

Memorandum of Understanding

between:

the Marshal's Office of the Silesia Voivodship, ul. Ligonia 46, 40-037 Katowice, as the designated Managing Authority of the Regional Operational Programme for the Silesia Voivodship for the period 2014-2020 ("**Managing Authority**");

and

the European Investment Bank ("**EIB**")
100, boulevard Konrad Adenauer
L-2950 Luxembourg

Together referred to as the "**Parties**", each of them a "**Party**"

Whereas:

- (I) On 9 July 2010 the Parties entered into a Funding Agreement providing for the establishment of a JESSICA Holding Fund for the Silesia Voivodship in line with Article 44 of Council Regulation (EC) 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.
- (II) To date the Managing Authority has contributed approximately PLN 249.6 million equivalent of EUR 60 million into the JESSICA Holding Fund for the Silesia Voivodship, which has invested into an Urban Development Fund, which in turn has invested into Urban Projects aiming at the revitalisation of urban areas, revitalisation of post-military and post-industrial areas as well as the multifunctional development of degraded areas.
- (III) The importance of revolving financial instruments, such as those existing under the JESSICA Holding Fund for the Silesia Voivodship, is recognised by Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council ("**Common Provisions Regulation**").
- (IV) Article 37(1) of the Common Provisions Regulation provides that the European Structural and Investment Funds ("**ESIF**") may be used to support financial instruments, including where organised through a fund of funds.
- (V) Support to financial instruments must be based on an ex ante assessment, which needs to establish conclusive evidence of market failures and suboptimal investment situations and to include the matters set out in Article 37(2) of the Common Provisions Regulation.
- (VI) Following discussions between representatives of the Managing Authority and the EIB regarding the general framework and implementation of financial instruments in the Silesia Voivodship and given the positive outcome of the JESSICA initiative implementation in the programming period 2007-2013, the Managing Authority and the EIB are ready to cooperate with the aim of implementing financial instruments in the programming period 2014-2020 for the benefit of the Silesia Voivodship. The aim of such cooperation is the establishment of a fund of funds as a separate block of finance within the EIB, which may be leveraged using resources from the private sector while adhering to the conditions set out in recital 36 of the preamble of the Common Provisions Regulation.

- (VII) It is recognised that the most important development challenges defined in Europe 2020 strategy have been reflected in the Development Strategy of the Silesia Region “Silesia 2020+”. The Silesia Voivodship is the second most densely populated Polish region with the highest urbanisation rate in the country, which however is facing significant challenges related to negative demographic processes and structural changes as well as decreasing growth dynamics. In this context, the Managing Authority has proposed to apply financial instruments in the form of debt and guarantee products to strengthen the competitiveness of regional enterprises and to provide support to persons experiencing difficulties in the labour market to start their own economic activity that would in turn increase the socio-economic potential of the region. Such activities are foreseen to be supported by measures aimed at the promotion of energy efficiency increase and the use of renewable energy sources by SMEs and in the public and housing sector, as well as those related to improvement of urban areas with the view to counteracting significant land degradation resulting from the presence of heavy industry in the region. Due to scarcity of public resources the use of financial instruments in the 2014-2020 programming period is expected to be one of the crucial factors contributing to the improvement of life conditions and economic prospects in the region beyond year 2020.

The Parties have agreed to enter into this Memorandum of Understanding (“**MoU**”) laying down the general terms of possible future cooperation.

Therefore it is the intention of the Parties that:

1. Subject to relevant separate agreements and separately designated action plans, the Parties shall cooperate (i) to establish the fund of funds foreseen in Article 2 of this MoU, and (ii) to design the most optimal investment policy of such fund of funds while keeping in mind the possibility of using leverage from the private sector and the introduction of risk-sharing mechanisms as a way of addressing any identified market gaps. Such an investment policy shall result from the strategic development priorities to be defined by the Managing Authority, and shall also constitute a basis for the development of the financial instrument expected to be applied in the Silesia Voivodship in the intervention priorities indicated in the ex ante assessment and as mentioned below in Article 3 of this MoU.
2. Subject to the execution of a Funding Agreement between the Parties, the Managing Authority appoints the EIB to establish a fund of funds (“**FoF**”) for the management of the financial instrument to be implemented under the Regional Operational Programme for the Silesia Voivodship for the years 2014-2020 (“**ROP WSL 2014-2020**”) within the meaning of Article 2 (27) of the Common Provisions Regulation with the object of rectifying the market gaps identified in the ex ante assessment and in cooperation with selected financial intermediaries. In order to fulfil its duties under this mandate, the EIB may involve its subsidiary, namely the European Investment Fund, for implementation of the financial instruments under the relevant measure(s).
3. The FoF will be co-financed by the ESIF from the ROP WSL 2014-2020 approved by the European Commission on 18 December 2014 in the amount of approximately EUR 178 million under the following measures:
 - (a) measure 3.4 entitled ‘*Capitalisation of external sources of entrepreneurship co-financing*’;
 - (b) measure 4.2 entitled ‘*Energy efficiency and renewable energy sources in micro, small and medium enterprises*’;
 - (c) measure 7.5 entitled ‘*Support for persons willing to start their own economic activity through financial instruments*’; and
 - (d) measure 10.4 entitled ‘*Improvement of the condition of urban environment*’.

The Managing Authority may also consider, depending on the results of the on-going update of the ex-ante assessment and with the non-objection of the EIB, broadening the scope of the abovementioned intervention in the framework of the FoF through entrusting the EIB with the

implementation of the financial instrument under measure 4.3 *'Energy efficiency and renewable energy sources in public and housing infrastructure'* in relation to the housing sector.

The above measures are aimed at increasing the competitiveness of the Silesia Voivodship within the framework defined in the Europe 2020 strategy for smart, sustainable and inclusive growth.

4. The FoF shall constitute a separate block of finance within the meaning of Article 38(6) of the Common Provisions Regulation.
5. Contributions made to the FoF will remain for the benefit of the Silesia Voivodship and under the responsibility of an Investment Board.
6. The FoF shall, unless otherwise agreed between the Parties, be established for a period to be set in the Funding Agreement.
7. The EIB shall independently consider providing financial support for financial instruments in the Silesia Voivodship in such form as may be decided by the EIB under its own rules and procedures and within the limits set out by applicable regulations.
8. It is understood that this MoU is not a legally binding agreement. The Parties reserve the right, at their discretion, to determine as to whether or not they wish to further proceed with this business cooperation. The execution of a Funding Agreement shall be subject to all necessary authorisations and approvals.
9. The Parties will use their best endeavors to give effect to the terms of this MoU as soon as practically possible. It is the intention of the Parties to negotiate and agree on the Funding Agreement so that it is signed and comes into force as soon as practically possible, having regards to the applicable regulations.

IN WITNESS THEREOF, the undersigned duly authorised thereto, have signed this MoU.

DONE in three (3) originals in the English language and 2 (two) originals in the Polish language. Only the English language version constitutes the authentic text of this document. In case of conflict the English version shall prevail.

Date and place

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European Investment Bank

Managing Authority

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K. Kreilgaard

Head of Division

Banks and Corporates – Poland and Baltic States

Baltic Sea and Northern Europe Department

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G. von Thadden

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