report (or the Procurement Notice in case an open or restricted procedure is selected), and the request for proposals to the Bank.
2. The Bank will send its "non-objection" or comments on the proposal. In addition, the Bank may review the main administrative clauses of the request for proposals and make some comments, in particular regarding the tender evaluation criteria. In any case, this will not constitute an approval of the full content of these documents.
3. In the case of an open or restricted procedure, the Bank will organize publication of the Procurement Notice in the OJEU on behalf of the promoter as necessary.
4. In case of a restricted procedure, the promoter must send a pre-qualification report to the Bank for "non-objection".
5. After analysis of the offers, the promoter must send to the Bank his evaluation report making a clear recommendation for contract award, and the draft consultant contract. The Bank will provide its "non-objection" or appropriate comments.
6. In case of an open or restricted procedure, immediately after the contract is signed, the promoter must send to the Bank the Award Notice to be published in the OJEU by the Bank on behalf of the promoter as necessary.
7. Finally, the promoter must send to the Bank a copy of the signed contract (and the Covenant of Integrity, see Annex 3, for an international procedure) prior to his first request for disbursement under the contract.

Remark: The non-objection or comments sent by the Bank to the promoter in the course of the procurement process are based on the information provided by the promoter and do not relieve the promoter of his entire responsibility regarding procurement. In particular, the Bank may review its position in the light of new information which might come to its knowledge after it has given its opinion on a specific aspect of the process.

ANNEX 3

COVENANT OF INTEGRITY

to the Promoter

from a Tenderer, Contractor, Supplier or Consultant to be attached to its Tender (or to the Contract in the case of a negotiated procedure)

“We declare and covenant that neither we nor anyone, including any of our directors, employees, agents, joint venture partners or sub-contractors, where these exist, acting on our behalf with due authority or with our knowledge or consent, or facilitated by us, has engaged, or will engage, in any Prohibited Conduct (as defined below) in connection with the tendering process or in the execution or supply of any works, goods or services for [*specify the contract or tender invitation*] (the “**Contract**”) and covenant to so inform you if any instance of any such Prohibited Conduct shall come to the attention of any person in our organisation having responsibility for ensuring compliance with this Covenant.

We shall, for the duration of the tender process and, if we are successful in our tender, for the duration of the Contract, appoint and maintain in office an officer, who shall be a person reasonably satisfactory to you and to whom you shall have full and immediate access, having the duty, and the necessary powers, to ensure compliance with this Covenant.

If (i) we have been, or any such director, employee, agent or joint venture partner, where this exists, acting as aforesaid has been, convicted in any court of any offence involving a Prohibited Conduct in connection with any tendering process or provision of works, goods or services during the five years immediately preceding the date of this Covenant, or (ii) any such director, employee, agent or a representative of a joint venture partner, where this exists, has been dismissed or has resigned from any employment on the grounds of being implicated in any Prohibited Conduct, or (iii) we have been, or any of our directors, employees, agents or joint venture partners, where these exist, acting as aforesaid has been excluded by the EU Institutions or any major Multi-lateral Development Bank (including World Bank Group, African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank or Inter-american Development Bank) from participation in a tendering procedure on the grounds of Prohibited Conduct, we give details of that conviction, dismissal or resignation, or exclusion below, together with details of the measures that we have taken, or shall take, to ensure that neither this company nor any of our directors, employees or agents commits any Prohibited Conduct in connection with the Contract [*give details if necessary*].

In the event that we are awarded the Contract, we grant the Project Owner, the European Investment Bank (EIB) and auditors appointed by either of them, as well as any authority or European Union institution or body having competence under European Union law, the right of inspection of our records and those of all our sub-contractors under the Contract. We accept to preserve these records generally in accordance with applicable law but in any case for at least six years from the date of substantial performance of the Contract.”

For the purpose of this Covenant, Prohibited Conduct includes¹²,

- **Corrupt Practice** is the offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- **Fraudulent Practice** is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- **Coercive Practice** is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of any party to influence improperly the actions of a party.
- **Collusive Practice** is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party
- **Obstructive Practice** is (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (b) acts intended to materially impede the exercise of the EIB's contractual rights of audit or access to information or the rights that any banking, regulatory or examining authority or other equivalent body of the European Union or of its Member States may have in accordance with any law,

¹² Most definitions are those of the IFI Anti Corruption Task Force's Uniform Framework of September 2006.

regulation or treaty or pursuant to any agreement into which the EIB has entered in order to implement such law, regulation or treaty;

- **Money Laundering** is defined in the Bank's Anti-Fraud Policy
- **Terrorist Financing** is defined in the Bank's Anti-Fraud Policy
- **Project Owner** means the person designated as such in the tender documents or the Contract.

Note: This Covenant must be sent to the Bank together with the contract in the case of an international procurement procedure (as defined in article 3.3.2). In other cases, it must be kept by the promoter and available upon request from the Bank. The Covenant is not mandatory for contracts awarded prior to Bank involvement in the project. Nevertheless, promoters who are seeking or may seek EIB involvement in a project are advised to include it in order to promote integrity among the tenderers/contractors. This is particularly relevant in the case of a promoter who has already implemented a number of previous Bank-financed projects and is considering further EIB financing.

ANNEX 4

ELIGIBILITY FOR OPERATIONS FINANCED UNDER RESOURCES FROM THIRD PARTIES

In some projects outside the Union, the Bank's financing comes from different sources, such as resources deployed under External Mandates of the EU and Trust Funds.

The **general rules** are that:

1. Tenders financed by funds made available under the Investment Facility created by the Cotonou Agreement are open to nationals of all countries.
2. In other cases of tenders financed from resources made available by third parties (or from a combination of EIB's own resources and resources from third parties), eligibility of tenderers, goods and services is governed by the rules contained in the respective legal instruments (Facility for Euro-Mediterranean Investment and Partnership (FEMIP); etc...). In such case, tendering should generally be open to firms, goods and services originating at least from:
 - countries of the European Union; and
 - countries party to, or beneficiary from, the Agreement or Convention concerned.

A firm is deemed to originate in a EU or beneficiary country if it has been formed under the law of an EU or beneficiary country and has its office, central administration or principal place of business in an EU or beneficiary country. If it has only its statutory office there, it must at least be engaged in activities that have an effect on, and continuous links with, the economy of EU or beneficiary countries.

At the request of the beneficiary country, firms located in third countries may be authorized by the Bank to participate under derogations admissible pursuant to the Agreement or Convention concerned. Such authorization must be expressly provided for in the documents for the corresponding tender and must be mentioned in any publication relating thereto.

ANNEX 5

DEFINITION OF PUBLIC SECTOR OPERATIONS OUTSIDE THE EUROPEAN UNION

- 1. In general**, public sector operations are those carried out by “public authorities”, meaning State, regional or local authorities, bodies governed by public law, or associations formed by one or more of such authorities or bodies governed by public law.

A “body governed by public law” shall be understood to mean any body which:

- is established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
- has legal personality; and
- is financed in most part by public authorities or is subject to management supervision by public authorities, or has an administrative, managerial or supervisory board in which more than half of the members are appointed by public authorities.

- 2. In addition, in the specific case of gas; heat; electricity; water; transport; exploration for, or extraction of, oil, gas, coal or other solid fuels; ports and airports; telecommunications; and postal services**, public sector operations are those carried out by:

- public undertakings operating in markets which are not liberalised, and
- privately-owned entities that have been granted special or exclusive rights and operate in markets which are not liberalised.

If this is not the case, the public authorities, public undertakings and privately-owned entities are considered to operate in the private sector.

A “public undertaking” is any undertaking over which public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it (e.g. holding the majority of the subscribed capital), their financial participation therein (e.g. controlling the majority of the votes attached to shares), or the rules which govern it (e.g. appointing more than half of the administrative, management or supervisory board).

“Special or exclusive rights” mean rights which arise from a grant made by a competent authority of the country by way of any legislative, regulatory or administrative provision, the effect of which is to limit the exercise of activities defined in paragraphs 2.1 to 2.9 below to one or more entities, and to substantially affect the ability of other entities to carry out such activities on the same territory under substantially equivalent conditions. Rights granted on the basis of objective, proportionate and non-discriminatory criteria that allow any interested party fulfilling these criteria to enjoy these rights should not be considered special or exclusive rights..

A market is considered “liberalised” when, in the country in which the activity is to be performed, such activity is directly exposed to competition and there is free access for new operators; an independent body should monitor such competition and access. The Bank will determine whether an activity is directly exposed to competition on the basis of criteria such as the nature of the goods or services concerned, the existence of alternative goods or services, the level of prices, and the actual or potential presence of more than one supplier of the goods or services in question. The promoter should demonstrate that access to the market is free de jure and de facto. The number of suppliers of goods or

services concerned may be limited in certain cases by the monitoring body (provided that, in any event, there are at least two suppliers of the goods or services in question) considering the size of the market and the economies of scale involved.

The operations referred to under 2 above are:

2.1 As far as gas and heat are concerned:

- the provision or operation of fixed networks intended to provide a service to the public in connection with the production, transport or distribution of gas or heat; or
- the supply of gas or heat to such networks.

2.2 As far as electricity is concerned:

- the provision or operation of fixed networks serving to provide a service to the public in connection with the production, transport or distribution of electricity; or
- the supply of electricity to such networks.

2.3 As far as water is concerned:

- the provision or operation of fixed networks intended to provide a service to the public in connection with the production, transport or distribution of drinking water; or
- the supply of drinking water to such networks.

2.4 Contracts or design contests awarded or organised by promoters, which pursue an activity, referred to in paragraph 2.3 and which:

- are connected with hydraulic engineering projects, irrigation or land drainage, provided that the volume of water to be used for the supply of drinking water represents more than 20% of the total volume of water made available by such projects or irrigation or drainage installations; or
- are connected with the disposal or treatment of sewage.

2.5 The supply of gas or heat, or of electricity, or of drinking water to networks which provide a service to the public by a promoter other than a public authority shall not be considered an activity within the meaning of paragraphs 2.1, 2.2 and 2.3 where:

- the production of this good by the promoter concerned takes place because its consumption is necessary for carrying out an activity other than those referred to in paragraph 2.1, 2.2 and 2.3; and
- the supply to the public network depends only on the promoter's own consumption and has not exceeded or will not exceed 25% of the promoter's total production of this good, having regard to the average for the last three years.

2.6 Activities relating to the operation of networks providing a service to the public in the field of transport by railway, automated systems, tramway, trolley bus, bus or cable.

As regards transport services, a network shall be considered to exist where the service is provided under operating conditions laid down by a competent promoter,

such as conditions on the routes to be served, the capacity to be made available or the frequency of the service.

2.7 Activities seeking to exploit a geographical area for the purpose of:

- exploring for, or extracting, oil, gas, coal or other solid fuels; or
- the provision of airports and maritime or inland ports or other terminal facilities to carriers by air, sea or inland waterway.

2.8 The provision or operation of public telecommunications networks or services.

2.9 The provision or operation of postal services.

ANNEX 6**STANDARD FORM OF THE PROCUREMENT NOTICE
IN THE OFFICIAL JOURNAL OF THE EUROPEAN UNION (OJEU)****INTERNATIONAL INVITATION FOR TENDERS**

(The necessary adaptations should be made in case of a pre-qualification)

[PROJECT NAME]

[NAME OF PROMOTER]

The *[Name of promoter]* (hereinafter referred to as “the Borrower”) has received (or applied for) a loan from the European Investment Bank – EIB (hereinafter referred to as “the Bank”) – towards the cost of the *[Name of Project]*. This International Invitation for Tenders relates to the contract for *[Name of the Project Component]*.

This contract will include: *[description of the main contract features in a few lines]*.

This contract is expected to be implemented from *[date of start of services]* to *[date of end of services]*.

The criteria to be used in the tender evaluation are, in decreasing order of importance: *[list of the evaluation criteria]*.

All firms are invited to participate in the tender.

OR

All firms registered in countries eligible to the Bank under the above financing (*[give list of countries]*) are invited to participate in the tender.

Interested eligible Bidders may obtain further information from, and inspect the Bidding Documents at: *[Name, full address, telephone and fax numbers, and e-mail of the place where the bidding documents are available]*.

A complete set of Bidding Documents may be purchased on the submission of an application to the above address, and upon payment of a non-refundable fee of *[amount and currency]* to *[Name and full address of the commercial bank, and number of account]* bearing the name of the project. On request, against a faxed copy of the evidence of the remittance, the Bidding Documents may be sent by courier service if the transport is previously ordered by the Bidder in his country. The Borrower bears no responsibility for the delivery in such a case.

A Bid Security of *[amount and currency]* fulfilling the conditions indicated in the Bidding Documents must accompany all bids.

All bids must be delivered in closed envelopes bearing the mention “Bid for *[Name of the Project Component]*” not later than *[time and date]* at the following address: *[precise Name and Place where bids will be received]*. Bids will be opened immediately in the presence of Bidders’ representatives who choose to attend.



The EU Bank



Contacts

For general information:

Information Desk

Corporate Responsibility and
Communication Department

☎ (+352) 43 79 - 22000

☎ (+352) 43 79 - 62000

✉ info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg

☎ (+352) 43 79 - 1

☎ (+352) 43 77 04

www.eib.org

ISBN 978-92-861-1431-1



9 789286 114311