Support for City Projects
- Grants, PPPs, Finance -

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What is JASPERS?

- A technical assistance partnership between three partners (EU, EIB and EBRD), legally part of EIB
- Independent advice to beneficiary countries to help prepare high quality major projects to be co-financed by EU Structural and Cohesion Funds
- Focus on assignments related to major projects with total eligible cost exceeding EUR 75 million (transport sector) and EUR 50 million (other sectors)
- Flexibility for assignments of smaller cost
- Provides advice on project preparation, strategies, horizontal issues (but JASPERS is not consultant)
- Sectors: Roads, Rail and Public Transport, Water, Energy, Solid Waste, Smart Development

Why is JASPERS relevant?

- Bottleneck is often not the availability of financing but the sound preparation of projects which makes financing possible
- It assists in the use of EU Structural and Cohesion Funds by the Member Countries in underdeveloped regions of Europe (more than EUR 351.8 billion for 7years)
- Specifically, under the European Regional Development Fund (around EUR 100 billion) a portion will be used for integrated projects in cities
- Support from Structural and Cohesion Funds helps making projects more affordable
- Funds can be blended with commercial loans, EFSI loans (European Fund for Strategic Investment) and PPPs.

"Traditional" PPPs for City Projects

- Long term arrangement between public and private sector to deliver public (infrastructure) projects
- Focus is on delivery of services rather than assets
- The private party bears significant risk and management responsibility over the whole life of the asset (construction and operation)
- Sectors: water, wastewater, district heating, airports, street lighting, trams, metros, waste, parking, ring-roads
- Two basic options: user pays to concessionaire; availability payments by city
- Experience has been mixed but if done well "Value for Money" can be excellent

“PPPs” in the Smart Cities context (1)

- Projects such as connectivity projects (broadband); open data projects; smart energy grids; intelligent mobility projects (congestion relief, electric vehicle infra); energy efficiency (smart metering; building control systems); infrastructure for entrepreneurs and startups (e.g. business parks), IT platforms
- Innovative schemes will have to be developed which go beyond the classical structures where assets are built and operated for a long period
- Private sector will have stronger upstream involvement
- Procurement of projects is issue where private companies worked on pilots

“PPPs” in the Smart Cities context (2)

- Because of technology focus much more flexibility needed
- Private sector still perceives the risks to be too high
- Blending public and private funds will feature prominently because positive externalities can often not be fully captured through fees
- Operators may first build and operate core assets (e.g. telecoms) and then branch out into new areas such as health, education, safety, home automation…

Why PPPs?

- Can improve management and maintenance (and better quality of construction) through "Whole-of-life" approach
- May lead to better project selection
- Improved risk management creates efficiency benefits
- Are more likely to be completed on time and within budget
- Can access additional sources of financing
- Benefits of third party scrutiny
- Can spread payments over time
- Value for money

Key policies to underpin a PPP programme

- Clear and visible political commitment
- Public sector awareness of resources required to prepare and pay for projects
- Strong governance, quality control and approval processes including clear rules for use of PPPs, market sounding
- Technical expertise available within or to the public authority (e.g. PPP Units, appropriate advisory budgets)
- Good communication across government and to citizens
- Market sounding and longer term shaping strategy (e.g. use of programmes, development of project pipelines)
- Realistic timeframes for preparation and procurement

Financing Sources

- EU for various support schemes (grants, guarantees etc) plus national, regional and municipal support – especially for projects where part of project is an “enabler”
- EIB, potentially with support from European Fund for Strategic Investment (EFSI) and with input from the European Investment Advisory Hub (EIAH); the EIB has provided EUR 56 billion for urban infrastructure in 5 years
- EBRD with focus on lending to final beneficiary and using loan as vehicle to promote change and restructuring; excellent track record in Central- and Eastern Europe
- National development banks
- Commercial banks
- Venture Capital and Equity Funds
- Cloud Funding

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