

BETTER CITIES



3 financing sustainable urban transport ELENA and JESSICA

Leonor Berriochoa

Project Development and Implementation Support Division (PDIS)

European Investment Bank

La Rochelle, 13th May 2011

Profile

European Investment Bank is the European Union's long-term financing institution. The Bank, acting as **an autonomous body**, was set up to further European integration by financing capital projects which promote EU policies.

Key facts about the EIB:

Created by the Treaty of Rome in 1958

Policy driven institution

Owned by the 27 EU member states

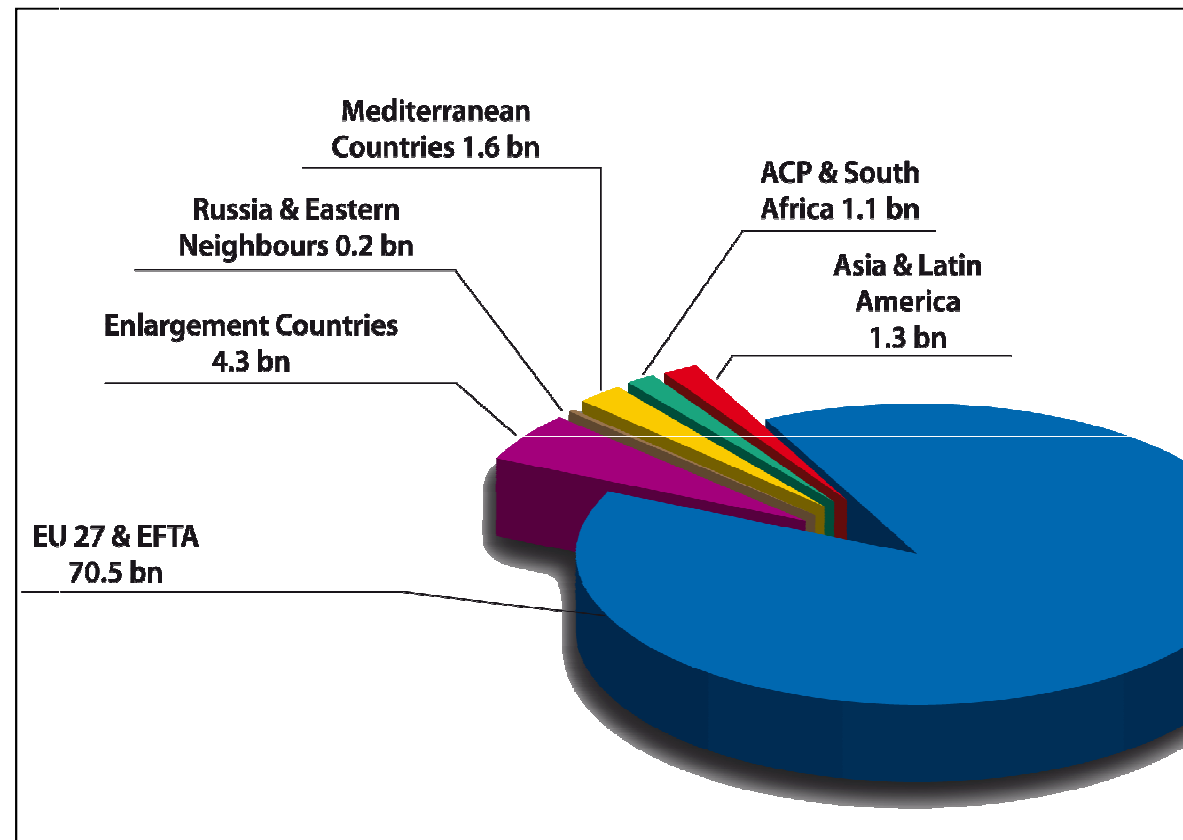
Subscribed capital of EUR 232.4bn

Raises funds on the capital markets

(2009: EUR 79.4 bn)

Granted loans amounting to

EUR 79.1 bn in 2009



Background.

Energy consumption in cities

Urban areas account for about 70% of the total primary energy demand of the EU

Under the IEA reference scenario, urban energy consumption is projected to increase to twice the rate of the EU as a whole

Cities consume a higher share of gas, electricity and heat than the EU average and a lower share of coal, oil and biomass

EIB supports the Covenant of Mayors



commitment towards Europe's energy and climate policy

EE Investments In cities

- Need to implement large scale investment programmes in order to reach energy and climate change goals
- Barriers:
 - Implementation of EE programmes encounters technical and administrative obstacles
 - There are limited financing possibilities
 - Buildings:
Part of the potential can be developed without grants, for the rest grants are needed;
 - Public Transport:
Generally, substantial grants are needed, e.g. for high efficient buses or electric cars



ELENA & JESSICA



ELENA - European Local ENergy Assistance

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

ELENA - Overview

Grants to prepare investment programs covering up to **90% of eligible costs**.

Only Public Bodies from “IEE” countries can apply

Investment areas: energy efficiency, RE in the built environment, district heating, transport.

3 years to implement the program (required project maturity)

Firm action plan required.

Minimum **leverage factor of 20**.

Replication potential (innovative solutions)

Selection process includes EC approval

ELENA

(Project Development Services)

...nt funding to final
beneficiaries for :

...fine Feasibility studies
...usiness Plans
...chnical studies (energy audits)
...curement/tendering/contracting
...ditional technical staff
...nancial structuring

INVESTMENT PROGRAMM

- **EE and RES investments**
public and private buildings
including social housing and
street and traffic lighting
- **DH networks**
- **Decentralized CHP**
- **Urban transport** to support
increased energy efficiency
and integration of renewable
energy sources
- **Local energy infrastructure**
to support developments in
previous sectors

ELENA: Tailored financial instruments

Key Issues:

Extra cost
investment



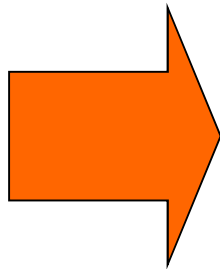
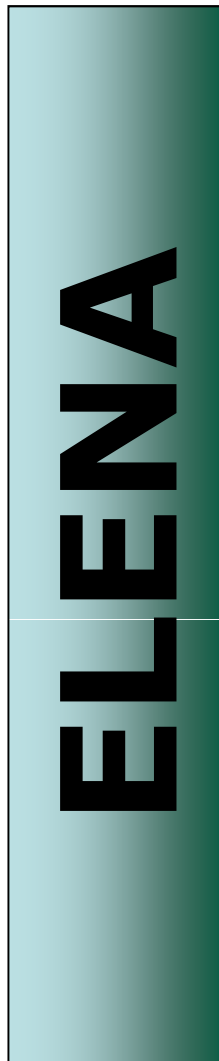
Extra cost
operation



Weakness of
structure



Low business
performance



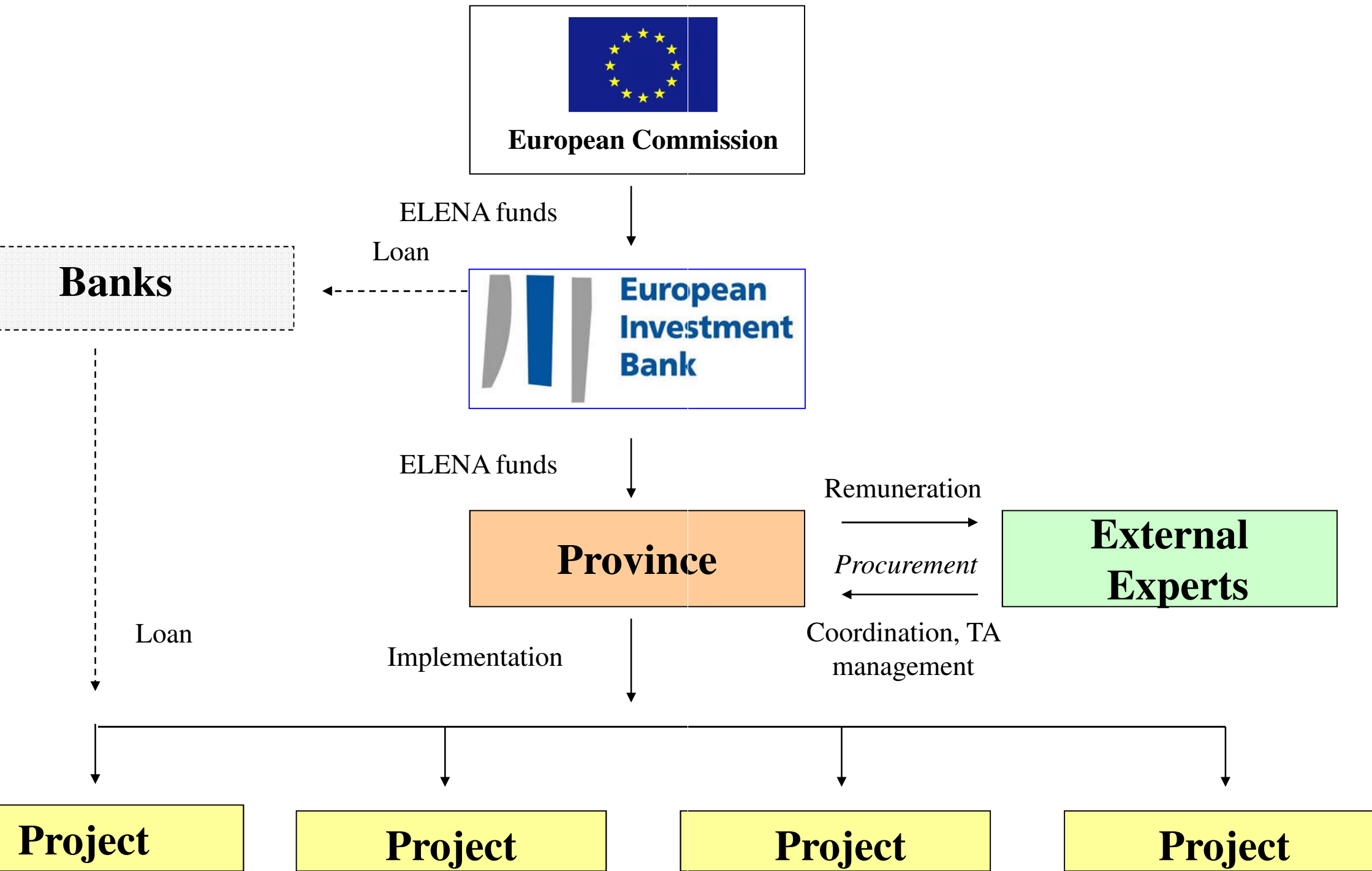
Challenges:

- How to internalise (extra) costs
- How to monetise CO2
- Procurement (joint, clean)
- Life cycle analysis/real performance

New Financial Instruments

- SPV & lease (vehicles)
- Subsidies
 - interest
 - direct (EU, national)
 - indirect (recovery plan)
- Carbon trading
- PPP (infrastructure)
- UDF

Example of EELRF project structure



I. Public transport fleets

ENNA projects in:

Madrid (Spain)

Vila Nova de Gaia (Portugal)

Barcelona (Spain)



ENNA support requested for:

Studies to facilitate the implementation of new energy-efficient buses (hybrids and electric) in the fleet

Studies to support the deployment of the new bus network

Definition of a tailored instrument to set the tariff integration model appropriate to the particular city mobility pattern

Development of software applications to promote sustainable transport

2. Electric Vehicle & Charging stations

EENA projects in:

Madrid (Spain)

Vila Nova de Gaia (Portugal)

Aegean Islands (Greece)

Several Municipalities (E-laad/Neetherlands)



EENA support requested to:

Implement the project (electric vehicles and charging stations) through the involvement of Public and Private Partnerships.

Define the best approach to utilise investments for charging stations in public and private buildings and open spaces according to the relevant local/national law.

3. Trams and Bicycles

LEENA projects in:

**Cities of Malmö, Lund, Helsingborg
and Region Skåne (Sweden): SPIS Tram**

Reikjavik (Island): Bicycle Plan



LEENA support requested to:

Unite staff and make maximum use of synergies in terms of joint financial studies and planning, procurement and tendering common technical platforms and use of trams.

Structure financial plans both for implementation of the investment program and for running the future trams

Identify the best approach to implement a bike network .

How to apply for ELENA support ?

How to contact European Investment Bank (EIB)?

fax, letter or e-mail (best way through e-mail to elena@eib.org)

English or French is required

Information available on ELENA web site: (www.eib.org/elena)

- General Presentation
- ELENA brochure
- Application form
- List of Projects
- Fact Sheets of Projects

Application procedure

Two stage application procedure:

- Pre-Application
- Application

Important programme management aspects

- No submission date for applications
- Continuous appraisal/selection
- First come, first served; within the budget limits
(budget for 2009 = 15 MEUR, for 2010 = 15 MEUR,
for 2011 tbc)

JESSICA – Joint European Support for Sustainable Investment in City Areas

EU Structural Funds & JESSICA

Higher productivity of SF / public funds

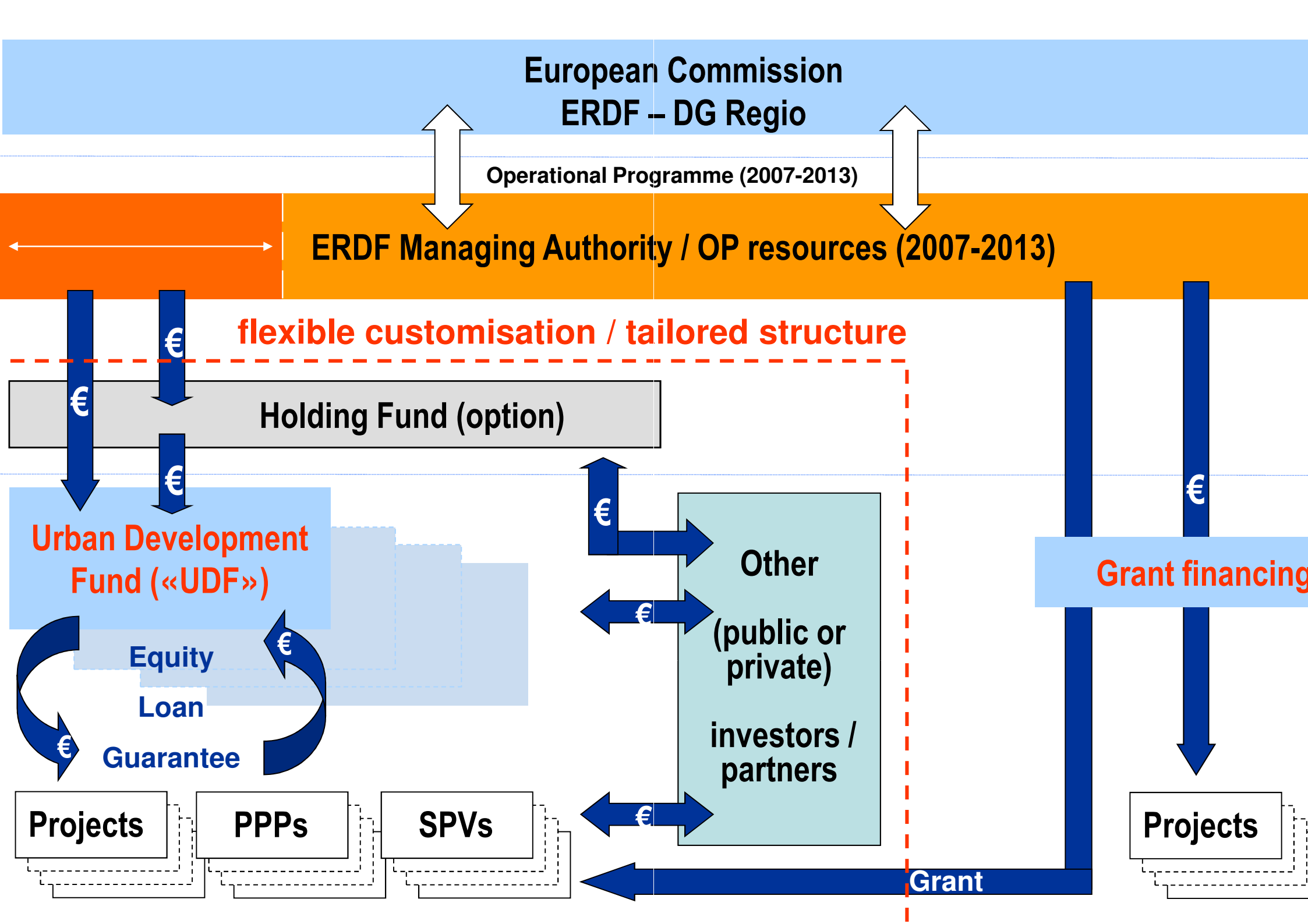
Increase efficiency and productivity of Structural Funds by making use of innovative and revolving financing instruments in the urban sector (complementary to grant financing)

Leverage effect

Mobilise additional public and private sector resources for the benefit of sustainable and integrated urban development (schemes)

Expertise - new partnerships and synergies

Utilise financial, managerial and project implementation expertise from private sector or international financial institutions such as EIB



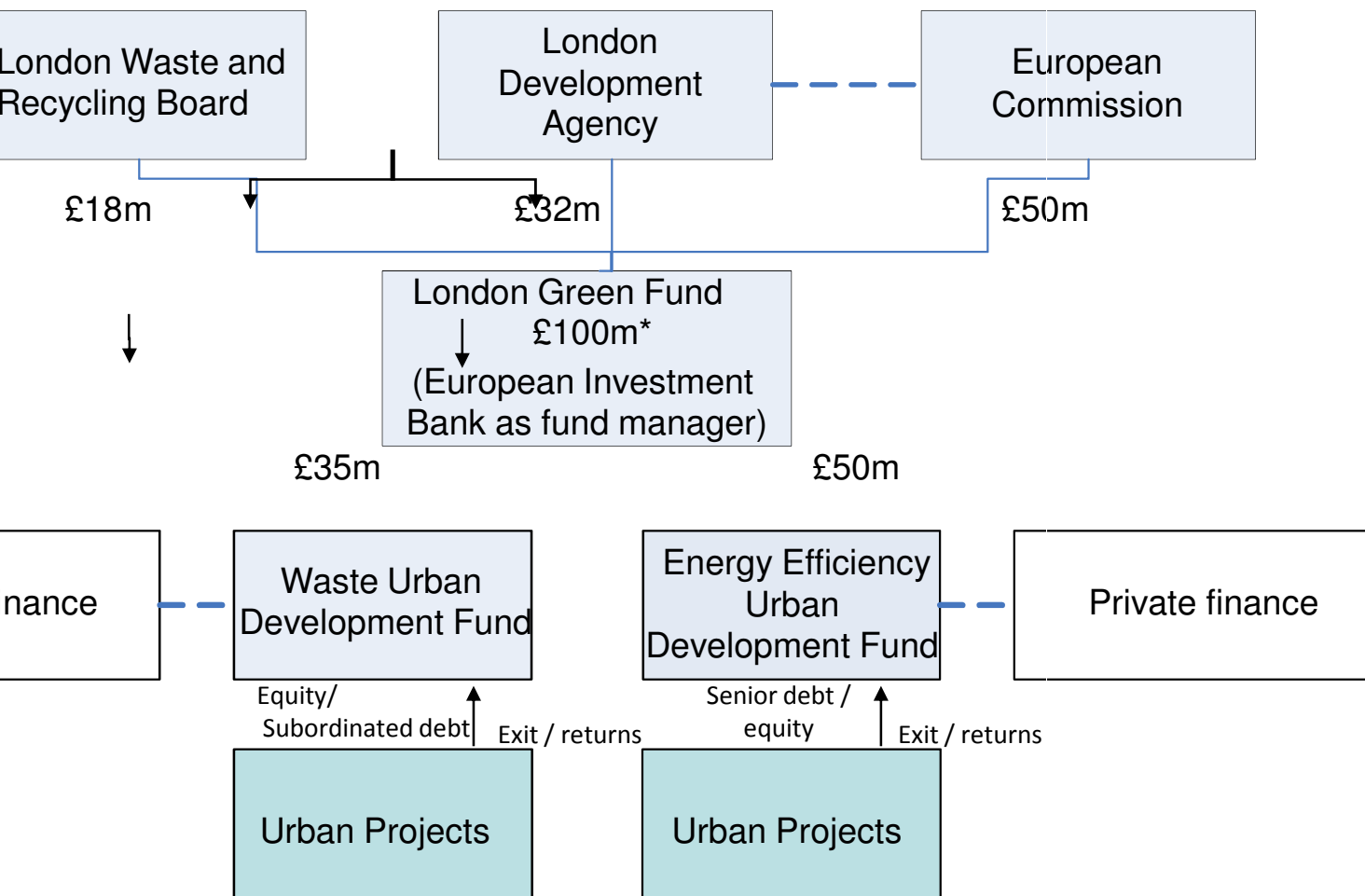
EIB taking a leading role, alongside DG-REGIO, in **promoting and developing JESSICA instruments in MS**

SF Regulations specifically allow for **EIB to act as a Holding Fund** (on a not-for-profit basis)

Technical assistance and dissemination of best practice, based on established expertise in lending to urban renewal/regeneration projects across the EU

Providing complementary loan financing

ESSICA in practice: The London Green Fund



Remaining £15m in the London Green Fund may be invested in one or both UDFs in due course

- Uses European Regional Development Fund (ERDF) to stimulate private investment in Urban Development Funds (UDF) and project level.
- Waste UDF will make equity type investments to fund premises for small-scale and recycling businesses
- Energy Efficiency UDF will invest in retrofit of public buildings.
- Capital must be invested in the UDFs into projects by private finance and will be repayable with interest and return (which varies from project to project).

SUMMARY: ELENA and JESSICA

Large investments are needed to meet energy and climate change goals

JESSICA is an efficient way of using SF to leverage investments

ELENA aims at accelerating and enlarging the investments

TA needs to be linked to implementation to be effective

Combining ELENA and JESSICA can make the EE investment programmes move forward

EEEF funding can provide additional/complementary financing means

SICA and Investment Funds

European Investment Bank
100, Bvd. Konrad Adenauer
L-2950 Luxembourg

email : jessica@eib.org
www.eib.org/jessica

ELENA Team

European Investment Bank
100, Bvd. Konrad Adenauer
L-2950 Luxembourg

email : elena@eib.org
www.eib.org/elena



Thank you for your attention

l.berriochoa@eib.org