



JESSICA = a joint initiative

- **A new initiative for more investment in sustainable Urban renewal and development**
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JESSICA = Partnerships

- stands for **J**oint **E**uropean **S**upport for **S**ustainable **I**nvestment in **C**ity **A**reas
- is a joint initiative of the Commission and the EIB, with the CEB
- is linked to EU cohesion policy – to EU Structural Funds
- is optional for MS and Managing Authorities



WHY JESSICA-1?

- **Huge investment needs for sustainable cities and towns**
- **Available public resources are scarce**
- **Cities, Regions and States need to invest without further accumulating debt**



WHY JESSICA-2?

- **Need to recycle scarce public money invested in the urban sector**
- **Need to pool public and private resources and expertise**
- **Cities wish to enter in balanced partnerships with the private and banking sector**



How JESSICA works ?

Under JESSICA resources from OPs of the Structural Funds are:

- **invested in PPPs and other projects for urban renewal and development**
- **recycled and reinvested in urban projects**



How JESSICA works - the UDF concept

**Urban Development Funds=
=Partnership- Investment vehicles
= Urban Investment funds**

- **OPs select and invest in UDFs**
- **UDFs invest in PPPs or other urban projects by means of**
- **Equity**
- **Loans**
- **Guarantees**

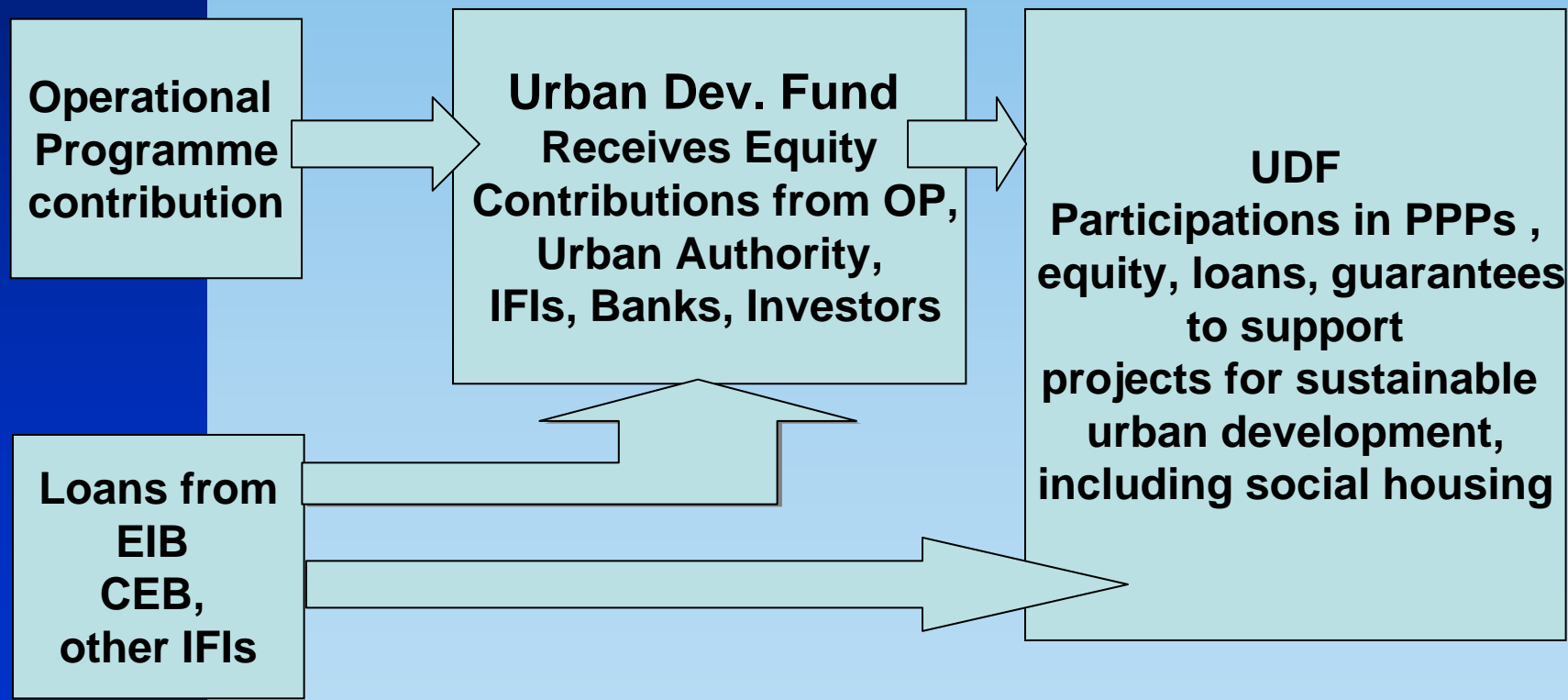


JESSICA AND HOUSING

- **Social housing eligible for the ERDF only in the new MS (art 7(2)ERDF)**
- **JESSICA UDFs must respect this restriction**
- **EIB, CEB, banks, public sector, cities, private partners in JESSICA UDFs, may finance housing in integrated JESSICA projects in all 27 MS**

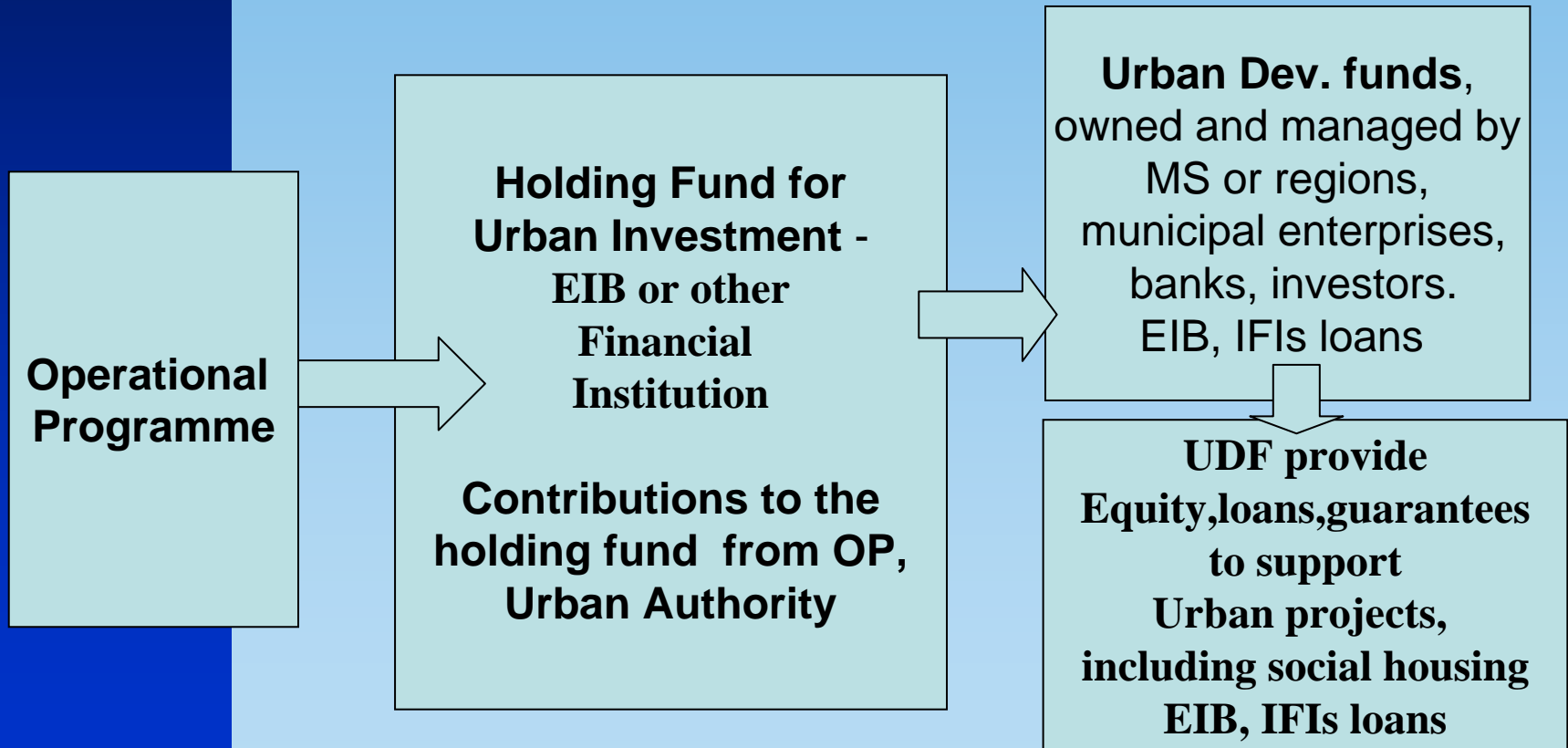


Option 1, Jessica operating through funds





Option 2, Jessica operating through holding funds





JESSICA: Legal framework-1

- **General regulation for the Structural Funds, 1083/2006, Art 44, Art 78(6)**
- **Commission regulation 1828/2006, Articles 43-46**
- **Notes I and II to COCOF on financial engineering**
- **Replies to the questions from the Expert Group of Member States**



JESSICA: Legal framework-2

- **EU and national public procurement legislation**
- **EU and national environmental legislation**
- **State aid rules**
- **Other applicable EU and national legislation and rules**



JESSICA PHASES

- **Phase 1: Preparation**
 - **evaluations**
 - **operational programmes**
- **Phase 2: putting on place structures**
- **Phase 3: Implementation**



Phase 1: Kick-off meetings with MS

- **REGIO and EIB organise kick off meetings with MS to launch evaluation**
- **Such meetings already took place in 18 Ms,
at national or regional level**
- **More will take place in the next few months**



Phase 1: evaluations

- **Studies, to Evaluate potential for urban investments under JESSICA in MS or Regions**
- **Jessica evaluations are carried out by EIB-CEB in 2007 and 2008, some more in 2009**
- **Evaluations co financed by the Commission (85%) - EIB (15%) - CEB is also contributing staff**



Phase 1: Programming

- **OPs prepared by MS include priority axes relating to sustainable urban development**
- **Reference to JESSICA, indicative amounts, holding fund (optional)**
- **Investments in the context of Integrated Urban Development Plans – “Flexible” Bristol criteria for Sustainable Communities**



Phase 2- STRUCTURES

- **Managing Authorities may select a holding fund (optional) to organise operations**
- **Managing Authorities (or holding funds where applicable), select:**
 - **Urban development funds**



Phase 3- implementation: OPs invest in UDFs

- **MA or Holding Funds invest preferably in several UDFs**
- **UDFs invest by means of equity, loans, guarantees, in:**
 - **PPPs**
 - **urban projects, included in Integrated Urban Development Plans**



Implementation- UDFs invest in projects

- **UDFs invest in PPPs or other projects**
- **Such PPPs or Projects may also receive grant assistance from OPs,**
- **ERDF Grants from OPs may finance the equity gap of projects**



JESSICA implementation – Closure of OPs

- **Contributions from OPs to UDFs must be invested:**
 - at least once in the period 2007-2015,**
 - OUT of UDFs, in PPPs or other urban projects**
- **UDFs invest in PPPs or other urban projects by means of equity, loans or guarantees**



Interim and final payments from the Commission - ERDF

OP contributions to UDFs:

- Are eligible for interim ERDF payments**
- They must be invested out of the UDFs in projects, before the end 2015,**
- In such case, they are eligible for final ERDF payments at the partial or final closure of OPs**



Recycling OP resources

- **When OP resources invested under JESSICA are paid back to the UDF, before or after 2015, they belong to the MS**
- **Resources returned must be reinvested in urban projects – see Art. 78(7) Reg 1083/2006**
- **Possibly again under JESSICA!**



JESSICA's added value -1:

- **Pooling Expertise,**
 - **MAs may delegate implementation tasks to experts, like the EIB, other IFIs, specialised banks.**
 - **MAs simplify the financial management of Ops:**
 - **Contr. from OPs to UDFs or HFs *are eligible for ERDF interim payments***



Added value-2: Sustainable investment, Leverage

- **Sustainability of investment: reinvesting contributions from Ops to UDFs or HFs**
- **Leverage: loan capital contributed by the EIB, CEB, other banks, capital contributions by investors**



Added value-3: Innovation, Institution building

MAAs and Cities encouraged to:

- **use innovative and sustainable financing schemes,**
- **Invest more but containing public debt**
- **promote institution and capacity building action**



JESSICA now in operation

- **JESSICA referred in 110 Ops**
- **First steps to prepare JESSICA implementation in:**
 - **UK (London, Wales, etc)**
 - **DE (Saxony and EIB signed an MOU, Brandenburg, etc)**
 - **Poland, region of Wielkopolska**
 - **Italy, Greece, Spain, Cyprus, and more MS will follow**



Good luck JESSICA

- For more info
www.jessica.europa.eu
- www.eib.org
- Thank you