

Operational Programme
Regional Development
2007-2013

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JOINT EUROPEAN SUPPORT FOR
SUSTAINABLE INVESTMENT IN CITY AREAS

Investing in your future!

JESSICA

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SUSTAINABLE INVESTMENT IN YOUR CITY

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WHAT IS JESSICA

JESSICA is an initiative of the European Commission, European Investment Bank (EIB) and Council of Europe Development Bank (CEB), launched on 30 May 2006 aiming at encouragement of sustainable investment, growth and creation of jobs in EU urban areas by:

- supplying additional resources for provision of loans to public-private partnerships and other urban development projects in EU regions;
- providing financial and management skills to international financial institutions such as EIB;
- ensuring long-term sustainability through revolving funds.





DEVELOPMENT OF JESSICA IN BULGARIA

Sustainable and integrated urban development

- **29 July 2010** – the Minister of Regional Development and Public Works signs the Financial Agreement with EIB for establishment of a JESSICA Holding Fund
- **7 October 2010** – the National Assembly ratifies the Financial Agreement with EIB for establishment of a JESSICA Holding Fund
- **19 October 2010** – the Financial Agreement under JESSICA enters into force
- **31 March 2011** – EIB launches a Call for Expression of Interest for selection of two Urban Development Funds

STRUCTURE OF JESSICA IN BULGARIA

Managing Authority of OPRD:

- responsible for implementation of the JESSICA initiative;
- provides funds to JESSICA by Operational Programme Regional Development;
- formulates the JESSICA Implementation Strategy;
- performs full control and monitoring on the implementation of JESSICA.

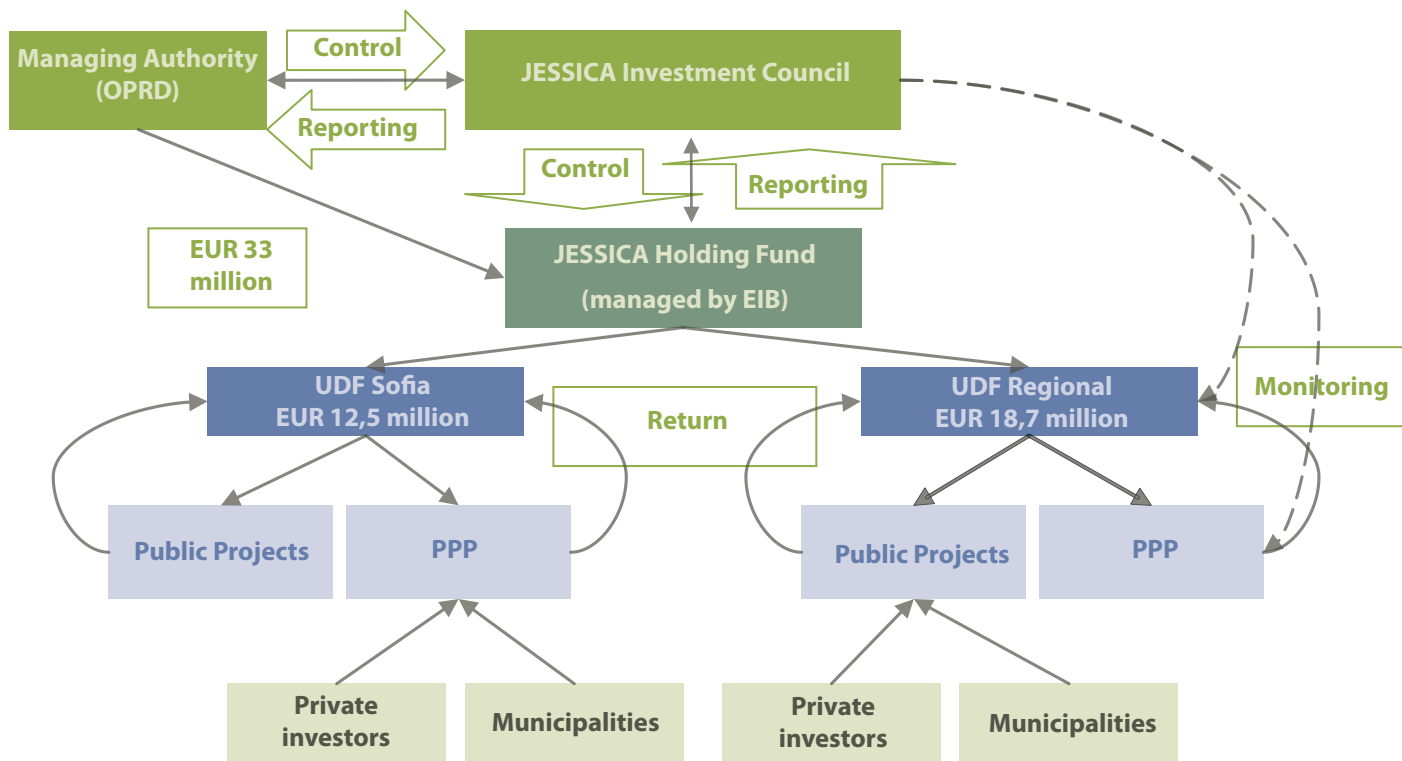
European Investment Bank:

- manages the JESSICA Holding Fund;
- implements and modifies the JESSICA Investment Strategy;
- supports establishment of the Urban Development Funds in Bulgaria;
- invests in Urban Development Funds;
- assists the identification of projects.

Investment Council of the Holding Fund:

- formed by MRDPW, MF, MEET and CM representatives;
- exercises control over the activities of the Holding Fund;
- supports the JESSICA Unit within the Managing Authority of OPRD;
- monitors the implementation of the Investment Strategy and makes proposals for its modification.

JESSICA MECHANISM IN BULGARIA



Strategic objectives:

- to support Cohesion Policy in the context of urban regeneration and development;
- to provide opportunities for different forms of public-private partnerships in the field of urban development;
- to support finding and funding of sustainable solutions of urban problems in mid-term and long-term plan.

Main criteria for selection of Urban Development Funds - UDF:

- reliability and reputation;
- experience in financial management;
- experience in PPP investments and/or urban development projects;
- understanding of the objectives of OPRD Managing Authority;
- organizational capacity;
- opportunity to provide co-financing.

JESSICA URBAN DEVELOPMENT FUNDS IN BULGARIA



In Bulgaria the JESSICA initiative is implemented by Operational Programme Regional Development 2007-2013 (OPRD) through two Urban Development Funds (UDF) supporting investment projects on the territory of Sofia and the six big cities.

UDF Sofia is financed with capital of EUR 12,5 million by Operational Programme Regional Development (OPRD) and provides low interest loans and equity for sustainable projects on the territory of Sofia City.

UDF Regional is financed with capital of EUR 18,7 million by OP RD and provides low interest loans and equity for projects implemented on the territory of each of the six big cities in Bulgaria – Plovdiv, Varna, Bourgas, Rousse, Stara Zagora and Pleven.



WHO CAN APPLY FOR FUNDING UNDER JESSICA

For funding under JESSICA can apply all public and private legal entities, including local authorities, private investors and public-private partnerships.

JESSICA projects should be economically effective in order to return the invested resources as well as socially oriented, so they can address the objectives of Priority Axis 1 “Sustainable and integrated urban development” of OP Regional Development 2007-2013.

Applicants should provide 20% deductible as own contribution or contribution in kind.

Revitalization of old industrial sites



Projects can include construction of cinema halls, commercial spaces, markets, sport facilities, business and industrial sites, multifunctional halls, parking lots and other infrastructure necessary for development of the relevant city or quarter, at the same time guaranteeing revenue generation.

WHAT PROJECTS CAN BE FUNDED UNDER JESSICA

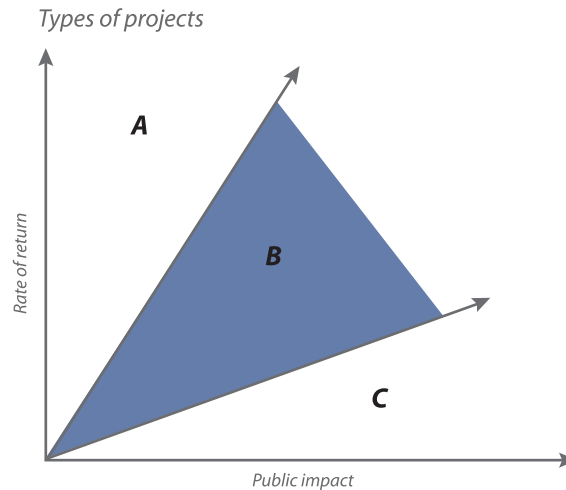
JESSICA can support projects that:

- improve urban environment;
- develop urban areas in decline;
- improve social, educational, healthcare and cultural infrastructure;
- improve mobility and transport infrastructure;
- provide new jobs in the field of high technologies and production.

JESSICA finances projects type B attaining high public impact, while the rate of return is unattractive to private investors in normal market conditions.

Projects type A are financed entirely by the market.

For funding of projects type C is used subsidy in the form of a grant.



WHAT REQUIREMENTS ARE TO FULFILL JESSICA PROJECTS

Projects under JESSICA are to fulfill the following criteria:

- to generate sufficient amount of revenues in order to return the investment (with present net value >0);
- to comply with the Master Plan and Municipal Development Plan of the relevant city area;
- to correspond to the objectives of Operation 1.3 “Improvement of the physical environment and risk prevention” of OPRD Priority Axis 1 “Sustainable and integrated urban development”.



Important: Completed projects can not be funded or refunded by JESSICA.



QUALITY CRITERIA

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Quality of jobs

Quality of architectural environment

New architectural decisions

New green spaces

Decisions of public benefit

Accessible environment

HOW AND WHERE TO APPLY WITH AN UBRAN DEVELOPMENT PROJECT

REGIONAL URBAN DEVELOPMENT FUND AD

- RUDF AD finances projects in the six large cities of Plovdiv, Varna, Burgas, Ruse, Stara Zadora and Pleven
- Urban development projects will be financed by RUDF AD through short-term/mid-term/long-term loans and/or equity
- The interest rate of the loans offered by RUDF AD is limited up to 9 % depending on the risk
- Loans Repayment Term – up to 18 years
- If you are municipality/private investor/PPP and you have an idea for urban development project you can get in touch with the contact persons indicated at the web site of the RUDF - www.jessicafund.bg in the relevant cities and to discuss together the possibilities for financing of your project
- You shall present elaborated Business Plan of the urban development project in order to apply for financing from the Fund;
- After an assessment for compliance with the project selection criteria, risk assessment as well as cost benefit analysis the Fund will let you know if the project proposed is appropriate for financing and will present you an offer
- The urban development project financing will be done in tranches after signature of a contract for project financing between you and the Fund, which gives the start of the investment
- The loan repayment/equity sale shall be done according to the provisions of the contract signed between you and the Fund.

FUND FOR SUSTAINABLE URBAN DEVELOPMENT OF SOFIA EAD

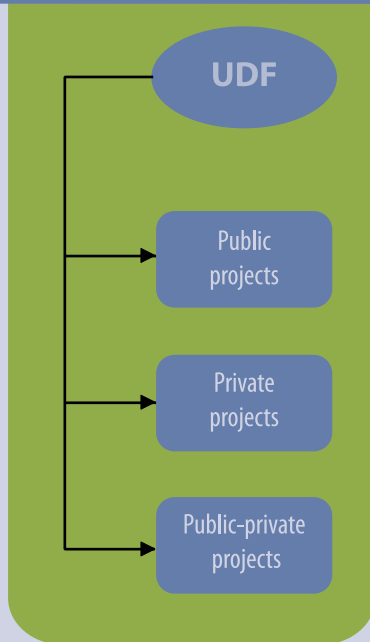
- FSUDS EAD finances projects in the capital city of Sofia;
- Urban development projects will be financed by FSUDS EAD through loans and/or guarantees and/or equity
- The interest rate of the loans offered by FSUDS EAD is limited up to 5,5 % depending on the risk
- Loans Repayment Term – up to 12 years
- If you have an idea for urban development project for Sofia you can contact the Fund and discuss together the possibilities for financing your project

Contact information about the Fund:

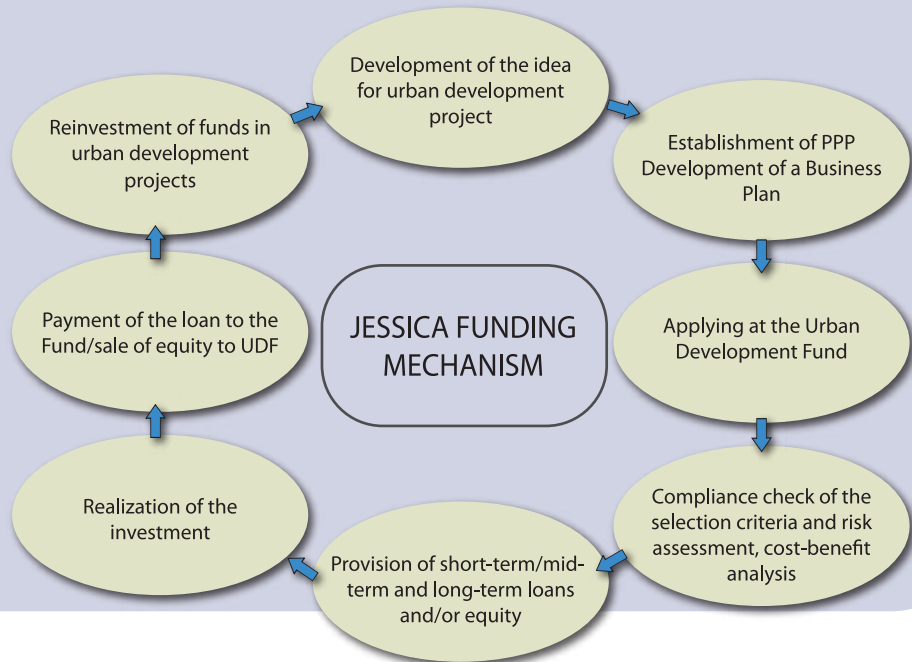
Fund for Sustainable Urban Development of Sofia EAD,
Sofia, Solunska 27 str., floor 3, tel/fax 00359 2 988 2310, www.flag-bg.com

- The application process for financing of an urban development project from the Fund for Sustainable Urban Development of Sofia will be done in a similar to the regional urban development fund ad.
- It is appropriate to formulate project ideas for implementation of urban development projects in Sofia and to communicate them with the Sofia Municipality until signature of the Operational Agreement between the Fund and the European Investment Bank.

HOW TO APPLY FOR FUNDING UNDER JESSICA



- Applying for funding under JESSICA is done directly at the two Urban Development Funds in accordance with the established rules and depending on where out of the seven eligible cities the project is located.
- Project selection is made by UDF based on market principle, considering also the project's public added value.



INVESTMENT IN URBAN ENVIRONMENT



MANAGING AUTHORITY OF OPRD

Establishing a mechanism for the implementation of JESSICA

Programming of OPRD:

- Priority Axis 1 "Sustainable and integrated urban development";
- Operation 1.3 "Improvement of the physical environment and risk prevention".

Selection of a Holding Fund:

- European Investment Bank (EIB).

Investment strategy of the Holding Fund:

- Concentration in the 7 big cities;
- Compliance with Priority Axis 1;
- Ensuring return of investment;
- Compliance with the Master Plan and Municipal Development Plan.

Selection of Urban Development Funds:

- Urban Development Fund for Sofia;
- Urban Development Fund (Regional): Plovdiv, Stara Zagora, Bourgas, Varna, Rousse and Pleven.



Identifying the project idea:

- Identification of assets (land / plot / building);
- Identification of partners;
- Identification of appropriate Management structure;
- Identification of indicative financial resources.

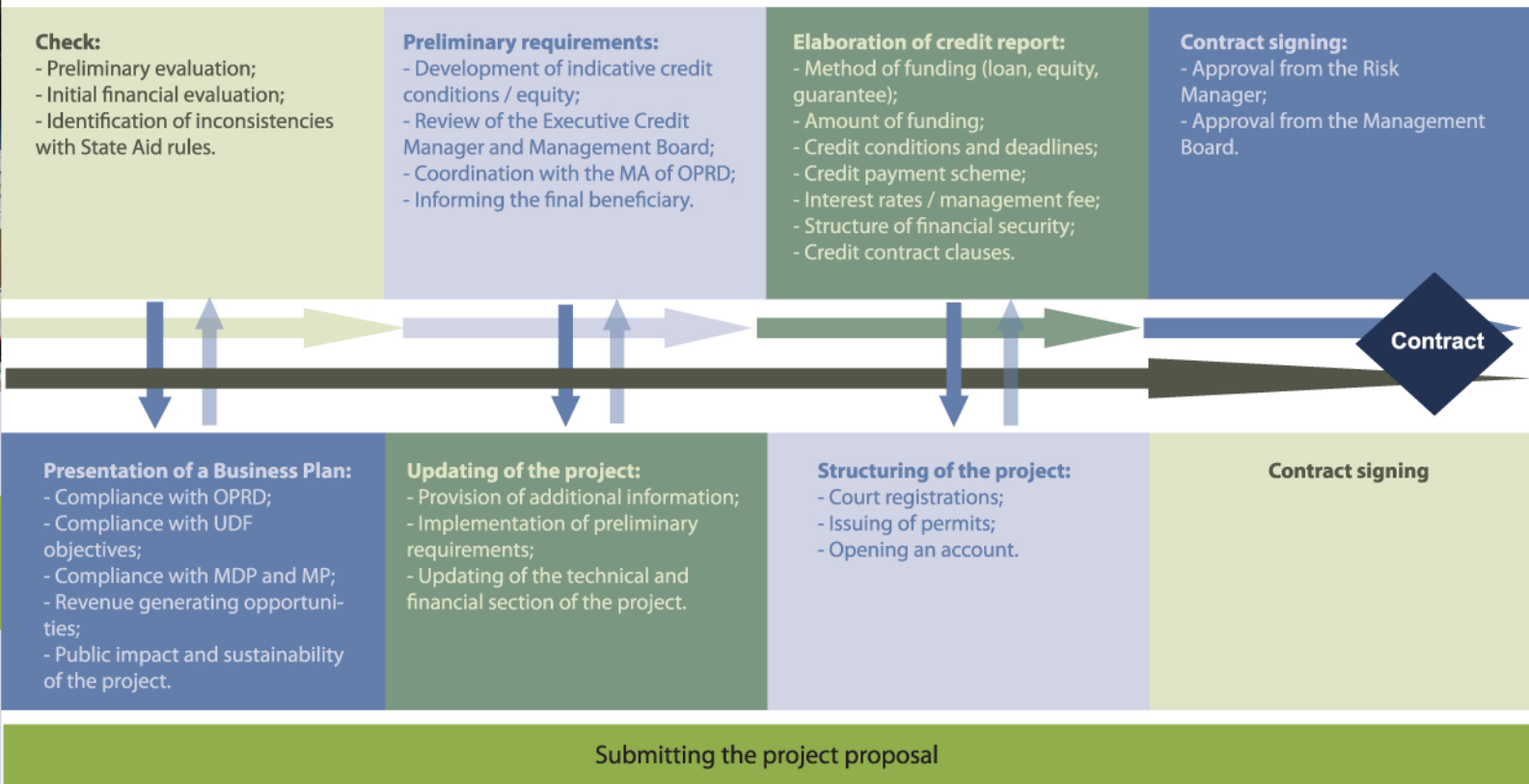
Formulating and structuring of the project

- Preparation of a Business Plan;
- Cost-benefit analysis;
- Financial and market analysis;
- Funding sources;
- Consultation, civil society and stakeholders.

Identifying, formulating and structuring of the project

URBAN DEVELOPMENT FUND

Финансиране на проекта



FINAL BENEFICIARY

MA OF OPRD/ HOLDING FUND

Urban Development Fund

Payments:

- Payment in advance;
- Payment of installments depending on the stages of construction;
- Purchase of stock / equity.

Monitoring:

- Monitoring of the regular payment of loan installments;
- Reporting of indicators;
- On-the-spot checks;
- Examination of irregularities;
- Verification of reports.

Reinvestment:

- Maintaining a separate deposit account;
- Rotation of the cycle.

Payments:

- Provision of co-financing;
- Regular installments on a loan;
- Sale of stock / equity.

Preservation of documents:

- Regular reports on implementation;
- Admission of representatives of the Holding Fund, MA, EC;
- Control over construction works and management of assets.

- Final report on the project;
- Final payment of the invested resources by JESSICA.

Implementation

FINAL BENEFICIARY

JESSICA

JOINT EUROPEAN SUPPORT FOR SUSTAINABLE INVESTMENT IN CITY AREAS



For contact:

**JESSICA Unit at the Ministry of Regional Development and Public Works в
Министерство на регионалното развитие и благоустройството:**

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Sv.Sv.Kiril I Metodij 17-19 str., Sofia

www.bgregio.eu

JESSICA Holding Fund for Bulgaria

www.eib.org

Regional Urban Development Fund

(for projects in Plovdiv, Varna, Burgas, Ruse, Stara Zadora and Pleven):

Yordan Yordanov – 00359 2 9370 600, yordan.yordanov@jessicafund.bg

Aleksandar Stambolijski 73 bul., Sofia

www.jessicafund.bg

Fund for Sustainable Urban Development of Sofia EAD

Sofia, Solunska 27 str., floor 3

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www.flag-bg.com

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