



**RegioStars**  
**Winner**  
**2008 & 2009**

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Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

# **Investment funds as UDF manager:**

## **The business plan and investment strategy for Wales**

### **Part 1 The Managing Authority's Role**



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Ken Cook  
Head of Spatial Support and Regeneration  
Welsh European Funding Office



- Charged with ensuring the integrity of the delivery of structural funds programmes in Wales.
- Highly proactive in the context of JESSICA
  - Recognise new territory for all
  - A key objective of the MA to deliver
  - Significant commitment of resources at high level
  - Working in Partnership
  - Seeking solutions



## Process

- Project development process with the sponsor department
- Negotiate programme modifications
- Interpretation and application of regulations
- Translating regulatory requirements into the
  - Welsh National Eligibility Rules
  - Offer of grant letter – “funding agreement”
  - IPSUD
- Appraisal through application of assessment and prioritisation criteria



## Why a UDF and not a holding fund

- Expertise and experience of PPP and PFI in the UK
- Experience of FEIs through JEREMIE
- Implement a structure which can be operational quickly
- Build credibility with potential private sector investors.
- Ensure delivery within the 2007-2013 programme period.



## Procurement of the Fund and Investment managers

- Competitive Tender
- Commercial – market centric approach
- Undertaken by sponsor department with expert procurement advice
- ITT development to enshrine programme level objectives and FEI operating conditions



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## The package

- £25m ERDF (€30m)
- £15.4m match funding (€18.48m)
- Structural funds element of £40.4m (€48.48m)
- Paid into the Regeneration Investment Fund for Wales in March 2010
  
- £15m for non ERDF eligible investments within an IPSUD also within the fund but not the ERDF project



## Going Forward

- Review project performance
- Continue proactive engagement
- Lessons Learned
- Liaison with Commission colleagues
- Horizon scanning – future FEIs – 2014 - 2020





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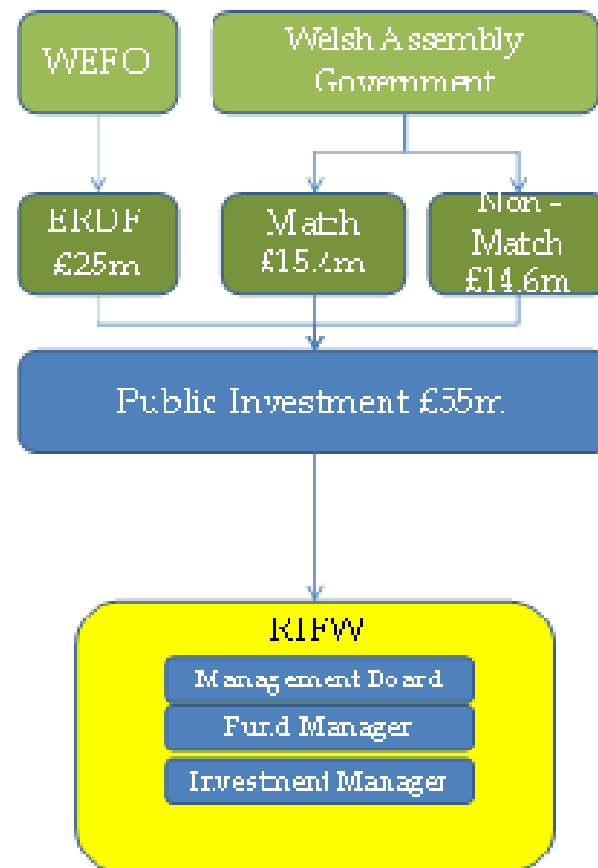
# AMBER

## JESSICA Wales Regeneration Investment Fund for Wales

Leo Bedford & Jenny Curtis



# Overview of JESSICA Wales - The Regeneration Investment Fund for Wales



- **New business proposition** – nothing similar in the market, opportunity for those such as Amber with experience in funding and delivering public sector projects (PPP/ PFI), in running funds and raising capital.
- **No additional match requirement** – ERDF already matched by public sector, money there and ready to invest.
- **£55m Public sector seed capital** – enhances opportunity to leverage additional finance, and provides critical mass
- **Property assets in fund** - provide opportunity for value uplift
- **Strong public sector client** - with proven ability to deliver innovative PPP schemes
- **Well scoped procurement process** - including guidance on ERDF compliance - structural fund rules, state aid, eligibility, procurement
- **Scale of ambition from the public sector** - in terms of commercial approach to the fund; focus on recycling funds, expanding pan Wales and raising private sector finance – provides scalability and flexibility
- **But also Challenges & Risks** – being a pathfinder; Structural funds requirements; lack of defined project pipeline; difficult to price resource requirements or anticipate volume of transactions

## Initial Business Plan

- Formed from
  - Tender documents,
  - Fund Manager's Tender Response
  - ERDF funding agreement & Business plan
- Action plan for first three months

## Asset Realisation Plan

- RIFW includes £20m assets
- Opportunity to add value to the fund through securing planning consents pre disposal
- Need to meet cash flow requirements for investment profile

## Sustainable Development Framework

- Corporate level fund operations
- Equality Impact Assessment
- Strategy for Social Responsibility in Investment
- Guidance for projects on sustainability requirements
- Approach to monitoring & evaluation

## Operations & Compliance Manual

- Policies & procedures
- Internal controls
- Corporate governance & committees
- ERDF output reporting & monitoring
- Audit regime
- FSA compliance
- Investment approval processes

## Investment criteria

- Range of projects that meet key eligibility criteria; town centre, mixed use, potentially renewables
- IPSUD

## Investment products

- Loans
- Mezzanine finance likely to be attractive
- Transaction size c. £3-10m; £40m ERDF to defray and therefore looking for 5-10 deals.
- Opportunities to sell on after initial development period to allow quicker recycling

## Private sector investment

- Strategy for raising private sector investment – secure track record
- Appetite for sustainable development investment in the UK; particularly public sector pension funds
- State aid notification

First  
Investment  
2011

Target  
£55m  
2011/12

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www.rifw.co.uk - for information on JESSICA Wales and  
for potential projects