



FUTURE MODELS FOR INVESTMENT

THE EVERGREEN FUND (UK)

The City has a team of FI experts to source projects for the Fund Manager. The team works with project promoters and the Fund Manager to assist the development of investment ready projects

The Fund's Board is nominated by the cities. The independent FI Manager must recommend projects for investment

Most investments are made on a "no aid" basis. A State aid notification allows sub-commercial loans where supported by independent process

Managing Authority has entrusted the implementation of the FI to the City authorities

The Evergreen Fund is a good example of a FI providing development loans to areas where bank funding is not available. Other models that have successfully supported similar developments include the Portuguese and Wielkopolska Funds which are managed by financial institutions on behalf of the Managing Authority.

Implementation of FIs may be entrusted to cities under Art 38(4)(b)(ii) of the Common Provisions Regulation and Art 7 of the Delegated Regulation.

WIELKOPOLSKA FUND (POLAND)

MA has strong regional presence and partnership with City to align investment strategy.

Implementation entrusted to a State owned bank. Investment Committee has a Regional nominee. The Investment strategy requires projects to comply with local plans.

Sub commercial loans made using sectoral GBER flexibilities by calculating "gross grant equivalent" of discount to rates.

The MA set up a National Holding Fund managed by EIB who supported the implementation of regional FIs through an open call.

The Wielkopolska Fund uses flexibilities offered by GBER to support low cost investments to projects that contribute to social outcomes. It also provides loans with a term of up to 20 years which increases its usefulness to fund long term infrastructure and workspace projects, including tourist attractions, museums and hotels.

In the North of Portugal two very successful funds have been established that are similar to the Wielkopolska fund. These funds also use GBER to support sub-commercial loans that have supported projects across the region, including a large number of schemes in the city of Porto.

The funds invest ERDF resources alongside match funding provided by the financial institution acting as Fund Manager.

GBER OFF THE SHELF MODEL

As well as investments, FIs may make small grants to fund technical support for promoters to bring forward projects.

The fund must be managed on a commercial basis by a fund manager to ensure profit driven investment decisions.

A fund set up under Art 16 GBER may make a number of different sub-commercial loans and offer investors preferential terms.

At the time of writing it is expected the Commission will publish an off the shelf model that reflects Art 16 of GBER.

The General Block Exemption Regulation Art 16 allows state aid flexibilities for FIs operating in Assisted Areas.

In addition to the off the shelf model established under Art 16 GBER, FIs can use the State aid flexibilities under the remainder of the Block Exemption regulation to support sub-commercial investments. This can extend beyond Assisted Areas, subject to the terms of the regulation.

Although Article 16 will only be available for FIs that use ESIF monies, the remainder of the Block Exemption can be utilised for funds that are not funded with ESIF monies.

HOLDING FUND ECONOMIC INVESTMENTS THE HAGUE (NED)

City has led the establishment of the Holding Fund, HEID, which provides a flexible platform for UDFs to support local projects.

Strong links between City and MA allow implementation. City lead Investment Committee with independent chair. Fund Manager sources deals from local promoters.

Uses a State aid notification for low cost loans for energy efficiency workspace and other economic investments.

The Hague will implement FIs through its Integrated Territorial Investment (ITI) in the 2014-2020 programme period.

The Hague's Holding Fund is a model for future funds established by cities. It has shown itself to be flexible enough to adapt to the needs of its local market. This has resulted in a number of investments in renewable energy.

In addition to ERDF, the Holding Fund is also responsible for a national Fishery Fund that uses resources from the European Fishery Funds.

Another good example in this sector is the London Energy Efficiency Fund which used ELENA funding to support promoters to bring forward a pipeline of investment ready schemes.

LITHUANIA OFF THE SHELF MODEL

A National Agency has been established to promote the FI which aims to support energy efficiency improvements to blocks of flats in multiple ownership.

Several public and private institutions have been entrusted to implement the FI in conjunction with the National Agency.

Loans are provided at cheap rates and part is written off if energy efficiency target met. The de-minimis threshold is used as aid to individual owners is below threshold.

A local act supports implementation through votes in apartment blocks. Agency is also responsible for showing de-minimis compliance.

This scheme forms the basis of the Energy Efficiency off the shelf model published by the Commission under Art 38(3) of the CPR.

As it relies on de-minimis it cannot be adopted where apartment blocks are owned by a single landlord. In such cases a scheme under the GBER Art 39 may be more appropriate.

TECHNICAL ASSISTANCE

GOVERNANCE

STATE AID

REGULATION

