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The JESSICA Initiative: An Instrument For Urban Sustainable Development. Examples Of Urban Regeneration In Silesia (Poland) And Central Moravia (Czech Republic)

Abstract

This article presents the practical possibilities associated with implementation of the JESSICA initiative in selected regions of Poland and the Czech Republic. i.e. in Silesia (Poland) and Central Moravia (Czech Republic). The post-socialist nature of these regions was determinative of their backwardness in terms of socio-economic development, as well as available infrastructure. Nonetheless these regions are different to a large extent, because Silesia is a typical post-industrial area, where the mining industry has been in operation for many years. After significant limitation of the scale of its economic operations, many areas and objects remain unused. They can be revitalized and then used to contribute to more sustainable socio-economic development of the region. In turn, Central Moravia represents a geographical area which has been adversely affected by the effects of the ongoing economic crisis. To some extent, Silesia suffers from similar problems as Central Moravia, but it also encounters some specific difficulties arising from its post-industrial character. For this reason, there was a necessity to properly identify opportunities to support projects financed from the JESSICA initiative in the analyzed regions, as well as to adapt the scope of these projects to the specific socio-economic conditions in the regions under investigation.

Keywords: *urban sustainable development, urban revitalisation and regeneration, JESSICA initiative, post-socialist countries, regions and cities*

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1. Introduction

Already 80% of the EU population lives in urban areas, meaning that cities have become the crucial places concerning the economy and quality of life. Hence European cities have become basic targets of sustainable development measures. There are two tendencies related to the evolution and development of European cities. On the one hand cities are the places of a vivid growth in terms of technology, science and education, but on the other hand they cope with serious problems like degradation of the environment and urban decay. In order to address these problems the necessary capacity and resources must be mobilized. Capacity issues are related to, among others, multi-level actions and the mobilization of a broad range of actors, while resources should be secured by long-term investment programmes financed by both the public and private sectors.

At the EU level the cohesion policy has been used to support urban projects implementing the concept of sustainable development, including regeneration issues. The cohesion policy is very closely related to the concept of multilevel governance. This term goes back to the 1990s and puts emphasis on the presence and influence of many different actors, at different levels of European governance, on the development of EU policy. Multilevel governance became a central feature of the EU cohesion policy after 1998 when the subsidiarity principle was introduced. Decision-making competencies began to be shared between the EU, national and sub-national actors, and regionalization processes accelerated. Such tendencies contributed to an increase in the efficiency and legitimacy of policy-making as well as the practical realization of partnership principle of the EU cohesion policy (European Parliament 2014, pp. 9-10).

Involvement of private actors in the implementation of regional policy is becoming increasingly important. This is especially valid for the JESSICA (Joint European Support for Sustainable Investment in City Areas) initiative, which is an innovative financial instrument giving an opportunity to ensure the sustainable economic development of European cities. The initiative encourages the involvement of financial institutions and promotes public-private co-operation in the realization of its projects (Dąbrowski 2013). Moreover, revitalization projects implemented under JESSICA require, due to their multidimensional and multiannual nature, co-operation between different partners.

The post-socialist regions in the EU face unique problems because they have been subjects of transformation processes, which revealed and even exacerbated some adverse tendencies like the lack of urban investment and degradation of the urban environment and infrastructure. Silesia is a goodexample of such a region,

because in the socialist period it was one of the most industrialized spaces in Europe, and after the collapse of the socialist system it experienced a very deep transformation which is still not complete.

The aim of this work is to present early attempts to use the JESSICA initiative for revitalization purposes in a post-socialist region. The paper is composed of three parts. The first part introduces the idea of urban sustainable development; the second is devoted to evolution and revitalization processes in Silesia and Central Moravia. The third part is focused on features of revitalization projects implemented in Silesia and Central Moravia which are co-financed from the JESSICA initiative.

2. Idea of urban sustainable economic development and its link with revitalization

Between 2011 and 2050, the world population is expected to increase by 2.3 billion, from 7.0 billion to 9.3 billion (UN-DESA 2011). At the same time, the population living in urban areas is projected to increase by 2.6 billion, from 3.6 billion in 2011 to 6.3 billion 2050 (UN-DESA 2011). Thus urban areas of the world are expected to absorb all the population growth projected over the next four decades, while at the same time drawing in some of the rural population.

According to Revi and Rosenzweig (2013), cities have a very high potential for sustainable transformational change due to their:

- concentration of economic activity;
- potential for social transformation;
- high levels of annual investment in infrastructure and buildings;
- high degree of innovation;
- nimble local governments;
- connection to surrounding rural and natural environments;
- ability to reduce eco-footprints by densification;
- suitability for systems-based solutions.

Urban sustainable development can be defined as the extent of all the practices and activities which (Pisano, Lepuschitz and Berger 2014, p. 7):

- relate to sustainable development within cities (e.g. promotion of organic farmers markets, access to sustainable mobility, reduction of electricity consumption in buildings, recycling and waste prevention, etc.);
- take into consideration the processes of urbanisation of cities in the light of sustainable development (e.g. reduction of urban sprawl, construction of bike lanes, promotion of pedestrian areas, etc.);
- reflect on the throughput of cities with a sustainable development perspective (e.g. prevention of landfills, attention to water consumption, etc).

Williams (2010, pp. 128-132), and some other authors (Pisano, Lepuschitz, Berger 2014, p. 6) stress that an 'integrated approach' is necessary if we wish to tackle the 'huge urban challenges' ahead. They also argue that effective integration needs to take into consideration all the diverse dimensions that characterize urban challenges and potentials under the guidance and steering of urban sustainable development.

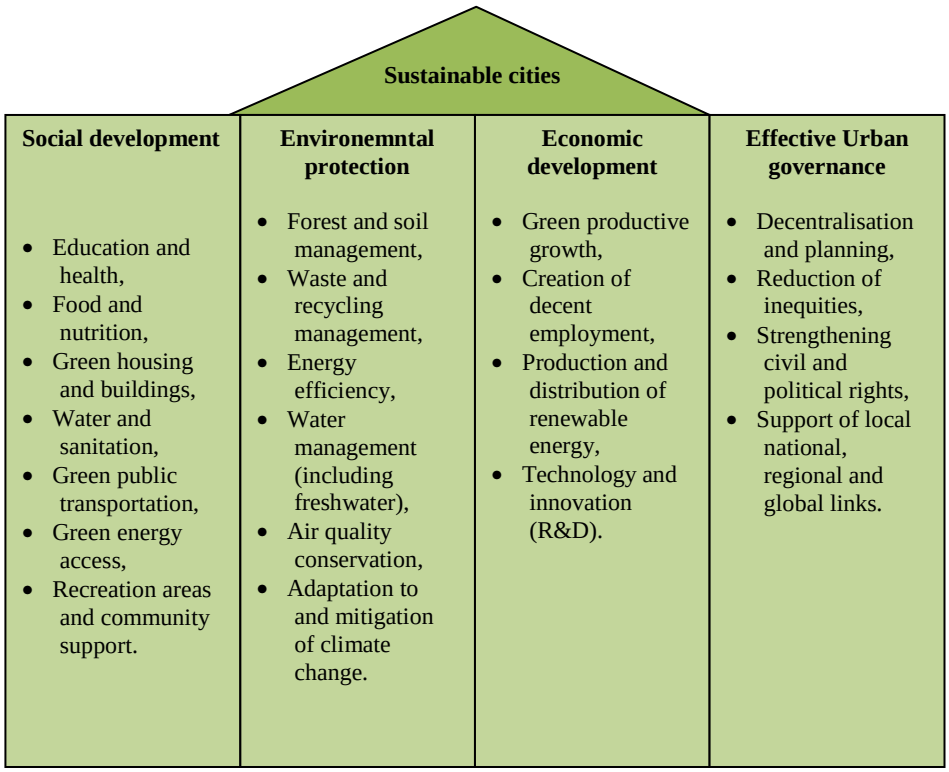
The processes leading to more sustainable development that take place at the urban level will have effects not only on the city itself, but also 'outside' the city, and hence have a more widespread effect – locally, regionally, nationally, and globally – thus requiring a multi-level governance approach. Moreover, according to Bulkeley and Betsill, "problems of translating the policy rhetoric of urban sustainability into practice cannot be explained by factors confined to a local arena of governance, or by struggles between the central and local state, but reflect argumentative struggles occurring in multiple sites and spaces to define and defend particular notions of what urban development ought to be" (Bulkeley, M. Betsill 2005, p. 51).

Figure 1 shows the four pillars of the sustainability of cities: i) Social development, ii) Environmental protection, iii) Economic development, and iv) Effective urban governance, and includes various examples for each pillar.

The following six blocks of issues assist in describing urban sustainable development (Pisano, Lepuschitz, Berger 2014, p. 8):

1. The social perspective,
2. Economic development,
3. Environmental aspects,
4. Access to utilities and infrastructure,
5. Connections derived from the urban form and spatial development,
6. The inclusion of multi-level governance and institutional development.

Figure 1. Pillars of sustainable cities



Source: Pisano, Lepuschitz, Berger 2014, p. 8.

The major fields of action in response to urban challenges, from the perspective of sustainable development, comprise urban regeneration, restoring cultural, religious and historic urban heritage, improving housing stock, investing in the fields of social inclusion, education and training, as well as modern Information and Communication Technologies (Kolivas, 2007, pp. 564-555). All these activities are very closely linked to the urban sustainable development building blocks and to urban policy with reference to policies that promote urban development, urban regeneration (or urban renewal) and urban revitalization at various levels (EC 2009, p. 55). According to the European Commission's approach (EC 2009, p. 55), revitalization is carried out in order to restore the capacity for independent and sustainable development of these parts and areas of a city which, for various reasons, are in crisis. Urban regeneration (revitalization) is defined as a coordinated process managed by a local government, the local community and other stakeholders, being the subject of a development policy which aims at: correction of urban space degradation and crises, supporting development and qualitative

changes; improvement of dwelling environments; protection of national heritage with respect to sustainable development (Jarczewski, Ziobrowski 2010, p. 13). Therefore revitalization is based on the concept of governance which takes into account a wide range of social needs, especially of local communities, and in particular those related to the creation of suitable living conditions in the following aspects: economic (increase in the socio-economic welfare of residents), ecological (environmental quality), social (inclusion of marginalized groups), political (the quality of representative and direct democracy), aesthetic (quality of urban infrastructure). This is manifested in specific regeneration projects in deprived areas. Revitalization is also based largely on a quest to satisfy the needs and preferences expressed by the people living there via a process of participation, implemented by surveys, referendums, public debates, panel discussions, focused interviews, etc. An important role in this regard is played by public-private partnerships and the involvement of private entities, associations, and pressure groups. It is important to ensure cooperation between the institutions of the public administration and society. Society's variety of needs should be taken into account by the public institutions when making decisions on the subject and scale of the revitalization processes. The revitalization processes which have taken place in Europe, especially in the Central and Eastern European countries (CEECs), are based largely on the implementation of the paradigm of "democratic co-governing" (governance), which was the result of the evolution of public management. Their appearance in the 1980s and 1990s was caused by a crisis of governance. Although many scholars claim that the economic transformation of the CEECs has already been completed, revitalization still remains one of the crucial problems in post-socialist regions.

3. Specific features of revitalization processes in post-socialist countries, regions and cities

Certainly the post-socialist countries, regions and cities have experienced significant transformation in the recent decades. During socialism the inner and central parts of cities declined in economic, social and physical terms. The new political, economic and social circumstances created opportunities for revitalization of neglected urban and suburban areas, especially those which had/have potential for development. Various revitalization processes have been taking place in the post-socialist urban zones, with significant consequences for the economic, social, physical and natural environment. Obviously, the different circumstances at the national, regional and local levels influence the dynamics of revitalization. This is our motivation for our examination of the revitalization outcomes of post-socialist cities, and the discussion below.

The possibilities to implement urban revitalization projects in the cities located in the CEECs appeared only at the beginning of 1990s, following the collapse of the socialist system. According to J. Temelová (2009, p. 16), in Western Europe (as well as in North America) 'urban revitalization usually relies on strong involvement of the public sector, entrepreneurial urban governance, targeted urban policies and public-private partnership'. The form and the course of revitalization in Central-East European cities has varied from the experiences of cities located in the Western part of Europe. The post-socialist areas and communities are much more influenced by economic mechanisms and the role of state is diminished. The real power of public authorities in guiding revitalization processes is much weaker in post-socialist cities, often because of budget restrictions, limitations imposed by private land ownership, protracted bargaining processes, and the lack of experience and expertise (Keivani, Parsa, McGreal 2001, pp. 245-247; Badyina, Golubchikov 2005, pp. 113-129; Sailer-Fliege 1999, pp. 7-16).

The features of socio-economic processes vary within the post-socialist cities, as a consequence of differentiated transformation policies, historical legacies, and the level of socio-economic development of particular countries (Kovács 1999, pp. 1-6).

According to J. Kunc et al.(2014, p. 66) 'transformation of the economy and society, which had begun in the Eastern and Central European countries in the 1990s, have also occasioned a profound change of the urban environment. Extensive de-industrialization led not only to the rise of neglected and abandoned objects and industrial estates, but also to an increase of technical, environmental, and above all social deprivations and risks'. The changes which occurred in Central and Eastern European countries, regions and cities were associated with both economical and societal transformation, intensive deindustrialization and demilitarization, as well as with the dynamic construction of residential, business or administrative complexes (Sýkora 2008, pp. 113-140; Krzysztofik, Runge, Kantor-Pietraga 2012, pp. 201-224). This was connected mainly with the impact of economic transformation, which caused the abandonment of many industrial, military and transportation objects or former community culture and sport facilities, often located adjacent to the city centre. This situation has been documented in many studies from the Czech Republic (Vojvodíková 2005, pp. 49-56; Hercik, Šerý, Toušek 2011, pp. 107-119), Poland (Krzysztofik, Kantor-Pietraga, Spórna 2013, pp. 20-35), Hungary (Barta, Beluszky, Czirfusz, Györi, Kukely 2006), and Romania (Filip, Cocean 2012, pp. 155-164). Revitalization of the above-mentioned areas requires very high financial inputs, which has caused the postponement of projects aimed at their realization. Cities do not have the means to realize all brownfield revitalization projects, which is why they often

leave historical centres and their vicinities depreciated and underused (Cabernet 2005). Brownfields are a very significant problem, especially for industrial cities whose development was significantly affected by the expansion of industry and railway transportation (Rae2003), which was connected with the mining of raw materials (especially black coal) for energy production and the associated steel production, which dominated their economies (Birch, MacKinnon, Cumbers 2010, pp. 35-53; Hutton 2010).

4. Problem of revitalization in the Silesian Voivodeship

The Silesian Voivodeship (province) is an excellent example of a region dominated by large post-communist cities. The reorganization of urban landscapes in these post-communist cities, which began with the institutional reforms of the 1990s, is far from completed, especially in terms of revitalization or regeneration (Sýkora, Bouzarovski 2011, p. 3). The economic development of post-communist cities was characterized by both development and decline. The latter was related to the closure of many industrial enterprises. This deindustrialization influenced the urban landscapes, leaving extensive brownfields which posed both a potential for redevelopment as well as a threat of further decay (Sýkora, Bouzarovski 2011, p. 7).

The Silesian Voivodeship is one of the most affected regions with respect to structural changes and degradation, understood as a lack of appropriate municipal structures and deterioration of the state of economy (Urząd Marszałkowski Województwa Śląskiego 2011, pp. 13-14). There are four dimensions of such degradation:

- material (deprivation of technical features),
- functional (unfavourable usage),
- moral (unfavourable perception and lack of social acceptance),
- spatial (inharmonious co-existence of objects in a space).

The revitalization processes in Poland, including the Silesian Voivodeship, can be divided into three stages (Urząd Marszałkowski Województwa Śląskiego 2011, pp. 14-15). The first stage includes the period 1989–2000, when revitalization was not included in planning documents at the national level due to a lack of financial resources and legal solutions. The situation changed with the perspective of the EU accession, when revitalization became a part of the National Strategy of Regional Development 2001–2006. Projects related to revitalization were incorporated in the Integrated Regional Operational Programme, which provided financial support for infrastructural projects. Social goals were not included and could only be implemented using a beneficiary's own financial resources or

within the framework of other structural funds' actions. The third stage of the revitalization process comprises the period 2007 – 2013, when urban regeneration policy became more ordered, revitalization projects were better prepared, and new mechanisms emerged enabling an increase in the efficiency of revitalization activities. An ideal revitalization project should combine the solution of societal problems, environmental and cultural heritage protection, sustainable development, and building of a sense of identity and identification with a living space.

In the period 2007 – 2013 revitalization activities in the Silesian Voivodeship were supported from the European Regional Development Fund within the framework of the Regional Operational Programme for the Silesian Voivodeship 2007-2013 (ROP WSL), Priority 6: *Sustainable urban development aiming at an increase of competitiveness of urban space of the Voivodeship*. Urban regeneration is a subject of measure 6.2, which comprises three sub-measures: 6.2.1 *Revitalization of "big cities"*, 6.2.2 *Revitalization of "small cities"* and 6.2.3 *Revitalization – JESSICA*. Support could be granted for the following types of projects:

- reconstruction and repair of industrial facilities, former military facilities or former state farms, including adaptation objectives contributing to the elimination of significant economic or social problems in the revitalized area;
- the disposal of urban areas, including the construction, reconstruction and repair of buildings in the revitalized area, contributing to the elimination of significant economic or social problems in the revitalized area;
- completion and renovation of existing buildings, including buildings seals, repair and use of undeveloped buildings, contributing to the elimination of significant economic or social problems in the revitalized area;
- comprehensive preparation of areas designated for economic activity;
- creation and development of monitoring systems in order to improve safety in public areas;
- replacement of asbestos elements of residential buildings with materials less harmful to human health.

A basic operational document at the local level is a Local Revitalization Programme (LRP), which outlines the revitalization area, scope and goals. Unfortunately in the Silesian Voivodeship these documents are not complete. They are missing data and there is a lack of information on the ownership structure, surface, allocation and other features of the space under revitalization (Urząd Marszałkowski Województwa Śląskiego 2011, p. 7). On one hand the LRPs are treated as a means of planning and monitoring of revitalization activities in the long-term, while on the other hand they are often regarded as just documents necessary to obtain funds from the Regional Operational Programme for specific projects.

The market of revitalization projects in Silesia was shaped mainly by the Integrated Regional Operational Programme, then the Regional Operational Programme, while Local Revitalization Programmes were adapted to their guidelines. As a result, especially during the period 2004 – 2006, most projects were unprofitable and were limited to the visual and functional revitalization of the city centres. and rarely were buildings or former industrial areas at the core of regeneration activities. Under the Regional Operational Programme the situation has been ameliorated somewhat due to more liberal guidelines and the fact that most of the projects are eligible for financing (City Consulting Institute Sp. z o.o. 2009, p. 11).

Big cities are the most active in acquiring revitalization funds from the Regional Operational Programme. They include those cities which populations of 50,000 or more, like Bielsko-Biała, Chorzów, Zabrze, Częstochowa, Katowice, Bytom and Rybnik.

The main financial sources for revitalization projects in the Silesian Voivodeship come from (City Consulting Institute Sp. z o.o., p. 73):

- own local government unit resources,
- EU funds,
- European Investment Bank (credits),
- commercial banks (credits),
- private capital.

Opportunities related to financial resources are crucial to enable local governments to undertake revitalization projects and define their scale. Most of the revitalization projects during the 2004 – 2006 programming period were completed with support of the Integrated Regional Operational Programme, which means that the Silesian Voivodeship had not elaborated financial mechanisms other than the use of grants (City Consulting Institute Sp. z o.o., p. 19). According to survey, financial support in the form of grants remains the most attractive for Silesian local governments, and public-private partnerships are not considered by them to be a good option (Urząd Marszałkowski Województwa Śląskiego 2011, p. 8). Most local governments claim that they are too poor to carry out complex projects without grant support.

5. Implementation of JESSICA in Silesia

The Silesian Voivodeship has allocated JESSICA funds exclusively to revitalization projects. This decision results from, *inter alia*, the outcomes of SWOT analyses, as presented in Figure 1.

In general, revolving financial resources are welcomed by the market in Silesia, although the market for profitable projects is still very narrow. On one hand revitalization projects carried out by local governments are financed in the first instance from grant schemes, and only if such grants are not available are other possibilities like JESSICA considered. On the other hand, the market looks forward to mechanisms which will be sustainable in the long-term. There is also a necessity to implement profitable projects which are logically and economically related to other activities in the region.

Implementation of JESSICA in Silesia has specific characteristics. Only one Urban Development Fund (UDF) was selected – Bank Ochrony Środowiska S.A. and there is an exclusive partner supporting project acquisition and preliminary evaluation of project proposals – Centrum Projektów Rewitalizacji S.A. The European Investment Bank (EBI) plays the role of a holding fund. This solution is favourable as the EBI has vast experience in JESSICA's implementation. Agreements can be based on an internal EBI regulation, without the necessity to resort to public procurement procedures.

So far 16 agreements under JESSICA have been signed relating to revitalization projects. It is worth noting that the JESSICA initiative in Silesia started to be operational relatively late, as the first agreement was signed only in April 2012. Two types of investments were the most popular: revitalization of housing stock and buildings, and revitalization of playgrounds. Five out of sixteen projects were carried out by housing associations, but at the same time their value was the lowest (a project value usually did not exceed EUR one million). Improving old housing stock and buildings always relates to the realization of important social goals like social inclusion, especially concerning youth, long-term unemployed and pathologic families, safety improvement and improvement of urban infrastructure (free Wi-Fi access). Revitalization of playgrounds was financed by JESSICA to a large degree (even up to 75% of costs) due to its contribution to the fulfilment of social goals like increasing community ties and expanding the culture of spending free time through the creation of attractive, safe recreational spaces and the construction of absent parking lots. Some of these projects are at least partially addressed to children, elderly and sick people, improving access to health services and care. The renovation of old buildings into shopping malls creates spaces for cultural and entertainment activities.

Table 1. SWOT analysis for possibilities of financing revitalization projects from JESSICA in the Silesian Voivodeship

Strengths	**Weaknesses**
• significant number of prepared and implemented projects; continuity in financing revitalization ventures • increased influence over the project through the implementation of integrated projects of greater scope and value, including commercial ones generating a substantial revenue • private sector participation in financing projects • quick payment, availability of funds and the possibility of accelerated use of resources • a wide range of financial products (loans, loans, capital injections, guarantees) • possibility of implementing a renewable facility, where sources can be used in the long-term perspective	• relatively small amount of funds for co-financing projects • necessity to seek additional sources of financing mechanisms for its development • lack of experience with financial instruments for urban development • low awareness among potential beneficiaries regarding the JESSICA initiative • lack of Integrated Urban Development Plans, Local Revitalization Programmes include activities that are not linked systematically • lack of proper preparation of local governments to enter into PPP contracts
Opportunities	**Threats**
• possibility of implementing renewable competing financial instruments • increased allocation of funds by the opportunity to participate of many institutions and venture financing partners in the framework of the JESSICA • decrease of interest rates • loose monetary policy • willingness of local governments, financing institutions to finance revitalization projects • implementation of PPP* projects financed by private funds	• increase in interest rates on credits and loans • restrictive monetary policy • other competing mechanisms for financing projects • difficult situation on the credit market and stringent requirements of banks • involvement of local governments in investments that do not relate to the processes of revitalization • high levels of debt and debt service of local government units • passive attitude of public entities to engage in projects financed and implemented with private partners in PPP*

* private-public partnership

Source: Urząd Marszałkowski Województwa Śląskiego 2011, p. 71.

According to the representatives of the Marshall's Office in Katowice JESSICA has the following advantages: it is an innovative way for using EU funds; project proposals under the JESSICA scheme are better prepared in comparison to grant project proposals; and investors have the opportunity to carry out bigger investments in comparison to a grant scheme. There are also some problems related to the implementation of JESSICA in Silesia, which refer especially to small and medium-sized enterprises. These include: the requirement for collateral for the loan (120% of loan value); assurance of a minimum profitability of the project; and lack of collaboration between public and private entities in the form of PPP. There are also difficulties concerning the issue of ownership and interpretation of legislation due to the lack of appropriate guidelines in this respect.

6. Revitalization in Central Moravia

From the point of view of habitation, the Olomoucký and Zlínský regions are urbanized to a medium degree. Thus they do not belong to those regions which are heavily urbanized, such as, for example, the Moravskoslezský, Liberecký or the Ústecký regions. The number of towns in these regions is below average. The degree of urbanization, at least according to the percentage of municipal population, is around 60% (for comparison - the Liberecký region is at a level of 79%, and the Ústecký region 80%). Only the Vysočina and the Středočeský regions have a lower municipal population density. Thanks to this concentration and the absolute sizes of the settlements, it may be said that these two regions represent an important growth potential in the framework of the Czech Republic or the Central European region (EIB 2011, p. 11).

On the basis of analysis of key indicators of Central Moravia's urban development, it is possible to formulate the following findings (EIB 2011, pp. 11-14):

- population growth in the Central Moravian Region (CMR) is below average; towns are losing their inhabitants;
- CMR is not, in the context of the entire Czech Republic, the most economically attractive region. Moreover it is hardest hit by the economic crisis;
- CMR has a relatively high environmental level;
- CMR is relatively attractive for visitors and tourists.

The Central Moravia Cohesion Region (CMCR) is characterized by a weak economy and low investment activity. Other factors such as, for example, human and natural resources are of relatively good quality or do not show any marked deviation. The strong trait of the region is its attractiveness for visitors.

The Integrated Urban Development Plan (IUDP) is a document which enables a set of interventions, financed by Structural Funds (SF), notably from the Regional Operational Programme and the Integrated Operational Programme (other OPs can be involved as well). IUDPs are put in place if the number of inhabitants at least 50,000 (this is the case of the cities of Olomouc and Zlín). The plan can be thematically or territorially focused and provides development goals and measures. An Integrated Area Development Plan (IADP) is analogical to the IUDP, but covers not only one city but rather a functional area.

JESSICA's implementation in the present ROP, CMR, and OP Environment especially supports the following areas (EIB 2011, p. 21): *ROP CMCR 2.1 Development of regional centres; ROP CMCR 2.2 Development of towns; ROP CMCR 2.4 Support for enterprise; ROP CMCR 3.1 Integrated development of tourism; ROP CMCR 3.2 Public infrastructure and services; ROP CMCR 3.3 Business infrastructure and services; OP Environment 3.2 Implementation of energy savings and using waste gas heat in the public sector; partially also: ROP CMCR 1.1 Regional transport infrastructure* and *ROP CMCR 1.2 Public transport*.

Pilot projects within PPP and JESSICA financing are included in ROP CMCR as one of the 2.1 and 2.2 Areas of support activities. This is approved in the ROP implementation document, and there is no need to change the ROP. Concrete conditions of usage should be eventually specified in a call for Expression of Interest for the selection of an Urban Development Fund (UDF). At the present time there are no financial resources allocated specifically for the partial activity "Pilot actions". There is only an indicative allocation for the total areas of support 2.1 and 2.2.

All the above-mentioned areas of support, especially investments in leisure activities, social and transport infrastructure, increase the availability and quality of services and consequently attract people to live in urban areas. Regeneration of brownfield locations and the modernization and building of transport and technical infrastructure in industrial zones increase the attractiveness of urban areas for small and medium-sized entrepreneurs interested in investments, including possible foreign investments. In addition the development of a tourism infrastructure, coordination of activities, and linking of "commercial" and "public" attractions could become an important sector of the regional economy, a source of new job creation and motivation for living in urban areas. The inability to solve these problems is largely the result of market failure, i.e. its unwillingness and inability to solve these weaknesses in the long term. Prospective projects in these areas of support could generate sufficient incomes for JESSICA financing (EIB 2011, p. 21).

JESSICA was therefore launched with a view to providing new opportunities to the Managing Authority (MA) responsible for the cohesion policy programmes in the programming period 2007-2013, by (EIB 2011, p. 6):

- ensuring long-term sustainability through the revolving character of the Structural Fund's contribution of funds specializing in investing in urban development;
- creating stronger incentives for successful implementation by beneficiaries by combining grants with loans and other financial tools;
- leveraging additional loan resources for public and private partnerships (PPPs) and other projects for urban development in all the regions of the EU; and
- contributing financial and managerial expertise from specialist institutions such as the European Investment Bank (EIB), the Central European Bank (CEB) and other financial institutions.

7. Implementation of JESSICA in Central Moravia

The long list of projects which have been submitted were assessed with respect to their applicability for JESSICA on the following criteria (EIB, 2011, p. 30):

- They should address a problem identified in the analysis of financing needs and market failure in the region;
- They should address the needs of town/city development and are in accordance with its development strategy;
- They are not in the stage of implementation yet and will not be launched before applying for JESSICA support with regard to state aid and cost eligibility (Council Regulation (EC) 800/2008);
- They have not currently secured another public intervention, allocated grant within the IUDP, or operational programme;
- They should generate financial revenue of a considerable amount in the operational phase, or have other financial effects (expenditure savings in accordance with efficiency of operation, or other indirect fiscal effects directly resulting from project holders);
- They should generate sufficient socio-economic benefits, measured by a Cost & Benefit Analysis (CBA);
- The MA should specify a requested rate of return (% of ERR) on investments;
- They are significant in investment volume (at least CZK 20 million), due to the nature and financial potential of JESSICA.

Table 2 shows a SWOT analysis illustrating possibilities of JESSICA's application in the Central Moravia Cohesion Region.

Table 2. SWOT analysis of JESSICA in the Central Moravia Cohesion Region (CMCR)

Strengths	Weaknesses
• unspent allocation of ROP CM* for pilot implementation, • possible leveraging of structural funds (SF) from the private sector, • ex-ante investment sources, • existence and identification of "JESSICAble" projects in the region, • gaining of experience with financial engineering instruments by regional bodies and municipalities, • rather positive attitude of regional stakeholders, • recycling of funds for further urban projects	• lack of experience and knowledge (regional, national level), • implementation of grants and JESSICA at the same time, • no or weak cooperation with the private sector, • most potential projects are not mature enough (e.g. financial forecasts are missing), • few resources available within ROP CM, low efficiency and impact, • lack of methods for addressing and engaging JESSICA projects into municipal strategies, • low level of investment funds for co-financing
Opportunities	**Threats**
• addressing projects which identified market failure, • additional sources from other Operational Programmes (re-allocation), • development of cooperation with private sector, • transfer of know-how and best practices from Moravian-Silesian Region, • available support from EIB, • gathering of know-how for next programming period of 2014-2020	• investment potential in region (market) seems limited, higher risk at the project level, • willingness of the implementation system, • not all regulations on project investments are clear (e.g. State Aid), • low level of public investment funds, • actual low available allocation, lower added value of JESSICA financing

Source: EIB 2011, p. 51.

8. Conclusions

Ensuring sustainable socio-economic development of regions and cities is one of the main objectives of current economic policy. This is particularly important for the post-socialist regions of Central and Eastern Europe, with an obsolete infrastructure and in many cases strongly affected by the ongoing economic crisis. Silesia and Central Moravia are good examples of such regions.

The revitalization of urban areas, aimed at modernization and adaptation to the needs of local communities, is one of the ways to ensure sustainable development. In view of the economic and financial crisis, the issue of securing an appropriate source of financing for revitalization projects becomes even more important. Previous analyses reveal that JESSICA is an effective tool for the implementation of a sustainable development strategy, allowing to raise funds on more favourable terms in comparison to alternative methods of financing, primarily in the form of loans or grants. Projects funded through JESSICA should encompass the specificities of the analyzed regions and fit in with the objectives set out in their development strategies. Only such an approach can ensure efficiency and thus increase the level of socio-economic sustainability of regions under investigation. Based on the analysis of JESSICA's performance in the regions, it can be stated that the direction of activities is appropriate and that the JESSICA projects contribute to socio-economic activation of the area. In the future, efforts should be made to increase the scope and effectiveness of the use of funds allocated for the revitalization of post-industrial regions. This will enable transformation of these regions into socio-economically developed areas. The acceptance of projects funded through the JESSICA fund should be based on the priorities of local communities, which can be identified with the aid of public opinion surveys (e.g. questionnaires, surveys, community interviews, etc.).

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Streszczenie

INICJATYWA JESSICA JAKO INSTRUMENT WSPIERANIA ZRÓWNOWAŻONEGO ROZWOJU MIAST. PRZYKŁADY REWITALIZACJI OBSZARÓW MIEJSKICH NA ŚLĄSKU I W ŚRODKOWYCH MORAWACH

W artykule przedstawiono ocenę możliwości implementacji narzędzi finansowych funkcjonujących w ramach inicjatywy JESSICA w wybranych dwóch specyficznych, przede wszystkim na ich post-industrialny charakter, ale także z powodu ich odmiennej charakterystyki społeczno-ekonomicznej, regionach Europy Środkowej: na Śląsku i w Środkowych Morawach. Problematyka ta prezentowana jest w kontekście możliwości wspierania zrównoważonego rozwoju obszarów miejskich położonych w tych regionach poprzez działania mające na celu ich rewitalizację. Na początku zostały zaprezentowane ogólne ramy teoretyczne dla

prowadzonych rozważań, oparte na dokonanym przez autorów przeglądzie literatury, kładącej szczególny nacisk na możliwości wykorzystania środków finansowych pochodzących z funduszy spójności Unii Europejskiej, a zwłaszcza instrumentów funkcjonujących w ramach inicjatywy JESSICA, w kierunku rewitalizacji regionów post-socjalistycznych. W rozdziale pierwszym omówiono koncepcję zrównoważonego rozwoju gospodarczego w aspekcie możliwości dokonywania działań w zakresie rewitalizacji ww. regionów, a zwłaszcza na ich ogromny potencjał rozwojowy w tym zakresie oraz na dziedziny i możliwe poziomy implementacji tego rodzaju przedsięwzięć i ich korzystne efekty. W rozdziale drugim zaprezentowano specyficzne cechy procesu rewitalizacji w krajach, regionach i miastach post-socjalistycznych. Rozdział trzeci zawiera skrótowy opis dotychczasowego przebiegu procesów rewitalizacji oraz analizę szczegółowych dziedzin i ram prawnych regulujących możliwości implementacji narzędzi finansowych w ramach inicjatywy JESSICA. Wyszczególniono także najistotniejsze aspekty degradacji rozpatrywanego obszaru, które determinują rodzaj i charakter realizowanych procesów rewitalizacji. W rozdziale czwartym zaprezentowano dotychczasowy przebieg tych procesów oraz zasadnicze problemy związane z ich implementacją (w oparciu o analizę SWOT). Zwrócono także uwagę na korzyści dla województwa płynące z realizacji projektów finansowanych w ramach inicjatywy JESSICA na obszarze Województwa Śląskiego. Rozdział piąty zawiera omówienie nowych możliwości wykorzystania funduszy pomocowych UE w regionie Środkowych Moraw w okresie programowania 2007-2013 oraz dotychczasowe obszary wsparcia w ramach priorytetów ustalonych przez Unię Europejską. W rozdziale szóstym przedstawiono z kolei kryteria, w oparciu o które dokonywany jest wybór projektów do finansowania w ramach inicjatywy JESSICA oraz zaprezentowano analizę SWOT dotyczącą możliwości wykorzystywania tego rodzaju środków finansowych przy realizacji projektów rewitalizacyjnych na obszarze regionu Środkowych Moraw. Podsumowanie zawiera wnioski dotyczące dotychczasowego i przyszłego charakteru procesów rewitalizacyjnych finansowanych przy pomocy środków finansowych w ramach inicjatywy JESSICA w rozpatrywanych regionach.

***Słowa kluczowe**: zrównoważony rozwój miast, rewitalizacja i regeneracja obszarów miejskich, inicjatywa JESSICA, kraje, regiony i miasta postsocjalistyczne*