



European Investment *Advisory Hub*  
Europe's gateway to investment support

# UDN-Urban Financing: How can URBIS help cities unlock and accelerate investments?

EU Week of Regions and Cities

*8 October 2019*

*14:30 – 16:00*



# What is URBIS and what can it do for your city?

*Frank Lee*

*Head of the Advisory Hub*



# URBIS: A thematic advisory initiative

- A joint initiative



- Three types of support:

 Awareness raising    Tailor made advice    Innovative financing solutions

- Available to cities from all sizes and regions of the EU



<https://youtu.be/fRGKUdhUTaQ>

# How to reach a bankable stage and accelerate an urban development project?

*Patricia B. Llopis*  
*Urban Development Specialist - EIB*



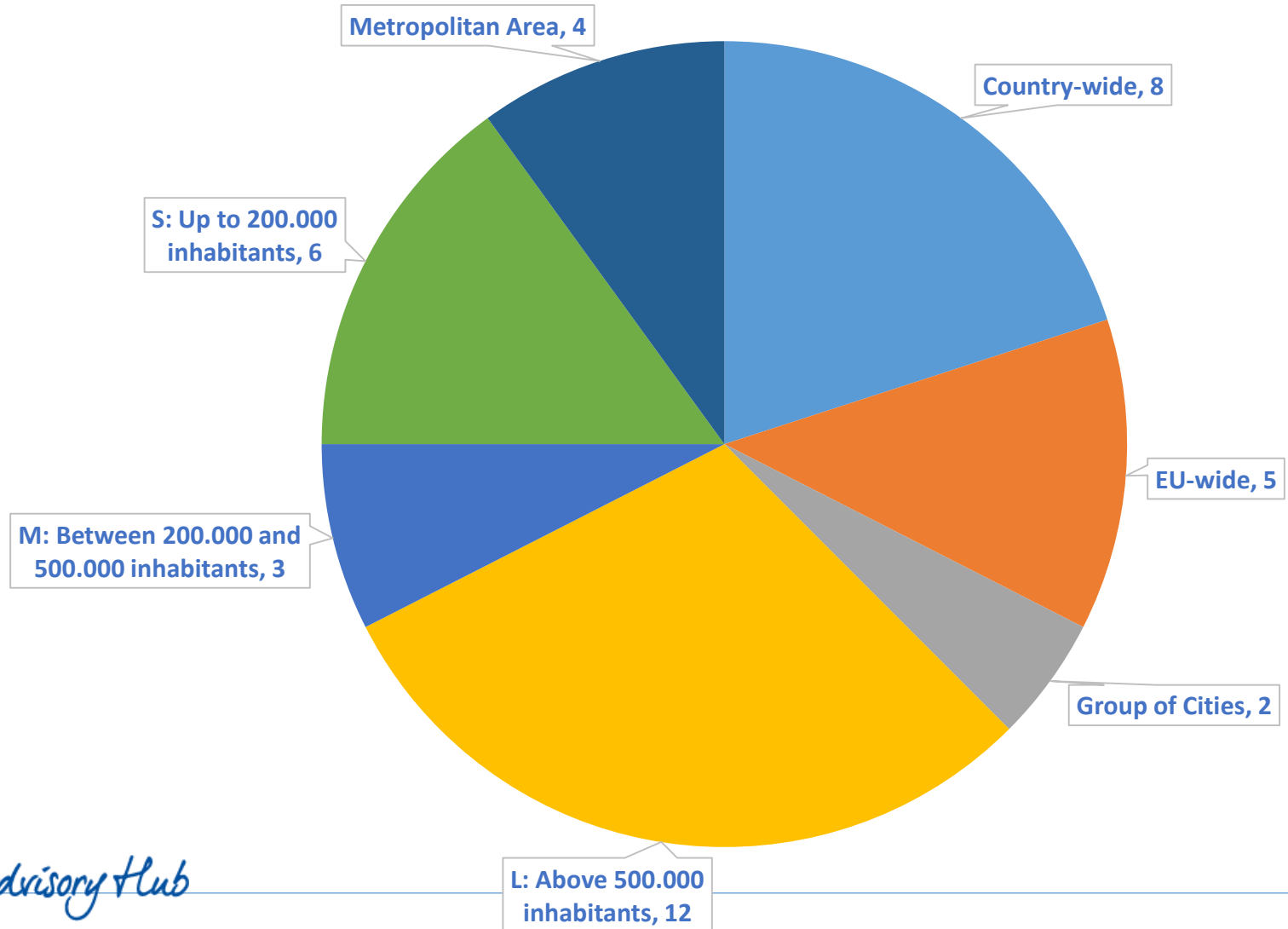
# Eligibility Criteria for URBIS assignments

- Investment related
- For the benefit of urban authorities
- Planning led
- Integrated urban programmes or projects:
  - short to medium term time-horizon (3-5 yrs)
  - over EUR 20m
- Activity must demonstrate additionality

# URBIS geographical coverage



# Type of requestor



# URBIS & Small Cities

**Kolding, Denmark (60,000 inhabitants):** circular economy strategy and its application in the development of a municipal Marina PPP project.

**Santa Coloma de Gramenet, Spain (120,000 inhabitants):** Geothermal source for heat and water.

**Wałbrzych, Poland (115,000 inhabitants):** identification of key issues in relation to the reconversion of the city to address mining and industrial decay and propose appropriate solutions.

**Como, Italy (85,000 inhabitants):** urban redevelopment of a derelict industrial site.

**Thessaloniki, Greece (1m inhabitants):** Project preparation and implementation support linked to the City's Multi-annual Operational Plan and Resilience Strategy.



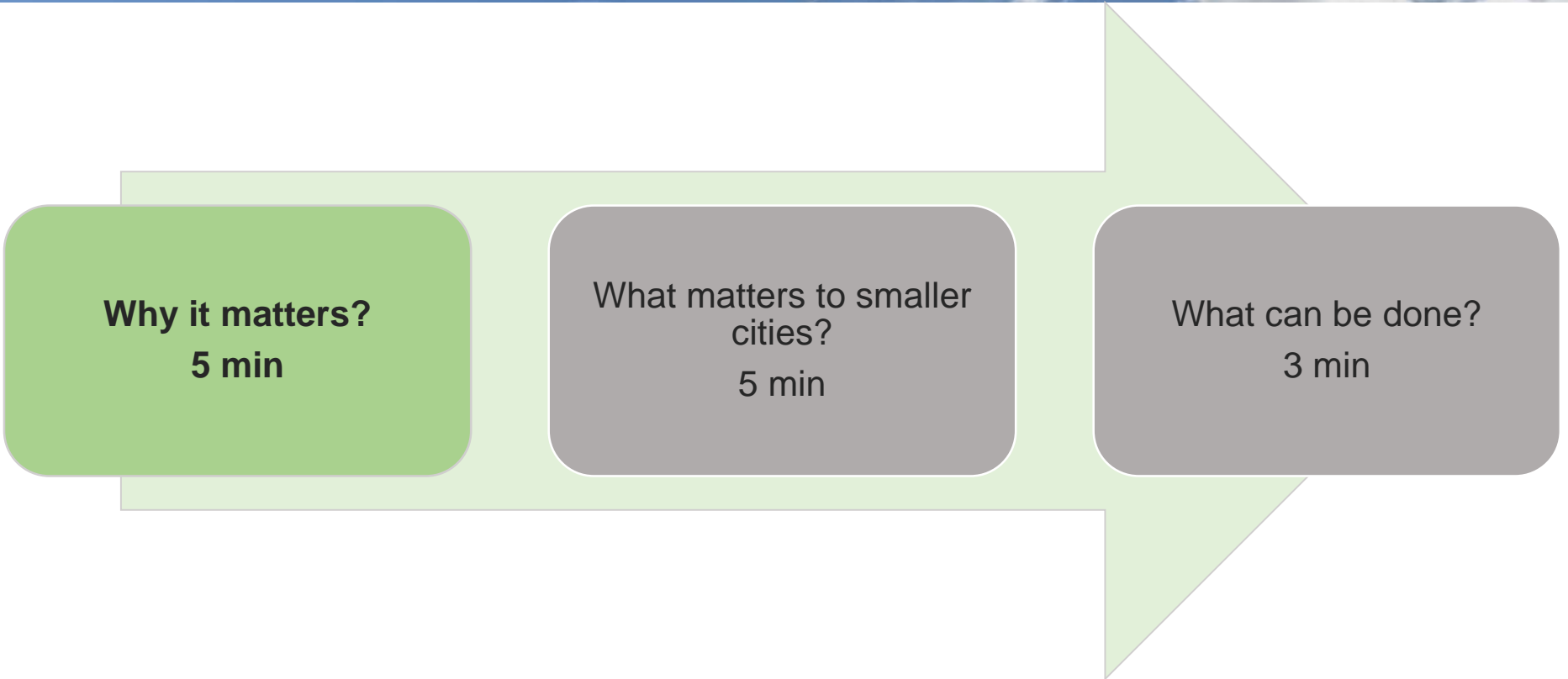



## Smaller Cities' Access to External Finance

08.10.2019

Sissy Windisch

European Week of Regions and Cities  
Workshop UDN-Urban Financing: How can URBIS help cities unlock and accelerate investments?



**Why it matters?**  
**5 min**

What matters to smaller  
cities?  
5 min

What can be done?  
3 min



External finance is only 18% of EU cities' overall investment finance

\* 2017 EIB Investment Survey

Despite low cost of financing and bankable projects



# Smaller cities'

< 100.000  
inhabitants

EU-wide

## access to

Legal,  
financial and  
administrative  
challenges

Practical  
solutions

## external finance

Local, regional, national  
banks, funds,  
cooperatives,  
crowdfunding

No national promotional  
banks, no grants, no  
subsidies, no own equity

Focus on energy-related investments

Project Finance with CAPEX upfront and Y3-10 OPEX and predictable returns

Examples: PV, Biomass, Energy Efficiency, CHP, housing renovation

No focus on new financial products or on priority setting

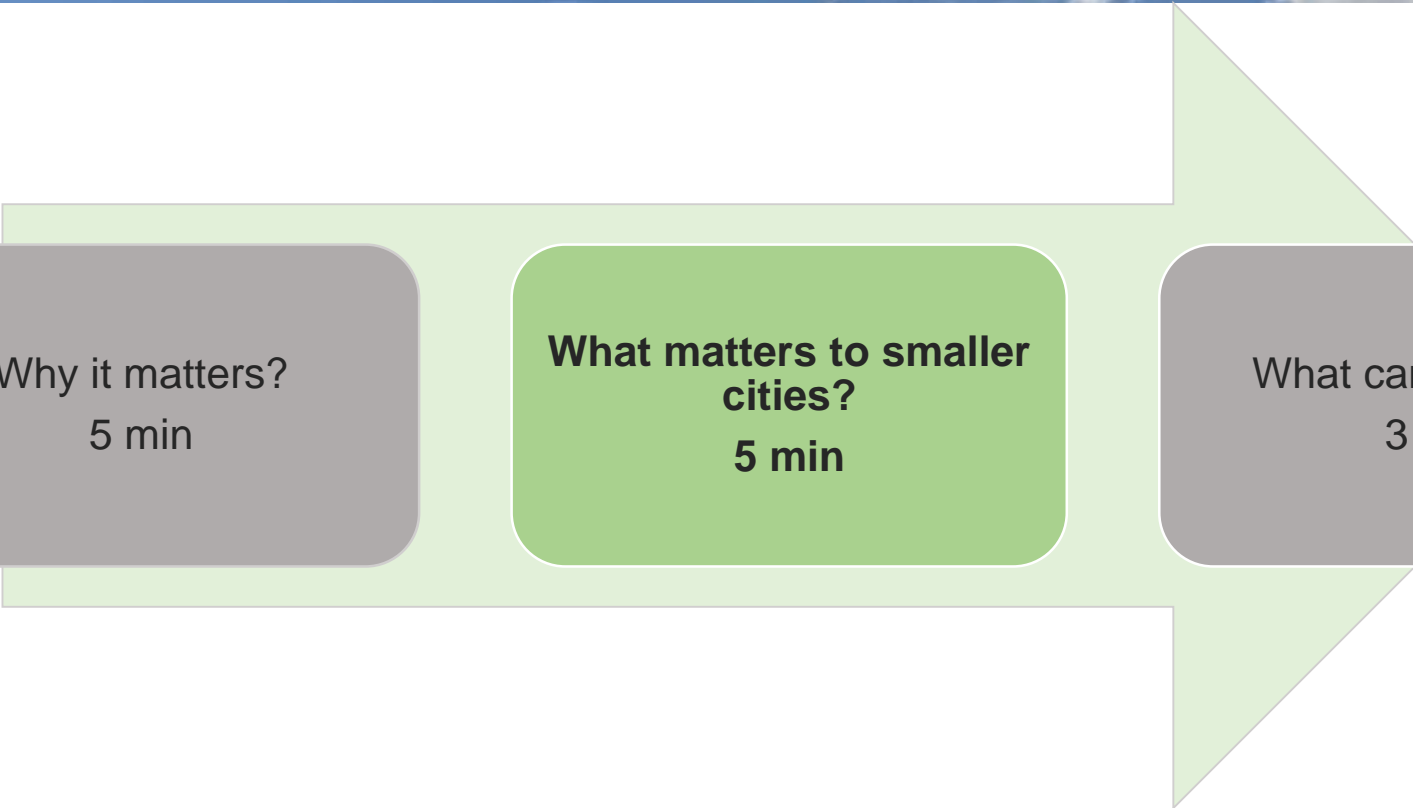

# Why it matters

## Interviews, bottom-up

Type	Name	Country	Interview partner
City	<u>Lorient</u>	France	<u>Pierre Crepeaux, Service Environnement</u>
City	<u>Sucé-sur-Erdre</u>	France	<u>Pierre Lecureuil, Conseiller Délégué à la Transition Énergétique</u>
<u>Association</u>	<b>The Climate Group</b>	EU	Toby Morgan, LED Program Manager
<u>Association</u>	<b>ASEW</b>	Germany	Stefan Schulze-Sturm, Leiter Büro Brüssel Forschungsprojekte
City	<u>Oostende</u>	<u>Belgium</u>	Bart van Camp, Directeur EOS
<u>Cooperative</u>	<b>Zelena Energetska Zadruga</b>	<u>Croatia</u>	Robert Pasicko, Project Developer for Community Energy at ZEZ and Expert for Alternative Finance and Low Carbon Development at UNDP
<u>Cooperative</u>	<b>Som Energia</b>	Spain	<u>Gijsbert Huijink, former Manager Som Energia</u>
Bank	<b>EIB</b>	EU	Gerry Muscat, Head of Division Urban Development Division, Projects Directorate
Fund	<b>Serimus S.A.</b>	Luxemburg	<u>Frédéric Brodach, Managing Partner</u>

Interviews 45 min – 120 min each  
 5 more contacts  
 Completed with existing literature





Why it matters?  
5 min

**What matters to smaller  
cities?**  
**5 min**

What can be done?  
3 min

Smaller project sizes, debt ceilings and limited resources pose many challenges



# What matters to smaller cities?

## 3 Phases

### 1. Pre-Financing 1-2 years

- Identifying projects that are technically and economically feasible
- Setting up the legal and organisational structure
- Identifying the financial needs and financing sources

### 2. Financing 1 month – 1 year

- Submitting information for the due diligence process
- Meeting and negotiating with different financiers
- Signing the contract

### 3. Project 3 - 10 years

- Managing on-going legal and accounting
- Technical and operational maintenance
- Meeting information requirements from external financiers



# What matters to smaller cities?

## Main practical challenges

**First-time projects are the hardest.  
Bundling and replication is more  
difficult to smaller cities.**

	Pre-financing Phase	Financing Phase	Project Phase
<b>Know-how</b>	Pre-evaluation of projects know-how	Experience in working with and contacts to external financial institutions.	Experience in project management.
	Project management and use of tools.		
<b>Admin</b>	Project management	Negotiating with external financiers and comparing offers.	Managing the project over time.
	Approval processes.	Seeking subsidies and other co-financing.	
	Bundling projects to reach a critical minimum project size.		
	Setting up a Special Purpose Vehicle (SPV).		
<b>Legal</b>	Debt ceiling.	Legal proof-reading of the agreement	Changes in legal ownership and people's responsibilities.
	Legal set up of the project.		
	Collaterals or own equity requirements.		
	Third party tendering.		

# Case study EOS Oostende

Standalone subsidiary of the city  
Small team, large impact



A commercial bank loan was preferred over an EIB/Belfius loan to finance housing renovations  
EPC contracts simplified  
Educate nearby cities and share learnings  
Second project fraction of time and admin costs

# What matters to smaller cities?

## Main practical solutions

Cooperation via regional agencies  
with local know-how can help.

	Pre-financing Phase	Financing Phase	Project Phase
<b>Know-how</b>	Outsourcing pre-evaluation of projects of regional experts	Intermediary contacts to external financiers	
	Peer-to-peer learning from other cities		
<b>Admin</b>	Cooperating via regional agencies, associations and NGOs to reduce project management costs	Combine subsidies and external finance	Keeping the technical and operational management in one hand.
	Estimating all admin costs and setting up a roadmap using benchmarks		Optimal use of protocols and standards
	Optimal usage of tools via templates and international protocols		
	Approval processes simplification by outsourcing to a subsidiary		
	Providing additional benefits to local communities and citizens		
	Setting up an SPV for multiple projects		
	Contracting to circumvent debt ceilings		
<b>Legal</b>	Simplify standard legal contracts to meet needs		



Why it matters?  
5 min

What matters to smaller  
cities?  
5 min

**What can be done?**  
**3 min**

# Which policies apply?

## Existing EU initiatives

Many effective initiatives. However, few smaller cities benefit due to the minimum project size criteria and lengthy application process.

Are minimum investment size criteria low enough for projects in smaller cities?

		Yes	No
Is assistance bespoke to cities and municipalities?	Yes	<b>ITI</b> <b>EIB/Belfius</b> <b>Urban Agenda</b> <b>Toolbox</b> <b>DEEP</b> <b>EEFIG</b>	<b>PDA</b> <b>EIP SCC</b> <b>JASPERS</b> <b>ELENA</b>
	No	<b>The Investor</b> <b>Confidence Project</b>	

EU  
initiatives

# What can be done?

## Technical assistance

### Project management

- Screen and evaluate projects technically and economically viable
- Pool projects together via a SPV
- Evaluate legal set up
- Accounting for SPVs

### Legal

- Templates
- Legal roles and responsibilities
- Legal proof-reading
- Notary



## Smart Belgium Awards 2018 De 7 winnaars zijn bekend

Colruyt Group, Donceel, Gent, Githo Nijlen, Olen, Sh...  
en VRkeer zijn de winnaars van de Smart Belg...  
Awards 2018. Een onafhankelijke vakjury en het br...  
publiek kozen hen uit meer dan 150 inspirerende...  
betekenisvolle projecten. Smart Belgium. Meaning...  
and inspiring for the Belgian Society. Toget...

Ontdek de verhalen van de winnaars

# What can be done?

## Tools

	PRE-PROJECTING					SERVING / OPERATING		
	CONCEPT DESIGN	BASIC DESIGN	DETAILED DESIGN	CONSTRUCTION DESIGN	CONSTRUCTION	OPERATION	MAINTENANCE	REPAIRING
PHASE IN PROJECT								
ACTIVITIES	Identify the project and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives
OUTPUT	Project charter	Project charter	Project charter	Project charter	Project charter	Project charter	Project charter	Project charter
DOCUMENTS	Project charter	Project charter	Project charter	Project charter	Project charter	Project charter	Project charter	Project charter
OUTPUT	Project charter	Project charter	Project charter	Project charter	Project charter	Project charter	Project charter	Project charter
ACTIVITIES	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives	Develop the project concept and its objectives
PHASE IN PROJECT	CONCEPT DESIGN	BASIC DESIGN	DETAILED DESIGN	CONSTRUCTION DESIGN	CONSTRUCTION	OPERATION	MAINTENANCE	REPAIRING
	DESIGN PHASE				CONSTRUCTION / OPERATION			
	DESIGN PHASE				CONSTRUCTION / OPERATION			

Managing a project life-cycle. Tools, templates, Gantt charts. I.e. EEFI Group.

Assessing the financial return of a project. I.e. The Outdoor Lighting Accelerator Tool Kit.



Protocols and standard documentation. I.e. Investor Confidence Project.





# JASPERS Advisory Support

How to prepare ESIF funded projects by cities and regions?

**Gwendolyn Carpenter**

Smart Cities Expert

Smart Development Division,  
JASPERS

European Investment Bank

**Peter Geršič**

Development manager

Municipality of Novo mesto,  
Slovenia

- Introduction to JASPERS
  - Who are we?
  - What do we do?
- Making it real
  - JASPERS project examples
- Novo mesto – a city aiming for transformation

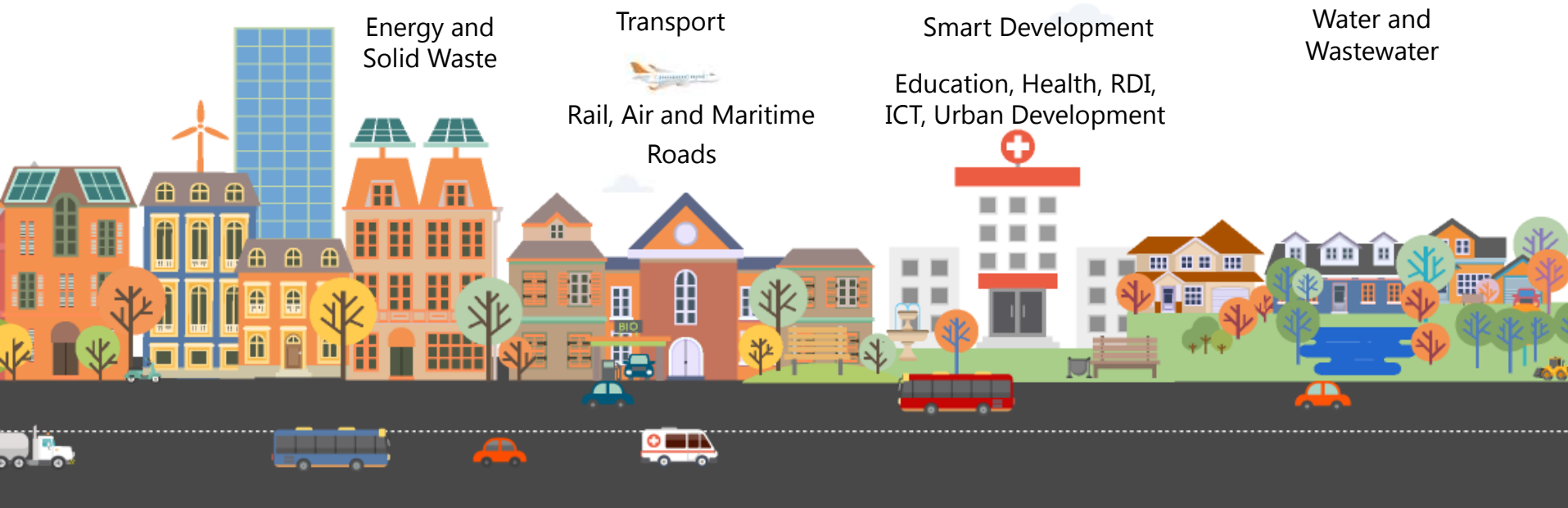
# What is JASPERS?

Partnership between the European Commission (EC) and the European Investment Bank (EIB) providing independent advice to managing authorities and beneficiaries to help prepare high quality plans, programmes and projects to be co-financed by EU funds.

## Strategic planning

- Strategic planning for defined territories (cities, towns, functional urban areas, territorial cooperation, neighbourhoods)
- Climate resilience and environmental planning

## Thematic advice



**JASPERS Networking and Competence Center** – Capacity Building, Knowledge Sharing and Advisory on Horizontal Issues (i.e. State aid, climate change, PPPs, CBA, EIA, etc.)

# JASPERS Impact since 2007

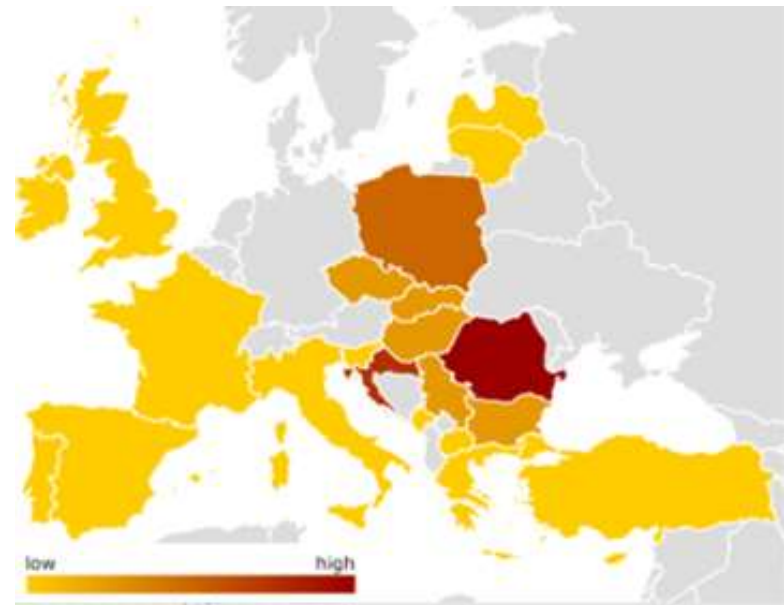
More than **660**  
JASPERS-supported  
projects approved  
since 2007

For a total project cost  
of over  
EUR **120** bn

and EU grant volume  
of over  
EUR **69** bn

Nearly **1000** Assignments completed

In 21 countries across EU & Neighborhood



# The value proposition

# Sustainable urban development– urban dimension of development

## EU Urban Agenda:

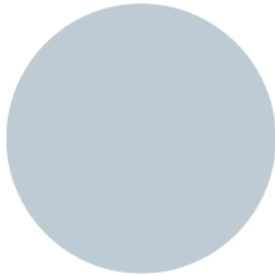
- Urbanisation (incl. suburbanisation/sprawl)
- Climate change (incl. disaster risk)
- Innovation (incl. **Digitalisation**)
- Inclusion (poverty, exclusion, marginalisation, segregation)
- Governance (**incl. multi-level governance systems**, (de-) centralisation trends, collaborative planning)

JASPERS focus: Integrated  
urban/territorial  
development

**Investment/Delivery  
Programme(s) & Projects**

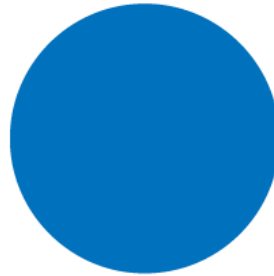
# How we work

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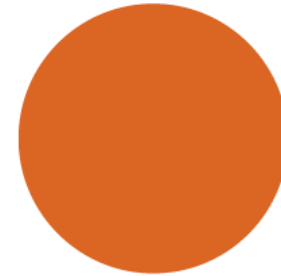
## **Capacity building**

Proximity to  
beneficiaries and  
knowledge sharing with  
hands-on approach and  
training



## **IQR**

Final endorsement for  
project approval as per  
article 102.1 of CPR



## **Project preparation**

Guidance in the  
preparation of projects,  
with upstream  
involvement



# Key to the future: intelligent urban planning

## URBAN DEVELOPMENT OF THE FUTURE



... requires place-based planning based on impact criteria.

# Making it real

# Example of JASPERS Assignments

- **Strategic and plan-level advice**

- Support to Krakow Metropolitan Development Plan
- Sligo 2030 (socio-economic and spatial development plan)
- Smart City Bratislava Concept
- Sustainability Urban Mobility Plan (e.g. 4 pilot metro areas in Poland)
- Regional Transport Plan, Bratislava Region

- **Project preparation**

- Two research facilities on the University's campus area, Malta
- Energy Efficiency of Social Housing stock, Ireland
- Urban bus fleet renewal, Athens & Thessaloniki, Greece

- **Investment programmes and schemes**

- Prioritisation methodology for an urban regeneration programme, Valletta, Malta
- Methodology to assess integrated approach of the programme, Novo mesto, Slovenia

# **Novo mesto – a city aiming for transformation**

- Located midway **between two capitals**: 70 km southeast of Slovenia's capital Ljubljana and 80 km west of Croatia's capital Zagreb
- With a population of about 23,300, it is the **seventh largest town in Slovenia**
- Total municipal area is 236 square km, with **36,500 inhabitants**
- The economic, educational, cultural business, administrative... **centre of the south-eastern part** of the country
- Among all regions in Slovenia, economy indicators position the **Dolenjska region at the very top**.
- **Development** should follow challenges on mobility, industry, resources, social...



## **Integrated Territorial Investments**

Novo mesto is for the first time involved in Integrated Territorial Investments mechanism (Article 7) in 2014 – 2020 on priority objectives of:

- Energy efficiency
- Sustainable mobility
- Urban regeneration

## **How to manage our resources more effectively.**

Project investments versus outcomes

Synergies between integrated projects → multiple projects and multiple objectives

Natural resources conservation

## **Jaspers advisory**

- Alignment analysis of our strategies, plans and (ITI) projects – MCA
- Framework on what are important measurables (KPIs)
- Self-assessment proficiency and assistance
- Guidance through the process
- Duration about 6 months of operational work

## **Outcomes**

- Overview of our projects and objectives
- Shift from project to programmatic perspective
- From silos to integration
- It's a working process
- The scores for thematic objectives
- How to work together on mutually exclusive goals
- Smarter cluster spacial planning

## **Getting to know yourself (and your context)**

How to self-assess yourself – your organization and fulfilment of your vision, goals.

## **Structure**

MCA tool that guide you through different aspects of your themes and projects – matrix with priority themes from EC. What are important intersection of priorities, projects, visions...

## **Smart integration**

Insights on working in silos at the municipality administration. Help to integrate different projects and objectives into coherent whole.

Sustainable mobility ↔ energy efficiency ↔ urban renewal ↔ air quality

## **Change management**

It's hard to change! We are not used to work on integrated projects. Government level is not eager to work with integrated projects as they are hard to manage and oversee.



# Novo mesto – building bridges...

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## **Social component**

- Demographics and trends – addressing the needs of ageing population.
- How to attract young families, workforce, population that will develop the municipality in the near future.
- What can we improve for the well-being of the citizens, health etc. Swimming, cycling, walking. How to connect well-being with sustainable mobility and urban development.

## **Prepare for next European cohesion perspective.**

Opportunities for more integrated projects, better prepared, addressing the needs of the municipality...

## **Assess how well did we do in the past term and what to improve.**

## **Repeat!**

- Process should be repeated in next investment and assessment cycles.
- Concept is applicable to other organizations, municipalities, projects.
- The truth of today could be deception of tomorrow.

# THANK YOU !

## JASPERS

Joint Assistance to Support Projects in European Regions

<http://jaspers.eib.org>





**European Investment** *Advisory Hub*  
Europe's gateway to investment support

# How to aggregate projects to create an investment platform

*Emily Smith*

*Financial Instruments Advisory*



# What are investment platforms?

Investment Platforms are a **delivery mechanism** to channel public and private financing (including **EFSI**) to a number of investment projects



- Leverage **additional investment** (mainly **from private sector**)
- Pool together **different funding sources** (e.g. public, EU funds, private )
- Co-operate with **National Promotional Banks and Institutions** (NPBIs)
- **Aggregating** and financing **small scale projects**

*IPs are **not magic tools** transforming non-bankable projects into bankable projects!*

*Advisory Hub*

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# Types of investment platforms

## **Investments in dedicated funds or legal entities**

For e.g. Gingko Fund II, Limburgs Energie Fund, CAP TRI

## **Co-financing agreements/arrangements**

For e.g. Poland Social and Affordable housing programme, CDP major infrastructure

## **Risk Sharing**

For e.g. French overseas territory

## **Co-operation Platforms**

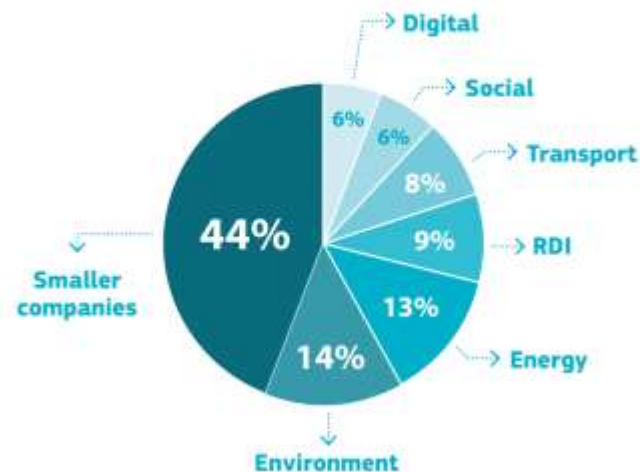
Joint pipeline monitoring and due diligence



# Investment platforms developed

To date, almost **60 Investment Platforms** have been approved for EFSI financing. They are expected to **mobilise over EUR 35bn billion** in investment

Investment mobilised - by sector



*Advisory work for Investment Platform development has been completed or is underway in 20 MS, covering multi sectors (e.g. urban, energy, SMEs, RDI, etc)*



# Urban development IP benefits

IPs can help overcome certain **municipal finance challenges** and/or allow for **innovative financing solutions**

## Borrowing restrictions

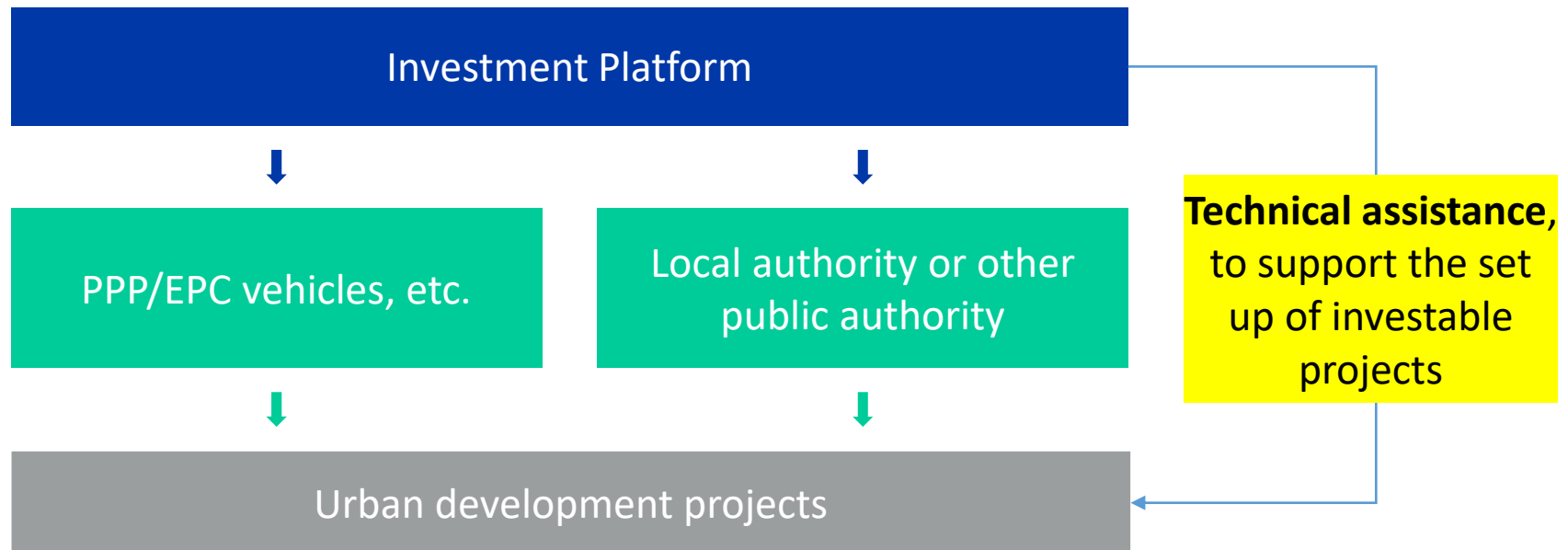
- **Inadequate access to affordable, long term** finance for small and medium sized local authorities
- Lack of appropriate **credit ratings/credit worthiness** to tap the long term capital markets/institutional investors
- Municipal companies involved in longer term projects **may need additional «patient capital»** at affordable cost

## Innovative financing solutions

- Municipalities (in particular small and medium sized) may face **difficulties to structure sound PPP projects** (e.g. project design, economic and financial analysis, contractual documentation, etc.)
- Difficulties to attract **private investors**, in particular equity investors in greenfield initiatives (high returns are required)
- Setting up **urban development funds** to encourage more private investment in urban regeneration projects

# Technical assistance is key

To exploit the full potential of IPs, technical assistance solutions (potentially embedded in the IP) could be of great help, to ensure proper project identification and preparation



# Feasibility analysis to set-up an IP

Prior to setting up an IP it is recommended to undertake an appropriate **feasibility analysis**, in order to identify (amongst others) potential **project pipelines**; main **investment barriers**; suitable **financing and strategic solutions**; **implementation options**; etc.

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## EXAMPLE OF SUPPORT PROVIDED TO A MEMBER STATE

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# Smart city IP feasibility studies

## Smart cities in Hungary

- Study concluded, relevant analysis on potential pipeline, main financing gaps and IP **off balance solutions**
- Discussion about potential **risk sharing type IP** are ongoing between the EIB and the Hungarian NPB.

## Smart cities in Slovakia

- Study concluded, relevant analysis on pipeline (in particular on off-balance solutions) and **TA solutions**
- A **dedicated TA facility has been developed** by the Ministry and the NPB (with the support of the EIB).

## Smart cities in Croatia

- Study ongoing, relevant analysis on pipeline (more than 1400 projects collected), **TA and equity solutions**
- Discussions with the Ministry and the NPB about dedicated **TA facilities and PPP investment vehicles** are ongoing.

## Smart cities and EPC in Czech Republic

- Two ongoing studies (EPC and smart cities) focused on the potential to crowd-in private investors/resources to support energy efficiency and urban development initiatives.

# Thank you for your attention!



# Q & A Session





**Thank you for your attention!**

Request support from the Hub  
Contact the Hub for more info

**[eiah.eib.org](http://eiah.eib.org)**  
**[eiah@eib.org](mailto:eiah@eib.org)**

