



Financial Instruments for Cities Workshop Bulgaria - Cyprus - Greece

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Luxembourg, 31 January 2014



1. Lessons learnt from JESSICA 2007-2013 – alternative implementation proposals for FIs during the 2014-2020 period

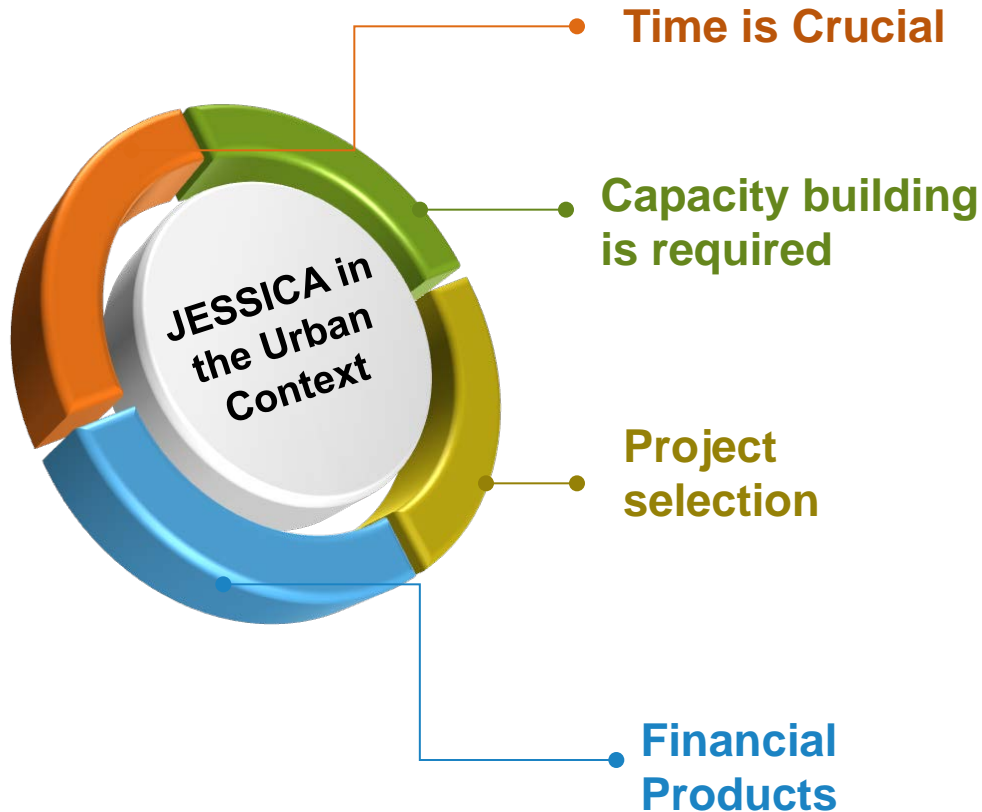
2. Cities' infrastructure and funds – Combining FIs with EIB lending



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Lessons Learnt



- **HF establishment mid- 2007-2013**
- **Regulatory framework devised for grants**
- **No single state aid scheme for JESSICA**

- **Structuring/implementation of projects**
- **Selection of private partners**
- **Familiarity with SFs and state aid rules**

- **Discrepancies between evaluation studies, UDFs offers vs real projects**
- **Projects integrated in IPSUDs ex-post**
- **Private investors expect returns vs objectives of public interest**

- **Impact of financial crisis on co-financing availability**
- **Funding cost not enough to measure / address market failures**

FIs for Urban Development in the Programming Period 2014-2020 Implementation Proposals (1/2)



Sustainable
Urban
Development



To Managing Authorities

Define FIs in Partnership Agreements and OPs

Proceed to preparation of ex-ante assessments soon (EIB available to provide support to MAs)

Secure resources for provision of TA to authorities for preparing plans/projects



To Cities

Consult/cooperate with private investors for identifying revenue generating projects that comply with public sector priorities

Enhance partnerships with private sector for developing sustainable investments

Prepare planning and prioritize investment areas/sectors



To Commission

Develop a flexible state aid umbrella scheme for FIs regarding urban development

Develop a regulatory framework enabling smooth implementation of FIs

FIs for Urban Development in the Programming Period 2014-2020

Implementation Proposals (2/2)



Sustainable
Urban
Development



To Financial Sector

Become familiar with the new regulatory framework

Capitalise on the experience gained in 2007-2013 and existing pipeline to assist MAs and cities to prioritise their needs and structure them in a “bankable” manner

Consult with EIB for the development of marketable FIs



To EIB

Assist MAs and cities in the implementation of their ex-ante assessment studies / planning procedures

Develop financial products meeting the needs of sustainable urban investment

Provide complementary financial support



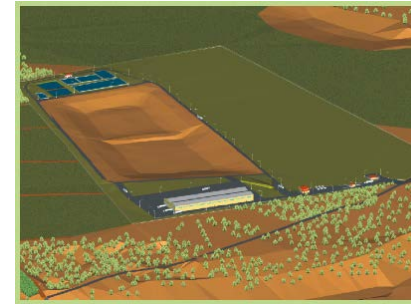
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Direct financing to projects



PPP for the development, operation and maintenance of 22 schools in Attica



PPP for the development and operation of the waste management facility in W. Macedonia Region

Financing to UDFs



Financing schemes for supporting SMEs

- **EIB loans to banks (Greece)**
 - Loans to banks that are on-lent to SMEs
 - Up to 50% of the banks' lending portfolio is guaranteed through the SMEs Guarantee Fund (comprising SF funds of up to EUR 500m)
- **Entrepreneurship Fund (Cyprus)**
 - Sovereign debt provided to the Republic of Cyprus (EUR 150m)
 - The Republic of Cyprus will establish a fund aiming to select financial intermediaries for on-lending to SMEs on a risk-sharing basis for each SME loan as well as to provide SME portfolio guarantees and possibly other financial instruments

Objectives

- To increase leverage of EU funds
- To improve the risk profile of the investments' portfolio

Mode of EIB's support

- Framework loans to Cities and Managing Authorities
- Loans to financial intermediaries
- Direct financing to projects

In combination with FIs:

- Equity
- Guarantee schemes
- Loans



Thank you for your attention!

**Workshop
Bulgaria – Cyprus - Greece**

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