



JESSICA:

An Innovative Tool for Sustainable Investment in Urban Areas

DG REGIO, Financial Engineering



Contents

- **Rationale for JESSICA**
- **Main Characteristics**
- **Milestones & State of Play**
- **JESSICA Networking Platform**
- **Recovery Package:
JESSICA Contribution**



Rationale (1)

- **COHESION POLICY**

Major instrument at community level for the modernisation of the European Union's economy

- **PUBLIC RESOURCES are scarce** compared to increased investment needs



Rationale (2)

- Growing emphasis on the need for an **Integrated Urban Development** Policy
- **EUROPEAN CITIES:** drivers for economic development and competitiveness
A high quality urban environment contributes to the objectives of the renewed “Lisbon Agenda for Growth and Jobs”



JESSICA: **Joint European Support for Sustainable Investment in City Areas**

- **JESSICA is a Cohesion Policy Joint Initiative**
 - Contributes to a more efficient and sustainable Cohesion Policy
 - Supports investment in urban development and regeneration



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Joint Initiative

- **JESSICA is a Joint Initiative of the Commission, EIB, CEB**
 - Pooling together resources and in-depth knowledge of each of the partners
 - Memorandum of Understanding signed between the three institutions
- “A Co-ordinated Approach to the Financing of Urban Renewal and Development for the Programming Period 2007-2013 of the Community Structural Funds”



Partnerships

▪ JESSICA



- Partnership:

Commission, EIB, CEB

- Partnerships:

Member States, Regions, Cities, EIB,
CEB, Banks, Investors





Financial Engineering

- **JESSICA is a tool designed to increase the use of Financial Engineering instruments**
 - Managing Authorities can use some of their Structural Funds allocations to invest in revolving funds



Key Advantages

- **Key Advantages of Financial Engineering**
 - Sustainability by recycling funds over the long-term
 - Leverage effect using grants to attract and combine with private capital
 - Stronger incentives towards better performance
 - New sources of expertise and know-how
 - Development and modernisation of financial markets



Innovative Elements

- **JESSICA: some innovative features**
 - **Repayable investments instead of once-off payment of grants**
 - **Introduction of Urban Development Funds**
 - **Introduction of Holding Fund concept (Optional)**
Benefits: flexibility, expertise, leverage, ...



Main Challenges

■ **Cultural shift**

Regarding the way in which assistance is provided

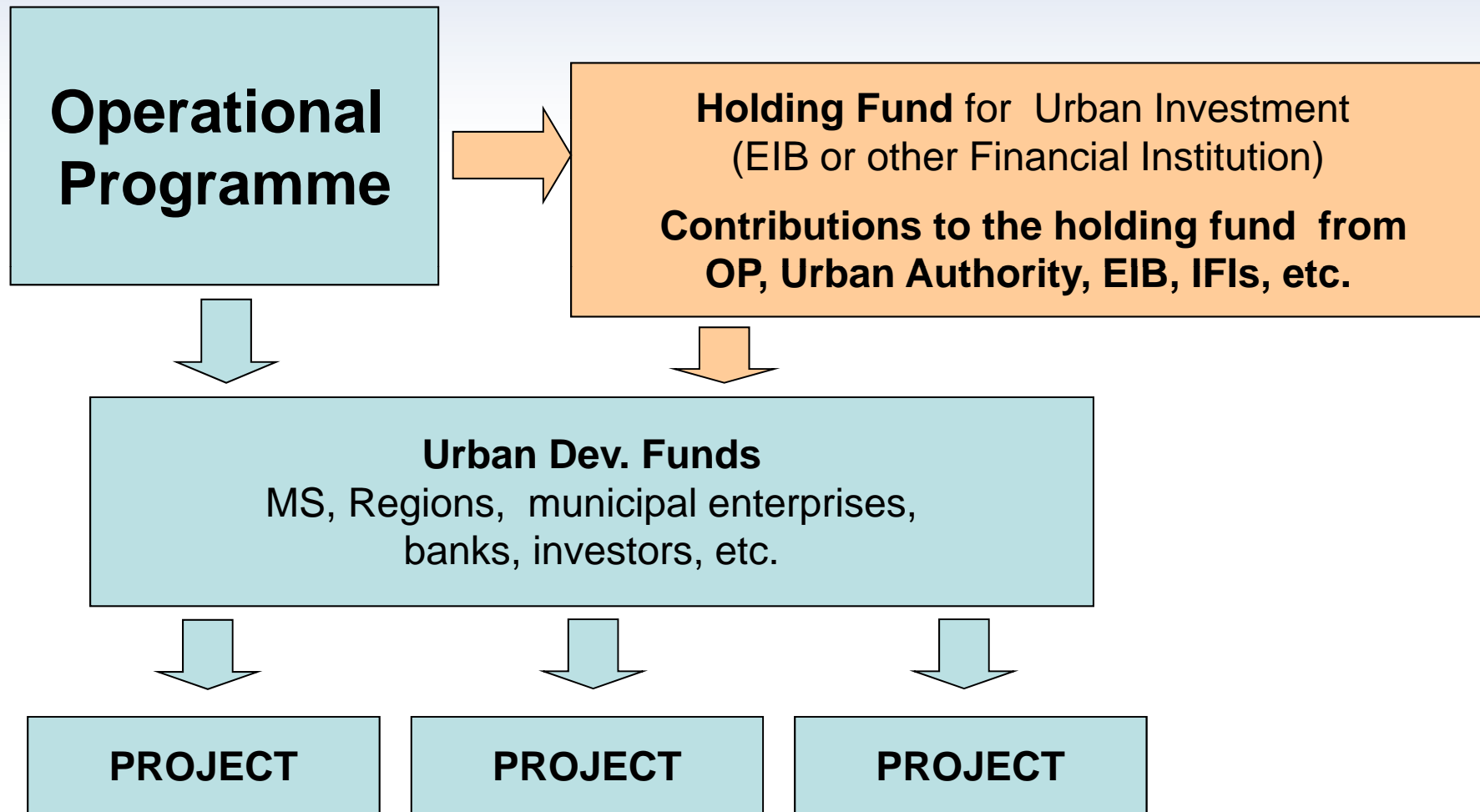
■ **Instrument used for the first time**

Commission efforts to provide a coherent understanding of legal requirements

- 2 Interpretative Notes to COCOF
- Replies to questions of the JESSICA Expert Working Group



JESSICA in Operation



UDFs support **PROJECTS** for sustainable urban development
Participations in PPPs, equity, loans, guarantees



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Milestones & State of Play

2005 **2006** 2007 2008 2009

- **Cohesion Policy Regulations 2007-2013**
 - Provisions related to “Financial Engineering Instruments”
- **Tripartite Memorandum of Understanding**
 - On Urban Renewal and Development signed by Commission, EIB and CEB
- **Preliminary Evaluation Study**
 - Confirms huge potential for the initiative



Milestones & State of Play

2005 2006 **2007-2008** 2009

- **Kick-off Meetings in interested Member States**

- Already organised in 20 Member States
(Bulgaria, Cyprus, Czech Republic, France, Germany, Greece, Hungary, Italy, Lithuania, Poland, Slovakia, Sweden, United Kingdom, Spain, Slovenia, Luxembourg, Portugal, Belgium, Estonia and Malta)

- **Preparatory Activities**

- Taking place in other Member States



Milestones & State of Play

2005 2006 **2007-2008** 2009

- **Specific Evaluation Studies**

- Whenever required are offered to Member States or regions interested in the implementation of JESSICA
- Tailor-made studies to determine how best to organise urban investments
- By 31 December 2008, 23 studies had been launched in 14 Member States

- **JESSICA Evaluations**

- Increasingly considered a key element to assist Member States and regions in the implementation of the initiative



Milestones & State of Play

2005 2006 **2007-2008** 2009



- **May 2007 - First MoU signed**
 - Concerning the implementation of JESSICA in Saxony (Germany) according to a model based on the co-operation with the SAB
- **Nov. and Dec. 2008 – 6 MoUs signed**
 - Between the EIB and Wielkopolska (Poland), Galicia and Andalucía (Spain), Portugal, London (UK) and Greece
 - Foresee that the EIB will assume the task of JESSICA Holding Fund



Milestones & State of Play

2005 2006 2007 2008 **2009**

- **Carry on with JESSICA Evaluations**
 - Spain (Andalucía, Galicia), Belgium (Wallonia), Czech Republic, Greece, UK (Northwest of England), Slovakia, ...
 - By mid-May 36 studies launched – 16 completed – 9 published
- **Additional MoUs signed**
 - 29 Jan 2009: Northwest of England
 - 19 May 2009: Western Pomerania (Poland)
 - 27 May 2009: Bulgaria
- **First JESSICA Operations starting to materialise**
 - Growing interest in MS and Regions



Milestones & State of Play

2005 2006 2007 2008 **2009**

- **29 April 2009 – First JESSICA Holding Fund Agreement**
 - Signed between Wielkopolska (Poland) and the EIB
 - EIB acting as JESSICA Holding Fund
- **Other Holding Fund agreements**
 - 8 May 2009 – agreement between Andalucía (Spain) and the EIB
 - Some 7-8 agreements expected to be signed in 2009



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Our Vision

- **A Tool to foster the development and implementation of JESSICA**
- **A Forum of Exchange**
 - JESSICA: Innovative instrument used for the first time in the 2007/13 Structural Funds programming period
 - Exchange of information, experiences and best practices: essential elements for successful implementation of the initiative
- **Launched by the Commission in co-operation with the EIB and the CEB**



3 Initial Objectives

- **Exchanging know-how and good practices about JESSICA**
- **Increasing the knowledge of financial engineering instruments in the field of urban development**
- **Following the implementation of the initiative in Member States and Regions**



Main Target

- **Managing Authorities of SF Operational Programmes**
 - Already implementing or intending to implement Jessica
- **Open to other interested stakeholders in Member States and regions**
 - Facilitate dialogue and contribute to the establishment of partnerships
- **Interlinking with other networks**
 - Jessica 4 Cities, Network on Financial Instruments, etc.



Work programme 2009

- **Initial meeting of the JESSICA Networking Platform**
 - 4 March 2009 in Brussels
 - Some 100 participants: MAs, other institutions, Commission
- **2nd meeting**
 - Scheduled for 17 June in Brussels
- **JESSICA & JEREMIE Conference**
 - Planned for late October 2009



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Recovery Package

JESSICA Contribution:

- **Cohesion Policy provides liquidity**
- **JESSICA brings reliable financial partners**
- **Revision of the Regulatory Framework:
Maximum efficiency of European resources**



Recovery Package

Legislative revision

- **Amendment of Regulation 1083/2006 (General Regulation)**
 - Article 44 – clarification of issues related to the direct award of contracts to EIB
 - Article 56.2 – clarification concerning the use of “contributions in kind” as regards financial engineering instruments
- **Amendment of Regulation 1080/2006 (ERDF Regulation)**
 - Permitting **energy efficiency and renewable energies interventions in the housing sector** in all Member States



Thank you for your attention

- **For further Information**

Website:

<http://jessica.europa.eu>

Email:

REGIO-JESSICA@ec.europa.eu

DG REGIO – Unit D3 –Financial Engineering