Financing Sustainable Urban Development – JESSICA

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JESSICA and Investment Funds
European Investment Bank
Target projects types

• Regeneration of brownfields sites (post-industrial, post-military)
  • Site clearance and decontamination
  • Purpose: Social, Education, Training, Leisure, Sports and Culture facilities

• Investments in socially deprived areas

• Urban infrastructure:
  • Transport
  • Water and Wastewater
  • Waste and recycling management
  • Energy

• Investments in education and healthcare facilities, including specialised institutions

• Renewable Energy in urban areas (e.g. Solar, Biomass)

• Energy efficiency projects
  • Public and private buildings
  • Cooling and heating systems
  • Street lighting and public lighting (e.g. schools)
  • Traffic systems
  • CO2-reduced urban transport (new technologies)

• Investments to enhance the competitiveness of an urban area
JESSICA – holistic support to urban development

1. Local Investment Strategy
   - Prioritisation of measures (driven by policy goals)
   - Capacity building and knowledge transfer to public bodies & local stakeholders
   - Strong governance and incentive structures

2. Target Investment Projects
   - Identification of viable projects (in line with OP and urban policy objectives)
   - Design, preparation and implementation of local projects (e.g. TA for procuring, contracting, etc.)
   - Bringing together key public and private actors

3. Tailored Financing Solutions
   - Promotion of revolving Financial Instruments
   - Efficient use and leveraging of EU CP resources (EIB, other public and private funds)
   - Pursuit of double bottom line (ERR and IRR)

4. Control, monitoring and reporting
   - Continuous feedback mechanism to adapt and adjust implementation
   - Enforcing governance and incentive structures
   - Supporting to adequate absorption of CP funding

European Investment Bank
Portugal – Terreiro do Paço

Background:
- Area in the historic centre of Lisbon was used as a parking
- The area was then revitalized
- Some of the premises were also converted into cultural and commercial space

Best practice because…
- Links heritage and commerce
- Catalyst: refurbishment attracted enterprises and tourists
- New life in the area formerly occupied by the homeless

Market gap solution
- Under-utilized city space
- Potential for tourism, culture and commerce
- JESSICA leveraged preferential financing from the banks
- Competitive rents attracted new businesses
United Kingdom – TEG Facility

**Background:** Construction of a £21m organic waste TEG facility in the Sustainable Industries Park in Dagenham, London, UK’s largest concentration of environmental industries

**Best practice because...**

- Promotion of a young technology where private measures need incentives/subsidies
- First such plant in London – lighthouse effect
- Brings new life and work prospects to the remote brownfield area
- Part of the largest urban regeneration scheme in Europe

**Market gap solution**

- Shortage of clean-tech growth investment in London
- JESSICA provides equity acting as a catalyst for loans
United Kingdom – Soapworks

Background
• Former Colgate Palmolive factory in Manchester was unused and deteriorating
• Signed to be refurbished and turned into green office space for a variety of sectors + other facilities

Best practice because…
• Big step in city transformation from industry to business hub
• Promotes healthy lifestyle: cultural, family and sports facilities in the complex
• Local employment boosts the economy in the area
Poland – Koźmin Wielkopolski

**Background**
Old gasworks in a commune of 7,000 inhabitants turned into a modern cultural space

**Best practice because...**
Small help made a big socio-economic difference for the community
meeting point, cultural centre and source of income (rent)

**Market gap solution**
Promotes culture and education in the small urban-rural commune

**Paradigm shift:**
pro-active approach as opposed to grant mentality
- No private investors
- Commune actively searched for FI financing and succeeded
Lessons learned from the JESSICA pilot phase

- **Urban Development Funds**
  - Strategic, long-term instrument for integrated urban development
  - Proven concept, popular in times of crisis

- **Grants mentality**
  - Revolving Financial Instruments require a paradigm shift

- **Specific market niche, complexity of urban development projects**
  - TA + capacity building, and lots of it!
  - De-risking urban projects
  - Catalytic effect

- **Discipline, strong governance and incentives**
  - Making it happen through inclusion of the right experts
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