

JESSICA

Joint European Support for Sustainable Investment in City Areas • Joint European Support for Sustainable Investment in City Areas

JESSICA

&

The role of EIB

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EIB JESSICA Task Force



Three Js Conference, Bratislava, 16 October 2008

OVERVIEW



- 1. Introducing JESSICA**
- 2. The role of EIB**
- 3. Progress in implementation**
- 4. Key issues & the way forward**



1. Introducing JESSICA

WHAT IS JESSICA?



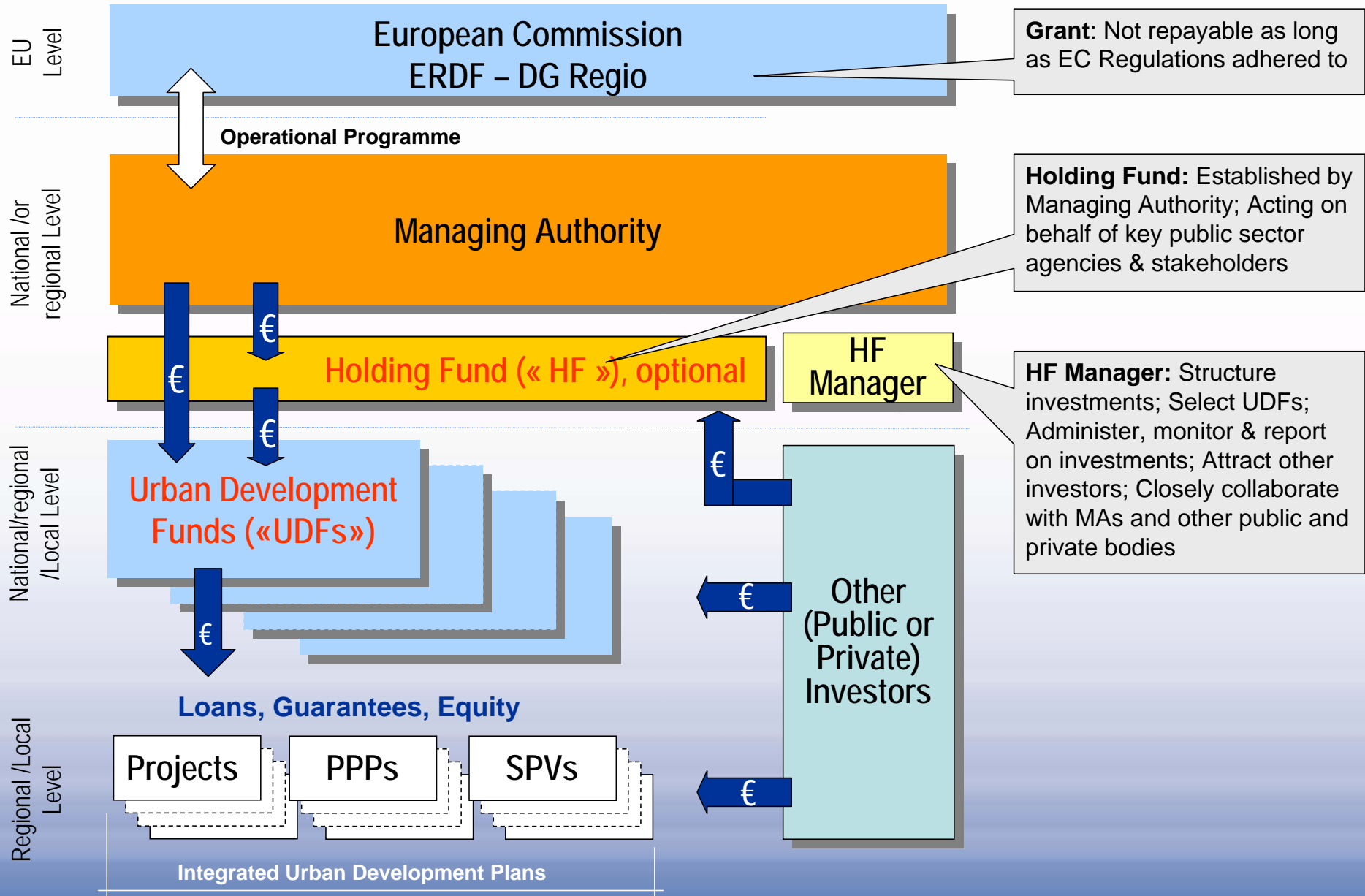
- **Joint European Support for Sustainable Investment in City Areas**
- **Initiative of the European Commission (DG REGIO) launched at end of 2005, and supported by EIB, to strengthen the urban dimension in cohesion policy**
- **Applying “financial engineering” techniques to EU Structural Funds**

WHY JESSICA?

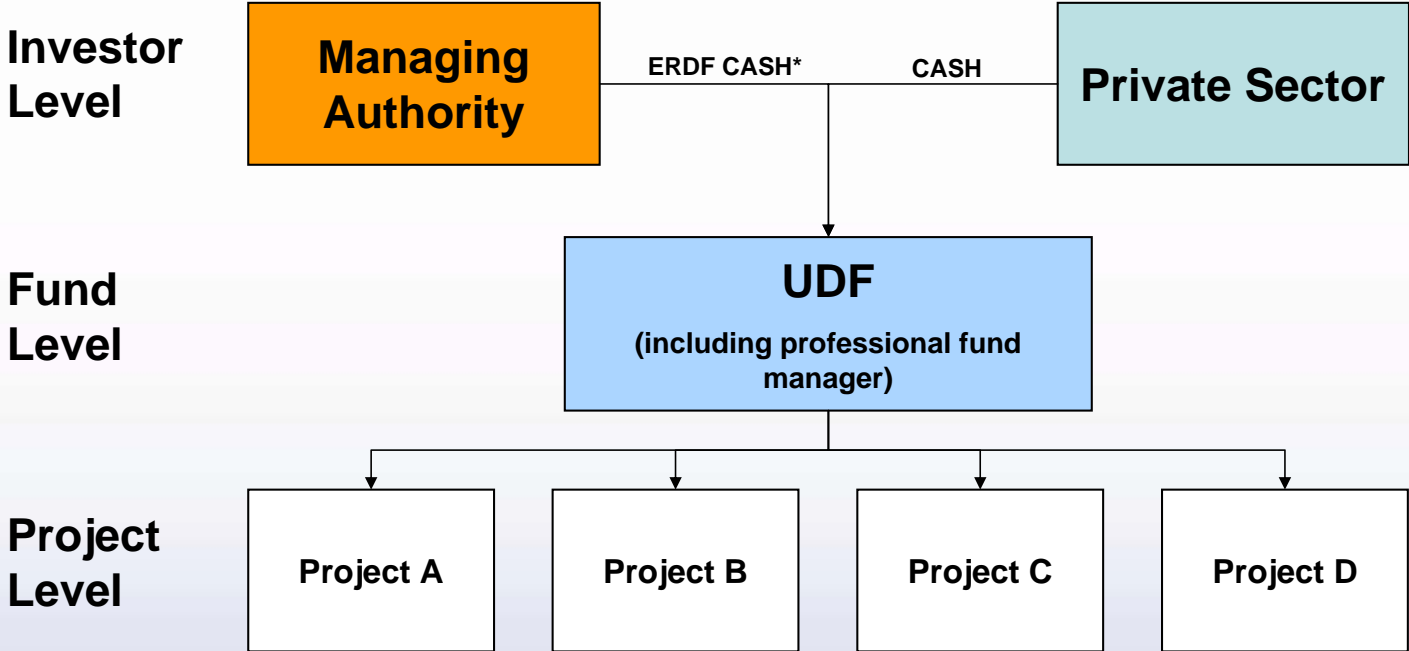


- To make Structural Fund support more efficient and effective by using “non-grant” financial instruments, thus creating stronger incentives for successful project implementation.
- To mobilise additional financial resources and expertise for PPPs and other urban development projects with a focus on sustainability/recyclability.
- To utilise financial and managerial expertise from international financial institutions such as EIB.

JESSICA COMPONENTS - OVERVIEW

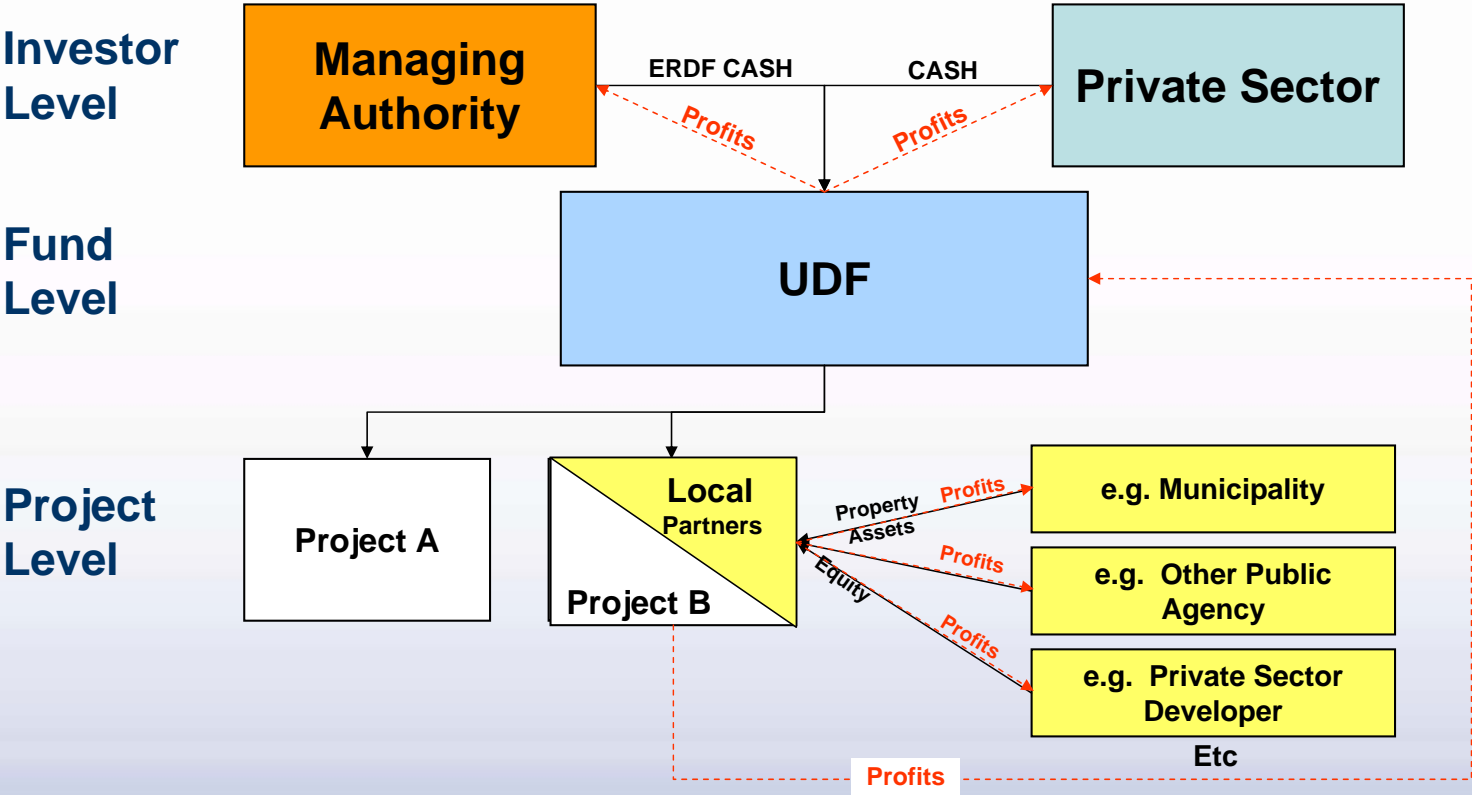


JESSICA COMPONENTS – A SIMPLIFIED MODEL



*and land assets(?) invested at the project level or fund level. - subject to EC direction

JESSICA COMPONENTS – POSSIBLE OPERATION



JESSICA LEGISLATIVE PROVISIONS



- **Art 44 of Council Regulation 1083/2006 outlined the “financial engineering instruments” requirements, that includes provision for Member States to organise Holding Funds by, amongst others, awarding a grant, without need for tender, to EIB.**
- **Art 78 of Council Regulation 1083/2006 outlines “eligible expenditure” and allows for contributions to either UDFs or Holding Funds to be included in the “statement of expenditure” for reimbursement. It also outlines rules on the “reuse” of resources returned on the investment, including interest.**
- **Art 43 and 46 of Commission Regulation No 1828/2006 provides implementing provisions for financial engineering instruments, including UDFs.**
- **Art 44 of 1828/2006 provides implementing provisions specifically with respect to Holding Funds.**

JESSICA BENEFITS?



- **Leverage major, long-term private sector finance and expertise**
- **Catalysing investment in locations that would otherwise fail**
- **Promote/foster financial sustainability/independence**
- **Holistic approach to investment (i.e. beyond money-making)**
- **Public sector objectives protected by fund structure**
- **Responsiveness to change (relative to PPP projects)**
- **Risk reduction through area uplift over the long term and cross subsidisation between a portfolio of projects/sites**

WHAT PROJECTS TYPES ARE APPROPRIATE?



- **Projects that ideally are mixed-use developments.**
- **Encouraging people to live in cities by promoting centralisation and discouraging suburbanisation.**
- **Creating vibrant neighbourhoods and precincts.**
- **In larger cities, use of former industrial sites in central locations, unnecessary ports/logistics nodes in the central area, or large redevelopment areas under public ownership.**
- **In smaller towns, use of infill sites and/or redevelopment areas.**

SOME SPECIFIC PROJECT EXAMPLES



- **Site remediation and preparation**
- **Basic urban infrastructure, street furniture, green spaces**
- **Urban public transport or energy networks**
- **Urban e-government infrastructure**
- **Human capital infrastructure – health and education**
- **Science parks and business clusters/craft workshops**
- **Restoration of historic/listed buildings**
- **Cultural complexes and “signature/landmark” buildings**
- **Multi-use recreational complexes**

SOME INGREDIENTS FOR SUCCESS...



- **A reference integrated urban development plan**
(in line with sustainable development criteria)
- **Commitment of, and clear benefits for, all relevant public stakeholders**
(e.g. Ministries, Regions, Cities)
- **Transparent and efficient planning process**
- **Where appropriate, contributions in kind – publicly owned land and buildings.**
- **Where necessary, technical assistance for project preparation.**



2. The role of EIB

HOW IS EIB CONTRIBUTING TO JESSICA?



- **Promoting & supporting JESSICA implementation in MS:** EIB taking a leading role, alongside DG REGIO, in promoting and developing JESSICA in Member States – acting as a conduit between Managing Authorities and the Commission.
- **Technical assistance** and dissemination of best practice, based on established expertise in lending to urban renewal/regenerations projects across the EU.
- Regulations specifically provide for **EIB to act as a JESSICA Holding Fund.**
- **Providing complementary loan financing** where possible.



3. Progress in JESSICA implementation

JESSICA TASK FORCE ACTIVITIES IN MS



KEY ACHIEVEMENTS TO DATE

➤ JESSICA “kick-off” meetings undertaken in 18 MS; in all, activities undertaken in 22 MS, representing 94% of EU pop.

Kick-offs completed: 18 Countries	Activity initiated (without Kick-off): 4 Countries	Currently inactive: 5 Countries
Belgium, Bulgaria, Cyprus , Czech R. , France, Germany, Greece, Hungary, Italy, Lithuania, Luxembourg, Poland, Portugal, Slovak R., Slovenia , Spain, Sweden, UK	Austria Latvia Malta Romania	Denmark Estonia Finland Ireland Netherlands
86% of EU-Population	7% of EU-Population	7% of EU-Population

JESSICA TASK FORCE ACTIVITIES IN MS



KEY ACHIEVEMENTS TO DATE

- **20 Evaluation studies launched** in EU Member States (Sep 2008)

Key Stages	
1	Study formally requested
2	Technical Committee established
3	ToR agreed
4	Tender issued
5	Consultant selected
6	Contract signed
7	Inception report
8	Technical Committee meeting(s)
9	Draft final study & feedback
10	Final study approved

Status	
	Study completed

JESSICA TASK FORCE ACTIVITIES IN MS



KEY ACHIEVEMENTS TO DATE

➤ 20 Evaluation studies launched in EU Member States (Sep 2008)

JESSICA Evaluation Studies - Progress of studies launched 2008														
	Contact person	Status Sep 08	1st quarter 2008			2nd quarter 2008			3rd quarter 2008			4th quarter 2008		
			January	February	March	April	May	June	July	August	September	October	November	December
Belgium														
Wallonie	EY	1						1					into 2009	
Flanders	EY	1							1				into 2009	
Bulgaria	BF	8	3	4	5			6	7, 8				10	
France	CC	7		7								10		
Germany														
Berlin	BG	10	7, 8		9	10								
Hamburg	BG	5						1, 2			3, 5		into 2009	
NRW	BG	5						1, 2			3, 5		into 2009	
Greece	FL	10	9							10				
Italy														
National	GC	8	7	7	7	7	7	7, 8					10	
Tuscany	GC	6			1, 2		3, 5		6				10	
Liguria (Prometeia)	GC	5			1, 2		3, 5						into 2009	
Liguria (Picco)	GC	5							1	3, 5				
Lithuania	RR	5			1, 2		1, 2, 3	4		5			10	
Luxembourg	BG	1						1					into 2009	
Poland														
Legal study	RR	10				1, 2	3, 5	6, 7		9	10			
Western Regions	RR	5				1, 2	3	4		5				
Southern Regions	RR	5				1, 2	3	4		5			10	
Spain	CC	10		9		10								
Sweden	FL	4		9		10		1, 2	3	4			10	
UK														
London	FL	10	5					6, 7, 8		10				
Wales	FL	9		1, 2, 3, 4		5		7, 8		9		10		
Northern Ireland	FL	5				1, 2		1, 2, 3	4	5			10	

JESSICA OPERATIONS IN MS



OPERATIONAL ENVIRONMENT

There is considerable **diversity in the operational environment in the 27 EU Member States**, precluding deployment of a standardised JESSICA model and **necessitating a customised approach to JESSICA intervention.**

JESSICA OPERATIONS IN MS



INTEREST & ANTICIPATED OPERATIONS

WAVE 1 anticipated in near future	WAVE 2 good progress	WAVE 3 early days
<p>United Kingdom (HF + UDFs)</p> <p>Germany (UDFs Länder)</p> <p>Italy (HF + UDF)</p> <p>Poland (HF + UDF)</p>	<p>Belgium (UDF Wallonia / Flanders)</p> <p>Bulgaria (Holding Fund)</p> <p>France (National UDF)</p> <p>Greece (HF)</p> <p>Hungary (HF + UDF)</p> <p>Luxembourg (UDF)</p> <p>Portugal (HF)</p> <p>Spain (UDF)</p> <p>Sweden (Study)</p>	<p>Cyprus*</p> <p>Czech R.*</p> <p>Latvia (HF)</p> <p>Lithuania (HF)</p> <p>Malta*</p> <p>Romania (HF)</p> <p>Slovenia*</p> <p>Slovak R.*</p> <p>* Contacts at relatively infant stage</p>

JESSICA OPERATIONS IN MS



PROGRESS BAROMETER

JESSICA Operations - Progress Barometer - Sep 2008										
Progress / MS										
Austria										
Belgium										
Bulgaria										
Cyprus										
Czech Republic										
Denmark										
Estonia										
Finland										
France										
Germany										
Greece										
Hungary										
Ireland										
Italy										
Latvia										
Lithuania										
Luxembourg										
Malta										
Netherlands										
Poland										
Portugal										
Romania										
Slovakia										
Slovenia										
Spain										
Sweden										
UK										



4. Key issues & the way forward

OBSERVATIONS & KEY ISSUES



1. JESSICA – a flexible instrument

- JESSICA interpreted differently in different constituencies
- Replicability limited, but knowledge-sharing important

2. Clarification of legal matters required

- Member States have differing legal structures within which the JESSICA instrument will be deployed
- The perceived flexibility of regulations needs to be tested in practice

3. Pan-European exchange and co-operation

NEXT STEPS



- **Clarify and streamline.**
 - Clarify uncertainties and simplify procedures to facilitate embedding JESSICA in Member States
- **Develop Urban Development Funds.**
 - Assist Member States in identifying/developing Urban Development Funds in the various countries
- **Develop JESSICAble projects.**
 - Assist MS/MA/UDF in developing a portfolio of JESSICAble projects – integrated and sustainable transformation

JESSICA COUNTRY CONTACTS



	Population in mio (2005)	No. of MAs	JESSICA Team	Contact person	E-mail	Direct line
Austria	8.2	9	B. Gabriel / G. Carbonaro	Björn Gabriel	b.gabriel@eib.org	+352-4379-83065
Belgium	10.4	3	C. Cuevas / G. Carbonaro	Cristina Cuevas	c.cuevas@eib.org	+352-4379-83052
Bulgaria	7.8	28	R. Rybacki / B. Field	Rafal Rybacki	r.rybacki@eib.org	+352-4379-86433
Cyprus	0.7	6	B. Field / R. Rybacki	Brian Field	b.field@eib.org	+352-4379-83063
Czech Rep.	10.2	14	R. Rybacki / G. Carbonaro	Rafal Rybacki	r.rybacki@eib.org	+352-4379-86433
Denmark	5.4	5	F. Lee / B. Field	Frank Lee	f.lee@eib.org	+352-4379-83062
Estonia	1.3	15	B. Field / F. Lee	Brian Field	b.field@eib.org	+352-4379-83063
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UK	60.0	4	F. Lee / B. Field	Frank Lee	f.lee@eib.org	+352-4379-83062



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