



# JESSICA

JOINT EUPOREAN SUPPORT FOR  
SUSTAINABLE INVESTMENT IN CITY AREAS

**JESSICA FOCUSED EVALUATION STUDY  
IMPLEMENTING A PILOT FUND IN MARCHE, ITALY**

ENGLISH FINAL VERSION  
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# 1. Executive Summary

This report follows two studies carried out between 2009 and 2010 aimed at assessing the possibility of implementing the JESSICA mechanism in the Marche Region (the "Region"). Those studies have focused, on the one hand, on the analysis of urban infrastructures and population, on the other, on the analysis of sources and structures that could be used to deploy JESSICA, analyzing some pilot cases of possible urban development projects.

The main evidence of the documents showed that in the Marche Region:

- There are 11 urban systems that aggregate several municipalities, mainly concentrated in the coastal area;
- Urban systems are characterized by different economic vocations, however, a common feature throughout the region is the prevalence of Small and Medium Size Enterprises (with a number of employees less than 9);
- From the demographic point of view, during the period 2001-2007 an increase in regional population occurred, especially in urban areas;
- Several strategic planning experiences and public private partnerships have been developed (in particular through Urban Transformation Company – *Società di Trasformazione Urbana*);
- Two pilot urban development projects were analyzed (Pesaro and Jesi), coherent with the JESSICA mechanism.

After the implementation of the two studies previously cited, the Region changed the Operational Program (the "OP"), to activate JESSICA using some of the resources of Axis 5, estimated in about 5,2 million Euro.

Given the limited amount of funds available for JESSICA, the Region requested a third focused feasibility study to define a methodology for selecting projects and a Urban Development Fund in coherence with the needs and strategic vision of the territory and the limited amount of OP resources to be granted to JESSICA.

This study focused on the strategic options for the activation of JESSICA in light of the objectives and constraints of the Region, that are:

- to realize one or more urban development projects in line with the objectives of the OP;
- to activate public private partnership ("PPP") procedures;
- to acquire skills for the next EU programming period.

In order to identify an operational strategy consistent with the objectives set, some critical elements that could hinder the process have to be considered, in particular:

- OP limited amount of resources dedicated to JESSICA;
- urban development projects potentially inconsistent (at present) with the objectives of JESSICA and the market (lack of financial sustainability, small-scale, etc.)

Considering objectives and constraints of the region, three possible operating procedures for the management of the two initial stages of the process JESSICA Marche have been described and analyzed, in particular:

- identification and structuring of urban development projects that can be financed by the Urban Development Fund ("UFD");

- Selection of the UDF.

Given the operative context, the most consistent procedure to be implemented involves the following stages:

1. **publication** by the Region, of an "**Avviso per manifestazione di interessi**" (Call for expression of interests) dedicated to the Local Authorities with a population exceeding 25.000 inhabitants; the call for expression of interests is aimed at obtaining a set of information on urban development projects;
2. definition by the Region of a ranking of projects submitted by Local Authorities on the bases of: coherence with the objectives of the OP, completeness of the information set, expected profitability, etc.;
3. **structuring** (completion / refinement) of the Feasibility Studies ("FS") of the best submitted projects by enabling, where appropriate, **external advisory**;
4. **publication** by the Region, of the **call for tenders** for the selection of the Marche Region **UDF**. The call for tenders, among other things, will ask candidates to specify projects on which they intend to invest OP JESSICA resources and their co-financing resources;
5. **selection** by the Marche Region of the UDF and sign of the **Operational Agreement**. Once the UDF is selected and OP resources are transferred to the UDF, ERDF OP resources are reported (interim reporting);
6. after the selection of the UDF, the **Local Authority** (if possible with the support of the UDF) will **define the elements of the call for tenders** for the selection of the holder of the concession, that will realize and manage the urban development project, through a **Special Purpose Vehicle (SPV)**. The **UDF** will operate as a **capital investor of the SPV**;
7. selection by the **Local Authority of the Special Purpose Vehicle** that will build and manage the urban project, and deployment of related administrative procedures (any construction of the final plan [during the race if the operator has submitted a preliminary] , opening of conference services, approval of the final project, inclusion of the project in IDUP [if not already done so], implementation and approval of the final design, etc.).
8. after completion of all these procedures, the UDF will deliver to the SPV JESSICA resources (in one or more tranches), thus obtaining the **final report** of the same.

As reported in the time schedule below, it is estimated a period of about 36 months for the completion of the whole process needed to start building works.



- publication of a call for tenders by the Region for the selection of third party consultants who will have to realize/complete the FS (which contain the elements provided for in Article 14 of the Procurement Regulations) of the projects identified by the Region;
- to finance expenses for paying consultants, the Marche Region can activate the “*Fondo Rotativo per la Progettualità*” of Cassa Depositi e Prestiti;
- expenses will be reimbursed by the Special Purpose Vehicle who will realize and manage the urban development project.

### 3. Selection of the UDF

A call for tenders for the selection the UDF manager will be issued by the Region; the selection process will consist of two phases (*procedura ristretta*):

- pre-qualification of candidates - during this phase it will be required applicants to declare the possession of *minimum* requirements (e.g. regular contributions, financial strength, the absence of charges, etc.);
- reception and evaluation of bids - at this stage, competitors will submit their proposal to the Region, which will be evaluated based on a score grid considering: legal structure of the UDF, governance and organizational model, experience of proposed team members, required management fee, exit strategy, investment strategy (how to invest JESSICA resources, co-financing resources investment strategy, support provided to Local Authority, etc.). Tenderers will have also to submit a draft of the Operational/Funding Agreement (in its guidelines prepared by the Region) which will contain the main elements of the offer.
- selected candidate will sign the Operating Agreement with the Region.

## 2. The Marche Region and JESSICA

In the past years, two JESSICA feasibility studies were carried out, in particular:

- "Sustainable Development in Marche cities" - developed by Prof. Calafati (with the collaboration of Francesca Mazzoni and Paolo Veneri): it focused on the analysis of regional urban systems;
- "Incorporating JESSICA instruments into the Marche OP" - realized by Ecosfera SpA: it developed urban planning and demographic analysis, OP analysis in order to identify the room for JESSICA, main JESSICA structures and procedures analysis (e.g. UDF possible structures, urban project implementation procedures), and the analysis of two case studies.

From the above studies many relevant elements to understand the characteristics of the Marche region (urban dynamics, demography, economic and infrastructure systems) can be found, that can be useful as a tool to implement JESSICA in the Region.

Later in this chapter some main elements of the two documents are reported in a concise manner. Please refer to the same contained in the website of the EuPOrean Investment Bank for a more detailed discussion of the issues.

### 2.1 Marche Region urban systems and poles

Today, the majority of the population of Marche (more than 70%, over 1 million people) is concentrated in 11 urban systems, each consisting of a set of contiguous municipalities with a common urban center (there are about 93 contiguous municipalities concerned). The urban centers are: Pesaro, Fano, San Benedetto del Tronto, Ancona, Civitanova Marche, Macerata, Ascoli Piceno, Jesi, Senigallia, Fabriano, Fermo.

Seven of these 11 centers are located along the coast.

The 11 poles system is featured by the phenomenon of territorial coalescence (the possibility that two contiguous territorial units may increase their interdependence to the point where they cannot be functionally independent but parts of a larger unit) and the phenomenon of dispersed city.

A large part of non-urban areas lay in a demographic and social decline. Much of this territory is divided into small or very small size local systems formed through weak processes of coalescence.

### 2.2 Main economic and demographic features

From the economic point of view the 11 urban systems can be divided into the following three groups:

- poles with a very strong industrial vocation (Civitanova Marche and Fabriano);
- poles with a well developed service sector (Ancona, San Benedetto del Tronto, Ascoli Piceno and Macerata);
- poles that do not have a significant tertiary characterization even though the service sector employees is higher than the industrial sector (Senigallia, Fano, Fermo Jesi, Pesaro).

The main feature emerging from the analysis of the economic structure is the absolute dominance of the local units of small size enterprises (1-9 employees).

As for the demographics of the Region, in the 2001-2007 period the population increased of 82.000 inhabitants. 74% of this increase occurred in urban systems mainly due to non-EU

population flows. The largest increases occurred for residents in Civitanova Marche, Pesaro and Macerata.

The phenomenon of population growth is leading to an expansion of cities with an oversized housing offer, moreover, the absence of municipal plans has increased the urban sprawl and urban disorder.

## 2.3 Urban integrated planning

The Marche region has developed, over time, different experiences of integrated planning, among which are the programs: PRU, PRUSST, *Contratti di Quartiere*, Program "Porti e Stazioni" and the program SISTe.MA

With regard to strategic planning, leading examples are the cities of Pesaro and Jesi, that started a process of strategic planning, producing several documents detailed below.

- **Pesaro** – it has developed a strategic plan called "2015, Pesaro della qualità" which includes 6 strategic areas and 69 projects. Among the most significant initiatives: Print UP (Integrated Project of the Pesaro Urban area), PASSO DP (Environmental Program of Sustainable Development of the Pesaro District) and IMMP (Innovation Made in Marche - Pesaro).
- **Jesi** - the strategic plan foresees four thematic areas and three territorial issues, highlighting four main areas of intervention.
- **Fabriano** - established in 2006, the strategic plan called "Strategic Plan of Fabriano. Vocations, ideas and projects on the Network" consists of six thematic areas.
- **Ascoli Piceno** – it has structured a Sustainable Development Plan divided into two areas: sustainable urban regeneration and rehabilitation of natural areas.

At the regional level, besides strategic plans, some PPP initiatives related to urban development can be found, among them three Urban Transformation Company (STU):

- **STU Macerata, Nuova Via Trento** - created in 2001 for the purpose of redevelopment of the west area of the city including Via Trento and a property of the Municipality located in Via Velini.
- **STU Pesaro** – company concerning the redevelopment of *Piazza Carducci* with the construction of an underground parking, expansion of the courthouse and the construction of a building to be used as police headquarters.
- **STU Fano** - the company (which has not been constituted yet) could be activated for the recovery and new functions of barracks Paolini and the former military aviation camp.
- **STU Jesi, Campo Boario** - established in 2008, it will be responsible for upgrading and building new facilities of public interest in an area featured by public housing.

## 2.4 JESSICA Marche pilot projects

In the former JESSICA report two case studies were analyzed (and they will be briefly presented in the following section); it is important to highlight that the current situation is deeply different from the time of the former report, in particular:

- the amount of resources provided for JESSICA in the case studies is significantly larger than the amount currently foreseen in the OP;
- the technical form of investment of JESSICA resources reported in the case studies is different from what it is deemed preferable in the present context, that is risk capital.

### 2.4.1 Pesaro – historical center regeneration

The integrated project, contained in the Strategic Plan “2015. Pesaro città della qualità”, foresees the redevelopment and the building of the three building complexes that follow:

- **Former juvenile prison** - the complex consists of four parts that it is foreseen to be used for several functions: public and private offices, recreation and accommodation facilities; urban park with areas for sports and new residences,
- **St. Benedict complex** - regeneration of green spaces and use of the main building blocks for: public services [health district (ASUR), library, etc.], private tertiary destinations, commercial and residential.
- **Former Monastery of St. Domenico** - construction of commercial spaces, fine accommodations and a new University campus.

Although the intervention is structured in a integrated way, some parts of it do not require the use of JESSICA resources.

For the implementation of the project a PPP procedure is foreseen, with the activation of a Real Estate Fund as project vehicle.

In this case study several assumptions about the use of JESSICA resources are presented. Here, it is analyzed only the case where JESSICA resources are used as a low-interest loan to the project vehicle.

As mentioned earlier, both the amount of resources JESSICA, and the proposed form of the investment described in the case study are not compliant with the guidelines to be pursued (given the reduced budget available) in the Marche Region.

Below, in Figure 2, some key values of the case study are reported.

**Figure 2 - Pesaro, main features of the intervention**

INTERVENTI	SUPERFICIE (mq o altra unità)	TIPOLOGIA DI RICAVI ATTIVABILI
<b>RECUPERO E TRASFORMAZIONE AREA 1</b>		
Centro giovani - ex chiesa (fra cui: spazi epositivi, di co-working, ristoro, ecc.)	1.500	Reddito da Locazione
Terziario uffici	800	Reddito da Locazione
<b>RECUPERO E TRASFORMAZIONE AREA 2</b>		
Recupero e restauro per distretto sanitario o altra funzione pubblica	6.420	Reddito da Locazione (servizi pubblici - Università)
Residenze	5.619	Reddito da Vendita
Attività ricettive - Ristorante/bar	210	Reddito da Vendita
Servizi e terziario	1.466	Reddito da Locazione
Estensione e Servizi biblioteca	1.300	Opere Pubbliche
Percorsi pubblici	1.150	Opere Pubbliche
Spazi e verde pubblico		Opere Pubbliche
Box auto interrati	4.000	Reddito da Vendita
<b>RECUPERO E TRASFORMAZIONE AREA 3</b>		
Hotel	993	Reddito da Locazione
Attività ricettive e commerciali	993	Reddito da Vendita
<b>Ricavi da vendita totali</b>		<b>Ricavi da locazione annuali</b>
32.878.200		1.174.963
<b>FONTI FINANZIARIE</b>		
	<b>AMMONTARE (EURO)</b>	<b>TASSO (INTERESSE) - RENDIMENTO (IRR)</b>
Capitale di Rischio	17.836.259	8,15%
Prestito	11.593.568	6,00%
Prestito JESSICA	21.530.912	2,50%
<b>TOTALE</b>	<b>50.960.739</b>	

Source: Incorporating JESSICA instruments into the Marche OP

### 2.4.2 Jesi – new productive area realisation

The project involves the building of several integrated projects, mainly buildings for tertiary sector (production and offices) and commerce (restaurants, personal services, shops). For the initiative it is estimated an investment cost of about 181 million Euro.

The foreseen project vehicle is a *Società di Trasformazione Urbana* (Urban Transformation Company).

Below, in Figure 3, here are some key values of the processing carried out in the report relating to the intervention JESSICA for urban development.

**Figure 3 - Jesi, main features of the intervention**

INTERVENTI	SUPERFICIE (mq)	TIPOLOGIA DI RICAVI ATTIVABILI
<b>INFRASTRUTTURE E SPAZI PUBBLICI</b>		
Nuovo asse Sud	12.270	Opere Pubbliche
Viabilità di distribuzione interna	45.760	Reddito da Locazione
Percorsi pedonali porticati	6.850	Opere Pubbliche
Copertura fotovoltaica	6.850	Tariffa incentivante e vendita energia
Piste ciclabili	2.500	Opere Pubbliche
Spazi verdi collettivi interni alla Zipa	42.560	Opere Pubbliche
Ripe verdi (escluso fascia verde di rispetto fosso Albini)	30.430	Opere Pubbliche
Piazza convertibile in arena spettacoli estiva	600	Opere Pubbliche
Parcheggi pertinenziali (pavimentazione permeabile - greenblocks)	13.000	Opere Pubbliche
Nuova stazione ferrovia metropolitana (pensiline, spazi servizi, parcheggio cicli, sottopassi pedonali)	400	Reddito da locazione di circa 60 mq spazi
Copertura fotovoltaica	400	Tariffa incentivante e vendita energia
<b>SPAZI PER ATTIVITA' PRODUTTIVE E SERVIZI ALLE IMPRESE</b>		
Terziario avanzato a supporto del sistema produttivo	2.500	Reddito da Locazione
Copertura fotovoltaica	2.500	Tariffa incentivante e vendita energia
Laboratori per attività di Ricerca e Sviluppo	2.000	Reddito da Locazione
Copertura fotovoltaica	2.000	Tariffa incentivante e vendita energia
Spazi per attività produttive-industriali (capannoni con copertura verde)	100.000	75% Reddito da vendita - 25% Reddito da locazione
Spazio eventi e co-working	3.600	Reddito da Locazione (% occupazione al 65%)
Copertura fotovoltaica	3.600	Tariffa incentivante e vendita energia
Terziario per gestione attività produttive	6.000	75% Reddito da vendita - 25% Reddito da locazione
Copertura fotovoltaica	6.000	Tariffa incentivante e vendita energia
Spazi misti per insediamento start-up e spin-off	15.000	Reddito da Locazione
Copertura fotovoltaica	15.000	Tariffa incentivante e vendita energia
Spazi pertinenziali scoperti per la logistica	85.120	(compresi nei servizi dell'area)
<b>SPAZI PER ATTIVITA' COMMERCIALI E SERVIZI ALLA PERSONA</b>		
Bar-Ristoranti	1.500	50% Reddito da vendita - 50% Reddito da locazione
Hotel	3.000	Reddito da Locazione
Centro sportivo (fitness, Spa e piscine)	3.000	Reddito da Locazione
Negozi e servizi alla persona (commercial strip)	6.000	50% Reddito da vendita - 50% Reddito da locazione
<b>Totale realizzazioni</b>	<b>143.000</b>	
<b>RICAVI DA VENDITA TOTALI</b>		
	<b>87.371.250</b>	
<b>RICAVI DA LOCAZIONE ANNUI</b>		
	<b>3.882.592</b>	
<b>RICAVI DA "CONTO ENERGIA" ANNUI</b>		
	<b>2.090.125</b>	
<b>FONDI FINANZIARIE</b>		
	<b>AMMONTARE (EURO)</b>	<b>TASSO (INTERESSE) - RENDIMENTO (IRR)</b>
Capitale di Rischio	72.495.251	5,58%
Prestito	54.371.438	5,61%
Prestito JESSICA	54.371.438	2,50%
<b>TOTALE</b>	<b>181.238.127</b>	

Source: Incorporating JESSICA instruments into the Marche OP

## 2.5 Financial resources of the Marche OP

OP JESSICA resources amount is about 5.2 million, related to Axis V.

Even if in a "grant logic" these resources appear to be very limited, in JESSICA revolving scheme, the same resources may attract third parties investors, financing investment of a larger scale.

**Figure 4 - OP JESSICA resources**

Linee di Intervento		Dotazione	PS	AN	MC	AP	FM	Strumento Attuativo	Beneficiario
5.1.1.50.01	Contributo alla bonifica di aree e siti inquinati rilevanti per lo sviluppo del territorio	12.020.000	1.730.205	5.229.210	2.418.629	1.015.164	1.626.792	PIT	Provincia e Comuni
5.1.2.53.01	Miglioramento della gestione dei rischi idrogeologici attraverso interventi di prevenzione	10.000.000	2.101.275	3.472.961	2.080.678	1.053.487	1.291.599	PIT	Provincia e Comuni
5.1.3.53.01	Prevenzione dei rischi tecnologici in ambito urbano ed industriale	2.000.000	378.958	724.508	265.108	452.274	179.512	PIT	Provincia e Comuni
5.2.1.58.01	Sostegno al recupero ed all'adeguamento strutturale e funzionale dei beni storico culturali	6.242.370	2.517.269	1.956.650	2.114.239	1.762.893	1.107.086	PIT	Provincia e Comuni
5.2.2.58.01	Riqualificazione e valorizzazione di aree (e complessi) di pregio storico-architettonico	3.215.766						PIT	Provincia e Comuni
5.2.3.51.01	Riqualificazione e valorizzazione del patrimonio naturale attraverso investimenti infrastrutturali nei siti Natura 2000	1.029.387	1.973.911	1.667.555	1.972.498	1.644.701	1.010.732	PIT	Provincia e Comuni
5.2.3.56.01	Riqualificazione e valorizzazione del patrimonio naturale anche nelle aree protette	7.240.036						PIT	Provincia e Comuni
<b>Sub totale</b>		<b>41.747.560</b>	<b>8.701.618</b>	<b>13.050.884</b>	<b>8.851.152</b>	<b>5.928.519</b>	<b>5.215.721</b>		
5.3.1.60.01	Promozione ed al marketing territoriale dei progetti e/o delle aree ricadenti nell'ambito della progettazione integrata	4.227.880							Regione
5.4.1.61.01	Riqualificare l'ambiente fisico come motore di uno sviluppo economico e sociale	5.251.359							JESSICA
<b>TOTALE ASSE V</b>		<b>51.226.799</b>							

Source: Regione Marche, JESSICA *Strategia di Intervento*

### 3. JESSICA Marche strategic options

The strategic goal the Region intends to pursue through the activation of JESSICA is threefold:

1. to realize one or more urban development projects;
2. to use PPP procedures for the realization of urban development projects;
3. to acquire skills on financial engineering instruments for the next programming period.

In the matrix reported below, for each of the three objectives, the main characteristics and constraints to be considered are briefly reported.

	<u>MAIN FEATURES</u>	<u>CONSTRAINTS</u>
<b>URBAN DEVELOPMENT PROJECTS</b>	<ul style="list-style-type: none"> <li>▪ Initiatives on public or mixed areas/buildings</li> <li>▪ Initiatives coherent with goals and time constraints of the OP</li> <li>▪ Projects coherent with the urban regulation</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Project documents required by the law are needed (i.e. at least a Feasibility Study, ...)</li> <li>▪ Administrative procedures take long time</li> <li>▪ The project must be included in an Urban Development Integrated Plan</li> <li>▪ ...</li> </ul>
<b>PPP PROCEDURES</b>	<ul style="list-style-type: none"> <li>▪ Initiative structured and managed by private entities</li> <li>▪ The public (Municipality) leads the process (i.e. issuing the tender, signing agreements, etc.)</li> <li>▪ Financing comes from private investors and risks allocation (Article 3, c.15ter)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Important size of projects (urban regeneration better than individual action)</li> <li>▪ Financial viability of the project</li> <li>▪ ...</li> </ul>
<b>COMPETENCES ACQUISITION</b>	<ul style="list-style-type: none"> <li>▪ Developing structures (UDF) and procedures to be used also in the next programming period</li> <li>▪ Defining a pipeline of projects to be implemented also in the next programming period</li> </ul>	<ul style="list-style-type: none"> <li>▪ Market constraints - the initiative must be consistent with the objectives of private investors</li> <li>▪ Technical constraints - plans and procedures must be attractive and already, at least in part, structured</li> </ul>

#### 3.1 Urban development project realisation

To be financed by JESSICA, projects should allow to recover the invested resources, they must be included in Urban Development Integrated Plans and have to be consistent with the objectives and constraints of the OP.

Below is a brief analysis of elements that must be considered in the selection of initiatives to be implemented.

1. **Projects** that are desirable to be carried out by JESSICA:
  - many types of works, eventually also including energy (renewable energy production and efficiency). It is excluded only the financing of housing;
  - projects usually regard public or public/private areas or buildings;
  - integrated projects are, in principle, preferred to little scale specific interventions.
2. Economic and financial **sustainable projects**:

- sustainability can be **ensured** by the types of **functions** foreseen (and by the market for them) which is expected to generate positive cash flows during the operational phase;
  - it can alternatively also be **provided for the payment of money by Local Authority**, pursuant to art. 143 of Legislative Decree no. 163/2006 and subsequent amendments (the "Code"). In this case, however, it might be more appropriate to use OP resources directly through a grant and not through JESSICA.
3. Projects forming part of **Urban Development Integrated Plans**:
- projects financed by JESSICA must be included in the **Urban Development Integrated Plans** (UDIP), as required by EU Regulations (the "Community Regulations");
  - UDIP form and administrative procedures for their approval are defined by the **Managing Authority** ("MA");
  - it is necessary that projects are included in UDIP when the UDF will invest in them, so they can be structured *in itinere*.
4. **Projects consistent** with the **OP**:
- projects must be coherent with the **objectives and constraints** of the OP, in particular Axis V;
  - JESSICA resources must be invested in projects/project vehicles at the latest **by December 2015**.

### 3.1.1 Urban development project, needed elements

To issue a call for tenders for the building of public works<sup>1</sup>, the Italian legislation requires different project levels, according to the administrative procedure to be activated.

If a procedure is supposed to enable the award of a concession, in particular the one foreseen by Art. 153 of the Code, the Municipality (commissioning body) must dispose of at least a Feasibility Study whose content, reported in Figure 5, is defined by the Procurement Regulations. On the basis of law requirements, some considerations can be made, in particular:

- the **minimum level of project analysis** in order to launch a tender **is high**;
- if Local Authorities do not already have at least a Feasibility Study it is unlikely they will dispose of it within a short time;
- in the definition of the JESSICA process timetable it is important to consider and not to underestimate the time necessary for the structuring of the projects (which can be estimated in a range between 2 and 4 months);
- after the identification of JESSICA candidate projects it may be necessary to activate *ad hoc* consultants to refine/complete Feasibility Studies that will be submitted to UDF candidates;
- alternatively, the structuring of Feasibility Studies may be left to UDF candidates.

<sup>1</sup> All cases referred to are focused on public works. In such circumstances, it is considered useless to provide for the granting of services. If, conversely, the Region intends to change that approach, you could put in this hypothesis

## Figure 5 – Feasibility Study elements as foreseen by the Regulation

### 1 Relazione illustrativa generale

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- a) l'inquadramento territoriale e socio-economico dell'area oggetto dell'intervento:
    - corografia, stralcio del piano regolatore generale comunale, verifica della compatibilità con gli strumenti urbanistici
    - analisi dell'impatto socio-economico con riferimento al contesto produttivo e commerciale esistenti
  - b) l'analisi della domanda e dell'offerta attuale e di previsione con riferimento:
    - al bacino d'utenza
    - alla stima dei bisogni dell'utenza mediante utilizzo di parametri fisici riferiti alla specifica tipologia dell'intervento, quali i flussi di traffico e il numero di accessi
    - all'individuazione, in termini quantitativi e di gradimento, dell'offerta attuale e di quella prevista nei medesimi settori dell'intervento
  - c) Analisi delle alternative progettuali:
    - individuazione delle alternative progettuali dal punto di vista delle scelte tecnologiche, organizzative e finanziarie
    - matrice delle alternative progettuali
  - d) lo studio dell'impatto ambientale riferito alla soluzione progettuale individuata e alle possibili soluzioni alternative:
    - analisi sommaria degli aspetti geologici, geotecnici, idraulici, idrogeologici, desunti dalle cartografie disponibili o da interventi già realizzati ricadenti nella zona
    - verifica dei vincoli ambientali, storici, archeologici, paesaggistici interferenti sulle aree o sugli immobili interessati dall'intervento
- 

### 2 Relazione tecnica

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- a) le caratteristiche funzionali e tecniche dei lavori da realizzare
  - b) descrizione, ai fini della valutazione preventiva della sostenibilità ambientale e della compatibilità paesaggistica dell'intervento, dei requisiti dell'opera da progettare, delle caratteristiche e dei collegamenti con il contesto nel quale l'intervento si inserisce nonché delle misure idonee a salvaguardare la tutela ambientale i valori culturali e paesaggistici
  - c) analisi sommaria delle tecniche costruttive e indicazione delle norme tecniche da applicare
  - d) cronoprogramma
  - e) stima sommaria dell'intervento secondo le modalità di cui all'articolo 22, comma 1, con l'individuazione delle categorie di cui all'allegato A e dei relativi importi, determinati mediante l'applicazione delle quote di incidenza delle corrispondenti lavorazioni rispetto al costo complessivo
- 

### 3 Elaborati progettuali stabiliti dal responsabile del procedimento tra quelli previsti dall'articolo 21

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#### 4 Elaborato tecnico-economico

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- a) la verifica della possibilità di realizzazione mediante concessione rispetto all'appalto
  - b) analisi della fattibilità finanziaria (costi e ricavi) con riferimento alla fase di costruzione e, nel caso di concessione, alla fase di gestione
  - c) analisi della fattibilità economica e sociale (analisi costi-benefici)
  - d) schema di sistema tariffario, nel caso di concessione
  - e) elementi essenziali dello schema di contratto
- 

Source: Public procurement regulation

### 3.1.2 Urban development projects structuring

For the structuring of the Project and/or the Feasibility Study, several cases can be identified, depending on: the availability of already existing documents, the availability of Local Authority internal competences to be activated for the design of projects, or the possibility of activating external consultants.

The different options that could take place for the structuring of the projects are reported below.

1. **Local Authorities already having Project/Feasibility Studies** - this is the best scenario, because the existing FS/Project may already be submitted to UDF candidates and then the same FS/Project could be the base for the call for tenders for the selection of the project vehicle.

This hypothesis does not involve any cost for the Local Authority and it allows for a compression of time for the presentation of the initiative. A risk to be considered is that

existing Project /FS may not be structured in a "JESSICA revolving logic" and, therefore, it may require some adjustments.

2. **Project/FS developed by the Local Authority** - this option allows Local Authority to carry out internally the planning activities, on the basis on JESSICA guidelines. Time needed for the realization of the project/FS may be long and, in principle, comparable (perhaps slightly longer) to those needed to an external consultant. Negative elements of this option are related to the increase of the workload for Local Authority internal structures, which moreover may not be able to deliver a complex urban development project Feasibility Study with the quality required by UDF candidates.
3. **Project/FS developed by external consultants** - this assumption allows to obtain well-structured projects/FS consistent with JESSICA guidelines and attractive to market investors. Negative elements of this option is related to both the time needed for the selection of consultants (to be completed in accordance with the procedures laid down by the Code and the Regulations regarding the award of procurement services, depending on the consulting amount) and the cost to be paid for the advisory.

### 3.1.3 Urban development project, external advisory

If the activation of external consultants for the structuring of the FS/projects is required necessary, then several procedural and financing options could be activated.

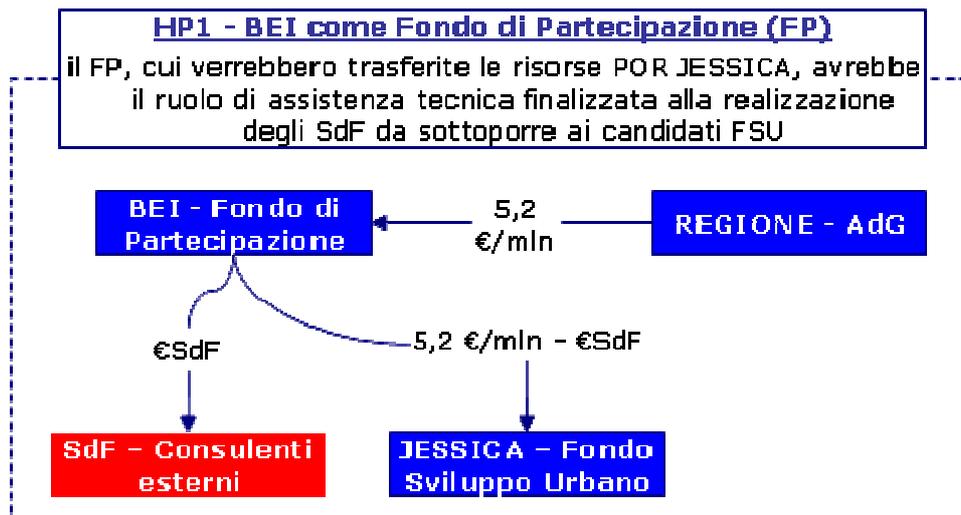
With regard to the **choice of the consultant** two scenarios can be foreseen:

- a **series of contracts/Call for tenders** with individual Local Authorities (with relative increase of time and lack of homogeneity in the standard design);
- the issue of a **single contract/call for tenders** for the selection of a consultant that provides, on the whole region, services for the structuring of projects/FS (with a consequent reduction in procedural time and expense taken as a whole and greater uniformity in the service rendered).

In order to identify financial resources to pay consultants, in the following paragraphs some sources that could be activated are presented.

#### HP1 – EIB as Marche Holding Fund

In order to provide technical assistance to the structuring of Feasibility Studies, a EIB JESSICA Holding Fund ("HF") could be constituted, the HF could use part of JESSICA resources to cover costs for the Feasibility Studies.



The procedure for the involvement of the EIB as Holding Fund can be summarized briefly as follows:

- a sign between the Marche Region (MA) and EIB of a Funding Agreement for the activation of a Holding Fund managed by the EIB for a limited period (e.g. 2 years);
- transferring of JESSICA resources to the HF (about 5.2 million), that will use up to 2% of resources *per annum* (about 100 thousand Euro per year) for technical assistance;
- EIB (as HF), upon approval of the Region, will select the advisors for the implementation of the Feasibility Studies to be submitted to UDF candidates.

In this case, the EIB (HF) would also select the UDF and it would enter into Operational Agreement with the latter.

A period of approximately 3 months can be estimated for carrying out the entire procedure: about one month for the sign of the Funding Agreement MA – HF and two months for the selection of advisors.

The main **strengths** of this procedure are as follows:

- possibility of direct award of EIB as Holding Fund;
- obtaining interim reporting of ERDF resources with the establishment of the HF;
- use of skills, competences and expertise of the EIB to supervise the implementation of the Feasibility Studies, in order that they are coherent with JESSICA and attractive for the market.

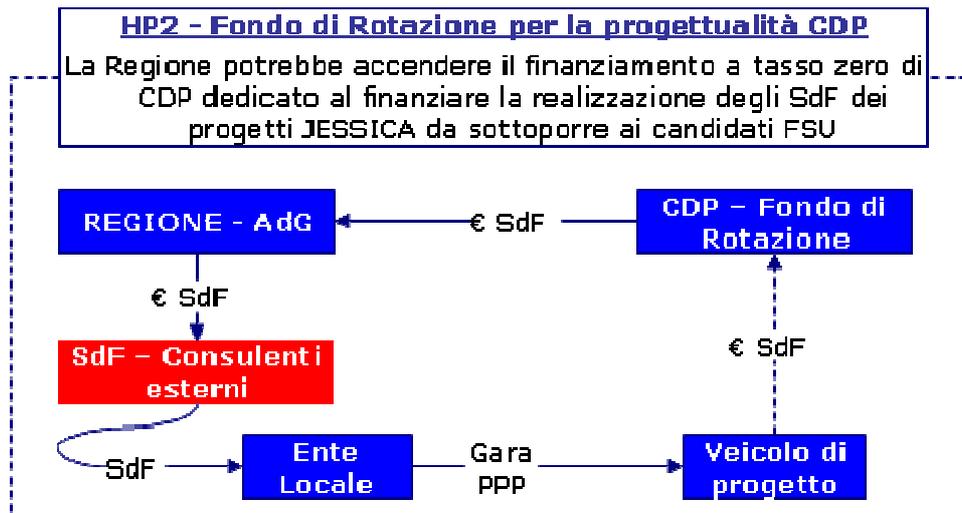
The main **weaknesses** of this procedure are as follows:

- Reduction of JESSICA resources (already scarce) to be invested by the UDF, because they are the same resources used for the structuring of Feasibility Studies, with a potential consequent decrease of the market interest for the JESSICA Marche project;
- potential longer time, because of Regional administrative procedures for the appointment of EIB as HF.

## **HP2 – Cassa Depositi e Prestiti Fondo Rotativo per la progettualità**

To finance the technical assistance necessary to realize the Feasibility Studies a zero interest rate loan can be provided by Cassa Depositi e Prestiti through its "Fondo Rotativo per la

progettualità", which provides a maximum period of three years for the return of the resources provided.



The main elements of this procedure may be briefly summarized as follows:

- Request by the Region and/or Local Authorities of a zero rate CDP financing to cover expenses related to the realization of Feasibility Studies CDP (as stated in *Circolare CDP* February 25, 2003, No 1250);
- The financing is a zero interest loan with a maximum duration of three years, after which the resources should be returned to CDP (in case the financing can be transformed into a five-year mortgage with CDP interest rate);
- It can be assumed that the SPV which will award the project financing contract will have to return the financing to CDP.

For carrying out the procedure, a three/four month period can be assumed: about one/two months for the administrative procedures to require the financing and about two months for the selection of the advisor.

The main strengths of this procedure are the following:

- It does not reduce JESSICA resources (about 5.2 million);
- No interest is required on the financing;
- It can be foreseen that the financing is paid by the SPV that will award the project financing tender (a vehicle that will be participated also by the UDF).

The main weaknesses of this procedure are as follows:

- some elements of the project must be provided to CDP before requiring the financing;
- funding must also be returned to CDP if the project will not start (no grant resources).

### HP3 – use of Marche OP resources

The use of OP resources (in particular Axis VI or V) can be assumed to finance Feasibility Studies. This has to be consistent with OP constrains and it does not have to affect disproportionately JESSICA resources.



In order to use OP resources for the financing of FS two procedures can be hypothesized, briefly described in the following paragraphs.

- **Procedure 1** - use of OP Axis V JESSICA resources (part of the 5,2 million Euro) to finance consulting costs to deliver the FS to be submitted to UDF candidates;
- **Procedure 2** - use of OP Axis VI resources for the financing of technical assistance to finance consulting costs to deliver the FS to be submitted to UDF candidates;
- For the **selection of consultants**, the Marche Region will have to issue a call for tenders, or to entrust the task directly to facilities enabled, as allowed by national legislation and Regulations.

The main strengths of this procedure are as follows:

- If financing comes from Priority VI axis, then it does not affect JESSICA resources (5.2 million);
- Resources can be used as grant, possibly they can be refunded by the SPV awarding the project finance contract.

The main weaknesses of this procedure are as follows:

- need to check both the amount to OP available resources, particularly with reference to the Axis VI, and eventual constrains to use these resources to finance Feasibility Studies;
- if resources come from Axis V, then a reduction of JESSICA funds occur, resulting in a potential decrease of market interest for the JESSICA Marche project.

### 3.2 Activation of private public partnership procedures

In this context, Public Private Partnership procedures are intended as procedures in which a private entity is responsible for the construction and operation of a work and the reward for its activity comes from cash flows generated by the project and (eventually) from public contributions (Art. 143 of the Code)<sup>2</sup>.

The main features of the PPP procedures, and their interaction with JESSICA are briefly summarized as follows<sup>3</sup>:

- in PPP procedures the execution (and operation) of a public work is led by a private and/or mixed company (SPV);
- the SPV remunerates its work and investment with the cash flows generated by the project and/or with a contribution paid by the public;

<sup>2</sup> In any case, the compensation should come primarily from operating income and should not eliminate the risk in-chief dealer.

<sup>3</sup> For more detail on the subject you should refer to the Feasibility Studies JESSICA made for some Italian regions and posted on the EIB web site.

- The JESSICA Urban Development Fund can participate in PPP project as shareholder and/or as lender of the SPV.

Some typical features of PPP procedures and structures are the following:

- A Special Purpose Vehicle (i.e. Limited Liability corporation, Real Estate Fund, etc..) is created and it is responsible for the building and management of the work;
- three typologies of SPV shareholders can be generally identified: builders (that will carry out the work), facility managers (that will manage activities) and financial investors (that invest in the project);
- SPVs typically have a high financial leverage (debt/equity ratio) that is paid out with project cash flows.

### 3.2.1 JESSICA and PPP procedures

JESSICA (especially the UDF) can operate as a shareholder in the SPV, significantly increasing the leverage effect to be activated, alternatively the UDF can provide credit to the SPV however activating a smaller leverage effect.

Interactions between the JESSICA Urban Development Fund and the SPV appointed to build and operate works are as follows:

- the UDF (JESSICA) can operate or as a shareholder of the SPV (i.e. financial partner) or as a credit provider of SPV;
- if the **UDF acts as a shareholder of the SPV** it can create an important investment leverage, because risk capital is usually the scarcest financial source in urban development projects, on the other hand risk capital takes an high risk profile in the urban initiative, it is therefore important the UDF has an active role in the SPV management;
- if the **UDF acts as lender of the SPV** it allows for an expected quicker/smooth return of invested resources, however (unless the case of an interest rate considerably lower than the market - which may be prohibited by the State Aid regulation) it does not promote a substantial aggregation of third parties resources.

**Figure 6 – example of possible interaction between the SPV and the UDF**



Source: Sinloc elaborations

### 3.2.2 The role of the UDF in PPP procedures

In the selection of a SPV for the build and operate of a urban development project, the call for tenders will have to specify the UDF will provide equity and/or credit to the winning SPV candidate.

A brief description of the procedure to be followed by UDF to transfer JESSICA resources to the SPV is presented:

1. the UDF identifies eligible projects where to invest JESSICA resources, on the base of at least a Feasibility Study;
2. The Feasibility Study/preliminary design identified by the UDF will be the base of the call for tenders (issue by the Local Authority) for the selection of the SPV that will build and operate the urban development initiative (ex Art. 143 or 153 code); the call for tenders will specify that the selected SPV will receive equity and/or credit from the UDF;
3. Once awarded the project finance contract and after all necessary administrative procedures, the UDF will transfer its JESSICA resources into the SPV, thus obtaining the final report of the JESSICA ERDF resources.

**Figure 7 – UDF and SPV interaction**



Source: Sinloc elaborations

## 4. JESSICA Marche – available procedures

Main elements to be considered in the JESSICA procedure are briefly reported. A focus is posed on: JESSICA resources form of investment, the quality of urban development projects and characteristics of the market for potential investors.

### JESSICA resources form of investment

- It can be preferable to use JESSICA resources in the form of equity (risk capital) because of: the low amount of OP resources, the possibility of attracting other investments (other risk capital and loans), the governance and management of the project;
- It can be preferable the UDF having a minority share (i.e. about 30%) of the SPV, in order to avoid interests misalignment among shareholders;
- Alternatively, the use of JESSICA resources in the form of loans may, however, be efficient because it would stabilize UDF cash flows streams with a less active management profile of the UDF within the project; however this option would not allow for a significant attraction of other investors.

### The quality of urban development projects

- to attract private investors, projects should already be structured foreseeing PPP procedures and they should allow UDF candidates to evaluate the economic and financial elements of projects;
- projects (Feasibility Studies) should be structured as foreseen by the law (DPR 207 5 October 2010) and therefore they could be the base for a PPP call for tenders;
- if projects were not well defined and/or if they were structured in a "grant logic" it would be difficult to attract UDF candidates.

### Market characteristics and needs of UDF potential candidates

- to act as UDF candidates an important investment is needed (e.g. creating ad hoc Business Unit within a financial institution and/or creating an ad hoc vehicle); this could not be justified by prospecting revenues, given the limited amount of JESSICA resources (maximum annual fee for the UDF amounts to about 150 thousand Euro)
- it can be important to aim at a very high co-financing that UDF candidates could offer in order to create many important projects;
- if the market (UDF candidates) results not to be interested in the JESSICA Marche scheme, it is important to have a B plan, eventually with an in-house structure (e.g. Regional Development Bank).

#### 4.1.1 JESSICA procedure critical phases

Two phases will be particularly critic: the identification and structuring of urban development projects and the selection of the UDF.

These two phases could in part overlap and they will lead to different results depending on how they will be managed.

The main procedural and strategic elements to be considered for the structuring of urban projects and for the selection of the UDF are reported.

### Urban Development Projects scouting and structuring

- The selection and structuring of urban projects can be carried out either through a competitive procedure, for instance with a call for tenders addressed to Local Authorities, or focusing on projects already known by the Region and that are consistent and ready for JESSICA;

- the design level of the project and the information set to require to Local Authorities will have to be as much complete as possible and comparable to those required by Art. n.14 of the Italian Procurement Code;
- presented projects will be firstly assessed by the Region and then they will be submitted to the UDF that will decide on which project to invest both JESSICA and co-financing resources;
- if the information set provided by Local Authorities will be less detailed than what required by the law, it will be needed to define who will be responsible to make it consistent using what kind of resources.

### **UDF selection**

- the UDF selection can be performed by mean of a competitive call for tenders (preferred option) or allowed in house structures could be directly awarded (B Plan option);
- the informative set (eligible projects) that will be provided to UDF candidates will be crucial for the commitment of co-financing resources;
- considered the low amount of OP resources (and consequently of management fees) the UDF will agree to play an important role in the structuring of projects only with adequate incentives (e.g. co-investing in projects with fair market returns, etc..)
- the UDF can then either select urban projects already structured *ex ante* by Local Authorities (preferable and more realistic option), or it can contribute to their structure.

#### **4.1.2 JESSICA Marche available options**

Three main procedures for identifying and structuring urban project and for the selection of the UDF can be identified:

#### **Procedural hypothesis 1 – two phases competitive procedure**

1. response of Local Authorities to the call for expression of interests (for the selection of urban projects) and submission to the Region of an informative set about the project;
2. Regional assessment of projects with respect to their coherence with objectives and constraints defined *ex ante* (i.e. OP, timing of procedures, informative set, etc..) and ranking of projects;
3. Feasibility Studies structuring of two/five projects with the best score in the aforementioned ranking, through the activation of *ad-hoc* advisory or through other means;
4. UDF selection providing the structured Feasibility Studies to candidates.

#### **Procedural hypothesis 2 – two phases competitive procedure**

1. response of Local Authorities to the call for expression of interests (for the selection of urban projects) and submission to the Region of an informative set about the project;
2. Regional assessment of projects with respect to their coherence with objectives and constraints defined *ex ante* (i.e. OP, timing of procedures, informative set, etc..) and ranking of projects;
3. Opening of the UDF selection process during which candidates will have to structure themselves the Feasibility Studies (containing all information required by aforementioned Procurement Regulation) of projects in which to invest. It should be noted that the reimbursement of costs incurred by UDF for the preparation of the Feasibility Studies may not be covered by JESSICA Resources transferred to the UDF, in the light of the provisions of Art. 2.6.2 of the COCOF note (COCOF\_10-0014-04-EN).

### **Procedural Assumptions 3 - direct assignment**

1. identification by the Region, through informal meetings with Local Authorities, of urban development project/s coherent with JESSICA objectives and constrains;
2. direct entrustment by the Region to allowed in house structures which will act as UDF;
3. development of the Feasibility Study by the identified UDF or by other structures.

The three aforementioned procedures will be analyzed in detail in the next section.

### **4.2 Procedure n.1 – ex ante Feasibility Studies structuring**

This hypothesis foresees that the implementation of the FS is performed by the Local Authority or external consultants, prior to the selection of the UDF, so that it can be asked to UDF candidates to commit themselves to co-finance one or more urban development projects.

With regard to this procedure, the main activities to be implemented are illustrated below:

1. issue by the Region of a call for tenders addressed to Local Authorities aimed at obtaining an information set on urban development projects that Local Authorities would finance with JESSICA;
2. ranking (made by the Region) of projects presented by Local Authorities, on the basis of: constrains and objectives of the OP, completeness of the submitted information set, expected profitability of projects, etc.;
3. (eventual) activation of external consultants for the completion/refinement of the Feasibility Studies of the best projects submitted;
4. publication by the Region of the call for expression of interests for the selection of the UDF. The call, among other things, will ask candidates to indicate projects where to invest JESSICA resources and their own co-financing;
5. selection by the Marche Region of the UDF and sign of the Operational Agreement. Once the UDF is selected and OP resources are transferred to the UDF, these will receive the interim reporting;
6. after the selection of the UDF, Local Authorities (in collaboration with the UDF) will define the elements of the call for tenders for the selection of SPV to build and manage urban development projects, foreseeing *ex-ante* the investment of the UDF in the SPV (in the form of risk capital or loan);
7. selection by the Local Authority of the SPV and execution of the required administrative process (i.e. final design [if in the tender the operator has submitted a preliminary project], “*conferenza di servizi*”, approval of the project, inclusion of the project in UDIP [if not already done], implementation and approval of the “*progetto esecutivo*”, etc.).
8. after completion of all these procedures, the UDF will deliver to the SPV JESSICA resources (in one or more tranches) obtaining, thus, the final report of the same.



- UDF returns (if urban projects are sustainable) may come more from expected returns of the co-financing resources (i.e. dividends, interest and capital gains) rather than from the management fee (maximum of 3% per annum of OP JESSICA resources).

**Risks of the procedure** (project viability, market responsiveness, etc..)

- At the project level, at least two/three urban development projects on which to structure sustainable Feasibility Studies should be identified;
- with respect to the UDF selection, the major risk is that no candidates will participate to the call for tenders. This event may occur, on the basis of aforementioned esteems, in February / March 2012 (period of the tender for the selection of the UDF);
- If the aforementioned event will occur, the Region could directly award an in house structure as UDF (see assumptions below), obtaining the intermediate and final reporting of OP resources within the limits laid down by Community Regulations.

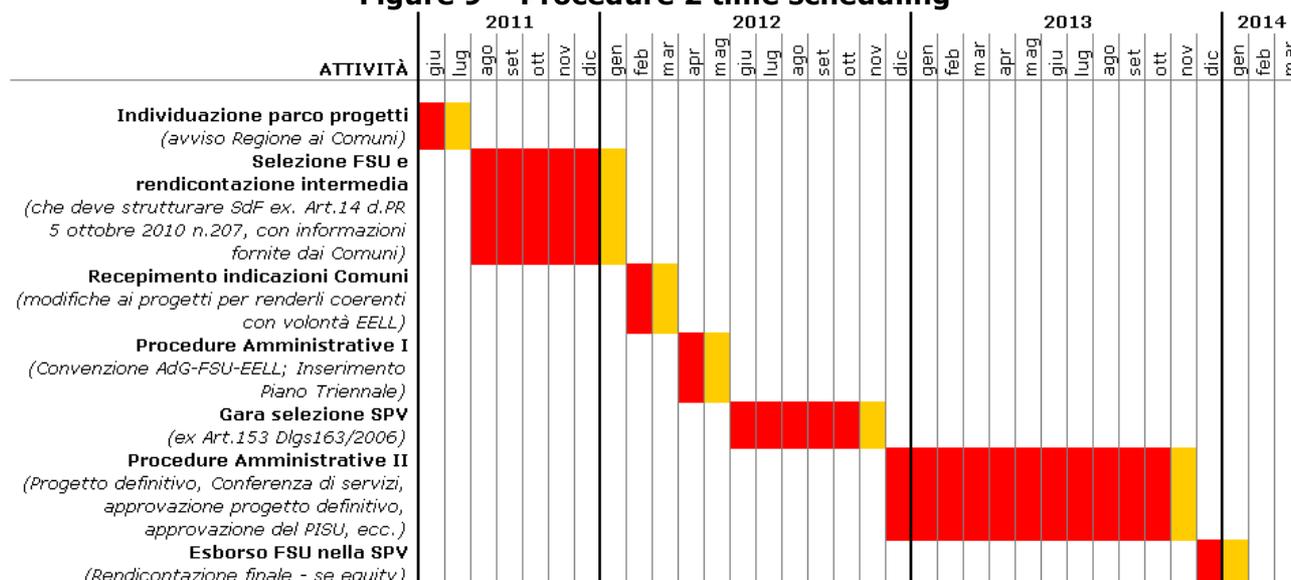
### 4.3 Procedure 2 – ex post Feasibility Studies structuring

This hypothesis foresees that the implementation of the FS is performed by UDF candidates during the selection of the UDF.

With regard to this procedure, the main activities to be implemented are illustrated below:

1. issue by the Region of a call for tenders addressed to Local Authorities aimed at obtaining an information set on urban development projects that Local Authorities would finance with JESSICA;
2. ranking (made by the Region) of projects presented by Local Authorities, on the basis of: constraints and objectives of the OP, completeness of the submitted information set, expected profitability of projects, etc.;
3. publication by the Region of the call for expression of interests for the selection of the UDF. The call, among other things, will ask candidates to structure, on the basis of information provided by Local Authorities, one or more Feasibility Study of projects candidates intend to finance (following the award of the assignment, the UDF will not implement any substantial changes to the FS presented);
4. selection by the Marche Region of the UDF and sign of the Operational Agreement. Once the UDF is selected and OP resources are transferred to the UDF, these will receive the interim reporting;
5. after the selection of the UDF, Local Authorities (in collaboration with the UDF) will define the elements of the call for tenders for the selection of SPV to build and manage urban development projects, foreseeing *ex-ante* the investment of the UDF in the SPV (in the form of risk capital or loan);
6. selection by the Local Authority of the SPV and execution of the required administrative process (i.e. final design [if in the tender the operator has submitted a preliminary project], “*conferenza di servizi*”, approval of the project, inclusion of the project in UDIP [if not already done], implementation and approval of the “*progetto esecutivo*”, etc.).
7. after completion of all these procedures, the UDF will deliver to the SPV JESSICA resources (in one or more tranches) obtaining, thus, the final report of the same.

**Figure 9 – Procedure 2 time scheduling**



Source: Sinloc elaborations

**Assumptions about the timing** that is expected to for the process:

- about **8 months** can be estimated for the selection (sign of the Operational Agreement) of the UDF. Assuming the starting of the process in June 2011, the UDF would be selected in January 2012;
- about **10 months** can be assumed to complete all the necessary administrative procedures for the award of the call for tenders for the SPV selection (as foreseen in Art. 144 or Art. 153 of the Code);
- a period of about **12 months** can be assumed to carry out all the administrative tasks before the beginning of the project (i.e. final project, "conferenza di servizi", executive design, preparation of IDUP, etc.);
- The **final report** of OP resources (in case the UDF transfers in a single tranche all JESSICA resources to the project vehicle) is scheduled for **January 2014**, within the time constraints laid down by Community regulations.

**Assumptions** related to **projects** that are expected to be submitted to UDF candidates:

- considered the risk UDF candidate faces during the UDF selection, it is likely that no more than one Feasibility Study is carried out by each candidate;
- it can be assumed that not all candidates will have all the skills to pPORerly structure the FS in accordance with the provisions of relevant legislation (DPR n.207 October 5, 2010);
- regarding the reimbursement of costs suffered by UDF candidates for structuring the FS, as cited above, it may be problematic the use of JESSICA resources as reported in the COCOF notes (see in particular COCOF\_10-0014-04-EN).

**Interest of the market** for the JESSICA Marche process:

- UDF candidates face very high costs by participating in the call for tenders (three to four months of high skilled work potentially unpaid);
- it is needed UDF candidates have the skills and competences for the structuring of a FS (in the Italian market few companies have these features);
- assuming UDF candidates will not structure more than one FS, than the total investment that the UDF could co-finance is reduced and therefore UDF profit margins are low.

### **Risks of the procedure** (project viability, market responsiveness, etc..)

- it is very unlikely to find UDF candidates interested in participating in the call for tenders (unless projects submitted by Local Authorities are not sustainable, comprehensive and well defined or that UDF candidate does not already have a project ready and coherent with the guidelines of Local Authorities);
- It is estimated that any negative event might happen immediately after the call for tenders for the selection of the UDF August 2011;
- If the aforementioned event will occur, the Region could or follow the first procedure or directly award an in house structure as UDF (see assumptions below) obtaining the intermediate and final reporting of OP resources within the limits laid down by Community Regulations.

### **4.4 Procedure 3 – direct award of the UDF role**

This hypothesis (Plan B) foresees that the Region directly awards the role of UDF to an in house structure and that the identification of urban development projects and their structuring occurs at a later stage.

With regard to this procedure, the main activities to be implemented are illustrated below:

1. direct award of the role of UDF from the Region to an in house structure suitable to serve as UDF manager (i.e., Regional Development Bank or a financial vehicle connected to it);
2. contextual identification (through meetings with Local Authorities) by the Region/UDF of an urban development project to invest in JESSICA resources;
3. on the aforementioned project a Feasibility Study will be structured (by internal structures of the Local Authority, by the UDF, or by external consultants) coherently with the objectives of JESSICA, the OP and other constrains;
4. Local Authorities (in collaboration with the UDF) will define the elements of the call for tenders for the selection of SPV to build and manage the urban development project, foreseeing *ex-ante* the investment of the UDF in the SPV (in the form of risk capital or loan);
5. selection by the Local Authority of the SPV and execution of the required administrative process (i.e. final design [if in the tender the operator has submitted a preliminary project], "*conferenza di servizi*", approval of the project, inclusion of the project in UDIP [if not already done], implementation and approval of the "*progetto esecutivo*", etc.).
6. after completion of all these procedures, the UDF will deliver to the SPV JESSICA resources (in one or more tranches) obtaining, thus, the final report of the same.



**Risks of the procedure** (project viability, market responsiveness, etc..)

- one of the main risks to consider is the potential limited capability of the selected in house UDF to structure a Feasibility Study that can be attractive for market investors;
- this risk may occur at the time of the structuring of the Feasibility Study, which is supposed to occur in **March 2012**.

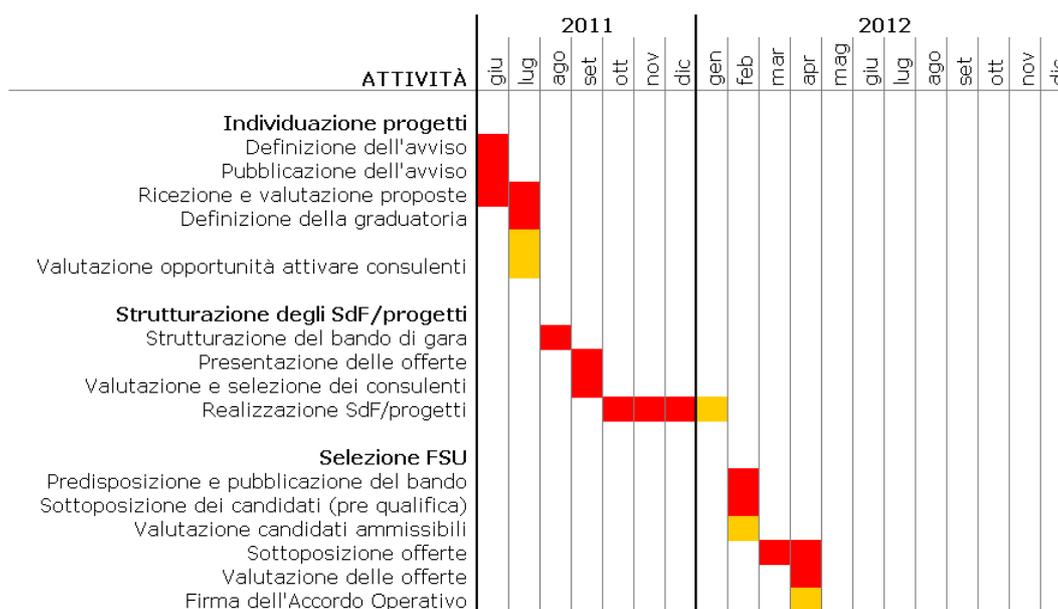
## 5. JESSICA Marche target procedure

Identifying target JESSICA procedure consists of two phases: the identification of projects (and the subsequent structuring of the FS) and the selection of the UDF with the signing of the Operational Agreement.

	MACRO - ACTIVITIES	OBJECTIVES
<b>ACTIVITY 1 PROJECT SCOUTING</b>	<ul style="list-style-type: none"> <li>▪ Defining the elements of call for expression of interests</li> <li>▪ Regional administrative acts</li> <li>▪ Issue of the call for expression of interests</li> <li>▪ Reception and assessment of projects</li> <li>▪ Definition of a ranking of projects</li> <li>▪ Assessment of the need to activate external advisors for structuring FS</li> </ul>	Getting projects: <ul style="list-style-type: none"> <li>▪ economically and financially sustainable</li> <li>▪ as exhaustive as possible with respect to the elements required by Art.14 of the Procurement Regulation</li> <li>▪ ...</li> </ul>
<b>ACTIVITY 2 PROJECT STRUCTURING</b>	<ul style="list-style-type: none"> <li>▪ Completion of required administrative acts for getting resources for financing FS</li> <li>▪ Preparation and issue of the call for tenders for the selection of consultants</li> <li>▪ Ongoing and final assessment of FS</li> </ul>	Getting Feasibility Studies: <ul style="list-style-type: none"> <li>▪ economically and financially viable and complete with respect to the regulatory constraints</li> <li>▪ it may be appropriate to carry out market testing of FS</li> </ul>
<b>ACTIVITY 3 UDF SELECTION</b>	<ul style="list-style-type: none"> <li>▪ Advertising the JESSICA Marche process</li> <li>▪ Preparation and issue of the call for expression of interests for the selection of the JESSICA Marche UDF</li> <li>▪ First assessment of UDF candidates (prerequisites)</li> <li>▪ Assessment of submitted proposals</li> <li>▪ Selection of the JESSICA Marches UDF</li> </ul>	Select a UDF committed to: <ul style="list-style-type: none"> <li>▪ manage OP JESSICA resources</li> <li>▪ co-finance (one or more) urban projects</li> <li>▪ supporting Local Authorities in the implementation if the PPP procedure for the selection of the SPV</li> <li>▪ ...</li> </ul>

About 10/11 months are expected for carrying out all needed activities for the selection of the UDF; this period will eventually be compressed depending on the quality and coherence of the projects presented by Local Authorities in the first phase.

**Figure 11 – target procedure time**



Source: Sinloc elaboration

## 5.1 Urban development initiatives scouting

For the identification of the projects to be submitted to UDF candidates, a call for expressions of interests addressed to the main Marche Municipalities (more than 25.000 inhabitants) could be issued.

### Characteristics and classification of the call for expressions of interest

- call for expression of interests functional for the JESSICA initiative for which the Region has decided to allocate for the 2007-2013 period about 5.2 million related to Axis V;
- the call is aimed at identifying and obtaining detailed information of urban development initiatives that Local Authorities consider to have priority and to be consistent with JESSICA;
- proposal submitted are not binding: neither for Local Authorities nor for the Region;
- the period of time for submitting the proposal is about 60 days.

### Projects and procedure typologies

- The call for EoI will describe eligible project typologies (i.e. PPP projects, relevant investment size, coherence with OP constrains and objectives, etc.) and required informative set to be submitted (i.e. FS as foreseen by Art 14 of the Procurement Regulation);
- the Region will define a ranking of projects on the basis of their coherence with JESSICA mechanism, OP objective and constrains, and other criteria that will be ex ante defined in the call for EoI;
- once the ranking will be defined, the Region will decide, if needed, to engage ad-hoc advisors to integrate/complete the informative set of projects with the highest score;
- JESSICA viable projects (eventually integrated/completed by consultants as aforementioned) will be submitted to the UDF candidates who will propose OP JESSICA and co-financing resources allocation.

### 5.1.1 Project typologies

Several project typologies are eligible, in particular it is desirable to obtain integrated urban development projects foreseeing PPP procedures, with wide functional mix and with significant investment size.

#### Sought after project typologies

- Projects are expected to be implemented through PPP procedures (i.e. art. 143 or 153, Italian Code of Contracts);
- A functional mix would be preferred (e.g. commercial, tertiary, parking, public transportation, social functions, public spaces, energy efficiency, research centers and technology transfer, etc.), however also projects foreseeing a single function are eligible;
- Projects foreseeing only housing are not eligible;
- Projects are expected to be developed on public areas/buildings (or on areas/building in the availability of public-private entities);
- Projects are expected to be financially sustainable (i.e. ex-ante expected return on investment must be positive);
- projects are expected having a relevant size (about 10 Euro million or more), in order to bear costs related to PPP structuring;
- projects are expected to be integrated (e.g. acting synergistically for the transformation/regeneration of a whole area) and not in a micro-operations logic;
- projects are expected to be already included in local planning documents (e.g. Strategic Plan, "*Piano Triennale delle Opere*", etc.). If the project will be selected by the UDF it will be needed to insert it within an Integrated Urban Development Plan.

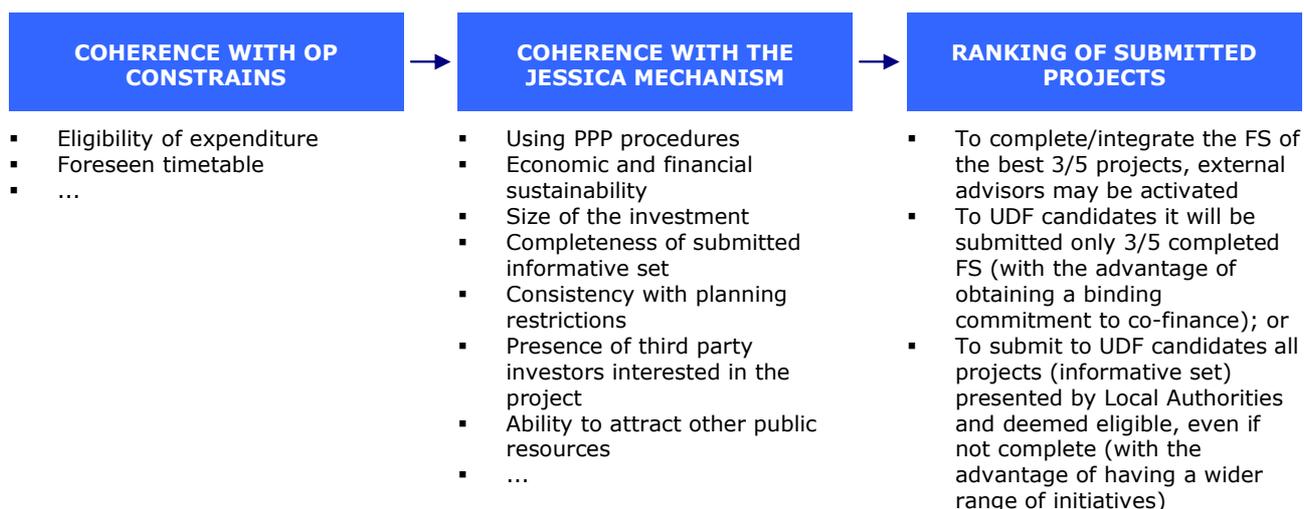
#### 5.1.2 Required informative set

The information set provided by Local Authorities has to enable UDF candidates to assess investments, moreover, for structuring a PPP call for tenders, the submitted Feasibility Study has to be structured in accordance with art. 14 of the Procurement Regulation, posing a focus on the following elements:

- strategy and procedure (i.e. objective of the project, description of the procedure, etc.);
- graphical representations of the project (e.g. renderings, project design, etc.);
- state of the area/buildings (e.g. property, current functional mix, current state of preservation, etc.);
- planned functional mix and size of functions;
- proposed interventions (e.g. demolition and reconstruction, restoration, rehabilitation, new construction, etc.);
- expected time schedule;
- costs estimates (e.g. technical expenses, cost of the work, contribution to the cost of construction, value of contributions, fees, etc.);
- estimated revenues (e.g. local market features per each function, etc.).

#### 5.1.3 Assessment of submitted projects

Submitted projects will be assessed by the Region (in case, assisted by outside experts) both in terms of their consistency with objectives and constraints of the OP, and with regard to the objectives of the JESSICA Marche process. The output of this phase will be a ranking of submitted initiatives to define which FS to complete/integrate.



## 5.2 Feasibility Studies consultants

The selection of consultants will occur in the case the informative set presented by Local Authorities are not complete; they will be asked to complete/integrate about 3/5 submitted FS (as provided by Art. n.14 of the Contracts Code).

### Objectives:

- The result of the work of the consultant will be FS complete of all the elements as required by art. 14 of the Code of Contracts;
- The basis of FS will be information provided by Local Authorities and a strong cooperation between Local Authorities and consultants will be needed;
- If the Local Authority deem appropriate to activate procedures different from Project Financing (Art. 153 Code), such as a concession (art. 143 et seq. Code), than it will be needed that consultants will provide the documents required by the standard (i.e. preliminary project).

### Focus of the FS

- **Relazione illustrativa** - local context analysis (i.e. urban planning, demography, Real Estate market features and trends, analysis of project alternatives, environmental impact analysis, etc.).
- **Relazione tecnica** - size of the intervention, types of works to be implemented (e.g. renovation, new construction, etc.), time schedule, investment brief estimate;
- **Elaborato tecnico economico** – procedural, economic and financial analysis with a detailed explanation of: assumptions, inputs, key performance indicators, etc.

### Skills required to the consultant

- procedural, financial and economic analysis of urban transformation/development projects;
- environmental analysis and engineering/architectural skills for the structuring of projects.

## 5.3 UDF selection

In order to select the UDF through a competitive process, several procedures could be activated, excluding the activation of the EIB as Holding Fund (which would allow the activation of the negotiated procedure)<sup>4</sup>, allowed by the Italian Code of Contracts.

<sup>4</sup> Where EIB was activated as Holding Fund, the selection procedures of the UDF would be within its competence. In this case, the EIB may use their own selection procedures, which include, for service contracts, the ability to negotiate deals (see below), allowing a greater degree of flexibility than provided by the Italian Code.

The procedure analyzed in this report is the award of a contract for services because it is expected to be more consistent with the contractual terms of the call for tenders for the selection of the UDF, in view of the fact that the service is rendered by the UDF to the Region and it is paid by means of the management fee.

### 5.3.1 UDF selection – process phases

The selection of the UDF is expected to be divided into two phases, possibly preceded by appropriate marketing activity of the JESSICA Marche process.

During the first phase UDF candidates requisites will be verified, while during the second phase proposals will be assessed.

Once the UDF will be selected, the Operational Agreement will be signed between the Marche Region and the selected UDF.

The call for tenders aims at obtaining binding offers by UDF candidates on well-structured urban projects and with well-defined investment conditions.

The expected activities of the process are listed below.

0. **Advertising of the JESSICA Marche process** - if deemed necessary the Region may advertise the JESSICA process through press conferences, workshops, etc., in order to activate the market interest. This activity should not create any advantage among future participants in the call for tenders.
1. **Pre-selection of candidates** (about 1 month) – it will be required applicants to declare the existence of the requirements, general and special, for participating in the call for tenders, including:
  - regular contributions;
  - regularity in tax administration;
  - authorization to operate in Italy;
  - financial reliability;
  - experience in the field of urban transformation and in the management of funds;
  - etc.
2. **Submission of proposal and selection of the UDF** (about 2 months) – it will be asked candidates to present their offer which will contain, among other things:
  - legal, organizational and governance structures of the proposed UDF;
  - economic and financial planning of the projects candidates intend to finance specifying the amount and investment form of JESSICA and co-financing resources;
  - the business plan of the UDF, specifying the amount of the management fee (maximum amount allowed by the Community Regulations shall be equal to 3% of OP JESSICA resources);
  - a draft of the Operational Agreement (using a scheme provided by the Region) which will specify conditions (i.e. legal, governance and organizational structure, co-financing resources, minimum conditions, etc.).

The call for tenders shall specify the basic conditions, failing which the candidates will be released from the commitments made in terms of financing (e.g. UDF minimum returns, terms of use of JESSICA and co-financing resources, allowed investment form, accuracy of FS assumptions, maximum timeframe of the planning process, etc.).

### 5.3.2 Candidates prequalification

During this phase candidates will be required to declare the possession of the general requirements (as foreseen by Art. 38 of the Code) and specific requirements, related to their economic-financial and technical capacity, as specified in the call for tenders.

The relevant certificates and other evidence will be verified later, under the provisions of the Code (Art. 48).

Information on FS of urban development projects may be disclosed during this phase or during the following stages of the process.

Documentation required to UDF candidates may be the same typically required by the EIB in the selection of UDF candidates (see for example the call for expression of Interests the selection of UDF for the Sicilian and Sardinia Region).

**Figure 12 – prequalification process example**



Source: Sinloc elaborations

### 5.3.3 Proposal assessment process

Candidates who are admitted to the second phase and so invited to submit their bids will be provided all other tender documents - specifications and draft of the Operational Agreement - as well as a complete set of information on the FS (if not already done).

As part of their bid, it will be asked them to formulate the business plan of the UDF (as made so far by EIB in other calls) and to complete the draft of the Operating Agreement.

Candidates will have to submit two offers: the technical offer and the economic offer that have to be separated, in particular items to be evaluated should not be contained in both offers. The criterion that will be used in the selection of the candidate will be the most economically advantageous one, it will be primarily evaluated the technical offer and subsequently the economic offer (which could include management fee and co-investment).

In order to allow the necessary transparency in the evaluation, it will also be necessary to distinguish between the elements subject to qualitative and quantitative evaluation.

Bids submitted by applicants will be evaluated through an assessment matrix (published in the call for EoI and, therefore, known *ex ante* by candidates) that considers the main issues relevant to the parties; an example of this is in the following figure.

**Figure 13 – example of the offers evaluation process**

CANDIDATI AMMESSI	Struttura proposta 0 - 10 punti	Organizzazione e Governance 0 - 10 punti	Esperienze e Key Expert 0 - 10 punti	Commissioni applicate 0 - 15 punti	Gestione della uscita 0 - 5 punti	Strategia di Investimento 0 - 50 punti	VALUTAZIONE OFFERTE	SELEZIONE FSU - FIRMA ACCORDO OPERATIVO
A	<ul style="list-style-type: none"> <li>▪ Flessibilità</li> <li>▪ Trasparenza</li> <li>▪ Tempistiche</li> <li>▪ Autorizzazioni</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Processo decisionale</li> <li>▪ Monitoraggio</li> <li>▪ Reportistica</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Team esperti</li> <li>▪ Esperienze rilevanti de key expert</li> <li>▪ ..</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ammontare</li> <li>▪ Modalità di calcolo</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tempistica prevista</li> <li>▪ Garanzie previste</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mezzi propri</li> <li>▪ Rendimento</li> <li>▪ Progetti</li> <li>▪ Supporto CCLL</li> <li>▪ ...</li> </ul>	A (63)	A
B	2	3	4	4	5	45	B (36)	
C	5	5	8	0	3	15	C (48)	
	10	6	2	10	0	20		

Source: Sinloc elaboration

It should also be defined in advance by the Region in the call for EoI which are the basic conditions for investment, without which the bidders are not bound to their commitment.

Specifying ex ante these conditions, conditioned offers can be avoided, lowering the risk of recourses and the difficulty of comparison.

The conditions that can be placed may concern:

- the correctness of assumptions of the FS presented by the Region to candidates, for the technical and (e.g. dimensions, volumes, etc..) urban elements (e.g. consistency with planning tools, administrative needed acts, etc..) as well as for the output of the FS, in particular with respect to the expected return of the project;
- the approval of the planning instruments to ensure that the project can be activated (if administrative acts or other procedures are required in order to make the planning instruments consistent with the work to be carried out).

The offer can contain a draft of the Operational Agreement (in its guidelines prepared by the Region), that will show the main points of the offer (i.e. structure, organizational model, dedicated staff, commission rates, how to exit from investments, commitment to investment, etc.) and the constraints imposed by the Region with respect to resource transferring, investment guidelines, management and monitoring of JESSICA resources.

The Region will award the contract and sign the Operating Agreement with the candidate who will present the best offer, after having ascertained all the requirements on the part of the same (under Articles. 48, 11 and 12 of the Code) and after the end of the suspension period under Article 11 of the Code (35 days after final notification of the award participants, pursuant to art. 79 of the Code).

#### **5.3.4 Elements to be considered in the offers evaluation**

The elements to be evaluated will be multiple, in this specific case a particular importance will be made on the amount and conditions of co-financing resources. The followings are items that can be evaluated with their possible scores.

##### **LEGAL STRUCTURE PPROSAL:**

- the weight of this element in the overall evaluation of the tenders can be about 10%;
- the proposed structure must meet the constraints imposed by relevant legislation (e.g. Community Regulations) with particular reference to the obligation not to directly develop projects , but to invest/lend to the SPV or Local Authorities.

This variable can be assessed using indexes as the ones that follow:

- ability to use a mix of investment technical forms (e.g. equity, debt, mezzanine, etc.) consistent with the objectives of JESSICA Marche;
- risks related to the proposed legal structure (e.g. need for approval by the Bank of Italy) and their timing;
- how the proposed UDF decision-making process works and whose are its constraints (particularly important in the case of UDF structured as dedicated capital);
- main procedures that will be followed and level of segregation of JESSICA resources from co-financing sources;
- ...

##### **ORGANIZATIONAL MODEL AND GOVERNANCE:**

- the weight of this element in the overall evaluation of the tenders can be about 10%.

The elements that can be evaluated are:

- organizational structures/persons dedicated to the project, with particular regard to the soundness, transparency and flexibility of the proposed organizational model;
- decision-making process flexibility, transparency and effectiveness, in particular with respect to investment decisions;
- presence in the area of intervention, and/or ability to interact actively with local structures;
- model of cooperation with Local Authorities through the provision of regular meetings to coordinate and support the administrative process, necessary for the selection of the project vehicle (e.g. prediction of the involvement of the UDF in the definition of the call for tenders guidelines, and the draft of the agreement between the Local Authority and the project vehicle, etc. );
- foreseen role of the Region (Managing Authority) in the investment process (e.g. advisory board within the UDF, etc.);
- monitoring and reporting systems of OP JESSICA resources at both the UDF and project vehicle level;
- ...

#### **KEY EXPERT:**

- the weight of this element in the overall evaluation of the tender can be about 10%.

The elements to be evaluated can be:

- consistency and completeness of the proposed team of experts with respect to the JESSICA project;
- Profile of the curricula of proposed leading experts in terms of knowledge, skills and experiences of urban transformation projects, management of structural funds, structuring and evaluation of public private partnership projects, etc.;
- size and strength of the support team operating with leading experts;
- ...

#### **MANAGEMENT FEES APPLIED:**

- the weight of this element in the overall evaluation of the tenders can be about 15%;
- EU regulations impose management fee not to exceed 3% per annum of OP resources transferred to UDF.

The elements to be evaluated will be:

- level of required fees, as a percentage of OP JESSICA resources transferred to UDF;
- incentive system of the management fee (i.e. if the fee is linked to UDF performance, how is it calculated, etc.);
- after 2015 it will be assessed the amount of fees deemed on the UDF managed resources;
- ...

#### **EXIT FROM PROJECTS**

- the weight of this element in the overall evaluation of the tenders can be about 5%.

The elements to be evaluated can be:

- proposed model for exit urban development investments (e.g. sale of the investment stake, ex ante forecasting of a mobilization plan, etc.) both with respect to OP JESSICA and co-financing resources;
- risk assessment of investments held by the UDF and risk mitigation proposals;
- ...

#### **INVESTMENT STRATEGY AND BUSINESS PLAN:**

- the weight of this element in the overall evaluation of the proposal can be approximately 50%.

The elements to be evaluated can be:

- investment strategy of OP JESSICA resources;
- amount and terms of investment of co-financing resources;
- activities to be carried out during the investment process.

In the next section it is analytically described what can be required to candidates in the description of the investment strategy and business plan.

### 5.3.5 Investment strategy and business plan (focus)

The main element to consider in evaluating the proposal of the UDF candidates will be the proposed investment strategy, the commitment to co-invest in projects, any specific conditions and modalities for investment cooperation and support provided to Local Authorities, etc..

In the call for EoI it can be asked UDF candidates to define and describe their investment strategy, and in particular it can be required:

1. to structure the business plan of the projects on which the bidder intends to invest, this:
  - can be equal to or different from that submitted by the Region to candidates and it can contain economic and financial data (i.e. costs, prices, interest rate, cash flows, tax management, etc.), technical aspects of the project (i.e. functions, size, urbanization, etc.) and management aspects (i.e. type of concession, pricing, duration of the concession fees, etc.);
  - has to detail, for both OP JESSICA and co-financing resources, the investment forms that will be used (i.e. equity, debt, convertible bonds, mezzanine, etc.), the investment timing and conditions (i.e. *pari passu* between debt and equity, IRR, NPV, Payback period, debt service coverage ratio , etc.).
2. to structure the business plan of the UDF, through the aggregation of the financial plans of urban development projects, specifying key elements (i.e. required management fee, timing, cash flow management, exit management, etc.); this document shall:
  - show, for a period of at least 15 years, the main economic (e.g. revenue, EBITDA, depreciation and amortization, EBIT, taxes, etc.) and financial dimensions (i.e. cash flows, amount of debt, financial expenses, dividends, reserves, etc.) of the UDF;
3. to determine, where appropriate, the minimum Internal Rate of Return that the UDF candidate can accept for investing in projects, for both OP JESSICA and co-financing resources.

The evaluation of bids submitted by competitors, with regard to investment strategy, can focus on the following four elements:

#### 1. Proposed use of JESSICA resources

The elements to be evaluated will be:

- proposed asset allocation
  - it is preferable that resources are allocated on a variety of projects, in a risk portfolio logic, although in this case it is considered unlikely that many projects will be funded;
- investment features

- the proposed investment form (i.e. equity, convertible bonds, mezzanine loan, etc.), where the object is to obtain venture capital investment proposals;
- the investment timing: in this case it is preferable that the use of resources is not anticipated from other sources and the best is that the work is subject to testing. However, it is important to note a trade-off between the use of JESSICA resources after testing the work and the need to respect the time constraints relating to the reporting of OP resources, pursuant to Community regulations;
- JESSICA resources return on investment
  - it is preferable that the performance is compared to that of other investors having the same risk profile, in order to avoid problems related to State aid.

## **2. The amount and terms of use of co-financing resources**

The elements to be evaluated will be:

- proposed asset allocation
  - it is preferable resources are assigned to a number of projects (possibly those with JESSICA funds), in order to ensure maximum involvement in the management of all initiatives;
- scale and investment form of allocated resources (size of the co-financing)
  - the higher the offered co-financing, the higher the score received. However, it will be much more favorably evaluated a commitment to invest with venture capital rather than with loan, taking into account the different risk profile of the transaction;
  - taking into account the Community legislation, it is considered important that co-financing resources (at the UDF level) respect the *pari passu* rule (i.e. same risk/reward of JESSICA resources);
- Co-financing resources expected return on investment
  - Returns should be assumed at a fair market level

## **3. Conditions required to make the investments**

The elements to be evaluated will be:

- minimum expected rate of return required by the UDF
- regarding co-financing resources, the lower risk/return conditions will be, the higher the candidate's score will be;
- the candidate's option to increase the allocation of co-financing resources, if the project performance was greater than that provided by the FS submitted by the Region, can be positively evaluated.

## **4. Activities in support of E.E.L.L. that will be offered by the UDF**

The elements to be evaluated will be:

- Support for design aspects
  - the candidate availability to provide technical support to the Local Authority, in order to refine the elements of the FS, can be positively evaluated;
  - the availability to cooperate with the Local Authority to provide useful information to identify the characteristics of the project design (in this case the procedure under Article 143 of the Code) can be positively assessed.
- Support for administrative and procedural aspects
  - the availability of the tenderer to provide with assistance to the Local Authority involved in the preparation of the documents necessary to ban the tender (for

the selection of dealer development and management of the works) can be positively evaluated.

### 5.3.6 Operational Agreement

The Operational Agreement will be an output of the offer and it will manage relationship between the Region and the UDF, so it is important to provide candidates *ex ante* with the main conditions which must be covered, in compliance with Community regulations, leaving to UDF the task of completing the information relating to key elements of its offer.

**The basic Operational Agreement can be provided**, in its guidelines, by the Region to UDF candidates who pass the pre-qualification (it is possible to take inspiration from existing models structured by the EIB as Holding Fund) and shall specify:

- **the contract and conditions for transferring and using OP JESSICA resources;** these elements will be provided by the Region and **may include:** amount; transfer manner (single solution or more installments); deadlines to be met both for the transfer and for the investment of resources in the SPV, the form of JESSICA technical resources transferred to UDF (e.g. whether by way of venture capital, mezzanine loan, a subordinated loan, etc.), maximum duration of the contract; how investment returns are managed and returned to the Region (i.e. dedicated bank account), management of taxation; conditions for the resolution of the contract (i.e. not investing resources in a within deadlines, loss of resources due to lack of due diligence of the UDF, use of OP JESSICA resources for purposes not allowed by Community regulations, etc.) constraints relating to the beneficiaries of investments, etc..
- **Features of the tenders submitted:** the tenderers will be able to use a track defined by the Region *ex ante* that should contain all the important parts of the offer being evaluated: the proposed structure, organization and governance, dedicated team (both leading experts and support team), amount of fees required and method of calculation; proposal for the release of JESSICA resources both from projects and UDF (disposal of the Region's participation in the UDF), projects on which the UDF intends to invest, etc.. The models prepared by the Region and made available to candidates has to separate technical and economic aspects, since the two offers should be evaluated separately; priority will be given to the technical aspect.
- **Accessory items:** possibility to increase the amount of resources transferred to the UDF up to a maximum at a certain time frame, how to handle disputes, venues, etc.. These possibilities should also be included in the notice, in particular regarding the budget increase and duration in accordance with Art. 57 paragraph b of the Procurement Code.

### 5.3.7 Procedural risk and alternative options

A critical element to consider in the procedure is the possibility that the tender is deserted after the pre-qualification of candidates. In this case, theoretically, the Region could use the negotiated procedure, pursuant to art. 57 of the Code, without modifying the essential elements of the original tender.

This risk can be *ex ante* mitigated by the Region through appropriated activities to make the market more attractive, such as: structuring of the FS/projects in line with the expectations of investors, market tests on FS, etc.

If the tender is deserted, the Region could activate as UDF other structures, such as in house Regional Development Banks (direct entrust) through the creation of a separate capital within it, or through other solutions.

Following the establishment of the UDF and transferred to it OP JESSICA resources, these will get the interim reporting. At this point, the Region could decide to invest OP JESSICA resources on the initiative that has achieved the highest score in the evaluation of the initiatives presented Local Authority, or on other projects.

## 6. Applicability of the "JESSICA Marche approach" to other Italian regions

This chapter reports an analysis of some of the elements required in order to implement the "JESSICA Marche model" and then it assess the likelihood to apply the "JESSICA Marche approach" on the basis of main features of Italian regions' Operational Program.

### 6.1 Main features of the "JESSICA Marche approach"

In order to assess the practicability of the "JESSICA Marche approach" in other regions, the four variables are crucial, although not sufficient, for the success of the process:

- amount of resources (i.e. availability of OP resources, main deadlines, ...)
- projects (i.e. UDIP existence, readiness, ...)
- structures (i.e. knowhow of financial engineering instruments, in house structures, ...)

Besides the four variables, which will be analyzed in detail later on, other important elements have to be considered, above all the willingness of all the public bodies engaged in the process (in particular Region and Municipalities) to implement the JESSICA mechanism in the most appropriate and consistent way.

For each of the four variables, the characteristics that can make them more consistent with the "JESSICA Marche model" and the reason of that are below reported.

#### 6.1.1 Financial Resources

The main financial resources referred in this section are those of the Regional Operational Program (OP).

In addition to the resources of the OP, that in "JESSICA Marche model" are marginal compared to the total value of projects, it is essential to be able to aggregate other resources, above all private ones, covered in the following paragraph about the market.

The characteristics of the Operational Programme as a whole, which may facilitate the activation of the "JESSICA Marche model" focus on different elements:

- **Amount of available resources** - in the "JESSICA Marche" case, the amount available is very small (about 5.2 million Euro); this condition requires to attract third parties through a strong discipline in the selection and a structuring of urban development projects. Despite the limited resource endowment is not a necessary condition for the "JESSICA Marche model", this may be more effective in a context of limited resources, because:
  - UDF candidates are required to identify projects in which to invest OP JESSICA resources, pledging to co-finance, already in the tender for the selection of the UDF. In a context in which candidates are offered a very large number of projects to be funded, and a large amount of resources to be invested, this procedure could not be appropriate;
  - The time schedule for the use of OP resources established by Community regulations may make it difficult to absorb large amount of EU funding, in particular if they should be used exclusively within a public private partnership process.

Therefore, it is preferable to implement the "JESSICA Marche model" in situations of limited OP resources; but this may be efficient even in contexts of wide availability of resources with the presence of well-structured projects, a timing consistent with the OP and attractive for the market.

- **Forecast of the use of JESSICA in the OP** - JESSICA can be activated only if this is stated in the OP, eventually including the axis or measure on which to activate it. This

element allows to define with a better detail the amount and objectives of the OP resources to use, that will have to be incorporated into UDF investment strategy. In the case JESSICA is not foreseen by the OP, a reformulation of the OP can be made. It is also important that the OP axis or measure are consistent with JESSICA objectives/constraints and so the funding of projects included in UDIP and/or energy efficiency projects.

- **Availability of OP resources and time constraints** - given the length of the JESSICA process, which may involve an expansion of the timeframe in which to get the (interim and final) reporting of the OP resources, the time constraints of OP JESSICA resources have to be carefully assessed.
- **Commitments activated with OP resources** - given the advanced state of the OP, even if the conditions to set the JESSICA model were favorable, resources to be used may already have been placed for the financing of urban development projects in a traditional way (grant). In this case it could be needed to reschedule the ongoing process, eventually through a modification of UDIPs (if existing).

Therefore, it is important to focus on some aspects of the Operational Programme, in order to ensure consistency among the context of intervention, the JESSICA instrument and the implementation procedures of the same.

### 6.1.2 Projects

As already written in previous chapters, a crucial element for activating efficiently the JESSICA tool is the availability of well - structured urban development projects, coherent with the needs of market investors objectives.

The project must be:

- **structured in a revolving way** - a critical issue that occurs with frequency is urban development projects structured in a "grant" logic. This element must be considered preliminary, in order to re-structure projects in a "revolving" way, because this issue is crucial at a time when UDF candidates are asked an important co-financing.
- **Structured as required by national legislation** - the project must be placed in a tender procedure (as specified in previous chapters), therefore they have to contain all the elements foreseen by the national legislation.
- **Contained in Urban Development Integrated Plans (UDIP)** - in order to be eligible for JESSICA finance, project must be included in UDIP. As already written in the previous chapters, the inclusion in UDIP is required when the UDF invests in the project, it is therefore possible to place them in UDIP even in a later stage of the JESSICA procedure.

Given the strategic importance of the urban development projects, it is desirable that, in addition to a planning process, a consensus among the various stakeholders is reached to facilitate and support their execution.

### 6.1.3 Structures

Given the complexity of the JESSICA process, in particular when activated independently and without the assistance of a Holding Fund, it is considered useful that regions are prepared on issues related to the management of financial engineering instruments and, above all, on managing PPP urban development procedures.

To this end, it is desirable that the Regions can leverage on:

- **expertise on financial engineering** - these can be derived from previous experiences in other projects also different from the theme of urban development, such as JEREMIE and

others. Although not essential, this experience can be useful in the proper structuring of the process.

- **Availability of in house structures** - the presence of structures in the region eligible for the role of UDF (such as Regional Development Banks) may be useful (see for instance, B Plan, as described in previous chapters) to solve arising problems in the implementation of JESSICA.
- **Expertise on urban development and public private partnership issues** - a crucial element for JESSICA implementation is the understanding and knowledge of public private partnership mechanisms for implementing and managing urban development projects. To this end, it may be important that regional structures are already experienced and/or that they are supported in the process.

#### 6.1.4 Market

One of the most important elements in the "JESSICA Marche model" is the market response to the project, in particular the availability of market investors/managers available to assume the role of UDF and to co-finance projects.

Within this context there are a few things to consider, in particular:

- **projects** - as already written in previous chapters, the market interest strongly depends on the quality of urban development projects and their coherence with market expectations.
- **Market conditions** - these can be related both to the investment market in urban development (and therefore related to macroeconomic conditions in the field of reference) and to the local market in which projects are located (more attractive in a dynamic and expansive urban context, rather than in a closed and declining environment).
- **Presence of investors in the region** - although not essential, it can be considered positively the presence of local investors engaged in urban development projects implemented in partnership, that might be interested in maintaining and expanding their presence in the territory.

## 6.2 Analysis of Italian Regions OPs

In this section, for each Italian region, some key OP variables, useful to define ex ante the coherence with the "JESSICA Marche model", will be analyzed.

Some regions have not been included in the analysis, in particular:

- Sicily, Campania and Sardinia, where it has already been decided to activate JESSICA
- Abruzzi, where after a process of analysis JESSICA was not considered appropriate.

### 6.2.1 Basilicata

The total budget for the Operational Program is approximately 752 million Euro of which 40% financed by the ERDF.

The possibility of activating JESSICA is scheduled for Axis 5 "Urban Systems" which has a budget of around 74.5 million Euro.

Other axes consistent with JESSICA could be Axis 3 "Urban Competitiveness" (total funding of Euro 79.5 million) and Axis 7 "Energy and Sustainable Development" (with total funding of 186 million Euro).

Asse		Totale	Quota FESR	Cofinanziamento
Asse 1	Accessibilità	116.000.000	46.400.000	69.600.000
Asse 2	Società della conoscenza	88.000.000	35.200.000	52.800.000
Asse 3	Competitività urbana	79.500.000	31.800.000	47.700.000
Asse 4	Valorizzazione dei beni culturali e naturali	82.000.000	32.800.000	49.200.000
<b>Asse 5</b>	<b>Sistemi urbani</b>	<b>74.500.000</b>	<b>29.800.000</b>	<b>44.700.000</b>
Asse 6	Inclusione sociale	98.000.000	39.200.000	58.800.000
Asse 7	Energia e sviluppo sostenibile	186.000.000	74.400.000	111.600.000
Asse 8	Governance e assistenza tecnica	28.186.373	11.274.549	16.911.824
<b>Totale</b>		<b>752.186.373</b>	<b>300.874.549</b>	<b>451.311.824</b>
Quota %		100%	40%	60%

In Axis 5, it is foreseen to implement Integrated Urban Development Plans (UDIP) in the municipalities of Matera and Potenza.

In July 2011 an agreement (*Accordo di Programma*) was signed between the Region and the two municipalities for the implementation of UDIPS, allocating an overall amount of about 73.9 million Euro. Projects to be funded cover many issues, including transport, urban infrastructures and tourist attraction.

In this context, featured by a good UDIP planning stage, an important OP budget and already forecasting the possibility of activating JESSICA, the "JESSICA Marche model" could be activated (even just for a part of the overall UDIP resources).

## 6.2.2 Calabria

The total budget for the Operational Program of the Calabria region amounts to about 3 billion Euro of which 50% financed by the ERDF.

JESSICA is as an option both for Axis 8 "City, urban and territorial systems" which has a budget of around 510 million Euro, and Axis 2 "Energy" with a budget of 209 million Euro.

Asse	Asse	Totale	FESR	Cofinanziamento
1	Ricerca Scientifica, Innovazione Tecnologica e Società dell'informazione	299.824.006	149.912.003	149.912.003
2	Energia	209.876.804	104.938.402	104.938.402
3	Ambiente	359.788.806	179.894.403	179.894.403
4	Qualità della Vita e Inclusione Sociale	269.841.604	134.920.802	134.920.802
5	Risorse Naturali, Culturali e Turismo Sostenibile	359.788.808	179.894.404	179.894.404
6	Reti e collegamenti per la mobilità	479.718.408	239.859.204	239.859.204
7	Sistemi Produttivi	419.753.608	209.876.804	209.876.804
<b>8</b>	<b>Città, Aree Urbane e Sistemi Territoriali</b>	<b>509.700.808</b>	<b>254.850.404</b>	<b>254.850.404</b>
9	Assistenza Tecnica e Cooperazione Interregionale	89.947.200	44.973.600	44.973.600
<b>Totale</b>		<b>2.998.240.052</b>	<b>1.499.120.026</b>	<b>1.499.120.026</b>
Quota %		100%	50%	50%

Integrated Urban Development Plans (UDIP) and Municipal Strategic Plans are foreseen as means for implementing the OP policy related to urban development.

From regional documents seven urban areas have been identified, for implementing about 79 urban development initiatives, totaling about 219 million of OP resources<sup>5</sup>.

The very high amount of OP resources for the financing of UDIP may be a critical element in the application of the "JESSICA Marche model", while it could be considered the opportunity of implementing JESSICA in a "traditional" way, as already developed in other regions.

<sup>5</sup> Programma Operativo Regionale – Asse VIII Città e Aree Urbane

### 6.2.3 Emilia Romagna

The Operational Program of the Emilia Romagna Region has a total budget of about 346 million Euro of which 37% financed by the ERDF.

The OP does not mention the possibility of activating JESSICA (it only mentions that the region reserves the option to activate the JEREMIE instrument), however, two axes of the OP could be consistent with the objectives and constraints of JESSICA: Axis 3 "Sustainable development and environmental-energetic improvement" with a budget of 79 million Euro and the axis 4 "development and qualification of the cultural and environmental heritage" with a budget of about 69 million.

Assi		Totale	FESR	Cofinanziamento
1	Ricerca industriale e trasferimento tecnologico	114.328.164	42.218.240	72.109.924
2	Sviluppo innovativo delle imprese	69.591.056	25.698.059	43.892.997
<b>3</b>	<b>Qualificazione energetico-ambientale e sviluppo sostenibile</b>	79.532.635	29.369.210	50.163.425
<b>4</b>	<b>Valorizzazione e qualificazione del patrimonio culturale ed ambientale</b>	69.591.056	25.698.059	43.892.997
5	Assistenza tecnica	13.876.788	5.124.315	8.752.473
<b>Totale</b>		<b>346.919.699</b>	<b>128.107.883</b>	<b>218.811.816</b>
Quota %		100%	37%	63%

From an analysis of public documents, it would seem the entire amount provided for Axis 3 is already allocated as follows:

- activity III.1.2 - installation of photovoltaic panels on buildings (10 million);
- activity III 1.2 - innovative projects for energy efficiency and renewable energy (15 million);
- activity III.1.1 - projects to create productive Ecologically Equipped areas (51 million).

With respect to Axis 4 the following resources would be already allocated:

- activity IV.2.1 - support the qualification of activities supporting the cultural heritage and environmental programs for the development and promotion of the territory (with an already spent amount of about 24 million Euro);
- activity IV.1.1 - integrated interventions enhancing cultural and environmental resources enhancing their attractiveness (about 40.7 Euro million already spent).

The activation of JESSICA in the Emilia Romagna Region, on the basis of the informative set available, is not feasible because coherent resources have already been used. However, given the experience gained by the Region with other financial engineering tool and the possibility that a limited amount of available OP resources exists, the "Marche model" could be an interesting opportunity.

### 6.2.4 Friuli Venezia Giulia

The Friuli Venezia Giulia OP has a total budget of 303 million Euro, of which approximately 24% consisting of ERDF resources.

Assi		Totale	FESR	Quota Statale	Quota Provinciale	Quota altri EELL
1	Innovazione, ricerca, trasferimento tecnologico e imprenditorialità	138.000.000	33.810.000	72.450.000	31.740.000	0
2	Sostenibilità ambientale	34.850.000	8.538.250	18.296.250	6.543.000	1.472.500
3	Accessibilità	40.000.000	9.800.000	21.000.000	7.720.000	1.480.000
<b>4</b>	<b>Sviluppo territoriale</b>	<b>40.000.000</b>	<b>9.800.000</b>	<b>21.000.000</b>	<b>8.006.760</b>	<b>1.193.240</b>
<b>4.1.a</b>	<b>Supporto allo sviluppo urbano</b>	<b>20.000.000</b>	<b>4.900.000</b>	<b>10.500.000</b>	<b>4.003.380</b>	<b>596.620</b>
4.2.a	Valorizzazione e fruizione delle risorse naturali, culturali e del patrimonio esistente	18.500.000				
4.3	Interventi a favore del turismo sostenibile nelle zone lagunari	1.500.000				
<b>5</b>	<b>Energia</b>	<b>38.031.269</b>	<b>9.317.661</b>	<b>19.966.416</b>	<b>4.740.000</b>	<b>4.007.192</b>
5.1.a	Sostenibilità energetica	12.000.000				
5.1.b	Valorizzazione delle fonti energetiche rinnovabili	24.031.269				
6	Assistenza Tecnica	12.120.054	2.803.763	6.528.583	2.787.708	0
<b>Totale</b>		<b>303.001.323</b>	<b>74.069.674</b>	<b>159.241.249</b>	<b>61.537.468</b>	<b>8.152.932</b>
Quota %		100%	24%	53%	20%	3%

JESSICA is not foreseen in the OP, but some axis could be coherent with its activation, in particular:

- activities IV.1.a - Urban Development Support (budget 20 million Euro);
- axis V - Energy (38 million Euro available).

Activity IV.1.A could be particularly consistent with JESSICA because it provides the structure of Integrated Urban Development Plans for main municipalities.

In this regard, on June 24 2011 the Region has issued a call for expression of interests aimed at "supporting the implementation of Integrated Urban Development Plans (UDIPS)"; the call deadline is November 15, and the available OP resources are equal to about 20 million Euro.

The call foresees a premium for UDIP structured in a Private Public Partnership way, therefore UDIP projects could be coherent with JESSICA.

In this context, given the limited amount of OP resources, the small size of the territory (and therefore of Local Authorities engaged in the process), the "JESSICA Marche model" could be a coherent opportunity. It has however to be considered the presence of some obstacles, such as that ongoing status of UDIP and the absence of JESSICA in the OP.

## 6.2.5 Lazio

The Lazio Region OP has a budget of about 743 million Euro, of which 50% financed by the ERDF.

Initially the Lazio OP did not foresee an Axis devoted to urban development, but after the redefinition of the OP, a new axis 5 has been inserted: "Urban and Local Development" with an overall budget of 80 million Euro. These resources are aimed at funding urban development projects contained in Local and urban development Plans (PLUS) that can be submitted by municipalities with a population exceeding 25,000 inhabitants.

Versione del POR precedente alla rimodulazione				
Assi		Totale	FESR	Cofinanziamento
1	Ricerca, innovazione e rafforzamento della base produttiva	255.000.000	127.500.000	127.500.000
2	Ambiente e prevenzione dei rischi	189.000.000	94.500.000	94.500.000
3	Accessibilità	272.000.000	136.000.000	136.000.000
4	Assistenza tecnica	27.512.676	13.756.338	13.756.338
<b>Totale</b>		<b>743.512.676</b>	<b>371.756.338</b>	<b>371.756.338</b>
Quota %		100%	50%	50%

The Lazio region, in order to allocate Axis V resources, issued on July 2011 a call for expression of interests with deadline October 10 and a total amount of 80 million Euro.

Within this context the implementation of JESSICA could be considered, however, given the large size of the OP endowment, the "JESSICA Marche model" could be an option only for a part of the overall budget.

## 6.2.6 Liguria

The Operational Program has a total budget of 530 million Euro, of which about 32% financed by the ERDF. The OP foresees the option to activate JESSICA for Axis 3 "Urban Development" having a total budget of about 122 million Euro.

The OP foresees also the Integrated Urban Development Plans tool, for planning urban development projects to finance, which has led to the identification and funding of 11 projects.

Assi		Totale	FESR	Stato	Regione e EELL
1	Innovazione e competitività	301.000.000	95.452.000	201.997.200	3.550.800
2	Energia	28.666.000	9.092.000	13.422.400	6.151.600
<b>3</b>	<b>Sviluppo urbano</b>	<b>122.380.000</b>	<b>38.808.000</b>	<b>37.915.200</b>	<b>45.656.800</b>
3.1	Sviluppo sostenibile				
3.2	Potenziamento accesso ai servizi di trasporto				
3.3	Difesa del suolo e prevenzione rischi naturali				
4	Valorizzazione risorse culturali e naturali	58.000.000	18.393.000	17.164.200	22.442.800
5	Assistenza tecnica	20.189.365	6.400.488	8.544.877	5.244.000
<b>Totale</b>		<b>530.235.365</b>	<b>168.145.488</b>	<b>279.043.877</b>	<b>83.046.000</b>
Quota %		100%	32%	53%	16%

The possibility to implement JESSICA in Liguria was investigated in 2009 through a specific feasibility study, which however was not implemented.

Given the advanced state of the UDIP process and the consequent commitment of expenditure, the activation of JESSICA could be difficult, however, if difficulties in the allocation of resources would arise it could be activated the "JESSICA Marche model".

## 6.2.7 Lombardy

In Lombardy the Operational Program has a total budget of 532 million Euro, of which approximately 40% funded by the ERDF.

The OP foresees the possibility to activate financial engineering tools, but it does not indicate a specific axis.

Assi		Totale	FESR	Cofinanziamento
1	Innovazione	262.860.000	104.198.930	158.661.070
<b>2</b>	<b>Energia</b>	<b>50.000.000</b>	<b>19.820.233</b>	<b>30.179.767</b>
<b>3</b>	<b>Mobilità sostenibile</b>	<b>139.000.000</b>	<b>55.100.248</b>	<b>83.899.752</b>
3.1.1	Incremento della mobilità sostenibile			
3.1.2	Implementazione delle reti infrastrutturali secondarie			
4	Tutela e valorizzazione del patrimonio naturale e culturale	60.000.000	23.784.280	36.215.720
5	Assistenza tecnica	20.140.000	7.983.590	12.156.410
<b>Totale</b>		<b>532.000.000</b>	<b>210.887.281</b>	<b>321.112.719</b>
Quota %		100%	40%	60%

Axis that potentially coherent with JESSICA are: 2 "Energy" (with a budget of 50 million Euro) and 3 "Sustainable Mobility" (with a budget of 139 million Euro).

Resources of Axis 3 result to be already awarded, as follows:

- "Accessibility and urban integration of train stations for the development of rail and intermodal passengers" (45 million Euro);
- 3.1.1.2 "Integrated interventions for reducing the environmental impacts of urban mobility and long-distance" (7 million Euro);
- 3.1.2.1 "Interventions for the development of intermodal freight infrastructure" (40 million Euro);
- 3.1.2.2 "Strengthening of secondary road networks by improving links with the primary transport networks (TEN-T)" (35 million Euro).

With respect to the execution of Axis 2 "Energy" the Lombardy Region issued several call for expression of interests, and funded the TREND program (Technology and Innovation for energy efficiency technologies).

Within the afore-described context, the activation of JESSICA could be appropriate if critical situations would arise, in this case the "JESSICA Marche model" may be applied, considering the limited amount of OP resources.

### 6.2.8 Molise

Molise has an endowment of OP resources of about 192.5 million Euro, 37% financed by the ERDF.

The OP foresees the possibility of implementing JESSICA for financing Axis 4 "Environment and Territory," which has a total budget of around 46.2 million.

The OP foresees also Integrated Urban Development Plans for the identification and structuring of projects and it identified five areas of the region eligible for presenting UDIPs.

Assi	Totale	FESR	Cofinanziamento
1 R&S Innovazione e Imprenditorialità	76.044.903	27.953.150	48.091.753
2 Energia	25.990.030	9.552.959	16.437.071
3 Accessibilità	36.578.562	13.444.850	23.133.712
<b>4 Ambiente e territorio</b>	<b>46.204.498</b>	<b>16.983.750</b>	<b>29.220.748</b>
<b>IV.1.1: Sviluppo Integrato nelle Aree Urbane</b>			
IV.2.1: Progetti integrati territoriali nelle aree svantaggiate			
IV.2.2: Servizi ICT nei territori svantaggiati			
IV.3.1 Difesa e salvaguardia del territorio			
5 Assistenza tecnica	7.700.749	2.830.532	4.870.217
<b>Totale</b>	<b>192.518.742</b>	<b>70.765.241</b>	<b>121.753.501</b>
Quota %	100%	37%	63%

On August 30, 2011, the Molise Region has published a call for expressions of interest for main Municipalities and some other Public entities, with the purpose of identifying and funding energy efficiency measures in public buildings and other urban projects.

The total funding made available by the Region is about 18.5 million Euro of OP ERDF resources of which about 9.5 million Euro related to the activity II.1.1 "Rationalization of the use of renewable energy" and 9 million Euro related to the axis IV "Environment and Territory," in particular activities IV.1.1 and IV.2.1. Funding could be provided in the form of "contributions to the spending (grant) and loans to be repaid without interest (revolving finance)".

Given the advanced administrative process related to Integrated Urban Development Plans, the possibility to use JESSICA (foresees in the OP) and the possibility to use OP resources in the form of loans for financing UDIP projects, the use of JESSICA, even in the "JESSICA Marche approach" might be considered.

### 6.2.9 Piedmont

The Operational Program of the Piedmont Region has a budget of about 1 billion Euro, around 40% funded by the ERDF.

The OP foresees the possibility of activating JESSICA on Axis 3 "Territorial Development" which has a total budget of approximately 270.6 million Euro.

Integrated Urban Development Plans are foreseen in the OP, which has provided for that purpose a total funding of about 180 million Euro (90 million Euro for Turin and to 90 million Euro for other provincial capitals).

Assi		Totale	FESR	Quota Statale	Quota Regionale
1	Innovazione e transizione produttiva	497.985.496	197.037.574	231.498.402	69.449.520
	Sostenibilità ed efficienza energetica	270.639.610	107.083.786	125.812.172	37.743.652
<b>3</b>	<b>Riqualificazione territoriale</b>	<b>270.639.610</b>	<b>107.083.786</b>	<b>125.812.172</b>	<b>37.743.652</b>
III.1.1	Valorizzazione dei beni ambientali e culturali				
III.1.2	Imprenditorialità e valorizzazione culturale				
III.2.1	Riqualificazione delle aree dismesse				
III.2.2	Riqualificazione aree degradate				
4	Assistenza tecnica	37.693.538	14.914.176	17.522.586	5.256.776
<b>Totale</b>		<b>1.076.958.254</b>	<b>426.119.322</b>	<b>500.645.332</b>	<b>150.193.600</b>
Quota %		100%	40%	46%	14%

In order to activate the UDIP process, the following calls for expression of interests were issued:

- III.2.2.1 - rehabilitation of degraded areas of Turin Municipality (UDIP) – issued in 2010 and aimed at the realization of the UDIP of Turin with a total of 90 million Euro, for which interventions have been already identified the interventions to be implemented.
- III.2.2.2 - rehabilitation of degraded areas of other provincial capitals - to finance programs and projects of urban redevelopment of areas identified by UDIP, with an overall budget of 90 million Euro. Some projects and UDIP related to this call have already been identified and structured.

Given the outlined context, in particular the total endowment to support UDIP and programming stage, the activation of the "JESSICA Marche model" may not be appropriate. In light of what has just been written, it may be appropriate only for part of the total amount of resources available for financing UDIPs.

## 6.2.10 Apulia

The Apulia Region has a OP budget of about 1 billion Euro, around 40% funded by the ERDF. JESSICA is expressly foreseen for Axis 7 "Competitiveness and attractiveness of cities and urban systems" which has a total budget of 520 million Euro.

Assi		Totale	FESR	Cofinanziamento
1	Promozione, valorizzazione e diffusione della ricerca e dell'innovazione per la competitività	581.000.000	290.500.000	290.500.000
2	Uso sostenibile e efficiente delle risorse ambientali ed energetiche per lo sviluppo	908.000.000	454.000.000	454.000.000
3	Inclusione sociale e servizi per la qualità della vita e l'attrattività territoriale	570.000.000	285.000.000	285.000.000
4	Valorizzazione delle risorse naturali e culturali per l'attrattività e lo sviluppo	392.000.000	196.000.000	196.000.000
5	Reti e collegamenti per la mobilità	1.050.000.000	525.000.000	525.000.000
6	Competitività dei sistemi produttivi e occupazione	1.102.000.000	551.000.000	551.000.000
<b>7</b>	<b>Competitività e attrattività delle città e dei sistemi urbani"</b>	<b>520.000.000</b>	<b>260.000.000</b>	<b>260.000.000</b>
7.1	Piani integrati di sviluppo urbano			
7.2	Piani integrati di sviluppo territoriale			
8	Governance, capacità istituzionali e mercati concorrenziali ed efficaci	115.043.956	57.521.978	57.521.978
<b>Totale</b>		<b>5.238.043.956</b>	<b>2.619.021.978</b>	<b>2.619.021.978</b>
Quota %		100,0%	50,0%	50,0%

In 2009, in order to assess the opportunity to activate JESSICA, a preliminary study was carried out, which however did not find immediate implementation.

In April 2011 the Region has launched a call for expression of interests for the implementation of OP measures 7.1 and 7.2, for the realization of PIST (Integrated Local Development Plans) and UDIP, for a total amount of 104 million Euro.

The context of analysis, featured by a high number of urban areas and a very large amount of resources could be consistent with the activation of JESSICA, but the "JESSICA Marche model" may not be appropriate, or could be activated only on a part of the funds.

## 6.2.11 Trentino Alto Adige

Trentino Alto Adige Region has two operational programs broken down by the Autonomous Province of Trento (64.3 million Euro of total budget of which 30% ERDF) and the Autonomous Province of Bolzano (total funding of 74.9 million Euro of which 35% ERDF), that do not foresee/do not intend to make use of JESSICA in their programming.

Provincia Autonoma di Trento				
Assi		Totale	FESR	Cofinanziamento
1	Energia, ambiente e distretto tecnologico	33.429.313	10.028.943	23.400.370
2	Filiera delle tecnologie dell'informazione e della comunicazione	16.714.657	5.014.471	11.700.186
3	Nuova imprenditorialità	3.857.229	1.157.186	2.700.043
<b>4</b>	<b>Sviluppo locale sostenibile</b>	<b>7.714.457</b>	<b>2.314.371</b>	<b>5.400.086</b>
5	Assistenza tecnica	2.571.486	771.457	1.800.029
<b>Totale</b>		<b>64.287.142</b>	<b>19.286.428</b>	<b>45.000.714</b>
Quota %		100%	30%	70%

Provincia Autonoma di Bolzano				
Assi		Totale	FESR	Cofinanziamento
1	Competitività del sistema economico	27.345.196	9.498.023	17.847.173
<b>2</b>	<b>Sostenibilità ambientale della crescita economica</b>	<b>25.097.644</b>	<b>8.717.363</b>	<b>16.380.281</b>
3	Prevenzione dei rischi naturali	19.478.769	6.765.715	12.713.054
4	Assistenza tecnica	2.996.735	1.040.880	1.955.855
<b>Totale</b>		<b>74.918.344</b>	<b>26.021.981</b>	<b>48.896.363</b>
Quota %		100,00%	34,73%	65,27%

Despite the aforementioned criticalities, some room for implementing JESSICA can be found, in particular:

- Autonomous Province of Trento - Axis 1 "Energy, Environment and Technology District" (about 33.4 million Euro) and 4 "Local sustainable development" (about 7.7 million Euro);
- Autonomous Province of Bolzano - Priority 2 "Environmental sustainability and economic growth" (about 25 million Euro).

Taking into account the willingness expressed by the provinces not to activate JESSICA and the advanced state of planning, the implementation of JESSICA is not likely. However some elements, such as the small number of urban areas and the limited financial resources may make it worthwhile applying the "JESSICA Marche model".

## 6.2.12 Tuscany

The OP endowment in Tuscany Region is equal to about 1.1 billion Euro with about 30% financed by the ERDF.

The possibility to activate JESSICA is stated in the OP and two JESSICA preliminary studies have already been carried out, in order to determine how to develop the JESSICA process at best.

Assi		Totale	FESR	Cofinanziamento
1	Ricerca, sviluppo e trasferimento tecnologico, innovazione e imprenditorialità	399.092.421	126.805.787	272.286.634
2	Sostenibilità ambientale	93.705.478	30.855.764	62.849.714
3	Competitività e sostenibilità del sistema energetico	53.435.733	17.165.001	36.270.732
4	Accessibilità ai servizi di trasporto e di telecomunicazione	266.483.050	88.780.512	177.702.538
<b>5</b>	<b>Valorizzazione delle risorse endogene per lo sviluppo territoriale</b>	<b>277.167.822</b>	<b>61.333.800</b>	<b>215.834.022</b>
6	Assistenza Tecnica	36.767.727	13.525.710	23.242.017
<b>TOTALE</b>		<b>1.126.652.231</b>	<b>338.466.574</b>	<b>788.185.657</b>
Quota %		100%	30%	70%

Regarding Axis 5 "use of local resources for local development", the Tuscany Region has set up a process aimed at structuring and financing urban projects included in Integrated Plans For Sustainable Urban Development.

The administrative procedure for the structuring of urban projects is in an advanced stage, however, in the event of arising any critical elements, the JESSICA option could be turn out to be interesting and, according to the amount of reference, the "JESSICA Marche approach" could be an option.

### 6.2.13 Umbria

The Umbria Region has an Operational Program with a total budget of 348 million Euro, of which about 43% of ERDF resources.

JESSICA can be activated on resources of Axis 4 "Accessibility and urban areas" with a total budget of 73 million Euro.

Assi		Totale	FESR	Cofinanziamento
1	Innovazione ed economia della conoscenza	160.133.402	68.988.909	91.144.493
2	Ambiente e prevenzione dei rischi	52.217.413	22.496.383	29.721.030
3	Efficienza energetica e sviluppo di fonti rinnovabili	52.217.413	22.496.383	29.721.030
<b>4</b>	<b>Accessibilità e aree urbane</b>	<b>73.104.379</b>	<b>31.494.937</b>	<b>41.609.442</b>
5	Assistenza tecnica	10.443.485	4.499.278	5.944.207
<b>Totale</b>		<b>348.116.092</b>	<b>149.975.890</b>	<b>198.140.202</b>
Quota %		100%	43%	57%

The Region has structured the tool of PUC2 (second-generation complex urban programs) to identify the structure urban projects to be financed. The budget of the program is approximately 65 million Euro for about 10 municipalities.

The planning process appears to be in an advanced stage, therefore the "JESSICA Marche model" could be implemented if criticalities would arise, on a limited amount of the total funding, in order to develop financial engineering skills for the next EU programming period.

### 6.2.14 Valle d'Aosta

The Operational Program of the Valle d'Aosta has a total budget of 348 million Euro, of which about 43% of ERDF resources.

JESSICA is not expressly mentioned in the OP, however, the Axis 2 "Promotion of Sustainable Development" (with EUR 25 million) would be coherent with the tool.

Assi		Totale	FESR	Cofinanziamento
1	Ricerca e sviluppo, innovazione ed imprenditorialità	15.000.000	6.000.000	9.000.000
<b>2</b>	<b>Promozione dello sviluppo sostenibile</b>	<b>25.000.000</b>	<b>10.000.000</b>	<b>15.000.000</b>
3	Promozione delle ICT	6.858.188	2.743.275	4.114.913
4	Assistenza tecnica	1.952.425	780.970	1.171.455
<b>Totale</b>		<b>48.810.613</b>	<b>19.524.245</b>	<b>29.286.368</b>
Quota %		100%	40%	60%

From a preliminary analysis of the status of implementation of Axis 2 it appears that the region is at a very advanced implementing stage of projects that could be coherent with JESSICA.

Given the context of the analysis, it is not likely considering the activation of JESSICA, however there are the typology of undertaken projects, and the amount of OP resources would be coherent with the "JESSICA Marche model".

### 6.2.15 Veneto

The Operational Program of the Veneto region has a total budget of 452 million Euro, of which about 46% of ERDF resources.

The Veneto Region has not mentioned in its OP, the possibility to activate JESSICA, moreover it is not scheduled any axis dedicated to urban development.

Assi		Totale	Quota FESR	Cofinanziamento
1	Innovazione ed economia della conoscenza	190.129.062	87.334.766	102.794.296
<b>2</b>	<b>Energia</b>	<b>67.903.237</b>	<b>31.190.988</b>	<b>36.712.249</b>
<b>3</b>	<b>Ambiente e valorizzazione del territorio</b>	<b>69.713.990</b>	<b>32.022.748</b>	<b>37.691.242</b>
4	Accesso ai servizi di trasporto e telecomunicazione	94.801.089	43.546.372	51.254.717
5	Azioni interregionali ed euroregione	20.634.412	9.478.307	11.156.105
6	Assistenza tecnica	9.506.454	4.366.739	5.139.715
<b>Totale</b>		<b>452.688.244</b>	<b>207.939.920</b>	<b>244.748.324</b>
%		100%	46%	54%

Axis that generally could be coherent with JESSICA are Axis 2 "Energy" (with a budget of 67.9 million Euro) and 3 "Environment and development of the territory" (with a budget of 69.7 million Euro).

The Veneto Region has already issued and closed the main call for tenders for the two aforementioned axes; currently, the tender for the activity 2.1.3 "Interventions for energy upgrading in urban systems: heating and energy improvement of public buildings" with a budget of about 19 million Euro is still open.

The objective of the above is consistent and eligible for JESSICA, and given the Veneto Region contest, the "JESSICA Marche model" could be the most appropriate procedure to activate.

### 6.2.16 Main evidences of the analysis

From the analysis carried out it can be noted that many regions are coherent with JESSICA, eventually declined in the "JESSICA Marche model"; in particular, it can be observed the presence of ten regions (excluding Sicily, Campania, Abruzzi and Sardinia, where JESSICA process is already at an advanced stage or has already been judged not viable) where the possibility of activating JESSICA is foreseen in the OP, and seven regions that do not include or exclude the possibility of activating JESSICA.

From the analysis emerges as in many Italian regions there is room for the activation of JESSICA, in support of a procedure for financing Urban Development Integrated Plans and/or energy efficiency projects already started or not yet developed.

As already mentioned above, the "JESSICA Marche model" may also be activated in contexts of abundance of OP resources, if investment projects on which to use the funds have already been well defined and structured.

At the present time, as can be seen from the matrix below (whose data come from the Regional Operational Programs and other documents listed on the regional websites and, with respect to the status of ERDF implementation, on the financial report at 31 May 2010 by the Ragioneria Generale dello Stato - Ministero dell'Economia), some regions may be more coherent with the "JESSICA Marche model"; for example, the regions of Molise, Friuli Venezia Giulia and Basilicata may be of particular interest.

However, in order to starting assessing the opportunity to implement JESSICA, a more detailed analysis of the progress of OPs and projects is needed.

	JESSICA	Assi maggiormente Jessicabili	Totale	Quota FESR	Quota Cofinanziamento	FESR, attuazione al 31 maggio 2010 (impegni)	FESR, attuazione al 31 maggio 2010 (pagamenti)	Piani Integrati di Sviluppo Urbano	Opportunità e criticità di JESSICA
Basilicata	Previsto per l'Asse 5	Asse 5 - Sistemi urbani	74.500.000	29.800.000	44.700.000	38%	18%	Attivati i PISUS per un ammontare complessivo di 74,3 mln di cui 33 per Matera e 40 per Potenza	Potrebbe essere ancora possibile attivare JESSICA, eventualmente con il "modello Marche", risulta necessario valutare l'effettivo avanzamento dei progetti
		Asse 3 - Competitività urbana	79.500.000	31.800.000	47.700.000				
		Asse 7 - Energia e sviluppo sostenibile	186.000.000	74.400.000	111.600.000				
Calabria	Previsto per l'Asse 8	Asse 8 - Città, Aree Urbane e Sistemi Territoriali	509.700.808	254.850.404	254.850.404	31%	10%	Già previsto nel POR l'attivazione dei PISU su sette aree urbane, con l'impiego di circa 219 milioni di Euro	Ammontare troppo elevato per attivare il "modello JESSICA Marche" mentre potrebbe essere valutata l'attivazione di JESSICA
		Asse 2 - Energia	209.876.804	104.938.402	104.938.402				
Emilia Romagna	Non menzionato	Asse 3 - Qualificazione energetico-ambientale e sviluppo sostenibile	79.532.635	29.369.210	50.163.425	70%	20%	Risulterebbe già allocata tutta la dotazione disponibile, tuttavia non si conosce l'effettivo assorbimento delle risorse	Qualora si verificassero problemi di assorbimento di risorse POR, potrebbe essere valutata l'opportunità di attivare il "modello JESSICA Marche"
		Asse 4 - Valorizzazione e qualificazione del patrimonio culturale ed ambientale	69.591.056	25.698.059	43.892.997				
Friuli Venezia Giulia	Non previsto espressamente	Asse 4 - Sviluppo territoriale	40.000.000	9.800.000	21.000.000	27%	9%	Pubblicato bando per il finanziamento dei PISUS per un ammontare di circa 19 milioni di Euro	Il "modello JESSICA Marche" potrebbe essere idoneo al contesto regionale, tuttavia è necessario valutarne l'attivabilità alla luce dell'avanzamento del processo
		5 - Energia	38.031.269	9.317.661	19.966.416				
Lazio	Previsto	Sviluppo Urbano	8.000.000	nd	nd	32%	10%	Pubblicato il bando per il finanziamento dei Piani Locali e Urbani di Sviluppo con dotazione di circa 80 milioni di Euro	L'attivazione del "modello JESSICA Marche" risulta poco opportuno, considerata l'elevata dotazione, tuttavia potrebbe essere valutata se risultasse difficile l'assorbimento delle risorse
Liguria	Asse 3	Asse 3 - Valorizzazione risorse culturali e naturali	122.380.000	38.808.000	37.915.200	29%	12%	Previsto lo strumento dei PISU, risulterebbero individuati 11 progetti integrati da finanziare	L'opportunità di attivare JESSICA, già valutata in precedenti studi, potrebbe riguardare risorse non ancora assorbite
Lombardia	Previsto	Asse 2 - Energia	50.000.000	19.820.233	30.179.767	52%	20%	Risulterebbero già allocate le risorse degli assi maggiormente coerenti	Il "modello JESSICA Marche" potrebbe essere attivato nel caso di mancato assorbimento di risorse
		Asse 3 - Mobilità sostenibile	139.000.000	55.100.248	83.899.752				
Molise	Asse 4	Asse 4 - Ambiente e territorio	46.204.498	16.983.750	29.220.748	25%	10%	Pubblicato a fine agosto 2011 il bando per l'individuazione e il finanziamento dei PISU	Il "modello JESSICA Marche" potrebbe essere coerente con il contesto, risulta tuttavia necessaria una valutazione puntuale del contesto di riferimento
Piemonte	Asse 3	Asse 3 - Riqualificazione territoriale	270.639.610	107.083.786	125.812.172	49%	24%	Allocati circa 180 milioni di Euro, di cui 90 destinati a finanziare il PISU di Torino e altrettanti per finanziare i PISU degli altri capoluoghi di provincia	Potrebbe essere opportuna l'attivazione di JESSICA, eventualmente con il "modello Marche" in particolare nel caso in cui si trovasse difficoltà nell'assorbimento delle risorse POR
		Asse 2 - Sostenibilità ed efficienza energetica	270.639.610	107.083.786	125.812.172				
Puglia	Asse 7	Asse 7 - Competitività e attrattività delle città e dei sistemi urbani	520.000.000	260.000.000	260.000.000	40%	10%	la Regione ha previsto lo strumento dei PISU e PIST (Piani Integrati di Sviluppo Territoriale) per finanziare opere di sviluppo urbano con una dotazione complessiva di 104 milioni di Euro	Il "modello JESSICA Marche" potrebbe non essere percorribile, in considerazione dell'importante ammontare di risorse
Provincia di Trento	Non previsto	Asse 4 - Sviluppo locale sostenibile	7.714.457	2.314.371	5.400.086	60%	27%	Non è stato previsto lo strumento dei PISU per finanziare lo sviluppo urbano	Dato il ridotto ammontare di risorse disponibili, il "modello JESSICA Marche" potrebbe essere attivato, tuttavia risulta necessario un approfondimento sulle risorse ancora disponibili
		Asse 1 - Energia, ambiente e distretto tecnologico	33.429.313	10.028.943	23.400.370				
Provincia di Bolzano	Escluso	Asse 2 - Sostenibilità ambientale della crescita economica	25.097.644	8.717.363	16.380.281	65%	22%	Non è stato previsto lo strumento dei PISU per finanziare lo sviluppo urbano	Dato il ridotto ammontare di risorse disponibili, il "modello JESSICA Marche" potrebbe essere attivato, tuttavia risulta necessario un approfondimento sulle risorse ancora disponibili
Toscana	Asse 5	Asse 5 - Valorizzazione delle risorse endogene per lo sviluppo territoriale sostenibile	277.167.822	61.333.800	215.834.022	52%	20%	Il processo PISUS si trova in uno stato avanzato	JESSICA, in particolare il "modello Marche" potrebbe essere attivato nel caso in cui risultasse difficile l'assorbimento delle risorse previste dal POR
Umbria	Asse 4	Asse 4 - Accessibilità e aree urbane	73.104.379	31.494.937	41.609.442	31%	16%	Previsto lo strumento dei PUC2, attraverso i quali risultano essere stati allocati circa 65 milioni su 10 Comuni	In considerazione del ridotto ammontare delle risorse, l'attivazione del "modello JESSICA Marche" potrebbe essere valutata, in particolare qualora ci fossero problemi di assorbimento risorse
Valle d'Aosta	Non menzionato	Asse 3 - mobilità sostenibile	6.858.188	2.743.275	4.114.913	47%	32%	Il Programma Operativo non prevede l'attivazione dei PISU	Sono stati riscontrati progetti coerenti con JESSICA, tuttavia l'attivazione dello strumento potrebbe non essere percorribile
		Asse 2 - Energia	25.000.000	10.000.000	15.000.000				
Veneto	Escluso	Asse 2 - Energia	67.903.237	31.190.988	36.712.249	42%	22%	La Regione non ha previsto l'attivazione di PISU	Data il ridotto ammontare di risorse POR non ancora allote, potrebbe essere valutata l'opportunità di attivare JESSICA, eventualmente con il "modello Marche"
Asse 3 - Ambiente e valorizzazione del territorio	67.903.237	31.190.988	36.712.249						