



# Financial Instruments 2014-2020 under European Structural and Investment Funds (ESIF)

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*Lessons Learnt from London Green Fund*

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# Lessons Learnt from London Green Fund

**Kenroy Quellennec-Reid – Greater London Authority**



# Introduction





## Joint European Support for Sustainable Investment in City Area (JESSICA)

### Why use JESSICA?

- Entire region is urban area
- Integrated plan for sustainable urban development in place
- Help meet Mayor's climate change objectives

### Why repayable finance?

- Returns used for other urban regeneration projects
- Leveraging additional funding for climate change objectives
- Flexible approach in delivery and combining funding package for projects
- Opportunity to do something genuinely innovative with ERDF!

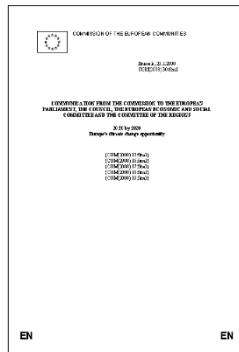


# London Climate Change Target

Today

2020

European 20-20-20  
Target (2009)



- Reduction in greenhouse gas emissions by **20%** below 1990 levels by 2020
- 20% increase in renewables
- 20% cut in energy consumption

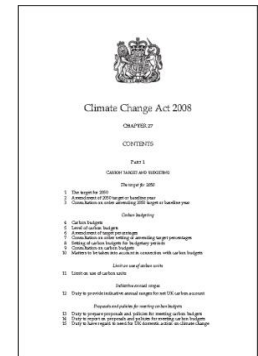
2025

London Mayor's  
Climate Change Target

- Reduction in greenhouse gas emissions by **60%** below 1990 levels by 2025

2050

UK Climate Change  
Act (2008)



- Reduction in greenhouse gas emissions by **80%** below 1990 levels by 2050.



# Finance Challenge

Private investors not investing in areas such as retrofitting and decentralised energy

Projects are too small, too risky, and lack sufficient precedents to attract finance

Solutions & investment cannot be addressed by the public sector alone



# Model for the future?



Public Resources



Financial  
Engineering  
Instrument



Private  
Investors



Recycle







# Preliminary Steps

- Evaluation
- Holding Fund Investment Strategy
- Funding Agreement
- Governance

Investment Board

London Waste & Recycling Board

€23m

Greater London Authority

€41m

European Regional Development Fund

€77m

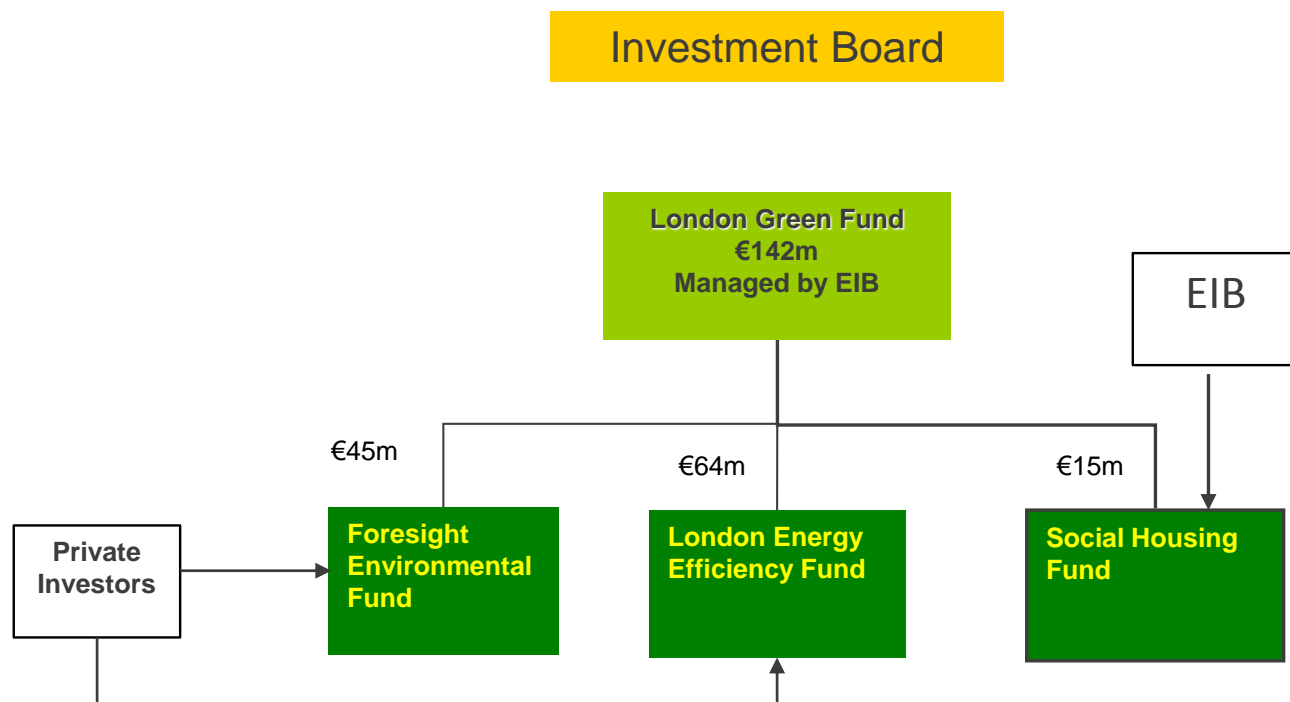
London Green Fund  
€142m  
Managed by EIB





# Pre-Investment

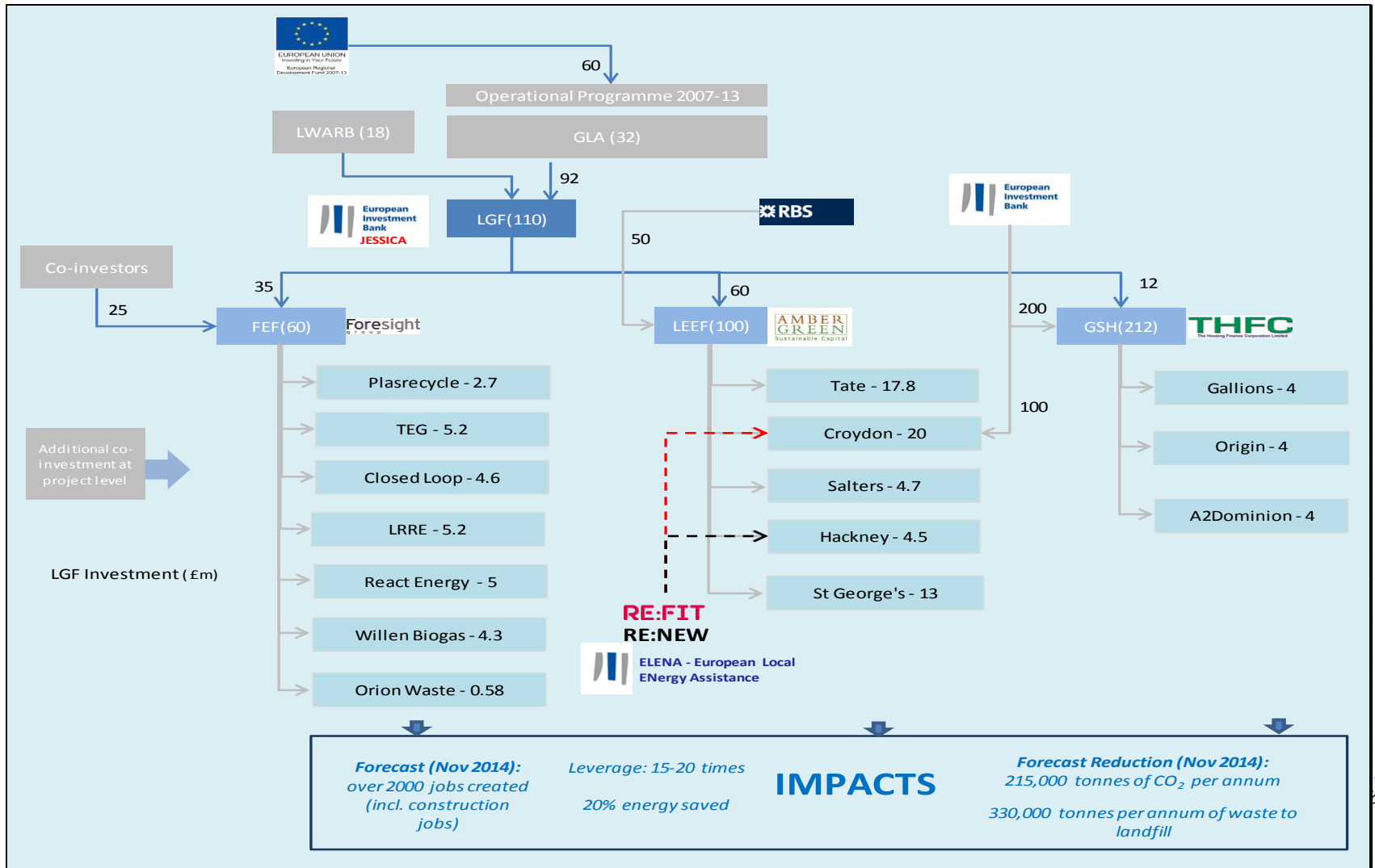
- Procure Managers
- Set-up UDFs
- Investment Policy







## Impact so far







## Some Lessons

Need to know what you want but also what market can deliver.

Projects may not only need funding but also management-know-how and technical guidance.

Formulate clearly defined investment strategy but recognise market can change.

Identify challenges and opportunities.



# Thank you

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