Integrated plans for sustainable urban development in the context of JESSICA

Methodology and characteristics

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JESSICA Networking Platform – Third Meeting

Brussels, 12th March 2010
A key requirement for investment by a UDF to comply with EU Regulations:

“…PPPs and OTHER PROJECTS INCLUDED in an INTEGRATED PLAN for SUSTAINABLE URBAN development”

(Art. 44 of Reg. 1083/2006)
Where JESSICA-compliant Integrated Plan concepts come from...

- EU Regulatory Framework
- Integrated Plan Concepts
- National frameworks (including OP)
- Experience and precedents
- Policy documents and guidelines
The Regulatory Background

- Art 44 Regulation 1083/2006 (General)

- Art. 8 Regulation 1080/2006 (ERDF)

  “In addition to the activities listed in Articles 4 and 5 of this Regulation, in the case of action involving sustainable urban development … the ERDF may, where appropriate, support the development of participative, integrated and sustainable strategies to tackle the high concentration of economic, environmental and social problems affecting urban areas. These strategies shall promote sustainable urban development through activities such as: strengthening economic growth, the rehabilitation of the physical environment, brownfield redevelopment, the preservation and development of natural and cultural heritage, the promotion of entrepreneurship, local employment and community development, and the provision of services to the population taking account of changing demographic structures.”
The Regulatory Background (2)

- COCOF note 08/0002/03-EN of 22/12/2008
  • GUIDANCE NOTE ON FINANCIAL ENGINEERING (Point b.2)

“The Structural Funds regulations for the period 2007-2013 do not include a definition of, or specific requirements for, an “integrated plan for sustainable urban development”.

Consequently, these should be defined by Member States and managing authorities, taking account of Article 8 of Regulation (EC) No 1080/2006 and the specific urban, administrative and legal context of each region.”
Selected Policy Documents / Guidelines

- **Urban Dimension in Cohesion Policy (General)**
  - “Cohesion Policy and the cities: the urban contribution to growth and employment in the regions” (2006)

- **Leipzig Charter**
  - “Leipzig Charter on Sustainable European Cities”

- **Urban dimension in EU Policies (Detailed)**
  - “The urban dimension in European Union policies 2010”

- **Integrated Urban Approach**
  - “Promoting sustainable urban development in Europe”

- **EIB/DG-Regio JESSICA Brochure**
  - “A new way of using EU funding to promote sustainable investments and growth in city areas”
What is an “integrated plan for sustainable urban development”? (1)

“Our integrated plan for sustainable urban development comprises a system of interlinked actions which seeks to bring about a lasting improvement in the economic, physical, social and environmental conditions of a city or an area within the city. The key to the process is “integration”, meaning that all policies, projects and proposals are considered in relation to one another. In this regard, the synergies between the elements of the plan should be such that the impact of the plan as a whole adds up to more than would the sum of the individual parts if implemented in isolation.”

Source: JESSICA Brochure
What is an “integrated plan for sustainable urban development”? (2)

“In many Member States, city-wide and area-based development plans that have been prepared and adopted in accordance with existing planning protocols are likely to satisfy such a definition. Non-statutory plans and other policy documents approved following public consultation and appropriate community impact assessment might also provide an adequate basis for integrated urban development.”

Source: JESSICA Brochure
Liberating the urban agenda …

- The experience gained through Urban I and Urban II-type urban plans developed and consolidated during the programming periods 1994-99 and 2000-06 …

- … while this experience remains an essential point of reference, the “mainstreaming” of the urban dimension into the 2007-2013 programming cycle - i.e.
  - giving the urban agenda a major role in cohesion policy and
  - embedding it within the Operational Programmes

means that the range of urban plans and projects targeted for potential assignment of EU resources has been considerably extended and diversified.
...mainly in three directions:

- Repayable resources through UDF entails the need to address the financial performance within the Integrated Plan:
  - The mix of investment schemes within an Integrated Plan should be established in such a way that projects or packages of jointly implemented projects involve payment mechanisms capable, possibly when combined with grants, of remunerating investors;

- The spatial scale of the Integrated Plan is not restricted to localised urban problems – can be wider than initiatives designed to assist highly deprived areas within cities.
  - Policy emphasis is on obtaining sustainable development outcomes for cities and urban areas - often the appropriate spatial scale for effective plans – e.g. energy efficiency, employment, mass transport – is much larger than a city neighbourhood;

- SF do no focus exclusively on alleviating deprivation, but can support competitiveness and employment objectives
  - By investing in urban assets promoting urban competitiveness, for instance, high-technology clusters, universities and the knowledge industry, tourism and other service sectors.
Other features of Integrated Plans...

- the IP can be implemented in parallel with the project or projects (does not have to pre-exist);
- Integrated Plan as a process – it should not be seen as a closed structure
  - can be adapted / the portfolio of projects amended if the MA so decides;
- vertical and horizontal integration;
- in general: integration not an end in itself
  - not to be seen as a bureaucratic requirement …
  - … but as a more effective way to obtain sustainable outcomes;
- scope to be bold: large-scale projects can be included.
Key Attributes of Integrated Plans
(to be tailored to local circumstances...)

Inclusion of Urban Projects into an Integrated Plan should be officially certified as such by the relevant authority (e.g. MA) – key requirements:

- the geographical area (“Target Area”) should be precisely defined;
- underlying investment strategy, justifying public interest and the need for public intervention (i.e. a planning-driven approach);
- normal elements of a land-use plan with sufficient physical definition of public works needed to achieve the Plan’s objectives;
- compliance with environmental and other procedures under EU law;
- analysis of needs (expected demand for urban assets / services) to which the proposed investment should respond;
- analysis of socio-economic objectives and impacts;
- robust governance structure - timetable and responsibilities including applicable public consultation procedures;
- funding structure ensuring implementation and long-term financial sustainability;
- components to be jointly assessed to satisfy the economic, social, environmental and financial requirements.
Appropriate Integrated Plan not in existence?

No need to panic …

- In order to
  - reduce the risk of excluding cities and valuable Urban Projects from employing JESSICA instruments, and
  - facilitate the parallel development of Integrated Plans and of a system of UDFs capable of strategic investment …

- … a **flexible approach** must be adopted, namely:

- Urban Projects satisfying other requirements but not included in an existing JESSICA-compliant Integrated Plan can be accepted as candidates for UDF funding provided that:
  - there is a **commitment by the relevant authorities to engage in a planning process** satisfying the Integrated Plan criteria within the current SF programming period, and
  - the Urban Projects presented for financing by UDFs are to be **included in the Integrated Plan in preparation**.
Example of Operational Guidelines…
(drawn from the Andalucia case, concept works for other countries and regions)

RATIONALE: flexible interpretation in order to capitalise on plans and strategic urban investment tools already in operation within the region / country or easily implementable

Four types of planning frameworks for Integrated Plans:

- **Integrated Plans as such**, following the procedures foreseen under relevant Priority Axes of Operational Programmes (if necessary adapted to JESSICA instruments)
- **Urban plans of a strategic nature**, providing a broad approach possibly complemented with sectoral plans with a more operational content (e.g. land use plans, mobility plans…), with proper weight to inter-sectoral linkages.
  - e.g. Agenda 21 documents
- **Plans supported by dedicated urban renewal/development agencies** responsible for managing comprehensive investment plans in specific urban areas
  - e.g. Ciutat Vella or Barcelona@22 in Barcelona, PortoVivo in Portugal
- **Plans driven by a “flagship project”**
  - e.g. cases where there are large scale projects possibly multi-use / multi-sector approach and affecting a significant portion of the urban built-up area - complementary investment could satisfy the “integrated plan” requirement.

If a plan or programme does not clearly fall within one of the four types listed above, its compliance with Integrated Plan requirements can be judged on a case-by-case basis.
A “synthetic document” describing the Integrated Plan should include:

1) Delimitation of the Target Area

The area covered by an Integrated Plan.

2) Diagnostics, Integrated aspects and Investment Plan.

The diagnostics of the Target Area based on relevant selection of indicators, an analysis of strengths, weaknesses, opportunities and threats and the expected impact from the implementation of the portfolio of Urban Projects within the IP. Reference to strategic planning documents to provide a justification of the integrated character of the proposed project portfolio and the associated investment strategy.

3) Impact analysis and monitoring

In order to create the basis for monitoring the evolving situation, the applicant should propose a set of suitable indicators, showing their current value in the Target Area and its expected improvement due to the impact of the proposed investment strategy. The indicators linked with the objectives of the JESSICA instruments as implemented in the region / MS.
# TYPICAL JESSICA-COMPLIANT PLAN (1)

( Porto Vivo, Porto )

## Area, km²

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<th></th>
<th>ACRRU</th>
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## INHS.

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## Buildings

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ACRRU – CRITICAL AREA FOR URBAN RECONVERSION AND RENOVATION

ZIP – PRIORITY INTERVENTION AREA

HISTORICAL CENTRE – WORLD HERITAGE SITE

Source: Porto Vivo SRU
TYPICAL JESSICA-COMPLIANT PLAN (2)
(Porto Vivo, Porto)

Source: Porto Vivo SRU
TYPICAL JESSICA-COMPLIANT PLAN (3) 
(Porto Vivo, Porto) – the Morro da Sé project

PORTO VIVO, SRU - MORRO DA SÉ 
2008-2012 
WORLD HERITAGE SITE

- IMPROVEMENT OF LIVING CONDITIONS
- ATTRACTION OF NEW POPULATIONS
- INVOLVEMENT OF DIFFERENT AGENTS
## Project Components and Performance

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<thead>
<tr>
<th>Base Case</th>
<th>Type of project</th>
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<tbody>
<tr>
<td></td>
<td>Parking lot</td>
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<tr>
<td></td>
<td>Anchor project (hotel, student residence, elderly residence) ✓</td>
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<tr>
<td></td>
<td>Buildings rehabilitation (civil works, energy efficiency, façades) ✓</td>
</tr>
<tr>
<td></td>
<td>Green transportation / Mobility solutions ✓</td>
</tr>
<tr>
<td></td>
<td>Urban infrastructures (water, sew ages, heat, gas) ✓</td>
</tr>
<tr>
<td></td>
<td>Others ✓</td>
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<table>
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<tr>
<th>Equity Partners</th>
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<tbody>
<tr>
<td>SRU or/and the Municipality ✓</td>
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<tr>
<td>Private entity (construction company) ✓</td>
</tr>
<tr>
<td>Jessica</td>
</tr>
<tr>
<td>Others (owners or banks) ✓</td>
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<table>
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<th>Project KPI’s</th>
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<tr>
<td>IRR 3.3%</td>
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<td>Payback 15</td>
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<td>Investment period 20</td>
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