



**fi**  **compass**  
EAFRD

## Macro-regional conference on EAFRD financial instruments for agriculture and rural development in 2014-2020

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# London Green Fund

Supporting Sustainable Infrastructure



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Monday 24<sup>th</sup> October 2016

Warsaw

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# Overview



- Background & Context
- Using Financial Instruments
- London Green Funds & Projects Supported
- 2014-20 Programming Period
- Lessons





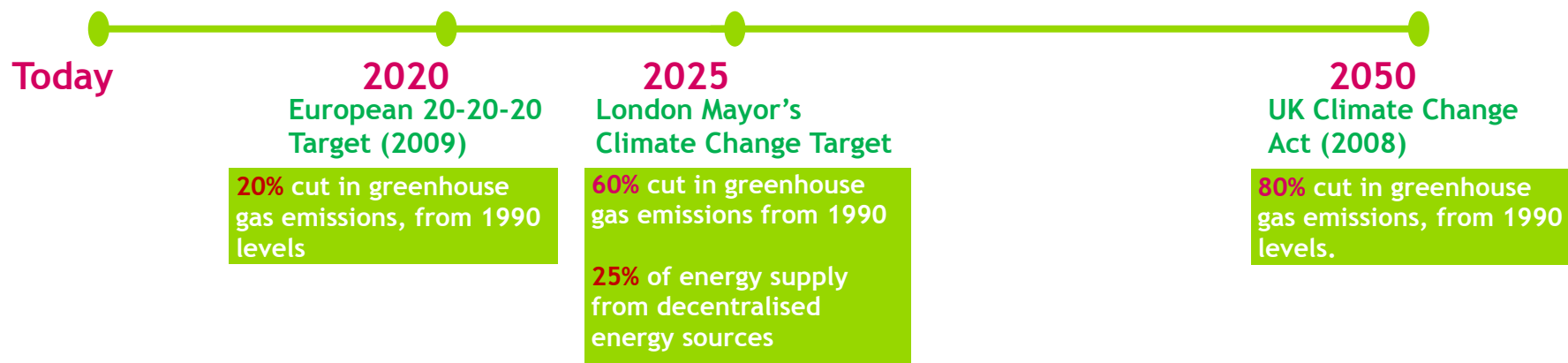
## London's Stats

- 1,623 km<sup>2</sup>
- GVA 22.2% of UK – grew by 4.0% in 2013
- An economy of £338 billion
- Over 8.4m people
- Around 30 million journeys made every day

Photo: Kjell Lindgren/NASA/PA Wire



# London Climate Change Target





## 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

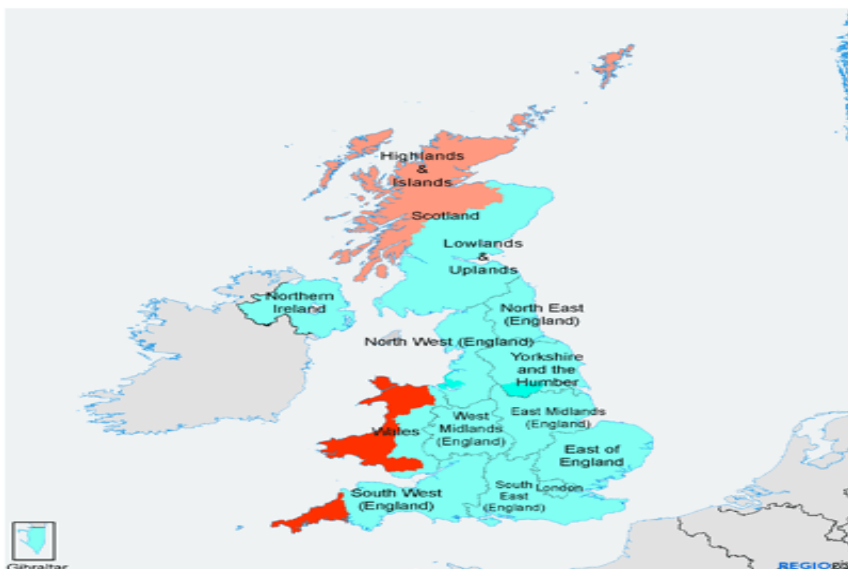
Solutions & investment cannot be addressed by the public sector alone



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# 2007-13 Cohesion Policy



- Convergence Regions
- Phasing-out Regions
- Phasing-in Regions
- Competitiveness and Employment Regions



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London got **€812 million**

Managed by **Greater London Authority**  
(Intermediate Body)

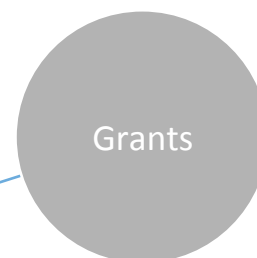
**€210m European Regional Development Fund** programme supports:

- Innovation & Knowledge Transfer
- Access to Finance and New Markets
- Environmental Infrastructure (mainly via JESSICA)





# Allocation of EU funding



# Why use Financial Instruments (FIs)?



**Sustainability**

**Leverage**

**Expertise**

**Performance**

- **generate returns** to be reused for other activities.
- able to **secure funding from other sources**, especially private investors.
- benefit from range of **skills and experience** from specialist institutions.
- incentives to enable **better performance** e.g. greater financial discipline at project level.



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## Future funding model?



**Public  
Resources**

Financial  
Instrument

Private  
Investors



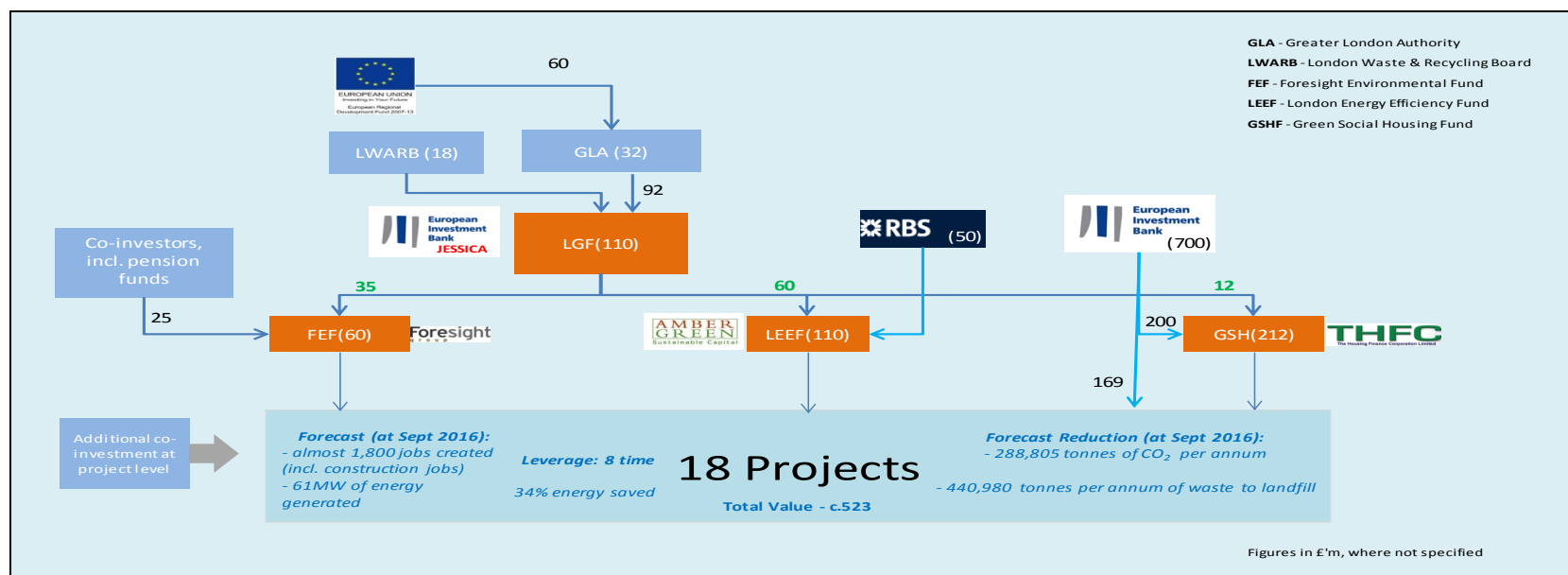
**Model?**



Recycle



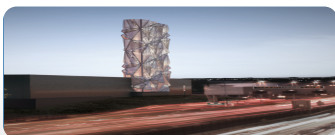
# London Green Fund



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# LGF projects



An energy centre and district heat network serving 15,000 residential units and 3,500,000 sq ft of commercial space. 20,000 tonnes p.a. carbon savings over scheme's life.



Anaerobic digestion plant with capacity to process 30,000 tonnes p.a. of organic waste and generate 1.4MW electricity for about 2,000 households. Also involves an In Vessel Composting plant creating 14,000 tonnes p.a. of compost for agricultural use.



Uses well established pipe technology to deliver hot water for heating to local authority and commercial buildings.



Retrofitting and installation of energy saving measures and low carbon infrastructure to support development at an iconic cultural institution.



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# Climate Change Challenges



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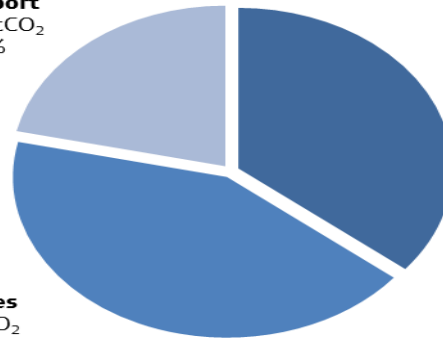
8.6m

population in London

**Transport**  
8.58 MtCO<sub>2</sub>  
21%

**Workplaces**  
17.06 MtCO<sub>2</sub>  
43%

**Homes**  
14.28 MtCO<sub>2</sub>  
36%



80%

reduction in CO<sub>2</sub>  
emissions by 2050

47%

energy demand  
for space & water  
heating

60%

reduction in CO<sub>2</sub>  
emissions by 2025

Source: London Energy and Greenhouse Gas Inventory, 2011

4.89

tonnes CO<sub>2</sub> per  
capita

25%

of London's energy  
supply from  
decentralised  
energy sources by  
2025

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# London Population Projections

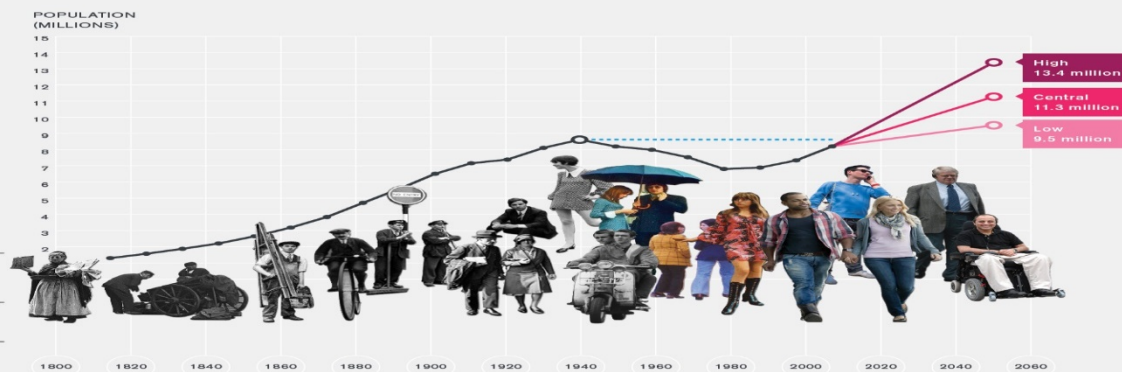


We estimate that London's population became bigger than ever in February 2015. We reached a population of 8.6 million

Projections show growth to 11.3 million inhabitants by 2050

An overall increase of 37% from 2011 to 2050

Source: GLA Intelligence Unit



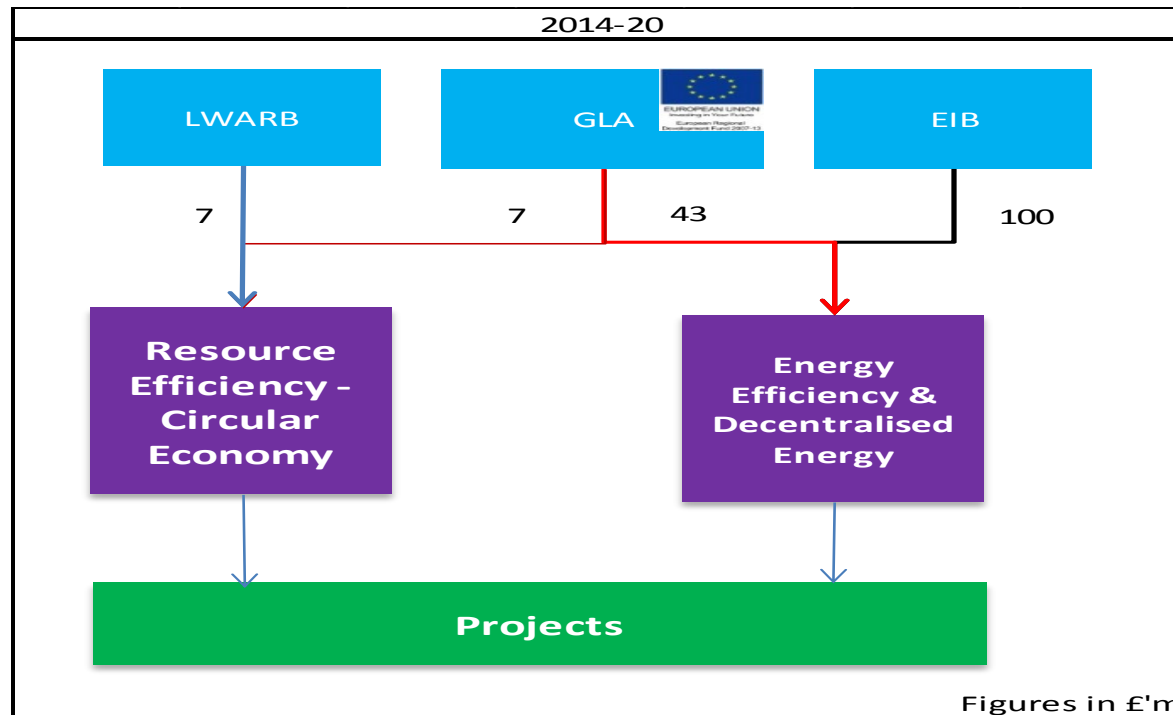
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# London Infrastructure Needs



# London Green Fund II



- Further ERDF allocated

- EIB and LWARB agreed to provide further funding.

- Ability to top-up funds with returns from LGF I.



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# 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.

Aggregating smaller projects.





**Thank you**

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