



Financial Instruments and Housing Opportunities

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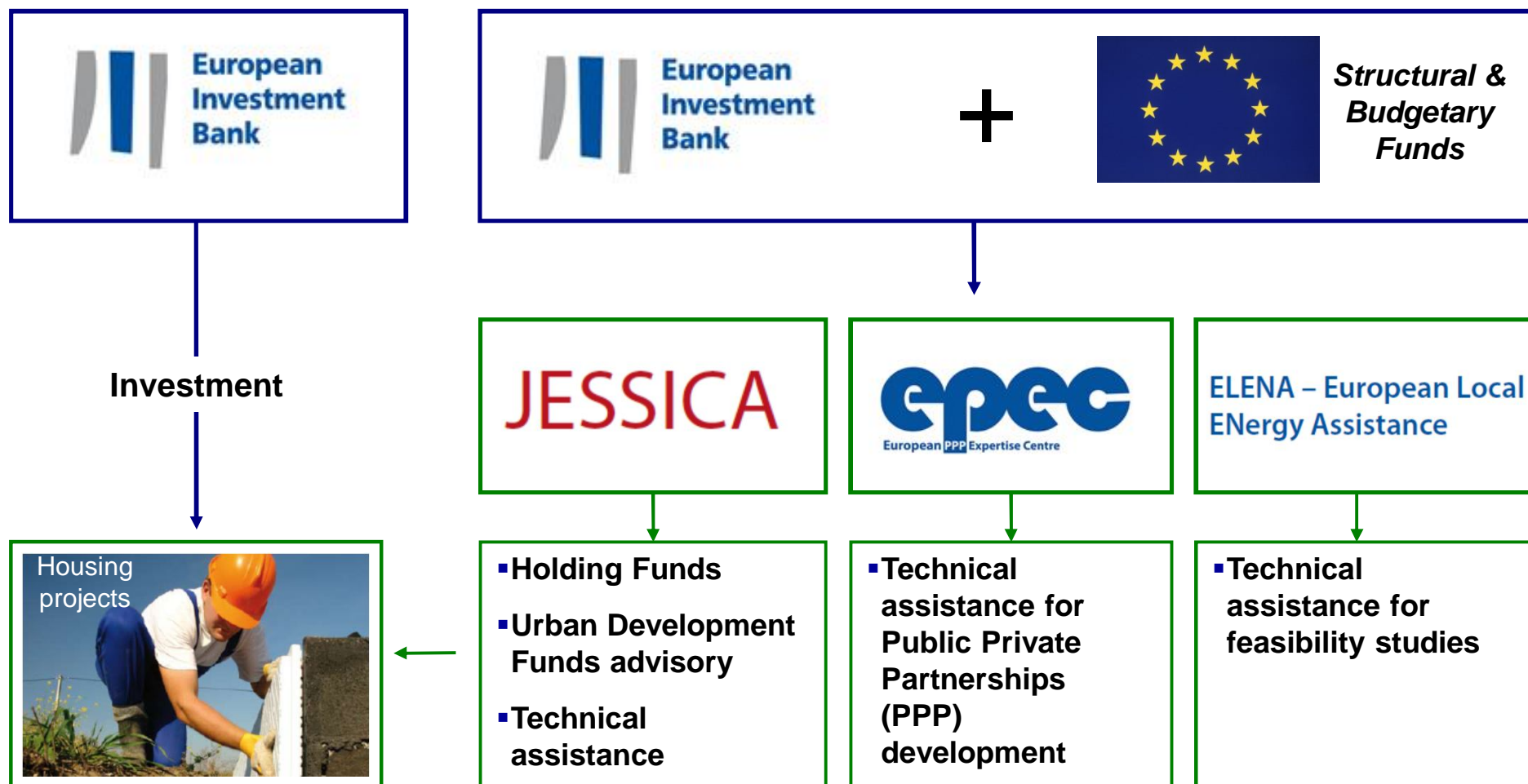
JESSICA and Investment Funds
Technical and Financial Advice
European Investment Bank

27 June 2012

Lyon

EIB's activity

Financing and advising independently and in collaboration with EU



- **Intermediated via**
 - **(i) a public intermediary (national or regional institution) or**
 - **(ii) a financial intermediary (commercial or public bank) e.g. in the UK, Belgium, France, Poland;**
- **Projects need to comply with the transposed EU Directives on the Energy Performance of Buildings**
- **Contributing higher energy performance to social housing**
- **Between 2000-2010 – approx EUR 2.5-3b annually to urban to urban renewal including housing projects**

ELENA – Overview

European Local ENergy Assistance

- *ELENA is a technical assistance facility providing grants to finance feasibility studies of investment programmes that fight against climate change*
- **Covering up to 90% of eligible costs**
- **Only Public Bodies from IEE* countries can apply**
- **Area: Renewable energy in the built environment, energy efficiency, district heating, transport**
- **3 years to implement the programme**
- **Minimum leverage factor of 25 (to be verified at the end of the financing period)**
- **Replication potential - minimum project size of 50 MEUR**
- **The funds available are: EUR 15 mln for 2009 + EUR 15 mln for 2010 + EUR 19 mln (expected) for 2011. Some EUR 30 mln have already been assigned to projects**

*EU-27 + Iceland, Norway, Lichtenstein and Croatia

EPEC – overview

European PPP Expertise Centre

- *EPEC is a joint initiative of the EIB, the European Commission and European Union Member States and Candidate Countries*

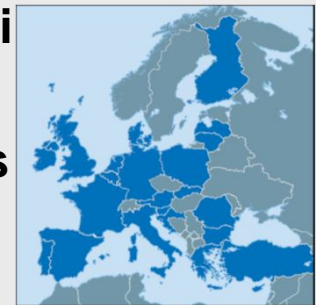
- **EPEC helps strengthen the capacity of its public sector members to develop Public Private Partnership (PPP) policies and programmes by**

- Sharing Experience
- Leveraging Capacity
- Solving New Challenges

⇒ **The goal of EPEC is to assist the public sector to deliver more and better PPP**

- **EPEC Membership:**

- Public sector entities with policy and programme responsibility for PPP in EU and Candidate countries
- 31 national / regional members including EU PPP taskforces
- 25 members initially
- 33 total as of February 2011



- **Currently EPEC is carrying out a Europe-wide study on guidance for municipal, regional and national bodies to develop and deliver PPPs for EE in public buildings**

Overall JESSICA objectives

- Higher productivity of Structural Funds / public funds

Increase efficiency and productivity of Structural Funds by making use of innovative and revolving financing instruments in the urban sector (complementary to grant financing)

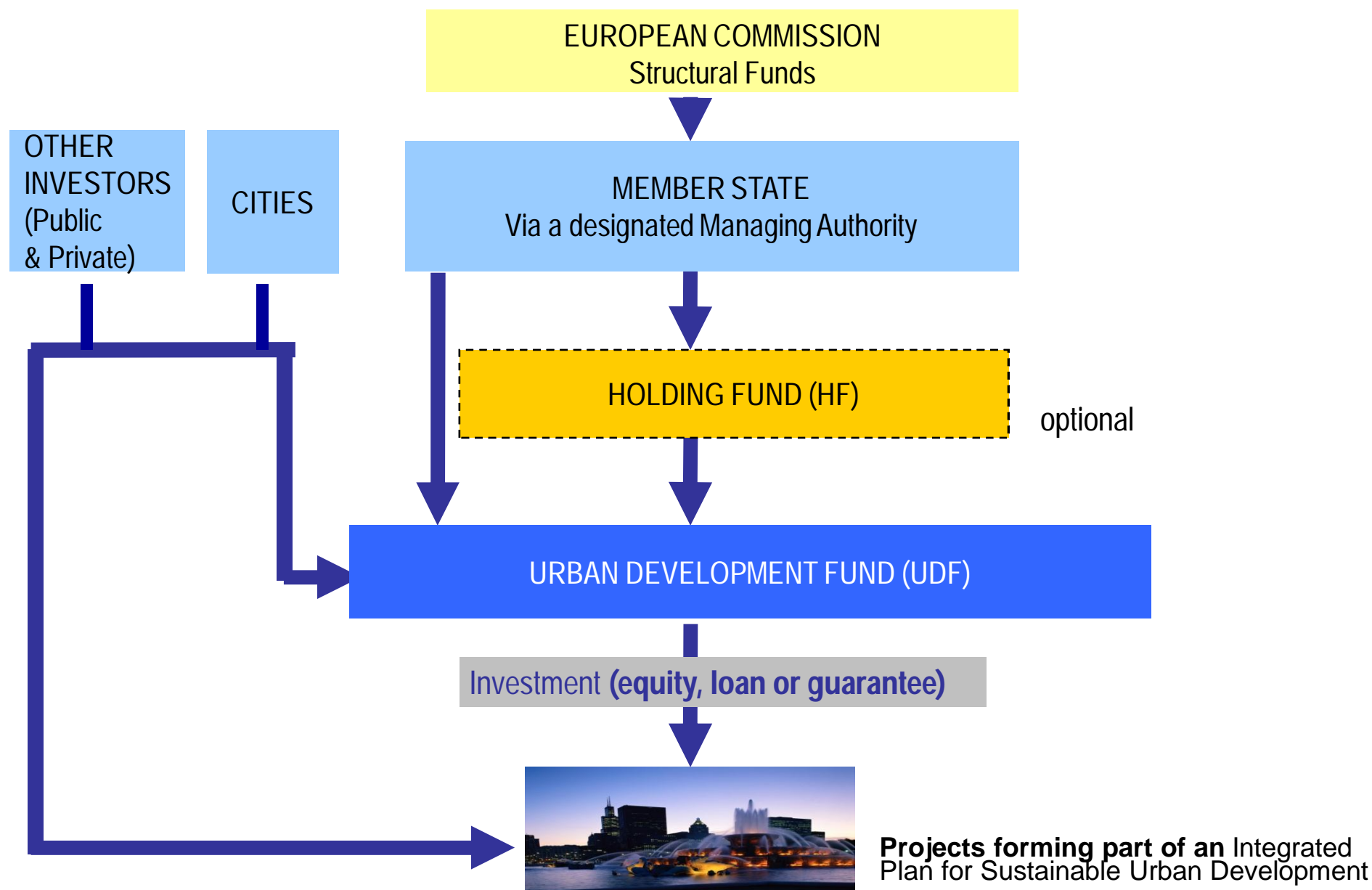
- Leverage effect

Mobilise additional public and private sector resources for the benefit of sustainable and integrated urban development (schemes)

- Expertise - new partnerships and synergies

Utilise financial, managerial and project implementation expertise from private sector or international financial institutions such as EIB

General JESSICA implementation model



EIB Holding Fund mandate			Implementation progress						
Managing Authority	Volume (EUR m)	HF FA	0	1	2	3	4	5	6
HF - Wielkopolska (PL)	67	II/09							
HF - Andalucía (ES)	86	II/09							
HF - Lithuania (LT)	227	II/09							
HF - Portugal (PT)	130	III/09							
HF - WestPomerania (PL)	33	III/09							
HF - London (UK)	113	IV/09							
HF - NorthWest England (UK)	114	IV/09							
HF - Sicily (IT)	148	IV/09							
Total signed 2010	918								
HF - Moravia Silesia (CZ)	20	I/10							
HF - Campania (IT)	100	I/10							
HF - Scotland (UK)	56	II/10							
HF - Greece (GR)	258	III/10							
HF - Silesia (PL)	60	III/10							
HF - Pomerania (PL)	57	III/10							
HF - Bulgaria (BG)	33	III/10							
Total signed 2011	584								
HF - FIDAE (ES)	128	III/11							
HF - Sardegna (IT)	70	III/11							
HF - Masovia (PL)	40	III/11							
Total signed 2012	238								
HF - Energy Efficiency/ Renewable Energy (IT)	70	I/12							
Total expected 2012	70								
Total 2010 + 2011 +2012	1,810								

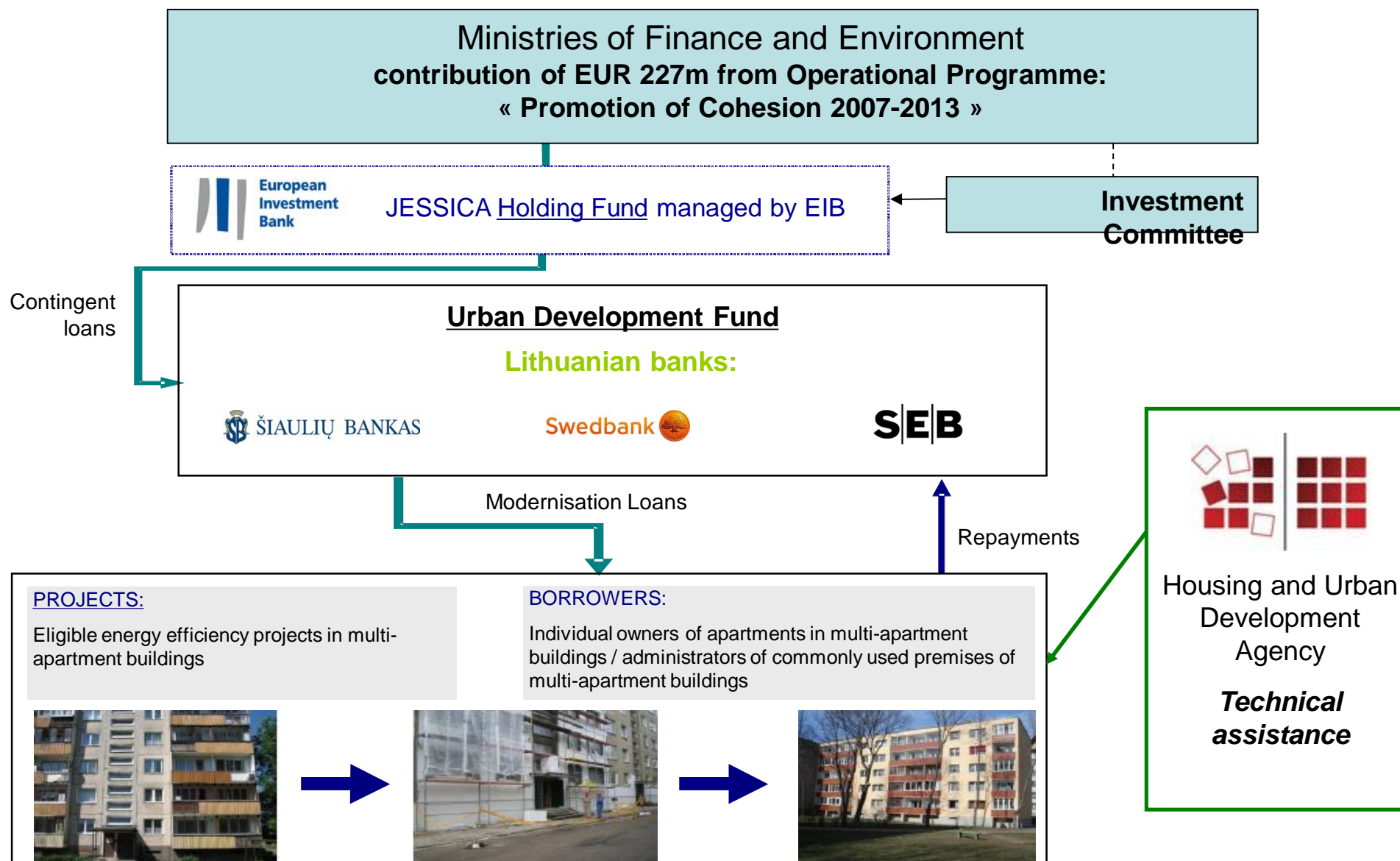
0	Pre-negotiation Stage / HF Agreement to be signed
1	HF Agreement signed / Investment strategy / Investment board
2	Call(s) for Expression of Interest in preparation
3	Call(s) for Expression of Interest launched
4	Call(s) for Expression of Interest closed
5	UDF(s) selected
6	Operational agreements in place (HF/UDF)

 Stage Achieved

 Implementation of the stage imminent

 Signature expected in coming months

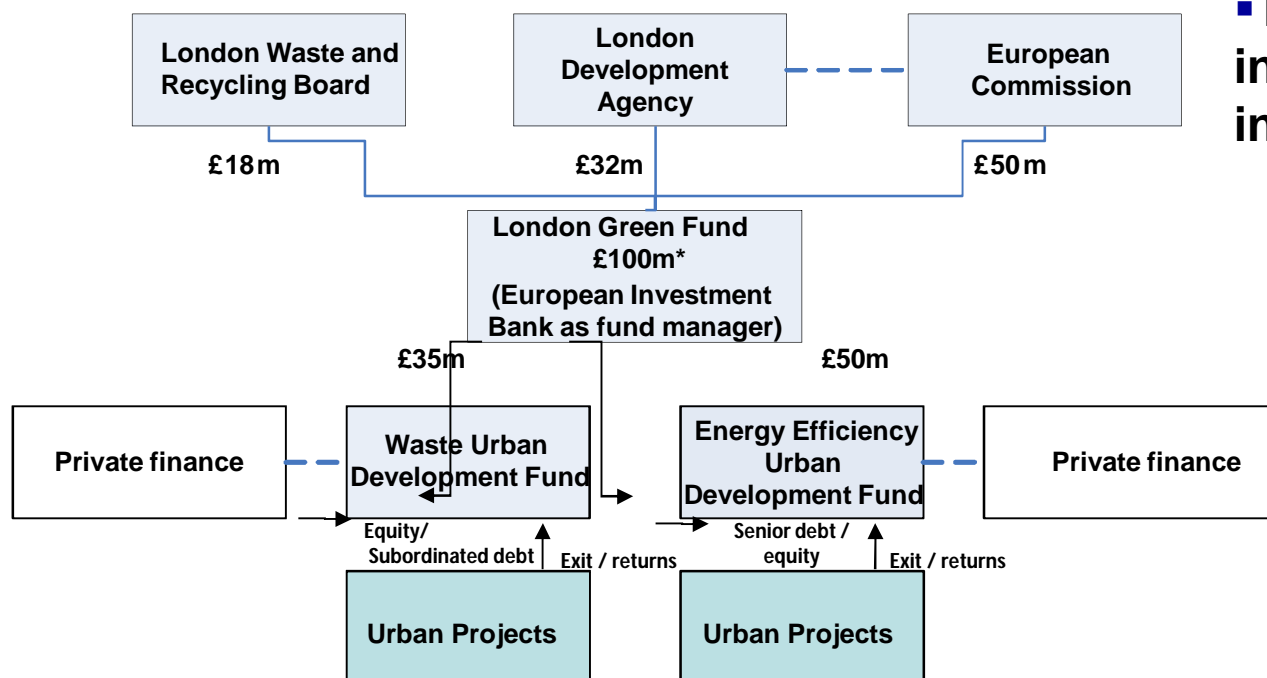
JESSICA scheme in Lithuania



- **Energy efficiency programme designed with the support of both grants and financial engineering instruments - scheme could be replicated in other Member States and in future programming periods**
- **Recycling ability via repayable investment**
- **Mobilisation of the country's financial and construction sectors**
- **Such large scale national programmes have potential to become an important stimulus for the economy**

The London Green Fund

Energy Efficiency UDF



* The remaining £15m in the London Green Fund may be invested in one or both UDFs in due course

- Uses Structural Funds (ERDF) to stimulate private investment at UDF and project level.

- The Energy Efficiency UDF will initially focus on projects involving:

- Energy efficiency improvements to existing social housing.
- Adaptation/refurbishment of existing public and voluntary sector buildings to make them more sustainable and environmentally friendly

- Capital must be invested by the UDFs into projects by 2015 and will be repayable with a return (which varies from project to project)

Housing in future JESSICA operations

This programming period

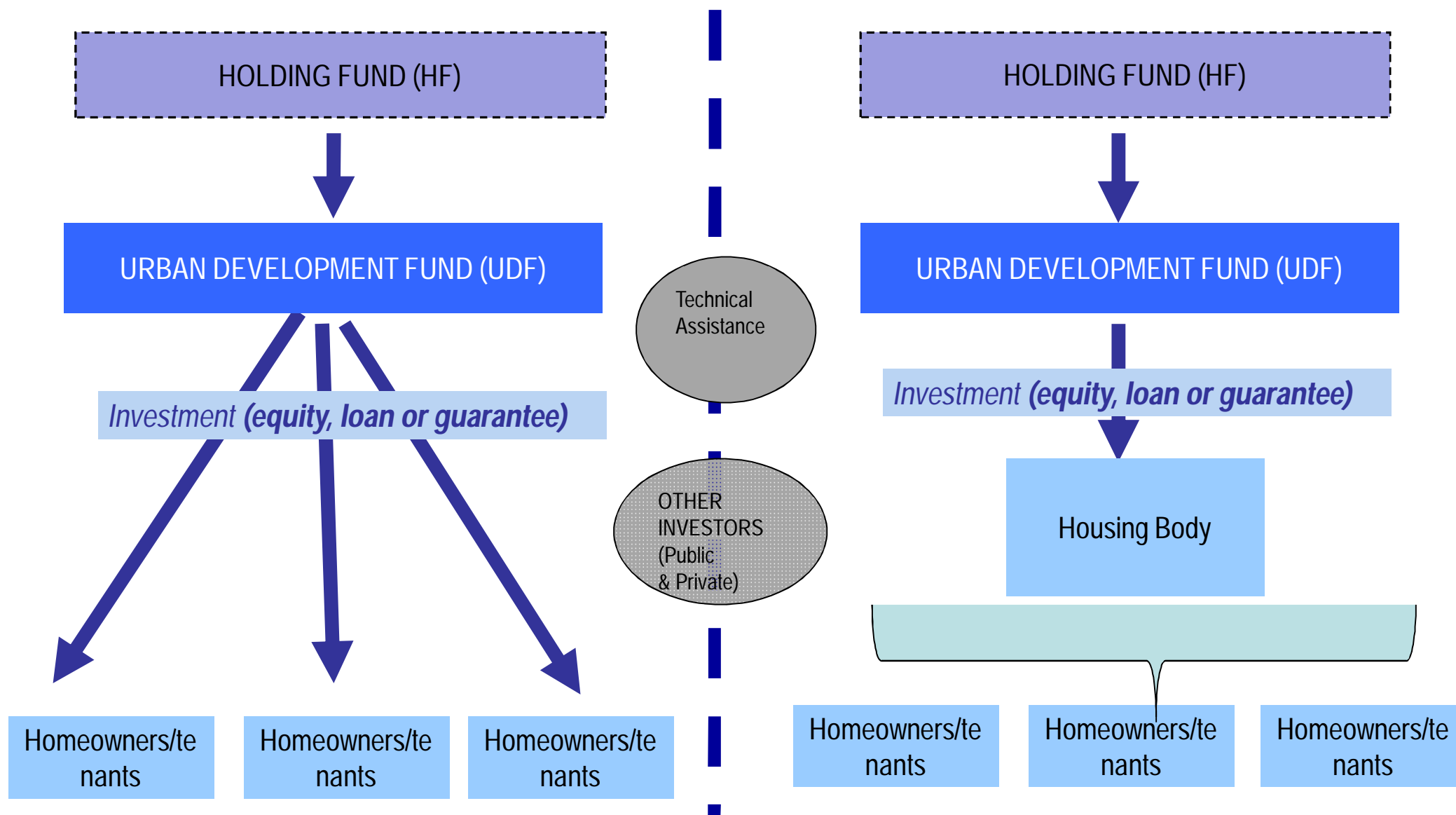
- **Instruments in place, mostly focused on EE**
- **Areas with clearly defined revenue stream (and replicable)**
- **Investment strategies may still be modified within this programming period**
- **Need for Technical Assistance**

Next programming period

- **Challenge for mixed use urban development, and mixed tenure for rental housing**
- **Opportunities for cities - multi-dimensional and cross-sectoral interventions e.g mixed development projects may allow JESSICA to support housing projects indirectly within regulations**
- **Projects need to be included in investment strategy of fund manager, preferably also in OP of MAs**
- **More possibilities in regulations, wider scope**

General implementation model types

Can support differences in ownership structures across Member States



- **Different ownership structures across EU**
- **Customised approach possible with both individuals and housing associations, social landlords being the Final Recipients**
- **To date housing projects using JESSICA funding have been small scale and concentrated on making buildings more energy efficient e.g Lithuania and Estonia**
- **Technical Assistance important**

- **Scope for a bigger residential component in JESSICA operations**
- **The challenge for housing is to build the JESSICA approach into overall urban redevelopment, concentrating on ensuring adequate eligible housing expenditure within mixed-use and financially viable project**
- **All stakeholders should work together and prepare now for the future period – marketing, strategies, energy audits, etc**
- **Housing plays an vital role in urban development strategies and definite scope to realise projects through Financial Instruments**



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