

PROJECT:

JESSICA Evaluation Study for Cyprus

CLIENT: EUROPEAN INVESTMENT BANK

DATE: JULY 2009

SCOPE:

Joint European Support for Sustainable Investment in City Areas (JESSICA) is a policy initiative of the European Commission, supported by the European Investment Bank (EIB), designed to help the authorities in the Member States of the European Union to implement financial engineering mechanisms to support investment in sustainable urban development in the context of cohesion policy. The study, completed in collaboration with *Deloitte Ltd, Cyprus*, examined the instrument's potential for Cyprus as well as methods through which it can be implemented effectively. The study evaluated an appropriate "JESSICA Structure" for Cyprus that focused on financing urban regeneration and infrastructure enhancement projects either through a single Urban Development Fund (UDF) or a series of UDFs, both with and without a Holding Fund. Key requirements of potential investment opportunities have been identified and a long list of 15 exemplar projects evaluated against these to determine their suitability for JESSICA funding. The case studies address both urban regeneration and the important issues of transport on a nationwide basis as well as water savings through a network distribution upgrade.

RESULTS:

The study identified that: suitable projects that meet the objectives of national and EU economic development policy do exist; however, additional work is required to develop these into credible investment opportunities. Projects that do not display strong commercial returns suggest there is a crucial role to be played by JESSICA as it will provide the necessary risk mitigation through public sector involvement providing a stimulus for private sector investment.

