



**Lowlands and
Uplands Scotland** Programmes
2007 - 2013

NEW ANGLES ON OLD PROBLEMS: HOW WILL MORE MONEY FLOW

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Experience from European Funding in Scotland

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Structure of Presentation

- **European Policy**
- **Scottish Context**
- **European Structural Funds:** a key financial instrument
- **JESSICA:** Joint European Support for Sustainable Investment in City Areas
- **Lessons Learned**

European Policy

- **Cohesion:** Recycling finance from the (affluent) centre to the (less affluent) periphery, using Structural Funds
- **Lisbon Agenda:** Aim to improve European competitiveness
- **Gothenborg / Amsterdam Treaty:** Sustainable Development central to all EU Financial Instruments
- **Copenhagen:** EU commitments to tackle climate change

Scottish Context

- **Population:** 5.17 million; 70% urban; 4 large cities: Glasgow, Edinburgh, Aberdeen, Dundee
- **Economic Restructuring: Decline** 1960s-80s: mining and manufacturing (steel, cars, ships); **Growth** of Knowledge Economy; Information Technology; Bioscience
- **Devolved Government:** Commitment to **sustainable economic growth; Partnership** between EU / UK / Scottish / Local Government; Civil Society
- **ESEP Ltd:** Manage European Structural Funds in Scotland - €1.6bn

European Structural Funds in Scotland

- **Range of Financial Mechanisms in promoting key policy priorities such as environmental sustainability:**
 - **Business Environment Partnership (BEP)**
 - **SIGMA Sustainable Energies Fund**
 - **JESSICA**

Why JESSICA?

- **More sustainable means of tackling urban regeneration:**
 - Broader public-private **partnership**
 - Promotes **policy** and enables tackling topics such as sustainable heat (CHP/DH); social housing; energy efficiency
 - **Intermediate** investment between grant funding (risk of dependency) and commercial lending ("sub-prime", high risk)

What is JESSICA?

- A new way to use EU Structural Funds to **invest in large scale regeneration** activity through UDFs (Urban Development Funds)
- **Combination** of grant funding and loan finance
- Balancing **investment returns** with achievement of **regeneration objectives**
- European Investment Bank (**EIB**) participation
- **Area** based UDFs v **Thematic** UDFs
- **Eligibility** criteria v **investment** criteria
- **Evergreen fund** or a **sustainable funding vehicle?**

Lessons Learned

- Need to build effective **Partnership**
- Making the **business case**
- **Sustainable development** at the core
- Value of **demonstration projects**
- Need to tackle **climate change**
- **Sustainable Investment Vehicles**: making the money go further

Further Information

www.esep.co.uk

