SMART MOBILITY FOR BETTER CITIES

3 financing sustainable urban transport
ELENA and JESSICA

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

Some 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)
- Signed loans amounting to EUR 79.1 bn in 2009
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)

Grant funding to final beneficiaries for:
- Refine Feasibility studies
- Business Plans
- Technical studies (energy audits)
- Procurement/tendering/contracting
- Additional technical staff
- Financial structuring

INVESTMENT PROGRAMME

- EE and RES investments
- Public and private building 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
### Open Issues:

- Extra cost of investment
- Extra cost of operation
- Lack of infrastructure
- New business and technology

### Challenges:

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

### New Financial Instruments:

- SPV & leasing (vehicles)
- Subsidies - interest - direct (EU, national) - indirect (recovery plan)
- PPP (infrastructure)
- UDF
Example of ELENA project structure

European Commission

ELENA funds

Banks

Loan

European Investment Bank

ELENA funds

Province

Loan

Implementation

Remuneration

Procurement

Coordination, TA management

External Experts

Project

Project

Project

Project

Project
Examples of ELENA projects in public transport

1. Public transport fleets

ELENA projects in:
Madrid (Spain)
Vila Nova de Gaia (Portugal)
Barcelona (Spain)

ELENA 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
Examples of ELENA projects in public transport

2. Electric Vehicle & Charging stations

ELENA projects in:
- Madrid (Spain)
- Vila Nova de Gaia (Portugal)
- Aegean Islands (Greece)
- Several Municipalities (E-laad/Netherlands)

ELENA 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.
Examples of ELENA projects in public transport

3. Trams and Bicycles

ELENA projects in:
Cities of Malmö, Lund, Helsingborg and Region Skåne (Sweden): SPIS Tram
Reikjavik (Island): Bicycle Plan

ELENA 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 contact European Investment Bank (EIB)?

By 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
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
JESSICA in practice: The London Green Fund

- Uses European Regional Development Fund (ERDF) to stimulate private investment in Urban Development Fund (UDF) and project level.

- Waste UDF will make equity investments to fund premises for small-scale waste and recycling businesses.

- Energy Efficiency UDF will invest in retrofit of public buildings.

- Capital must be invested into the UDFs into projects by equity/ subordinated debt and will be repayable with a return (which varies from project to project).

- The remaining £15m in the London Green Fund may be invested in one or both UDFs in due course.
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.
**EIB CONTACT INFORMATION**

JESSICA and Investment Funds

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